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# Kathy Augustine

## State Controller



**T**he 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. She serves 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, she is empowered to represent the State in fiscal matters and her position is critical in maintaining a checks-and-balance system in state finances.

The Controller ensures compliance with state fiscal and federal revenue laws. She 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. Her office also prepares the Comprehensive Annual Financial Report, pays employee salaries and processes all claims against the state.



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

**Kathy Augustine**  
State Controller

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

December 14, 2001

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

I am pleased to present the Comprehensive Annual Financial Report for the Fiscal Year ended June 30, 2001. This is my third financial report since being elected Nevada State Controller. I am confident the Controller's Office has surpassed our prior excellence. The responsibility for the accuracy, completeness and fairness of this financial presentation rests with my office. Therefore, I assure that the information reported is accurate in all material respects and is reported in a manner that fairly presents the financial position and results of the State's operations. Additionally, this report includes all disclosures necessary to enable every reader, from individual to investor, the ability to gain an understanding of Nevada's financial activities.

The Comprehensive Annual Financial Report (CAFR) is presented in four sections: Introduction, Financial, Statistical and Compliance. The Introductory Section includes this letter, our State government organizational chart, major initiatives and a report on our economic outlook. The Financial Section includes the Independent Auditor's Report, the general-purpose financial statements and the combining, individual fund and account group statements and schedules. Trend information on fiscal, social and demographic measures on a multi-year basis are included in the Statistical Section. The Compliance Section includes the Independent Auditor's Report on Compliance and on Internal Control.

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 independent accounting firm of Kafoury, Armstrong & Co. has also audited the accompanying financial statements in accordance with generally accepted governmental auditing standards. Their opinion appears in the Financial Section of this publication. We received an unqualified opinion on the general-purpose financial statements for this year.

The Government Financial Officers Association of the United States and Canada (GFOA) has awarded a Certificate of Achievement for Excellence in Financial Reporting to the State of Nevada for its Comprehensive Annual Financial Report for the fiscal year ending June 30, 2000. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of only one year. We believe our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate. It is no small undertaking for any governmental entity to surpass its own high standard of excellence. Publications prepared by this Office reflect on the entire state, so my staff and I have accepted this challenge with zeal and enthusiasm. The citizens of the great State of Nevada deserve no less.

**Reporting Entity** - Nevada, nicknamed the “Silver State” due to the vast quantities of silver mined from the Comstock Lode in the 1800s, is bordered by California, Oregon, Idaho, Utah and Arizona. The State lies in the Great Basin, an arid region east of the Sierra Nevada Mountains where the average annual rainfall is less than ten inches. Approximately 87.2 percent of our 110,000 square miles of valleys and north-south mountain ranges is under federal ownership.

The economy and tax base of the State are dependent upon the interrelated gaming and tourism industries, as well as upon federal activities, mining, warehousing, manufacturing and agriculture. Over the past decade, Nevada has experienced one of the fastest rates of population growth in the nation. The 1990 census showed a 55% increase over 1980 and, the 2000 census of 2 million people, indicates Nevada’s population has grown almost 62% since 1990.

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

The following State agencies issue independent financial reports:

- Colorado River Commission
- Department of Cultural Affairs’ Museums and History Fund
- Housing Division
- Legislative Counsel Bureau’s Legislative and Contingency Funds
- Legislators’ Retirement System
- Public Employees’ Retirement System
- Public Employees’ Benefits Program Self-Insurance Fund
- Risk Management’s Insurance Premiums Trust Fund
- Treasurer’s Local Government Investment Pool
- Treasurer’s Higher Education Tuition Trust
- University and Community College System of Nevada

Copies of these independently audited reports are available upon request from the respective State agency.

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

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

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

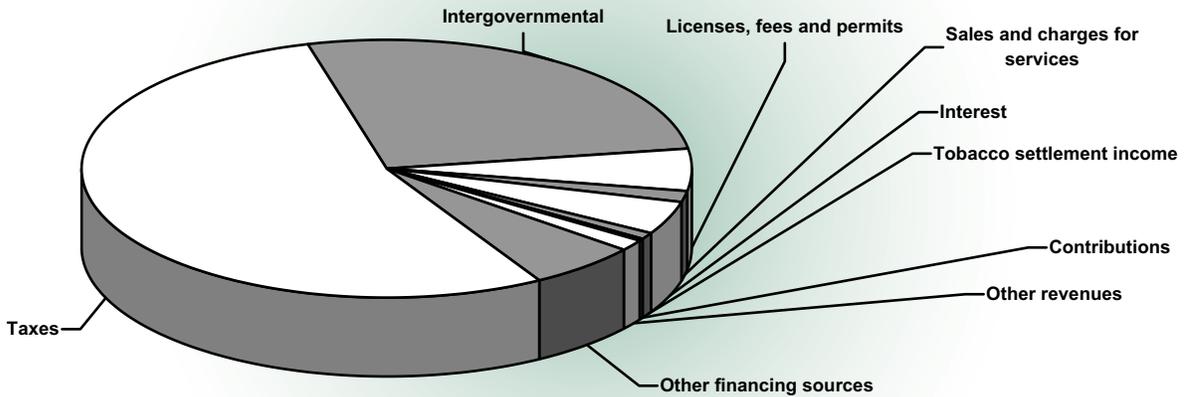
In addition to internal controls, the State also maintains budgetary controls to ensure compliance with the biennial financial plan as enacted by the Legislature through the appropriation and authorized expenditure acts. Budgetary controls also contain a system of encumbering purchase orders to ensure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

**General Government Functions** - The following schedule presents a summary of revenues and other financing sources for the fiscal years ended June 30, 2001 and 2000 of the general fund, special revenue funds, debt service funds, capital projects funds and expendable trust funds (expressed in thousands). Net transfers from, and to, other funds are included as other financing sources.

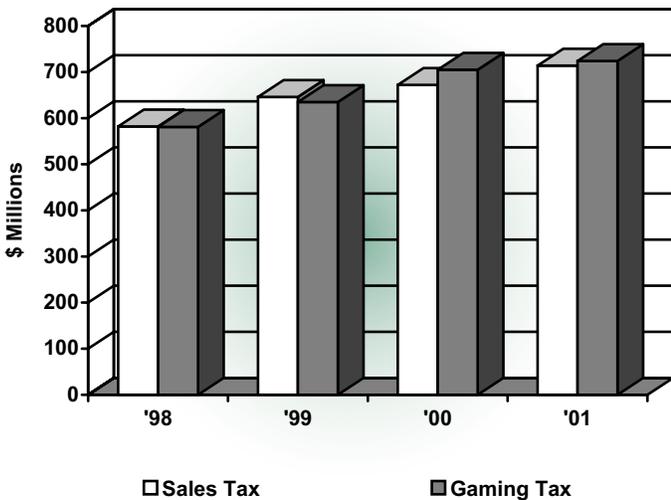
### Revenues and Other Financing Sources

(Expressed in thousands)

|                                | 2001                |               | 2000                |               | Increase (Decrease) |            |
|--------------------------------|---------------------|---------------|---------------------|---------------|---------------------|------------|
|                                | Amount              | Percent       | Amount              | Percent       | Amount              | Percent    |
| Taxes                          | \$ 2,399,531        | 54.0%         | \$ 2,329,311        | 57.1%         | \$ 70,220           | 3.0%       |
| Intergovernmental              | 1,187,155           | 26.7          | 1,084,235           | 26.6          | 102,920             | 9.5        |
| Licenses, fees and permits     | 241,940             | 5.4           | 237,798             | 5.8           | 4,142               | 1.7        |
| Sales and charges for services | 53,049              | 1.2           | 52,378              | 1.3           | 671                 | 1.3        |
| Interest and investment income | 185,299             | 4.2           | 159,220             | 3.9           | 26,079              | 16.4       |
| Tobacco settlement income      | 38,238              | 0.9           | 49,917              | 1.2           | (11,679)            | -23.4      |
| Contributions                  | 10,945              | 0.2           | 15,595              | 0.4           | (4,650)             | -29.8      |
| Other revenues                 | 58,903              | 1.3           | 55,365              | 1.4           | 3,538               | 6.4        |
| Other financing sources        | 265,109             | 6.1           | 99,045              | 2.3           | 166,064             | 167.7      |
|                                | <u>\$ 4,440,169</u> | <u>100.0%</u> | <u>\$ 4,082,864</u> | <u>100.0%</u> | <u>\$ 357,305</u>   | <u>8.8</u> |



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



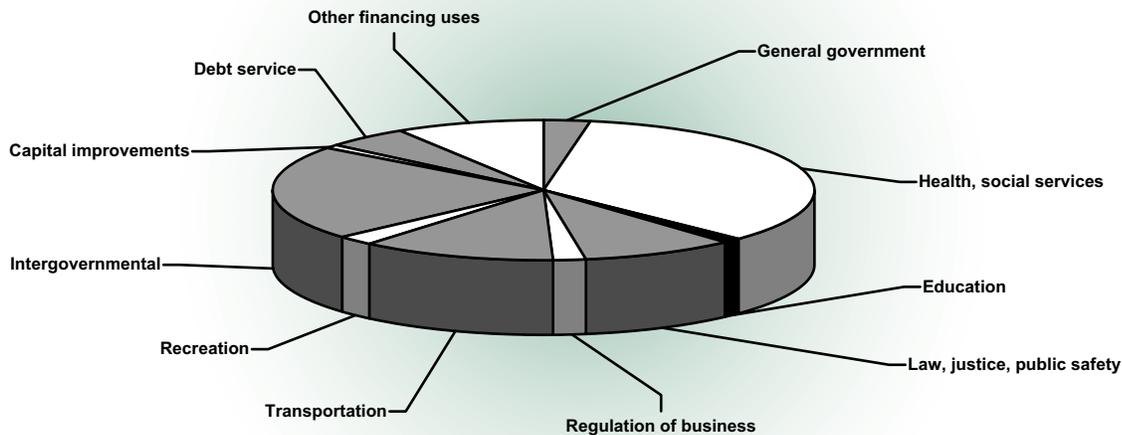
The chart shows that sales taxes have increased 23% over the past four years while gaming taxes have increased 25%. Sales tax growth increased in 2001 to 6%, compared with a 5% growth rate in 2000. Gaming tax growth decreased to 3% over a 11% growth rate in 2000.

The next largest financing source, intergovernmental revenues, is predominantly federal funds. The increase in interest and investment income was due to both the larger cash balances available throughout the year, and the unrealized gains on the State Treasurer's pooled investments. Other financing sources show an increase due primarily to an increase in proceeds from the sale of bonds. This was anticipated because debt financing does not occur on a uniform basis. Table II in the statistical section shows a ten-year time profile of resources for general government.

The following schedule presents a summary of general funds, special revenue funds, debt service funds, capital project funds and expendable trust funds expenditures and other financing uses for the fiscal years ended June 30, 2001 and 2000. Net transfers to and from the University System are the other financing uses.

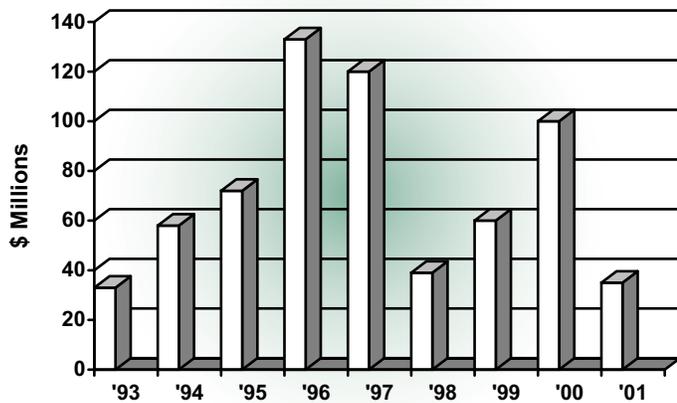
**Expenditures and Other Financing Uses**  
(Expressed in thousands)

|                             | 2001             |               | 2000                |               | Increase (Decrease) |            |
|-----------------------------|------------------|---------------|---------------------|---------------|---------------------|------------|
|                             | Amount           | Percent       | Amount              | Percent       | Amount              | Percent    |
| General government          | \$ 112,393       | 2.7%          | \$ 103,360          | 2.5%          | \$ 9,033            | 8.7%       |
| Health, social services     | 1,440,569        | 34.6          | 1,353,839           | 32.9          | 86,730              | 6.4        |
| Education                   | 43,091           | 1.0           | 44,532              | 1.1           | (1,441)             | -3.2       |
| Law, justice, public safety | 382,316          | 9.2           | 361,041             | 8.8           | 21,275              | 5.9        |
| Regulation of business      | 84,553           | 1.9           | 87,057              | 2.0           | (2,504)             | -2.9       |
| Transportation              | 484,219          | 11.6          | 537,748             | 13.1          | (53,529)            | -10.0      |
| Recreation                  | 95,657           | 2.3           | 92,140              | 2.2           | 3,517               | 3.8        |
| Intergovernmental           | 912,569          | 21.9          | 856,294             | 20.8          | 56,275              | 6.6        |
| Capital improvements        | 37,489           | 0.9           | 150,095             | 3.6           | (112,606)           | -75.0      |
| Debt service                | 200,759          | 4.8           | 183,114             | 4.4           | 17,645              | 9.6        |
| Other financing uses        | 375,640          | 9.1           | 348,110             | 8.6           | 27,530              | 7.9        |
| <b>\$</b>                   | <b>4,169,255</b> | <b>100.0%</b> | <b>\$ 4,117,330</b> | <b>100.0%</b> | <b>\$ 51,925</b>    | <b>1.3</b> |



Expenditures for general governmental functions increased by nearly 9% over 2000, as shown in the preceding table. This is due primarily to \$12.5 million in costs related to the 2001 legislative session that were not required in 2000. Expenditures for transportation decreased by \$54 million due to fewer construction projects in 2001.

Swings in capital improvement expenditures occur because of the biennial cycle of the Legislature and their subsequent authorization of projects. The 10% increase in debt service was anticipated. The other financing uses consist of net transfers to the University System (a component unit). Student enrollment in the University System increased by 6% last year.



An important indicator of fiscal health is “unallocated reserves”, which include the undesignated fund balance in the General Fund and the “rainy day” fund balance. The accompanying chart depicts those balances. Table III, in the statistical section, provides a ten-year comparison. The “rainy-day” fund balance decreased to \$136 million and the General Fund’s undesignated fund balance decreased by \$54 million, resulting in a combined balance of \$35 million in 2001. Fund balance in the “rainy day” fund was adjusted because of a retroactive statute change to fiscal year 2000.

**Proprietary Operations - Internal Service Funds** - The internal service funds charge and recover costs from State agencies for services such as building maintenance, printing, insurance, data processing and motor pool. Rates charged to State agencies for the operation of internal service funds are adjusted in following years to offset gains and losses. In 2001, these funds showed a net loss of \$5,617,291. Laws enacted by the 1999 Legislature and management efficiencies have proved effective in reducing the deficit in the Self-Insurance Fund, which peaked at \$13,095,041 on June 30, 1998. The Self-Insurance Fund had a net income of \$1,124,052 for the year, thereby eliminating the fund deficit and now showing positive fund equity of \$408,060.

The Insurance Premiums Trust Fund’s deficit fund balance increased \$5.7 million during fiscal year 2001. The Fund has sustained substantial operating losses in recent years. Further, at June 30, 2001 and 2000, total liabilities exceeded total assets by \$17.8 million, and 12.2 million, respectively. According to figures derived from actuarial estimates, this Fund is liable for approximately \$18.4 million in potential claims settlements, which have yet to be funded through premium contributions. 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. Also, the Risk Management Division assesses premiums to cover current claims payments; therefore, Risk Management believes these circumstances provide the opportunity for the Fund to continue as a going concern. Copies of the independently audited report are available upon request from the State agency.

**Proprietary Operations - Enterprise Funds** - The enterprise funds primarily reflect the activities of the Housing Division, which provides low interest loans to low and moderate income households. Combined assets of enterprise funds increased by \$129 million in 2001, with a corresponding increase in combined liabilities of \$115 million, resulting in a net addition to fund equity of nearly \$14 million.

**Pension Trust Operations** - The Public Employees’ Retirement System (PERS) covers most public employees of the State and its political subdivisions, as well as other public employees. PERS net assets, held in trust for pension benefits, increased \$6 million in 2001 and the unfunded accrued liability, using the entry age normal cost method, increased \$343 million to \$2,633 million on June 30, 2001. The funded ratio decreased from 84.7% in 2000, to 84.2% in 2001. Under the present plan and actuarial method, the unfunded liability is being amortized over a period of 23 years from July 1, 2001. Additional information is available in the separately issued financial statements of the PERS Actuarial Section.

**Debt Administration** - The bond ratings from Fitch, Standard and Poor’s and Moody’s Investor Service were at AA+, AA and Aa2 respectively. These ratings reflect a good economic base and sound financial management. On June 30, 2001, outstanding bonded debt was (*expressed in thousands*):

|                          |                     |
|--------------------------|---------------------|
| General Obligation Bonds | \$ 2,340,381        |
| Special Obligation Bonds | 100,000             |
| Mortgage Revenue Bonds   | 1,276,954           |
|                          | <u>\$ 3,717,335</u> |

Only \$759 million of the \$2,340 million general obligation bonds are paid through a tax levy on property. The remaining \$1,581 million are serviced through user fees from enterprise fund operations, slot machine taxes and revenues from local governments for the municipal bond bank and the water pollution control bonds.

The Constitution of the State limits the aggregate principal amount of the general obligation debt to 2% of the total reported assessed property value of the State. As of June 30, 2001, the debt limit and remaining capacity were as follows (expressed in millions):

|                                   |                        |
|-----------------------------------|------------------------|
| Debt limit (2% of assessed value) | \$ 1,075.7             |
| Less: Bonds and leases payable    | <u>777.9</u>           |
| Remaining debt capacity           | <u><u>\$ 297.8</u></u> |

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

New bonds sold during the 2001 fiscal year were (expressed in thousands):

|   |               |          |
|---|---------------|----------|
| General Obligation Capital Improvement and Cultural Affairs | 05/01/2001C   | \$ 2,000 |
| General Obligation Capital Improvement and Cultural Affairs | 07/01/2000A   | 103,990  |
| General Obligation Safe Drinking Water                      | 12/01/2000C   | 1,555    |
| General Obligation Water Pollution                          | 05/01/2001A-1 | 28,720   |
| General Obligation Water Pollution                          | 05/01/2001A-2 | 7,020    |
| General Obligation Water Pollution                          | 05/01/2001B   | 4,625    |
| General Obligation Water Pollution                          | 07/01/2000C   | 1,315    |
| Highway Improvement Revenue Bonds                           | 12/01/2000A   | 100,000  |
| Nevada Municipal Bond Bank Project 68                       | 07/01/2000B   | 3,000    |
| Nevada Municipal Bond Bank Projects 69, 70 and 71           | 12/01/2000B   | 15,595   |
| Housing Single Family 2001 Issue B                          | 5/30/2001     | 35,000   |
| Housing Single Family 2000 Issue D                          | 12/13/2000    | 15,000   |
| Housing Single Family Refunding 2001 Issue A                | 3/21/2001     | 23,400   |
| Housing Single Family Refunding 2000 Issue C                | 9/26/2000     | 32,945   |
| Housing Multi-unit Ambrosia                                 | 3/21/2001     | 10,000   |
| Housing Multi-unit Banbridge                                | 11/29/2000    | 4,660    |
| Housing Multi-unit Centennial Park                          | 3/22/2001     | 5,900    |
| Housing Multi-unit Citivista                                | 12/28/2000    | 8,250    |
| Housing Multi-unit Crestmore Townhomes                      | 12/20/2000    | 5,000    |
| Housing Multi-unit Horizon Senior Apartments                | 11/30/2000    | 10,840   |
| Housing Multi-unit Orchard Club                             | 12/13/2000    | 18,335   |
| Housing Multi-unit Rancho Mesa                              | 12/28/2000    | 12,450   |
| Housing Multi-unit Vintage Desert Rose                      | 12/14/2000    | 8,600    |

**Capital Projects** - To keep pace with the demands of a growing population and economy, the State has a substantial capital project program. The following is a summary of major projects in process or approved during 2001 (expressed in millions):

|  | <u>Expended by</u><br><u>June 30, 2001</u> | <u>Total Budget</u> |
|--|--|---------------------|
| High Desert State Prison, Phase I, Indian Springs        | \$91.3                                     | \$91.7              |
| High Desert State Prison, Phase III, Indian Springs      | 0.0  | 49.0                |
| High Desert State Prison, Phase II, Indian Springs       | 45.1                                       | 45.7                |
| Integrated Financial System                              | 31.6                                       | 31.6                |
| State Office Building                                    | 29.0                                       | 29.1                |
| Southern Nevada Veterans Home, Las Vegas                 | 18.5                                       | 20.9                |
| Nevada National Guard State Command Complex, Carson City | 5.2  | 11.1                |
| Nevada Highway Patrol Office Building, Las Vegas         | 0.0  | 10.8                |
| Nevada Mental Health Institute Hospital, Sparks          | 9.9  | 10.0                |

Not shown in the capital project funds, or in the general fixed assets account group, are the efforts of the Department of Transportation in improving and maintaining our highway infrastructure. During fiscal year 2001, the Department of Transportation awarded \$134 million in highway contracts. These contracts included the repair, replacement and rehabilitation of bridges, safety projects of railroad crossings and traffic signal systems and reconstruction and new construction on Nevada's highways.

**Colorado River Commission** – Seven commissioners have broad statutory authority to govern the Commission, which is responsible for managing Nevada's interests in water and power resources available from the Colorado River. The Commission also owns land for future development in the Fort Mohave Valley in Southern Nevada. Operating revenues and expenses increased by \$119 million each, due primarily to increased power sales and purchases. Also, net investment income increased \$1.2 million.

**University and Community College System of Nevada Funds** - An elected eleven-member Board of Regents supervises the operation of the University System, comprised of two universities, four community colleges and a research institute. Revenues in the current operating funds decreased by \$9.3 million to \$462 million. Expenditures and mandatory transfers of current operating funds were recorded at \$805 million, an increase of \$57 million. State support increased \$30 million to \$378 million. Enrollment data is available in Table XVII of the Statistical Section.

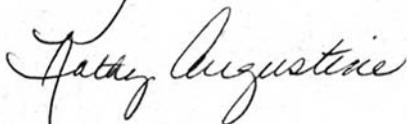
**Cash Management** – Cash, temporarily idle, is invested by the State Treasurer. All cash except for monies in pension trust funds, Unemployment Compensation Fund, statute or Board of Finance approved State agency outside bank accounts and the University System are combined in the State Treasurer's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

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

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

**Conclusion** - This report shows my commitment to inform and clearly demonstrate the financial condition of the State of Nevada to our citizenry and the financial community. Considerable effort and cooperation has been exhibited by all State agencies, the Legislature and the Judicial Branch of government. Without their efforts, this financial report could not have been produced. I extend my sincere appreciation to the leaders in State government for their stewardship, especially John P. Comeaux, Director, Department of Administration and William D. Anderson, Economist, State of Nevada Budget and Planning Division, for their contribution of the major initiatives, economic review and outlook sections. I would also like to commend the efforts of our auditors, Kafoury, Armstrong & Co.

Respectfully Submitted,

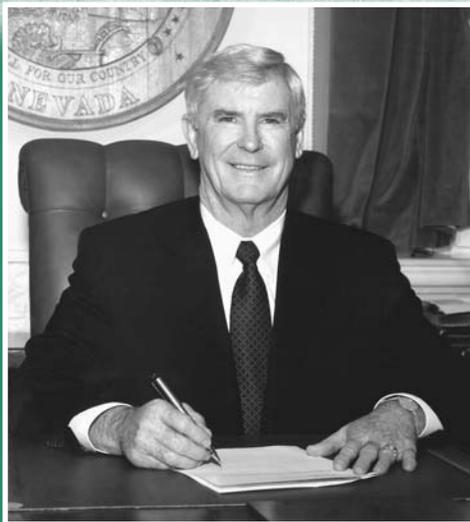


Kathy Augustine  
Nevada State Controller

# State of Nevada Constitutional Officers



**Lorraine Hunt**  
Lieutenant Governor



**Kenny C. Guinn**  
Governor



**Dean Heller**  
Secretary of State



**Brian Krolicki**  
Treasurer

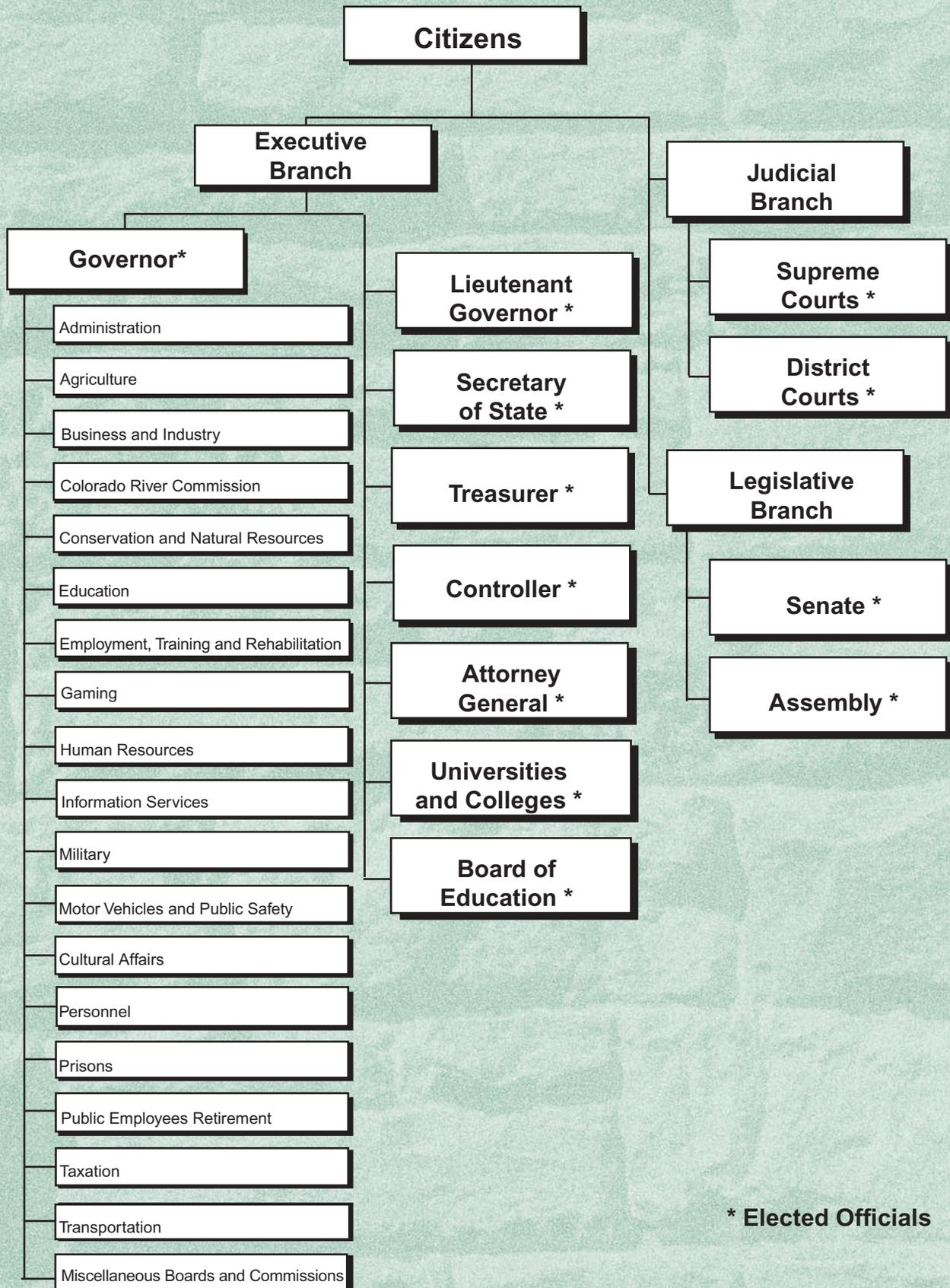


**Kathy Augustine**  
Controller



**Frankie Sue Del Papa**  
Attorney General

# Nevada State Government



## **MAJOR INITIATIVES**

**John P. Comeaux**  
**Director, Department of Administration**

During this past year, Governor Kenny C. Guinn pursued several major initiatives that were primarily based on his 1999 and 2001 State of the State speeches. Many earlier initiatives, which were related to state administrative and operational cost savings, education, health care, and long-range planning have been implemented and continue to expand, within the State's fiscal constraints. Also, a number of other key issues were addressed during this year's legislative session.

## **NEW INITIATIVES**

### **Child Welfare**

Assembly Bill 343 (A.B. 1 of the Special Session) transfers selected duties of the State's Division of Child and Family Services, Department of Human Resources, to large counties (those with a population of 100,000 or more). The transfer of duties (including case management functions for foster care and adoption, emergency shelter care, family foster care, and other related programs) will provide a more seamless and accessible system for those affected by these programs. Services to counties with smaller populations will remain with the State.

### **Energy**

Nevada has been a leader in the shift to market mechanisms; however, conditions in the western region have changed dramatically since deregulation was the subject of legislation in 1997. Governor Guinn, under powers delineated in previous legislation, delayed deregulation in Nevada and, together with the Legislature, effected significant changes in energy policy, including halting the divestiture of Nevada-based power generation plants, as well as reinstating deferred accounting methods to limit extreme price volatility for ratepayers. Provisions were enacted to protect vulnerable consumers and to attract and expedite the construction of new generation facilities in the State. Measures signed by the Governor include, among other things, an appropriation of \$4 million to assist low-income families with their energy costs, the establishment of a Universal Energy Charge (3.3 mils on each therm of natural gas sold at retail and .39 mils on each kilowatt-hour of electricity consumed at retail) that will help fund programs of energy conservation, weatherization, low-income assistance, and energy efficiency, and a provision for incentives, through various avenues, for the use of renewable energy sources.

### **Health Care**

This year saw the expansion and enhancement of programs designed to serve children, families, citizens with disabilities, seniors and to generally improve the effectiveness of program administration and oversight.

### **Medicaid Management Information System**

The Medicaid Management Information System (MMIS) is an integrated series of computer systems that include the point of sale pharmacy system, claims processing/adjudication, the managed care system and data warehouse. Upon completion of the various components, this system will dramatically improve administrative and operational controls as well as risk management capabilities. The 2001 Legislature approved AB 516, Chapter 441, appropriating \$2,090,840, which represents the 10% state match for this biennium. Completion of the full system is anticipated no later than April 2004.

### **Rental Car Agency Fees**

Changes were made regarding the collection of rental car agency fees. These changes are anticipated to result in an increase in State General Fund revenues over the next biennium of approximately \$26.5 million.

### **Yucca Mountain**

An appropriation of \$4 million, to establish the Nevada Protection Account, will be used to fund activities aimed at preventing the location of a federal nuclear waste repository in Nevada, a key goal of Governor Guinn.

## **FOLLOW-UP ON PREVIOUS YEARS' INITIATIVES**

### **Fundamental Review**

The Governor's Steering Committee to Conduct a Fundamental Review of State Government issued its report and as a result of its investigations proposed various legislative measures. This process will be continued during the upcoming year; however, the structure will be revised and will focus on specific areas of study, which will be based on suggestions received during the previous phase that need further research.

### **Long-Range Planning - Integrated Financial System**

Nevada's Integrated Financial System has met its preliminary goals and continues to expand its deployment and incorporate selected functions for additional agencies on-line with favorable results and savings.

### **Millennium Scholarships**

This program, funded by revenue from the tobacco settlement and aimed at increasing the number of Nevada's students who go on to college, continues to provide scholarships to high school graduates with a B average or better. Students must make application to the program within eight years after graduation from a Nevada high school and use the money for tuition at institutions within the Nevada State University and Community College System.

### **Motor Vehicles Registration and Driver Licensing**

The Department of Motor Vehicles and Public Safety was split into two departments under legislation passed this year to strengthen administrative and operational effectiveness. In addition, the increased use of internet and interactive phone programs to complete registration and licensure activities has decreased wait times at DMV offices statewide and reduced turnaround times for most transactions.

### **Senior Rx**

Nevada's insurance coverage for seniors' prescription medicine, known as Senior Rx, was improved this year to simplify and broaden enrollment. The program is available to all seniors who have lived in Nevada for more than one year, who are at least 62 years of age, who have income that does not exceed \$21,500 per year, and who do not qualify for prescription coverage under Nevada Medicaid. The plan provides up to \$5,000 in prescription benefits per enrollee and requires only minimal co-payments. Following the implementation of the new criteria, enrollment has increased and the level of interest continues to rise.

### **Welfare Division**

The NOMADS (Nevada Operations of Multi-Automated Data Systems) integrated information management system has been given federal certification, which triggered a rebate of all previously paid federal fines. This program continues to increase child support collections and reduce food stamp error rates.

# NEVADA ECONOMIC AND FISCAL REVIEW AND OUTLOOK

William D. Anderson  
Economist, Department of Administration

## INTRODUCTION

The State of Nevada ended the 2001 fiscal year (FY) in excellent shape both economically and fiscally. Job growth continued at a strong pace and consumer spending realized yet another solid gain. The State's gaming establishments managed respectable gains coming on the heels of record-setting growth in FY 2000. Over all, the State's economy continued to out-perform the nation as a whole, as it has over the past several years.

The end result of these solid economic fundamentals was another impressive showing on the part of the State's finances. General Fund revenue growth settled in the mid-single digits. However, the future, both in the near-term and over the long term, will pose some significant challenges.

## ECONOMIC AND FISCAL REVIEW

Perhaps the most watched gauge of regional economic activity is labor market activity. Job growth in Nevada during FY 2001 was 4.7%, down only slightly from increases recorded in previous years (Table 1). The State's two largest regions, Las Vegas and Reno, had impressive job growth, while some of Nevada's rural counties struggled in response to the cyclical downturn in the mining industry.

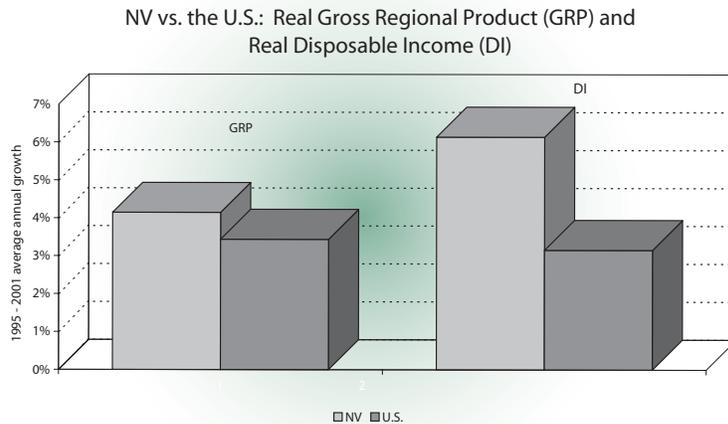
Major Economic Indicators

|                      | Fiscal Years |           |           |
|----------------------|--------------|-----------|-----------|
|                      | 1998-1999    | 1999-2000 | 2000-2001 |
| Job Growth           | 5.4%         | 5.3%      | 4.7%      |
| Taxable Sales Growth | 9.8%         | 5.8%      | 5.1%      |
| Gaming Win Growth    | 7.1%         | 11.5%     | 2.5%      |

**Table 1**

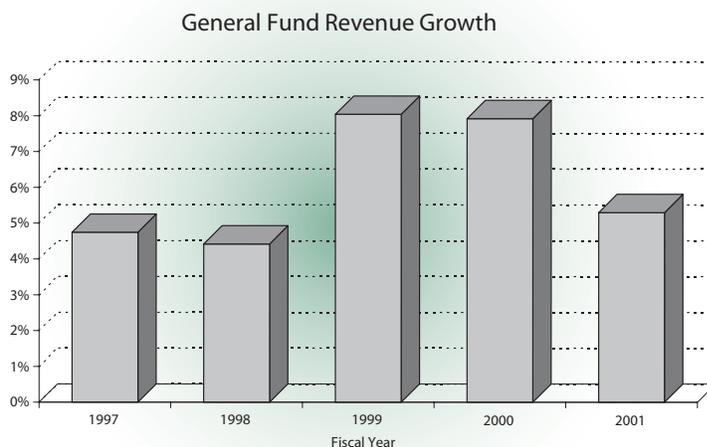
Taxable sales growth, which fuels the State's largest revenue source, posted a 5.1% increase in FY 2001. This is down slightly from previous years, but is somewhat impressive in that it comes after the completion of the most recent round of megaresort expansions on the Las Vegas Strip. The same can be said with respect to gaming win. The State's largest industry managed a 2.5% increase in win during FY 2001. This follows expansion-driven increases of 11.5% in FY 2000 and 7.1% in FY 1999. Again, given that FY 2001 results are being compared to very strong prior year activity, these findings are encouraging.

Over the course of the past several years, Nevada has ranked at or near the top of most measures of economic growth. For instance, job growth nationwide measured just 1.3% in comparison to Nevada's 4.7% during the year ended June 2001. Alternative measures of economic health developed by Regional Economic Models, Inc. also emphasizes this point. Between 1995 and 2001, Real Gross Regional Product, a localized version of Gross Domestic Product (GDP), is estimated to have increased by an average of 4.1% in Nevada. Over the same period, this economic indicator increased by 3.4% per year throughout the nation. Nevada's residents have directly benefited from these trends, as real disposable income has increased at a rate of 6.1% per year, double the national average (Figure 1).



**Figure 1**

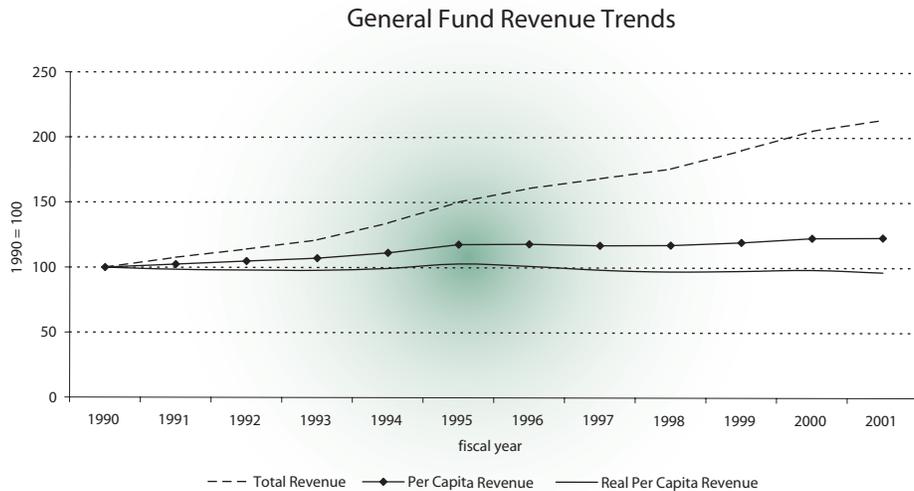
The State's General Fund revenue increased 5.3% in FY 2001, well in excess of the forecasted 4.2%. While down slightly from the previous two years growth, it exceeds the growth in the years immediately preceding the most recent round of gaming expansions (Figure 2).



**Figure 2**

The State's largest revenue source, sales tax, increased 5.9% in FY 2001, while the second largest revenue source, gaming taxes, increased 2.5% with percentage fees on gross gaming revenue increasing 0.8%. Insurance premium taxes increased nearly 14% in FY 2001.

While short-term trends remain impressive, when viewed on a more long-term, or structural basis, some problems become evident. The State's economy has boomed over the past several years, however, the associated revenue growth has not kept pace with the demands being placed upon State resources. Specifically, while total revenues may be growing, the State's resource base is struggling to keep pace with both population increases and the costs associated with delivering services (Figure 3).



**Figure 3**

## ECONOMIC AND FISCAL OUTLOOK

Prior to the events of September 11, 2001, there was nothing to suggest that trends were likely to differ markedly from FY 2001 in the months ahead. The State's economy appeared poised to continue growing with a modest increase in General Fund revenues.

However, the economic fallout from the terrorist attacks of September 11th has impacted Nevada and the world. In the immediate aftermath of the attacks, hotel occupancy rates in Las Vegas dropped, consumers scaled back their spending, and large numbers of layoffs were announced by the State's resort industry. Sales, gaming, and business-related taxes and fees will certainly reflect the economic impacts of the September 11th events.

Most post-attack analyses suggest that these events were enough to push a slow-growth economy into a recession. For instance, DRI-WEFA, a well-known economic forecasting firm, calls for declines in overall economic activity of 0.8% in the third quarter and 2.5% in the fourth quarter of calendar year 2001, rebounding in 2002. This translates into a relatively mild downturn. For instance, growth was negative in three consecutive quarters during the early 1990's recession and was more pronounced than what is forecast for the current downturn.

However, on a more positive note, evidence suggests that economic fundamentals are gradually recovering from the immediate post-attack situation. The airlines are once again flying, although volume is down. Weekend hotel occupancy rates are back to normal, although weekday rates are still below normal. Furthermore, the State entered the current fiscal year in fairly solid financial shape, General Fund revenues at the end of FY 2000 were more than \$18 million higher than anticipated. In addition, the State's Rainy Day Fund totalled a healthy \$136 million.

# 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, 2000

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.



*Timothy A. Howe*  
President

*Jeffrey L. Esser*  
Executive Director

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

**INDEPENDENT AUDITOR'S REPORT**

The Honorable Kathy Augustine  
State Controller

We have audited the accompanying general purpose financial statements of the State of Nevada as of and for the year ended June 30, 2001. These general purpose financial statements are the responsibility of the management of the State of Nevada. Our responsibility is to express an opinion on these general purpose financial statements based on our audit. We did not audit the financial statements of the Housing Division Fund, which statements reflect 99.4 percent of the assets and 92.4 percent of the operating revenues of the Enterprise Funds. We did not audit the financial statements of the Public Employees Retirement System or the Legislators Retirement System, which statements reflect 89.4 percent of the assets of the Trust and Agency Funds and 100 percent of the net assets of the Pension Trust Funds. We also did not audit the Power Delivery Fund or Power Marketing Fund (collectively, the "Colorado River Commission"), or the University and Community College System, discretely presented component units. The statements not audited by us were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Enterprise Funds, Pension Trust Funds, Colorado River Commission and the University and Community College System Funds is based solely on the reports of such 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 general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audit and the reports of other auditors, such general purpose financial statements referred to above present fairly, in all material respects, the financial position of the State of Nevada as of June 30, 2001, and the results of its operations and cash flows of its proprietary fund types and non-expendable trust funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards* we have also issued our report dated December 14, 2001 on our consideration of the State of Nevada's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining and individual fund and account group financial statements and schedules listed in the foregoing table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the State of Nevada. Such additional information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

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

*Kafury, Armstrong & Co.*

Reno, Nevada  
December 14, 2001

**Combined Balance Sheet**  
**All Fund Types, Account Groups and Discretely Presented Component Units**

June 30, 2001 with Comparative Totals for 2000  
(Expressed in Thousands)

|   | Governmental Fund Types |                     |                   | Proprietary Fund Types |                     |                  |
|---|-------------------------|---------------------|-------------------|------------------------|---------------------|------------------|
|   | General                 | Special Revenue     | Debt Service      | Capital Projects       | Enterprise          | Internal Service |
| <b>Assets and Other Debits</b>                          |                         |                     |                   |                        |                     |                  |
| <b>Assets:</b>  |                         |                     |                   |                        |                     |                  |
| Cash and pooled investments                             | \$ 298,960              | \$ 659,434          | \$ 38,904         | \$ 100,005             | \$ 3,066            | \$ 36,735        |
| Cash, pooled investments-nonexpendable trust            | -0-                     | -0-                 | -0-               | -0-                    | -0-                 | -0-              |
| Investments   | -0-                     | 1,177,115           | -0-               | -0-                    | 352,886             | -0-              |
| Collateral on loaned securities                         | 215,267                 | 177,765             | 8,226             | 5,214                  | 854                 | 5,561            |
| Food stamp coupons                                      | 15,379                  | -0-                 | -0-               | -0-                    | -0-                 | -0-              |
| Receivables   | 566,141                 | 91,648              | 320,509           | 930                    | 12,763              | 605              |
| Due from other funds                                    | 46,815                  | 89,706              | 18,172            | 29,616                 | 404                 | 14,003           |
| Due from component units                                | 1,670                   | 4                   | -0-               | 1,001                  | 7                   | 1,930            |
| Due from primary government                             | -0-                     | -0-                 | -0-               | -0-                    | -0-                 | -0-              |
| Interfund receivables                                   | 2,033                   | 2                   | -0-               | -0-                    | -0-                 | -0-              |
| Inventory   | -0-                     | 10,502              | -0-               | -0-                    | 1,441               | 645              |
| Advances to other funds                                 | 12,388                  | 18                  | -0-               | -0-                    | -0-                 | -0-              |
| <i>Restricted assets :</i>                              |                         |                     |                   |                        |                     |                  |
| Cash  | -0-                     | -0-                 | -0-               | -0-                    | 30                  | -0-              |
| Non-cash  | -0-                     | -0-                 | -0-               | -0-                    | 100,862             | -0-              |
| Loans receivable  | -0-                     | -0-                 | -0-               | -0-                    | 954,803             | -0-              |
| Deferred charges and other assets                       | 28,840                  | 119                 | -0-               | -0-                    | 14,648              | 284              |
| Land  | -0-                     | -0-                 | -0-               | -0-                    | 435                 | 131              |
| Structures and improvements                             | -0-                     | -0-                 | -0-               | -0-                    | 3,279               | 7,713            |
| Furniture and equipment                                 | -0-                     | -0-                 | -0-               | -0-                    | 2,647               | 52,767           |
| Accumulated depreciation                                | -0-                     | -0-                 | -0-               | -0-                    | (4,318)             | (39,994)         |
| Construction in progress                                | -0-                     | -0-                 | -0-               | -0-                    | 330                 | 2,357            |
| <i>Other debits:</i>                                    |                         |                     |                   |                        |                     |                  |
| Amounts available in special revenue/debt service funds | -0-                     | -0-                 | -0-               | -0-                    | -0-                 | -0-              |
| Amount to be provided by other government               | -0-                     | -0-                 | -0-               | -0-                    | -0-                 | -0-              |
| Amount to be provided for retirement of debt            | -0-                     | -0-                 | -0-               | -0-                    | -0-                 | -0-              |
| <b>Total assets and other debits</b>                    | <b>\$ 1,187,493</b>     | <b>\$ 2,206,313</b> | <b>\$ 385,811</b> | <b>\$ 136,766</b>      | <b>\$ 1,444,137</b> | <b>\$ 82,737</b> |
| <b>Liabilities, Equity and Other Credits</b>            |                         |                     |                   |                        |                     |                  |
| <b>Liabilities:</b>                                     |                         |                     |                   |                        |                     |                  |
| Accounts payable and accruals                           | \$ 214,458              | \$ 77,780           | \$ 6,409          | \$ 677                 | \$ 23,295           | \$ 7,415         |
| Bank overdraft  | -0-                     | -0-                 | -0-               | -0-                    | -0-                 | -0-              |
| Contracts payable                                       | 67                      | 11,989              | -0-               | 10,863                 | -0-                 | -0-              |
| Obligations under securities lending                    | 215,267                 | 177,765             | 8,226             | 5,214                  | 854                 | 5,561            |
| Due to other funds                                      | 357,847                 | 44,379              | 7                 | 3,001                  | 217                 | 1,854            |
| Due to component units                                  | 9,330                   | 598                 | -0-               | 60,007                 | -0-                 | 49               |
| Due to primary government                               | -0-                     | -0-                 | -0-               | -0-                    | -0-                 | -0-              |
| Interfund payables                                      | -0-                     | 162                 | -0-               | 400                    | 31                  | 1,401            |
| Compensated absences                                    | -0-                     | -0-                 | -0-               | -0-                    | 308                 | 2,406            |
| Deferred revenues and gains                             | 154,684                 | 7,974               | 319,975           | -0-                    | 702                 | -0-              |
| Bonds payable, other obligations                        | -0-                     | -0-                 | 8,575             | -0-                    | 1,276,954           | -0-              |
| Advances from other funds                               | -0-                     | -0-                 | -0-               | -0-                    | 141                 | 9,969            |
| Obligations under capital leases                        | -0-                     | -0-                 | -0-               | -0-                    | -0-                 | 959              |
| Arbitrage rebate liability                              | -0-                     | -0-                 | -0-               | -0-                    | -0-                 | -0-              |
| Reserve for losses                                      | -0-                     | -0-                 | -0-               | -0-                    | -0-                 | 46,739           |
| Other liabilities                                       | 12,601                  | -0-                 | -0-               | -0-                    | 15                  | -0-              |
| <b>Total liabilities</b>                                | <b>964,254</b>          | <b>320,647</b>      | <b>343,192</b>    | <b>80,162</b>          | <b>1,302,517</b>    | <b>76,353</b>    |
| <b>Equity and other credits:</b>                        |                         |                     |                   |                        |                     |                  |
| Investment in general fixed assets/plant                | -0-                     | -0-                 | -0-               | -0-                    | -0-                 | -0-              |
| Contributed capital                                     | -0-                     | -0-                 | -0-               | -0-                    | 5,201               | 9,156            |
| <i>Retained earnings (deficit):</i>                     |                         |                     |                   |                        |                     |                  |
| Reserved  | -0-                     | -0-                 | -0-               | -0-                    | 132,846             | -0-              |
| Unreserved  | -0-                     | -0-                 | -0-               | -0-                    | 3,573               | (2,772)          |
| <i>Fund balances:</i>                                   |                         |                     |                   |                        |                     |                  |
| <i>Reserved:</i>  |                         |                     |                   |                        |                     |                  |
| Encumbrances and contracts                              | 3,636                   | 115,846             | -0-               | 15,129                 | -0-                 | -0-              |
| Inventory   | -0-                     | 10,502              | -0-               | -0-                    | -0-                 | -0-              |
| Advances  | 12,388                  | 18                  | -0-               | -0-                    | -0-                 | -0-              |
| Balances forward  | 278,697                 | 178,065             | -0-               | -0-                    | -0-                 | -0-              |
| Other   | 29,530                  | 1,363,840           | 42,619            | -0-                    | -0-                 | -0-              |
| <i>Unreserved:</i>                                      |                         |                     |                   |                        |                     |                  |
| Designated  | -0-                     | -0-                 | -0-               | 41,475                 | -0-                 | -0-              |
| Undesignated (deficit)                                  | (101,012)               | 217,395             | -0-               | -0-                    | -0-                 | -0-              |
| <b>Total equity and other credits</b>                   | <b>223,239</b>          | <b>1,885,666</b>    | <b>42,619</b>     | <b>56,604</b>          | <b>141,620</b>      | <b>6,384</b>     |
| <b>Total liabilities, equity and other credits</b>      | <b>\$ 1,187,493</b>     | <b>\$ 2,206,313</b> | <b>\$ 385,811</b> | <b>\$ 136,766</b>      | <b>\$ 1,444,137</b> | <b>\$ 82,737</b> |

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

Exhibit 1

| Fiduciary Fund Types | Account Groups      |                               | Total - (Memorandum Only) |                           |                     | Component Units      |                      | Totals - (Memorandum Only) |  |
|----------------------|---------------------|-------------------------------|---------------------------|---------------------------|---------------------|----------------------|----------------------|----------------------------|--|
|                      | General             | General Long-Term Obligations | Primary Government        | Colorado River Commission | University System   | 2001                 | 2000                 |                            |  |
|                      | Fixed Assets        |                               |                           |                           |                     |                      |                      |                            |  |
| \$ 1,287,232         | \$ -0-              | \$ -0-                        | \$ 2,424,336              | \$ 34,437                 | \$ 53,169           | \$ 2,511,942         | \$ 2,782,537         |                            |  |
| 11,924               | -0-                 | -0-                           | 11,924                    | -0-                       | -0-                 | 11,924               | 17,413               |                            |  |
| 13,980,983           | -0-                 | -0-                           | 15,510,984                | -0-                       | 403,916             | 15,914,900           | 15,670,825           |                            |  |
| 1,680,864            | -0-                 | -0-                           | 2,093,751                 | 957                       | -0-                 | 2,094,708            | 2,067,381            |                            |  |
| -0-                  | -0-                 | -0-                           | 15,379                    | -0-                       | -0-                 | 15,379               | 11,496               |                            |  |
| 233,549              | -0-                 | -0-                           | 1,226,145                 | 27,422                    | 46,403              | 1,299,970            | 1,233,608            |                            |  |
| 298,256              | -0-                 | -0-                           | 496,972                   | -0-                       | -0-                 | 496,972              | 437,090              |                            |  |
| -0-                  | -0-                 | -0-                           | 4,612                     | -0-                       | -0-                 | 4,612                | 1,686                |                            |  |
| -0-                  | -0-                 | -0-                           | -0-                       | 2,312                     | 67,675              | 69,987               | 42,452               |                            |  |
| -0-                  | -0-                 | -0-                           | 2,035                     | -0-                       | -0-                 | 2,035                | 10,898               |                            |  |
| 195                  | -0-                 | -0-                           | 12,783                    | -0-                       | 4,730               | 17,513               | 20,739               |                            |  |
| -0-                  | -0-                 | -0-                           | 12,406                    | -0-                       | -0-                 | 12,406               | 5,317                |                            |  |
| -0-                  | -0-                 | -0-                           | 30                        | 24,978                    | -0-                 | 25,008               | 38,529               |                            |  |
| -0-                  | -0-                 | -0-                           | 100,862                   | -0-                       | -0-                 | 100,862              | 114,988              |                            |  |
| -0-                  | -0-                 | -0-                           | 954,803                   | -0-                       | 9,871               | 964,674              | 950,833              |                            |  |
| 501                  | -0-                 | -0-                           | 44,392                    | 44,452                    | 3,468               | 92,312               | 67,429               |                            |  |
| 3                    | 93,022              | -0-                           | 93,591                    | -0-                       | 98,972              | 192,563              | 189,165              |                            |  |
| -0-                  | 745,483             | -0-                           | 756,475                   | 44,761                    | 978,485             | 1,779,721            | 1,624,486            |                            |  |
| 18,543               | 298,056             | -0-                           | 372,013                   | 253                       | 263,213             | 635,479              | 596,809              |                            |  |
| (6,936)              | -0-                 | -0-                           | (51,248)                  | (2,264)                   | (455,847)           | (509,359)            | (464,141)            |                            |  |
| -0-                  | 253,320             | -0-                           | 256,007                   | 25,380                    | 48,053              | 329,440              | 357,934              |                            |  |
| -0-                  | -0-                 | 1,219,734                     | 1,219,734                 | -0-                       | -0-                 | 1,219,734            | 1,213,995            |                            |  |
| -0-                  | -0-                 | 319,899                       | 319,899                   | -0-                       | -0-                 | 319,899              | 376,936              |                            |  |
| -0-                  | -0-                 | 1,001,098                     | 1,001,098                 | 164                       | -0-                 | 1,001,262            | 810,435              |                            |  |
| <u>\$ 17,505,114</u> | <u>\$ 1,389,881</u> | <u>\$ 2,540,731</u>           | <u>\$ 26,878,983</u>      | <u>\$ 202,852</u>         | <u>\$ 1,522,108</u> | <u>\$ 28,603,943</u> | <u>\$ 28,178,840</u> |                            |  |
| \$ 945,377           | \$ -0-              | \$ -0-                        | \$ 1,275,411              | \$ 21,643                 | \$ 41,616           | \$ 1,338,670         | \$ 1,812,276         |                            |  |
| -0-                  | -0-                 | -0-                           | -0-                       | -0-                       | -0-                 | -0-                  | 577                  |                            |  |
| -0-                  | -0-                 | -0-                           | 22,919                    | -0-                       | -0-                 | 22,919               | 26,839               |                            |  |
| 1,680,864            | -0-                 | -0-                           | 2,093,751                 | 957                       | -0-                 | 2,094,708            | 2,067,381            |                            |  |
| 89,667               | -0-                 | -0-                           | 496,972                   | -0-                       | -0-                 | 496,972              | 437,090              |                            |  |
| 3                    | -0-                 | -0-                           | 69,987                    | -0-                       | -0-                 | 69,987               | 42,452               |                            |  |
| -0-                  | -0-                 | -0-                           | -0-                       | 1,664                     | 2,948               | 4,612                | 1,686                |                            |  |
| 41                   | -0-                 | -0-                           | 2,035                     | -0-                       | -0-                 | 2,035                | 10,898               |                            |  |
| -0-                  | -0-                 | 64,070                        | 66,784                    | 164                       | 24,664              | 91,612               | 81,010               |                            |  |
| 6,631                | -0-                 | -0-                           | 489,966                   | -0-                       | 20,574              | 510,540              | 537,334              |                            |  |
| -0-                  | -0-                 | 2,435,344                     | 3,720,873                 | 126,596                   | 154,978             | 4,002,447            | 3,726,835            |                            |  |
| 2,296                | -0-                 | -0-                           | 12,406                    | -0-                       | -0-                 | 12,406               | 5,317                |                            |  |
| -0-                  | -0-                 | 28,222                        | 29,181                    | -0-                       | -0-                 | 29,181               | 31,515               |                            |  |
| -0-                  | -0-                 | 2,615                         | 2,615                     | -0-                       | -0-                 | 2,615                | 1,614                |                            |  |
| -0-                  | -0-                 | -0-                           | 46,739                    | -0-                       | -0-                 | 46,739               | 5,385                |                            |  |
| 182,552              | -0-                 | 10,480                        | 205,648                   | 44,497                    | 9,203               | 259,348              | 231,034              |                            |  |
| <u>2,907,431</u>     | <u>-0-</u>          | <u>2,540,731</u>              | <u>8,535,287</u>          | <u>195,521</u>            | <u>253,983</u>      | <u>8,984,791</u>     | <u>9,019,243</u>     |                            |  |
| -0-                  | 1,389,881           | -0-                           | 1,389,881                 | 253                       | 781,691             | 2,171,825            | 2,081,913            |                            |  |
| -0-                  | -0-                 | -0-                           | 14,357                    | -0-                       | -0-                 | 14,357               | 14,357               |                            |  |
| -0-                  | -0-                 | -0-                           | 132,846                   | 676                       | -0-                 | 133,522              | 120,027              |                            |  |
| -0-                  | -0-                 | -0-                           | 801                       | 3,363                     | -0-                 | 4,164                | 7,917                |                            |  |
| 2                    | -0-                 | -0-                           | 134,613                   | -0-                       | 4,706               | 139,319              | 190,431              |                            |  |
| 195                  | -0-                 | -0-                           | 10,697                    | -0-                       | -0-                 | 10,697               | 13,866               |                            |  |
| -0-                  | -0-                 | -0-                           | 12,406                    | -0-                       | -0-                 | 12,406               | 5,317                |                            |  |
| -0-                  | -0-                 | -0-                           | 456,762                   | -0-                       | -0-                 | 456,762              | 305,270              |                            |  |
| 14,017,968           | -0-                 | -0-                           | 15,453,957                | -0-                       | 402,869             | 15,856,826           | 15,701,254           |                            |  |
| 6,017                | -0-                 | -0-                           | 47,492                    | -0-                       | -0-                 | 47,492               | 1,831                |                            |  |
| 573,501              | -0-                 | -0-                           | 689,884                   | 3,039                     | 78,859              | 771,782              | 717,414              |                            |  |
| <u>14,597,683</u>    | <u>1,389,881</u>    | <u>-0-</u>                    | <u>18,343,696</u>         | <u>7,331</u>              | <u>1,268,125</u>    | <u>19,619,152</u>    | <u>19,159,597</u>    |                            |  |
| <u>\$ 17,505,114</u> | <u>\$ 1,389,881</u> | <u>\$ 2,540,731</u>           | <u>\$ 26,878,983</u>      | <u>\$ 202,852</u>         | <u>\$ 1,522,108</u> | <u>\$ 28,603,943</u> | <u>\$ 28,178,840</u> |                            |  |

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

State  
of  
Nevada

For the Fiscal Year Ended June 30, 2001 with Comparative Totals for 2000  
(Expressed in Thousands)

Exhibit 2

|  | Governmental Fund Types |                     |                  | Fiduciary        | Totals -          |                     |                     |
|--|-------------------------|---------------------|------------------|------------------|-------------------|---------------------|---------------------|
|  | General                 | Special Revenue     | Debt Service     | Expendable Trust | (Memorandum Only) |                     |                     |
|  |                         |                     | Capital Projects |                  | 2001              | 2000                |                     |
| <b>Revenues</b>  |                         |                     |                  |                  |                   |                     |                     |
| Gaming taxes, fees, licenses   | \$ 702,560              | \$ 22,421           | \$ -0-           | \$ -0-           | \$ -0-            | \$ 724,981          | \$ 707,300          |
| Sales taxes  | 714,249                 | -0-                 | -0-              | -0-              | -0-               | 714,249             | 672,473             |
| Intergovernmental  | 917,241                 | 232,071             | 19,120           | 9,432            | 9,291             | 1,187,155           | 1,084,235           |
| Other taxes  | 324,169                 | 325,755             | 81,934           | -0-              | 228,443           | 960,301             | 949,538             |
| Licenses, fees and permits   | 109,152                 | 132,658             | -0-              | -0-              | 130               | 241,940             | 237,798             |
| Sales and charges for services   | 31,099                  | 21,372              | -0-              | -0-              | 578               | 53,049              | 52,378              |
| Interest and investment income   | 49,647                  | 97,592              | 4,330            | 956              | 32,774            | 185,299             | 159,220             |
| Tobacco settlement income  | -0-                     | 38,238              | -0-              | -0-              | -0-               | 38,238              | 49,917              |
| Contributions  | -0-                     | -0-                 | -0-              | -0-              | 10,945            | 10,945              | 15,595              |
| Other  | 35,368                  | 12,433              | -0-              | 216              | 10,886            | 58,903              | 55,365              |
| <b>Total revenues</b>  | <b>2,883,485</b>        | <b>882,540</b>      | <b>105,384</b>   | <b>10,604</b>    | <b>293,047</b>    | <b>4,175,060</b>    | <b>3,983,819</b>    |
| <b>Expenditures</b>  |                         |                     |                  |                  |                   |                     |                     |
| <i>Current:</i>  |                         |                     |                  |                  |                   |                     |                     |
| General government   | 64,861                  | 45,478              | 593              | 161              | 1,300             | 112,393             | 103,360             |
| Health and social services   | 1,170,134               | 41,375              | -0-              | -0-              | 229,060           | 1,440,569           | 1,353,839           |
| Education and support services   | 41,424                  | 928                 | -0-              | -0-              | 739               | 43,091              | 44,532              |
| Law, justice and public safety   | 260,709                 | 120,140             | -0-              | -0-              | 1,467             | 382,316             | 361,041             |
| Regulation of business   | 51,052                  | 33,194              | -0-              | -0-              | 307               | 84,553              | 87,057              |
| Transportation   | -0-                     | 484,219             | -0-              | -0-              | -0-               | 484,219             | 537,748             |
| Recreation and resource development  | 78,757                  | 16,767              | -0-              | -0-              | 133               | 95,657              | 92,140              |
| <i>Intergovernmental:</i>  |                         |                     |                  |                  |                   |                     |                     |
| Education  | 822,346                 | -0-                 | -0-              | 2,742            | -0-               | 825,088             | 754,486             |
| Other  | 58,240                  | 15,805              | -0-              | -0-              | 13,436            | 87,481              | 101,808             |
| <i>Capital outlay</i>  | -0-                     | -0-                 | -0-              | 37,489           | -0-               | 37,489              | 150,095             |
| <i>Debt service:</i>   |                         |                     |                  |                  |                   |                     |                     |
| Principal  | 1,359                   | 1,486               | 75,695           | -0-              | -0-               | 78,540              | 69,803              |
| Interest, fiscal charges   | 1,325                   | 198                 | 119,372          | -0-              | -0-               | 120,895             | 113,005             |
| Bond issuance costs  | -0-                     | -0-                 | 727              | -0-              | -0-               | 727                 | 282                 |
| Arbitrage payments   | -0-                     | 146                 | 451              | -0-              | -0-               | 597                 | 24                  |
| <b>Total expenditures</b>  | <b>2,550,207</b>        | <b>759,736</b>      | <b>196,838</b>   | <b>40,392</b>    | <b>246,442</b>    | <b>3,793,615</b>    | <b>3,769,220</b>    |
| Excess (deficiency) of revenues over expenditures  | 333,278                 | 122,804             | (91,454)         | (29,788)         | 46,605            | 381,445             | 214,599             |
| <b>Other Financing Sources (Uses)</b>  |                         |                     |                  |                  |                   |                     |                     |
| Proceeds from capital leases   | 695                     | 83                  | -0-              | -0-              | -0-               | 778                 | 485                 |
| Proceeds from sale of bonds  | 3,970                   | 149,712             | 2,036            | 100,755          | -0-               | 256,473             | 93,211              |
| Proceeds from sale of fixed assets   | 78                      | 14                  | -0-              | -0-              | -0-               | 92                  | 46                  |
| Operating transfers in   | 80,636                  | 83,799              | 95,686           | 15,608           | 2,644             | 278,373             | 214,265             |
| Transfers from component unit  | 384                     | 2,424               | -0-              | -0-              | -0-               | 2,808               | 452                 |
| Operating transfers out  | (97,241)                | (156,434)           | -0-              | (6,165)          | (10,767)          | (270,607)           | (208,962)           |
| Transfers to component unit  | (320,995)               | (7,910)             | (168)            | (49,375)         | -0-               | (378,448)           | (348,562)           |
| Proceeds of refunding bonds  | -0-                     | -0-                 | 12,638           | -0-              | -0-               | 12,638              | -0-                 |
| Payment to refunded bond agent   | -0-                     | -0-                 | (12,638)         | -0-              | -0-               | (12,638)            | -0-                 |
| <b>Total other financing sources (uses)</b>  | <b>(332,473)</b>        | <b>71,688</b>       | <b>97,554</b>    | <b>60,823</b>    | <b>(8,123)</b>    | <b>(110,531)</b>    | <b>(249,065)</b>    |
| Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses | 805                     | 194,492             | 6,100            | 31,035           | 38,482            | 270,914             | (34,466)            |
| Fund balances, July 1  | 210,098                 | 1,701,929           | 36,519           | 25,569           | 561,875           | 2,535,990           | 2,570,456           |
| Prior period adjustment  | 12,336                  | (10,755)            | -0-              | -0-              | (1,581)           | -0-                 | -0-                 |
| Fund balances, July 1, as restated   | 222,434                 | 1,691,174           | 36,519           | 25,569           | 560,294           | 2,535,990           | 2,570,456           |
| <b>Fund balances, June 30</b>  | <b>\$ 223,239</b>       | <b>\$ 1,885,666</b> | <b>\$ 42,619</b> | <b>\$ 56,604</b> | <b>\$ 598,776</b> | <b>\$ 2,806,904</b> | <b>\$ 2,535,990</b> |

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

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

State  
of  
Nevada

For the Fiscal Year Ended June 30, 2001  
(Expressed in Thousands)

Exhibit 3

|                                       | General Fund      |                   |                   | Special Revenue Funds |                   |                   | Totals<br>(Memorandum Only) |                     |                   |
|---------------------------------------|-------------------|-------------------|-------------------|-----------------------|-------------------|-------------------|-----------------------------|---------------------|-------------------|
|                                       | Final<br>Budget   | Actual            | Variance          | Final<br>Budget       | Actual            | Variance          | Final<br>Budget             | Actual              | Variance          |
| <b>Sources of Financial Resources</b> |                   |                   |                   |                       |                   |                   |                             |                     |                   |
| Fund balances, July 1                 | \$ 373,513        | \$ 373,513        | \$ -0-            | \$ 480,086            | \$ 480,086        | \$ -0-            | \$ 853,599                  | \$ 853,599          | \$ -0-            |
| Prior period adjustment               | -0-               | 10,755            | 10,755            | (10,755)              | (10,755)          | -0-               | (10,755)                    | -0-                 | 10,755            |
| <b>Revenues:</b>                      |                   |                   |                   |                       |                   |                   |                             |                     |                   |
| Sales taxes                           | 642,207           | 650,167           | 7,960             | -0-                   | -0-               | -0-               | 642,207                     | 650,167             | 7,960             |
| Gaming taxes, fees, licenses          | 662,967           | 668,368           | 5,401             | 16,180                | 16,180            | -0-               | 679,147                     | 684,548             | 5,401             |
| Federal                               | 1,029,028         | 853,989           | (175,039)         | 259,277               | 218,520           | (40,757)          | 1,288,305                   | 1,072,509           | (215,796)         |
| Other taxes                           | 450,706           | 457,782           | 7,076             | 335,848               | 347,446           | 11,598            | 786,554                     | 805,228             | 18,674            |
| Sales, charges for services           | 119,838           | 110,636           | (9,202)           | 32,316                | 25,511            | (6,805)           | 152,154                     | 136,147             | (16,007)          |
| Licenses, fees and permits            | 229,993           | 211,229           | (18,764)          | 139,658               | 135,617           | (4,041)           | 369,651                     | 346,846             | (22,805)          |
| Interest                              | 25,396            | 26,333            | 937               | 114,776               | 110,920           | (3,856)           | 140,172                     | 137,253             | (2,919)           |
| Other                                 | 286,683           | 227,068           | (59,615)          | 72,327                | 75,016            | 2,689             | 359,010                     | 302,084             | (56,926)          |
| <b>Other financing sources:</b>       |                   |                   |                   |                       |                   |                   |                             |                     |                   |
| Proceeds from sale of bonds           | -0-               | -0-               | -0-               | 131,269               | 131,225           | (44)              | 131,269                     | 131,225             | (44)              |
| Transfers from other funds            | 70,163            | 66,152            | (4,011)           | 105,664               | 93,864            | (11,800)          | 175,827                     | 160,016             | (15,811)          |
| Reversions from other funds           | -0-               | 2,512             | 2,512             | -0-                   | 1,351             | 1,351             | -0-                         | 3,863               | 3,863             |
| <b>Total sources</b>                  | <b>3,890,494</b>  | <b>3,658,504</b>  | <b>(231,990)</b>  | <b>1,676,646</b>      | <b>1,624,981</b>  | <b>(51,665)</b>   | <b>5,567,140</b>            | <b>5,283,485</b>    | <b>(283,655)</b>  |
| <b>Uses of Financial Resources</b>    |                   |                   |                   |                       |                   |                   |                             |                     |                   |
| <b>Expenditures, encumbrances:</b>    |                   |                   |                   |                       |                   |                   |                             |                     |                   |
| Constitutional agencies               | 109,048           | 68,093            | 40,955            | 161,021               | 46,438            | 114,583           | 270,069                     | 114,531             | 155,538           |
| Finance and administration            | 100,123           | 53,002            | 47,121            | 29,139                | 17,182            | 11,957            | 129,262                     | 70,184              | 59,078            |
| Education                             | 945,141           | 866,844           | 78,297            | 50,194                | 13,958            | 36,236            | 995,335                     | 880,802             | 114,533           |
| Human services                        | 1,586,586         | 1,334,027         | 252,559           | 103,307               | 51,924            | 51,383            | 1,689,893                   | 1,385,951           | 303,942           |
| Commerce and industry                 | 88,331            | 63,742            | 24,589            | 65,925                | 58,695            | 7,230             | 154,256                     | 122,437             | 31,819            |
| Public safety                         | 262,516           | 235,094           | 27,422            | 138,898               | 125,024           | 13,874            | 401,414                     | 360,118             | 41,296            |
| Infrastructure                        | 163,136           | 90,988            | 72,148            | 794,106               | 512,986           | 281,120           | 957,242                     | 603,974             | 353,268           |
| Special purpose agencies              | 21,174            | 7,993             | 13,181            | -0-                   | -0-               | -0-               | 21,174                      | 7,993               | 13,181            |
| <b>Other financing uses:</b>          |                   |                   |                   |                       |                   |                   |                             |                     |                   |
| Debt service transfers                | -0-               | -0-               | -0-               | 7,376                 | 7,376             | -0-               | 7,376                       | 7,376               | -0-               |
| Transfers to other funds              | 564,866           | 554,146           | 10,720            | 154,652               | 150,404           | 4,248             | 719,518                     | 704,550             | 14,968            |
| Refunds                               | -0-               | 2,875             | (2,875)           | -0-                   | -0-               | -0-               | -0-                         | 2,875               | (2,875)           |
| Reversions to other funds             | -0-               | 1,589             | (1,589)           | -0-                   | 2,692             | (2,692)           | -0-                         | 4,281               | (4,281)           |
| <b>Projected reversions</b>           | <b>(62,500)</b>   | <b>-0-</b>        | <b>(62,500)</b>   | <b>-0-</b>            | <b>-0-</b>        | <b>-0-</b>        | <b>(62,500)</b>             | <b>-0-</b>          | <b>(62,500)</b>   |
| <b>Total uses</b>                     | <b>3,778,421</b>  | <b>3,278,393</b>  | <b>500,028</b>    | <b>1,504,618</b>      | <b>986,679</b>    | <b>517,939</b>    | <b>5,283,039</b>            | <b>4,265,072</b>    | <b>1,017,967</b>  |
| <b>Fund balances, June 30</b>         | <b>\$ 112,073</b> | <b>\$ 380,111</b> | <b>\$ 268,038</b> | <b>\$ 172,028</b>     | <b>\$ 638,302</b> | <b>\$ 466,274</b> | <b>\$ 284,101</b>           | <b>\$ 1,018,413</b> | <b>\$ 734,312</b> |

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

**Combined Statement of Revenues, Expenses and Changes in Fund Equity/Balances  
All Proprietary Fund Types, Nonexpendable Trust Funds and  
Discretely Presented Component Unit**

State  
of  
Nevada

For the Fiscal Year Ended June 30, 2001 with Comparative Totals for 2000  
(Expressed in Thousands)

Exhibit 4

|  | Proprietary<br>Fund Types |                     | Fiduciary<br>Fund Types     | Total<br>(Memorandum<br>Only) | Component<br>Unit               | Totals<br>(Memorandum Only) |                   |
|--|---------------------------|---------------------|-----------------------------|-------------------------------|---------------------------------|-----------------------------|-------------------|
|  | Enterprise                | Internal<br>Service | Non-<br>expendable<br>Trust | Primary<br>Government         | Colorado<br>River<br>Commission | 2001                        | 2000              |
|  |                           |                     |                             |                               |                                 |                             |                   |
| <b>Operating Revenues</b>  |                           |                     |                             |                               |                                 |                             |                   |
| Net premium income   | \$ -0-                    | \$ 153,589          | \$ -0-                      | \$ 153,589                    | \$ -0-                          | \$ 153,589                  | \$ 135,494        |
| Sales  | 5,989                     | 5,002               | -0-                         | 10,991                        | 149,441                         | 160,432                     | 40,827            |
| Charges for services   | 1,251                     | 48,172              | -0-                         | 49,423                        | -0-                             | 49,423                      | 57,250            |
| Rental income  | 114                       | 13,058              | -0-                         | 13,172                        | -0-                             | 13,172                      | 13,102            |
| Interest and investment income                                       | 86,207                    | -0-                 | 8,408                       | 94,615                        | -0-                             | 94,615                      | 80,025            |
| Excess of revenues over expenditures<br>from governmental operations | -0-                       | -0-                 | -0-                         | -0-                           | 204                             | 204                         | 187               |
| Other  | 6,193                     | 772                 | 6,993                       | 13,958                        | -0-                             | 13,958                      | 14,356            |
| <b>Total operating revenues</b>                                      | <b>99,754</b>             | <b>220,593</b>      | <b>15,401</b>               | <b>335,748</b>                | <b>149,645</b>                  | <b>485,393</b>              | <b>341,241</b>    |
| <b>Operating Expenses</b>  |                           |                     |                             |                               |                                 |                             |                   |
| Salaries and benefits  | 3,427                     | 28,600              | -0-                         | 32,027                        | -0-                             | 32,027                      | 28,598            |
| Operating  | 8,722                     | 34,958              | -0-                         | 43,680                        | 146,946                         | 190,626                     | 76,515            |
| Claims expense   | -0-                       | 106,472             | -0-                         | 106,472                       | -0-                             | 106,472                     | 81,763            |
| Interest expense   | 69,511                    | -0-                 | 210                         | 69,721                        | -0-                             | 69,721                      | 63,732            |
| Materials or supplies used   | 2,185                     | 2,528               | -0-                         | 4,713                         | -0-                             | 4,713                       | 4,893             |
| Servicers' fees  | 1,962                     | -0-                 | -0-                         | 1,962                         | -0-                             | 1,962                       | 1,317             |
| Depreciation   | 176                       | 5,756               | -0-                         | 5,932                         | 1,132                           | 7,064                       | 5,855             |
| Insurance premiums   | -0-                       | 49,180              | -0-                         | 49,180                        | -0-                             | 49,180                      | 53,860            |
| Administrative expense   | -0-                       | -0-                 | -0-                         | -0-                           | 1,732                           | 1,732                       | 895               |
| <b>Total operating expenses</b>                                      | <b>85,983</b>             | <b>227,494</b>      | <b>210</b>                  | <b>313,687</b>                | <b>149,810</b>                  | <b>463,497</b>              | <b>317,428</b>    |
| Operating income (loss)  | 13,771                    | (6,901)             | 15,191                      | 22,061                        | (165)                           | 21,896                      | 23,813            |
| <b>Nonoperating Revenues (Expenses)</b>                              |                           |                     |                             |                               |                                 |                             |                   |
| Interest and investment income                                       | 179                       | 1,032               | -0-                         | 1,211                         | 2,376                           | 3,587                       | 1,729             |
| Interest expense   | (27)                      | (327)               | -0-                         | (354)                         | (38)                            | (392)                       | (406)             |
| Federal grants/intergovernmental                                     | -0-                       | -0-                 | -0-                         | -0-                           | -0-                             | -0-                         | 20                |
| Loss on disposal of assets   | -0-                       | 3                   | -0-                         | 3                             | -0-                             | 3                           | (29)              |
| Other  | -0-                       | -0-                 | -0-                         | -0-                           | -0-                             | -0-                         | (162)             |
| <b>Total nonoperating revenues (expenses)</b>                        | <b>152</b>                | <b>708</b>          | <b>-0-</b>                  | <b>860</b>                    | <b>2,338</b>                    | <b>3,198</b>                | <b>1,152</b>      |
| Income (loss) before operating transfers                             | 13,923                    | (6,193)             | 15,191                      | 22,921                        | 2,173                           | 25,094                      | 24,965            |
| <b>Operating Transfers</b>   |                           |                     |                             |                               |                                 |                             |                   |
| Operating transfers in   | 6                         | 2,196               | -0-                         | 2,202                         | -0-                             | 2,202                       | 209               |
| Operating transfers out  | (122)                     | (1,621)             | (8,225)                     | (9,968)                       | -0-                             | (9,968)                     | (5,512)           |
| Net income (loss)  | 13,807                    | (5,618)             | 6,966                       | 15,155                        | 2,173                           | 17,328                      | 19,662            |
| Fund equity/balances, July 1   | 127,852                   | 12,286              | 78,852                      | 218,990                       | 4,905                           | 223,895                     | 204,233           |
| Adjustment for change in capitalization threshold                    | (39)                      | (284)               | -0-                         | (323)                         | -0-                             | (323)                       | -0-               |
| Fund equity/balances, July 1, as restated                            | 127,813                   | 12,002              | 78,852                      | 218,667                       | 4,905                           | 223,572                     | 204,233           |
| <b>Fund equity/balances, June 30</b>                                 | <b>\$ 141,620</b>         | <b>\$ 6,384</b>     | <b>\$ 85,818</b>            | <b>\$ 233,822</b>             | <b>\$ 7,078</b>                 | <b>\$ 240,900</b>           | <b>\$ 223,895</b> |

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

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

State  
of  
Nevada

For the Fiscal Year Ended June 30, 2001 with Comparative Totals for 2000  
(Expressed in Thousands)

Exhibit 5

|  | Investment<br>Trust | Pension<br>Trust     | Totals<br>(Memorandum Only) |                      |
|--|---------------------|----------------------|-----------------------------|----------------------|
|  |                     |                      | 2001                        | 2000                 |
| <b>Additions</b>   |                     |                      |                             |                      |
| <i>Investment income:</i>  |                     |                      |                             |                      |
| Interest, dividends  | \$ 26,725           | \$ 432,318           | \$ 459,043                  | \$ 451,267           |
| Net increase (decrease) in the fair value of investments                             | 160                 | (746,566)            | (746,406)                   | 409,200              |
| Other  | -0-                 | 230,116              | 230,116                     | 183,378              |
|  | 26,885              | (84,132)             | (57,247)                    | 1,043,845            |
| Less: Investment expense   | (115)               | (132,895)            | (133,010)                   | (102,329)            |
| Net investment income (loss)   | 26,770              | (217,027)            | (190,257)                   | 941,516              |
| <i>Retirement contributions:</i>   |                     |                      |                             |                      |
| Employer   | -0-                 | 656,225              | 656,225                     | 604,926              |
| Plan members   | -0-                 | 49,483               | 49,483                      | 48,376               |
| Repayment and purchase of service  | -0-                 | 10,585               | 10,585                      | 8,467                |
| Investment from local governments  | 1,002,043           | -0-                  | 1,002,043                   | 941,159              |
| Reinvestment from interest income  | 23,708              | -0-                  | 23,708                      | 2,545                |
| Other income   | -0-                 | 1,951                | 1,951                       | 2,180                |
| <b>Total additions</b>   | <b>1,052,521</b>    | <b>501,217</b>       | <b>1,553,738</b>            | <b>2,549,169</b>     |
| <b>Deductions</b>  |                     |                      |                             |                      |
| Dividends to investors   | 26,615              | -0-                  | 26,615                      | 24,151               |
| Principal redeemed   | 895,364             | -0-                  | 895,364                     | 916,507              |
| Benefit payments   | -0-                 | 477,643              | 477,643                     | 421,962              |
| Refunds  | -0-                 | 10,742               | 10,742                      | 16,370               |
| Administrative expense   | -0-                 | 6,897                | 6,897                       | 7,081                |
| <b>Total deductions</b>  | <b>921,979</b>      | <b>495,282</b>       | <b>1,417,261</b>            | <b>1,386,071</b>     |
| Net increase (decrease)  | 130,542             | 5,935                | 136,477                     | 1,163,098            |
| Net assets held in trust for pool participants/pension benefits,<br>July 1           | 405,206             | 13,371,405           | 13,776,611                  | 12,613,513           |
| <b>Net assets held in trust for pool participants/<br/>pension benefits, June 30</b> | <b>\$ 535,748</b>   | <b>\$ 13,377,340</b> | <b>\$ 13,913,088</b>        | <b>\$ 13,776,611</b> |

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

**Combined Statement of Cash Flows**  
**All Proprietary Fund Types, Nonexpendable Trust Funds and**  
**Discretely Presented Component Unit**

For the Fiscal Year Ended June 30, 2001 with Comparative Totals for 2000  
(Expressed in Thousands)

**Exhibit 6**  
Page 1 of 2

|  | Proprietary<br>Fund Types |                     | Fiduciary<br>Fund Types     | Total-<br>(Memorandum<br>Only) | Component<br>Unit               | Totals<br>(Memorandum Only) |           |
|--|---------------------------|---------------------|-----------------------------|--------------------------------|---------------------------------|-----------------------------|-----------|
|  | Enterprise                | Internal<br>Service | Non-<br>expendable<br>Trust | Primary<br>Government          | Colorado<br>River<br>Commission | 2001                        | 2000      |
|  |                           |                     |                             |                                |                                 |                             |           |
| <b>Cash flows from operating activities</b>                              |                           |                     |                             |                                |                                 |                             |           |
| Cash received from customers, other governments                          | \$ 4,291                  | \$ 24,361           | \$ 7,280                    | \$ 35,932                      | \$ 156,536                      | \$ 192,468                  | \$ 76,407 |
| Cash received from other funds   | 3,534                     | 167,281             | -0-                         | 170,815                        | -0-                             | 170,815                     | 163,151   |
| Cash received from component units                                       | 16                        | 35,739              | -0-                         | 35,755                         | -0-                             | 35,755                      | 31,519    |
| Cash received from mortgage loans  | 138,880                   | -0-                 | -0-                         | 138,880                        | -0-                             | 138,880                     | 103,946   |
| Cash paid to suppliers, other governments, beneficiaries                 | (5,980)                   | (179,047)           | -0-                         | (185,027)                      | (124,395)                       | (309,422)                   | (212,181) |
| Cash paid to employees for services                                      | (3,504)                   | (27,197)            | -0-                         | (30,701)                       | -0-                             | (30,701)                    | (28,441)  |
| Cash paid to other funds   | (1,819)                   | (5,923)             | -0-                         | (7,742)                        | -0-                             | (7,742)                     | (10,594)  |
| Cash paid to component units   | (31)                      | (229)               | -0-                         | (260)                          | -0-                             | (260)                       | (290)     |
| Purchase of mortgage loans   | (89,442)                  | -0-                 | -0-                         | (89,442)                       | -0-                             | (89,442)                    | (178,487) |
| Net cash provided by (used for) operating activities                     | 45,945                    | 14,985              | 7,280                       | 68,210                         | 32,141                          | 100,351                     | (54,970)  |
| <b>Cash flows from noncapital financing activities</b>                   |                           |                     |                             |                                |                                 |                             |           |
| Proceeds from sale of bonds  | 180,827                   | -0-                 | -0-                         | 180,827                        | -0-                             | 180,827                     | 243,145   |
| Grants, transfers, advances received                                     | 3,500                     | 225                 | 81                          | 3,806                          | -0-                             | 3,806                       | 2,449     |
| Retirement of bonds and notes  | (66,836)                  | -0-                 | -0-                         | (66,836)                       | (2,280)                         | (69,116)                    | (107,275) |
| Interest payments on bonds   | (68,425)                  | -0-                 | -0-                         | (68,425)                       | -0-                             | (68,425)                    | (63,468)  |
| Operating/equity transfers out   | (120)                     | (1,531)             | (7,936)                     | (9,587)                        | -0-                             | (9,587)                     | (2,331)   |
| Payments for prepaid power   | -0-                       | -0-                 | -0-                         | -0-                            | (3,509)                         | (3,509)                     | (3,642)   |
| Other cash provided by (used for) noncapital financing activities        | (4,920)                   | -0-                 | -0-                         | (4,920)                        | -0-                             | (4,920)                     | (3,743)   |
| Net cash provided by (used for) noncapital financing activities          | 44,026                    | (1,306)             | (7,855)                     | 34,865                         | (5,789)                         | 29,076                      | 65,135    |
| <b>Cash flows from capital and related financing activities</b>          |                           |                     |                             |                                |                                 |                             |           |
| Proceeds from sale of bonds and equipment, other financing               | -0-                       | 124                 | -0-                         | 124                            | 516                             | 640                         | 26,542    |
| Grants, transfers, advances received                                     | -0-                       | 3,615               | -0-                         | 3,615                          | -0-                             | 3,615                       | -0-       |
| Acquisition of property, plant, equipment                                | (29)                      | (5,608)             | -0-                         | (5,637)                        | (7,271)                         | (12,908)                    | (12,252)  |
| Interest paid on obligations   | -0-                       | (179)               | -0-                         | (179)                          | (3,478)                         | (3,657)                     | (210)     |
| Reduction in advances/capital leases                                     | (11)                      | (3,370)             | -0-                         | (3,381)                        | -0-                             | (3,381)                     | (2,128)   |
| Construction   | -0-                       | (2,357)             | -0-                         | (2,357)                        | -0-                             | (2,357)                     | -0-       |
| Other cash provided by (used for) capital financing activities           | -0-                       | -0-                 | -0-                         | -0-                            | (815)                           | (815)                       | -0-       |
| Net cash provided by (used for) capital and related financing activities | (40)                      | (7,775)             | -0-                         | (7,815)                        | (11,048)                        | (18,863)                    | 11,952    |
| <b>Cash flows from investing activities</b>                              |                           |                     |                             |                                |                                 |                             |           |
| Proceeds from sale of investments  | 278,248                   | -0-                 | 32,506                      | 310,754                        | -0-                             | 310,754                     | 408,958   |
| Purchase of investments  | (388,196)                 | -0-                 | (42,376)                    | (430,572)                      | -0-                             | (430,572)                   | (427,717) |
| Interest/dividends on investments  | 19,097                    | 849                 | 4,956                       | 24,902                         | 2,237                           | 27,139                      | 23,851    |
| Net cash provided by (used for) investing activities                     | (90,851)                  | 849                 | (4,914)                     | (94,916)                       | 2,237                           | (92,679)                    | 5,092     |
| Net increase (decrease) in cash  | (920)                     | 6,753               | (5,489)                     | 344                            | 17,541                          | 17,885                      | 27,209    |
| Net increase (decrease) in cash from governmental operations             | -0-                       | -0-                 | -0-                         | -0-                            | (154)                           | (154)                       | (121)     |
| Cash and cash equivalents, July 1  | 4,016                     | 29,982              | 17,413                      | 51,411                         | 42,028                          | 93,439                      | 66,351    |
| Cash and cash equivalents, June 30                                       | \$ 3,096                  | \$ 36,735           | \$ 11,924                   | \$ 51,755                      | \$ 59,415                       | \$ 111,170                  | \$ 93,439 |

|   | Proprietary<br>Fund Types |                     | Fiduciary<br>Fund Types     | Total-<br>(Memorandum<br>Only) | Component<br>Unit               | Totals<br>(Memorandum Only) |                    |
|---|---------------------------|---------------------|-----------------------------|--------------------------------|---------------------------------|-----------------------------|--------------------|
|   | Enterprise                | Internal<br>Service | Non-<br>expendable<br>Trust | Primary<br>Government          | Colorado<br>River<br>Commission | 2001                        | 2000               |
|   |                           |                     |                             |                                |                                 |                             |                    |
| <b>Reconciliation of cash and cash equivalents to the balance sheet</b>   |                           |                     |                             |                                |                                 |                             |                    |
| Cash and pooled investments from the balance sheet  | \$ 3,066                  | \$ 36,735           | \$ -0-                      | \$ 39,801                      | \$ 34,437                       | \$ 74,238                   | \$ 37,497          |
| Cash, pooled investments-nonexpendable trust funds  | -0-                       | -0-                 | 11,924                      | 11,924                         | -0-                             | 11,924                      | 17,413             |
| Restricted assets - cash from the balance sheet   | 30                        | -0-                 | -0-                         | 30                             | 24,978                          | 25,008                      | 38,529             |
| Cash and cash equivalents at end of year  | <u>\$ 3,096</u>           | <u>\$ 36,735</u>    | <u>\$ 11,924</u>            | <u>\$ 51,755</u>               | <u>\$ 59,415</u>                | <u>\$ 111,170</u>           | <u>\$ 93,439</u>   |
| <b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities</b>        |                           |                     |                             |                                |                                 |                             |                    |
| Operating income (loss)   | \$ 13,771                 | \$ (6,901)          | \$ 15,191                   | \$ 22,061                      | \$ (165)                        | \$ 21,896                   | \$ 23,813          |
| <b>Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities</b> |                           |                     |                             |                                |                                 |                             |                    |
| Depreciation  | 176                       | 5,756               | -0-                         | 5,932                          | 1,132                           | 7,064                       | 5,855              |
| Income on investments   | (20,198)                  | -0-                 | (8,408)                     | (28,606)                       | -0-                             | (28,606)                    | (18,981)           |
| Interest on bonds payable   | 69,511                    | -0-                 | -0-                         | 69,511                         | -0-                             | 69,511                      | 63,406             |
| Increase in loans receivable and real estate owned  | (13,917)                  | -0-                 | -0-                         | (13,917)                       | -0-                             | (13,917)                    | (135,353)          |
| Decrease (increase) in accrued receivables  | (3,946)                   | 2,605               | 286                         | (1,055)                        | (21,488)                        | (22,543)                    | 3,051              |
| Decrease (increase) in inventory, deferred charges and other assets   | (510)                     | 2,068               | -0-                         | 1,558                          | -0-                             | 1,558                       | (2,234)            |
| Increase (decrease) in accrued payables, other liabilities  | (133)                     | 11,457              | -0-                         | 11,324                         | 46,624                          | 57,948                      | (1,949)            |
| Prepayments for power   | -0-                       | -0-                 | -0-                         | -0-                            | 5,397                           | 5,397                       | 5,465              |
| Other adjustments   | 1,191                     | -0-                 | 211                         | 1,402                          | 641                             | 2,043                       | 1,957              |
| Total adjustments   | <u>32,174</u>             | <u>21,886</u>       | <u>(7,911)</u>              | <u>46,149</u>                  | <u>32,306</u>                   | <u>78,455</u>               | <u>(78,783)</u>    |
| Net cash provided by (used for) operating activities  | <u>\$ 45,945</u>          | <u>\$ 14,985</u>    | <u>\$ 7,280</u>             | <u>\$ 68,210</u>               | <u>\$ 32,141</u>                | <u>\$ 100,351</u>           | <u>\$ (54,970)</u> |
| <b>Noncash investing, capital and financing activities</b>  |                           |                     |                             |                                |                                 |                             |                    |
| Property leased, accrued or acquired  | \$ -0-                    | \$ 1,111            | \$ -0-                      | \$ 1,111                       | \$ -0-                          | \$ 1,111                    | \$ 2,843           |
| Loss (gain) on disposal of assets   | -0-                       | (3)                 | -0-                         | (3)                            | -0-                             | (3)                         | 30                 |
| Adjustment to fixed assets  | (39)                      | (284)               | -0-                         | (323)                          | -0-                             | (323)                       | 1,047              |
| Construction completed or in progress   | 330                       | 155                 | -0-                         | 485                            | -0-                             | 485                         | 197                |
| Interest/dividends on investments accrued   | -0-                       | 184                 | -0-                         | 184                            | 707                             | 891                         | 156                |
| Change in fair value of investments   | 1,111                     | 142                 | 3,870                       | 5,123                          | 128                             | 5,251                       | (377)              |

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

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

*For the Fiscal Year Ended June 30, 2001  
(Expressed in Thousands)*

|  | Current Operating Funds |                  |                  | Total<br>Current<br>Operating |
|--|-------------------------|------------------|------------------|-------------------------------|
|  | General Operating       |                  | Auxiliary        |                               |
|  | Unrestricted            | Restricted       | Enterprises      |                               |
| <b>Revenues and Other Additions</b>  |                         |                  |                  |                               |
| Current fund revenues  | \$ 216,805              | \$ 210,044       | \$ 61,196        | \$ 488,045                    |
| Federal grants and contracts, restricted   | -0-                     | -0-              | -0-              | -0-                           |
| Private gifts, grants and contracts, restricted  | -0-                     | -0-              | -0-              | -0-                           |
| Estate taxes   | -0-                     | -0-              | -0-              | -0-                           |
| Investment income, restricted  | -0-                     | -0-              | -0-              | -0-                           |
| Interest on loans receivable   | -0-                     | -0-              | -0-              | -0-                           |
| Student fees   | -0-                     | -0-              | -0-              | -0-                           |
| Retirement of indebtedness   | -0-                     | -0-              | -0-              | -0-                           |
| Net increase (decrease) in fair value of investments                                       | -0-                     | -0-              | -0-              | -0-                           |
| Expended for plant facilities, including \$24,589<br>charged to current funds expenditures | -0-                     | -0-              | -0-              | -0-                           |
| Proceeds from notes payable  | -0-                     | -0-              | -0-              | -0-                           |
| Other sources  | -0-                     | -0-              | -0-              | -0-                           |
| <b>Total revenues and other additions</b>  | <b>216,805</b>          | <b>210,044</b>   | <b>61,196</b>    | <b>488,045</b>                |
| <b>Expenditures and Other Deductions</b>   |                         |                  |                  |                               |
| Educational and general expenditures   | 560,305                 | 184,545          | -0-              | 744,850                       |
| Auxiliary enterprises expenditures   | -0-                     | -0-              | 52,256           | 52,256                        |
| Indirect costs recovered   | -0-                     | 22,716           | -0-              | 22,716                        |
| Loan administration and collection costs   | -0-                     | -0-              | -0-              | -0-                           |
| Loan cancellations, write-offs and provision for bad debts                                 | -0-                     | -0-              | -0-              | -0-                           |
| Expended for plant facilities, including<br>noncapitalized expenditures of \$6,672         | -0-                     | -0-              | -0-              | -0-                           |
| Depreciation   | -0-                     | -0-              | -0-              | -0-                           |
| Retirement of indebtedness   | -0-                     | -0-              | -0-              | -0-                           |
| Interest on indebtedness   | -0-                     | -0-              | -0-              | -0-                           |
| Disposal of plant assets   | -0-                     | -0-              | -0-              | -0-                           |
| Proceeds of bonds and notes payable  | -0-                     | -0-              | -0-              | -0-                           |
| Distribution of estate taxes   | -0-                     | -0-              | -0-              | -0-                           |
| Obligations under capital leases   | -0-                     | -0-              | -0-              | -0-                           |
| Other deductions   | 14                      | -0-              | -0-              | 14                            |
| <b>Total expenditures and other deductions</b>   | <b>560,319</b>          | <b>207,261</b>   | <b>52,256</b>    | <b>819,836</b>                |
| <b>Transfers Among Funds, Additions (Deductions)</b>                                       |                         |                  |                  |                               |
| <i>Mandatory transfers:</i>  |                         |                  |                  |                               |
| Principal and interest   | (2,557)                 | (171)            | (4,730)          | (7,458)                       |
| Student loan matching  | (13)                    | -0-              | -0-              | (13)                          |
| Net transfers (voluntary)  | (2,431)                 | (1,008)          | (5,272)          | (8,711)                       |
| Transfers from primary government  | 329,073                 | -0-              | -0-              | 329,073                       |
| Transfers to primary government  | (383)                   | -0-              | -0-              | (383)                         |
| <b>Total transfers</b>   | <b>323,689</b>          | <b>(1,179)</b>   | <b>(10,002)</b>  | <b>312,508</b>                |
| Net increase (decrease) for the year   | (19,825)                | 1,604            | (1,062)          | (19,283)                      |
| Fund balances, July 1, 2000  | 91,007                  | 21,206           | 13,445           | 125,658                       |
| <b>Fund balances, June 30, 2001</b>  | <b>\$ 71,182</b>        | <b>\$ 22,810</b> | <b>\$ 12,383</b> | <b>\$ 106,375</b>             |

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

## Nonoperating Funds

| Student<br>Loan  | Endowment         | Plant               |                               |                        |                   | Total               |
|------------------|-------------------|---------------------|-------------------------------|------------------------|-------------------|---------------------|
|                  |                   | Unexpended<br>Plant | Retirement of<br>Indebtedness | Investment<br>in Plant | Combined<br>Plant |                     |
| \$ -0-           | \$ -0-            | \$ -0-              | \$ -0-                        | \$ -0-                 | \$ -0-            | \$ 488,045          |
| 86               | -0-               | -0-                 | -0-                           | 192                    | 192               | 278                 |
| -0-              | 2,261             | 6,812               | -0-                           | 2,788                  | 9,600             | 11,861              |
| -0-              | 19,986            | -0-                 | -0-                           | -0-                    | -0-               | 19,986              |
| 94               | 1,150             | 1,705               | 150                           | -0-                    | 1,855             | 3,099               |
| 182              | -0-               | -0-                 | -0-                           | -0-                    | -0-               | 182                 |
| -0-              | -0-               | 7,880               | -0-                           | -0-                    | 7,880             | 7,880               |
| -0-              | -0-               | -0-                 | -0-                           | 18,299                 | 18,299            | 18,299              |
| -0-              | (14,204)          | -0-                 | -0-                           | -0-                    | -0-               | (14,204)            |
| -0-              | -0-               | -0-                 | -0-                           | 110,051                | 110,051           | 110,051             |
| -0-              | -0-               | 39,916              | -0-                           | -0-                    | 39,916            | 39,916              |
| 127              | 3,859             | 200                 | -0-                           | -0-                    | 200               | 4,186               |
| <u>489</u>       | <u>13,052</u>     | <u>56,513</u>       | <u>150</u>                    | <u>131,330</u>         | <u>187,993</u>    | <u>689,579</u>      |
| -0-              | -0-               | -0-                 | -0-                           | -0-                    | -0-               | 744,850             |
| -0-              | -0-               | -0-                 | -0-                           | -0-                    | -0-               | 52,256              |
| -0-              | -0-               | -0-                 | -0-                           | -0-                    | -0-               | 22,716              |
| 53               | -0-               | -0-                 | -0-                           | -0-                    | -0-               | 53                  |
| 356              | -0-               | -0-                 | -0-                           | -0-                    | -0-               | 356                 |
| -0-              | -0-               | 140,567             | -0-                           | -0-                    | 140,567           | 140,567             |
| -0-              | -0-               | -0-                 | -0-                           | 49,009                 | 49,009            | 49,009              |
| -0-              | -0-               | -0-                 | 16,325                        | -0-                    | 16,325            | 16,325              |
| -0-              | -0-               | -0-                 | 7,976                         | -0-                    | 7,976             | 7,976               |
| -0-              | -0-               | -0-                 | -0-                           | 2,749                  | 2,749             | 2,749               |
| -0-              | -0-               | -0-                 | -0-                           | 39,916                 | 39,916            | 39,916              |
| -0-              | 290               | -0-                 | -0-                           | -0-                    | -0-               | 290                 |
| -0-              | -0-               | -0-                 | -0-                           | 942                    | 942               | 942                 |
| -0-              | -0-               | 559                 | -0-                           | 93                     | 652               | 666                 |
| <u>409</u>       | <u>290</u>        | <u>141,126</u>      | <u>24,301</u>                 | <u>92,709</u>          | <u>258,136</u>    | <u>1,078,671</u>    |
| -0-              | -0-               | (11,721)            | 19,179                        | -0-                    | 7,458             | -0-                 |
| 13               | -0-               | -0-                 | -0-                           | -0-                    | -0-               | -0-                 |
| (89)             | 686               | (1,825)             | 7,257                         | 2,682                  | 8,114             | -0-                 |
| -0-              | -0-               | 49,375              | -0-                           | -0-                    | 49,375            | 378,448             |
| -0-              | -0-               | (451)               | (1,974)                       | -0-                    | (2,425)           | (2,808)             |
| <u>(76)</u>      | <u>686</u>        | <u>35,378</u>       | <u>24,462</u>                 | <u>2,682</u>           | <u>62,522</u>     | <u>375,640</u>      |
| 4                | 13,448            | (49,235)            | 311                           | 41,303                 | (7,621)           | (13,452)            |
| <u>10,699</u>    | <u>258,643</u>    | <u>143,795</u>      | <u>2,394</u>                  | <u>740,388</u>         | <u>886,577</u>    | <u>1,281,577</u>    |
| <u>\$ 10,703</u> | <u>\$ 272,091</u> | <u>\$ 94,560</u>    | <u>\$ 2,705</u>               | <u>\$ 781,691</u>      | <u>\$ 878,956</u> | <u>\$ 1,268,125</u> |

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

State  
of  
Nevada

For the Fiscal Year Ended June 30, 2001 with Comparative Totals for 2000  
(Expressed in Thousands)

Exhibit 8

|   |                    |                 | Totals<br>(Memorandum Only) |                  |
|---|--------------------|-----------------|-----------------------------|------------------|
|   | Unrestricted       | Restricted      | 2001                        | 2000             |
| <b>Revenues</b>   |                    |                 |                             |                  |
| Tuition and fees  | \$ 128,573         | \$ -0-          | \$ 128,573                  | \$ 121,068       |
| Federal grants and contracts                                | 18,368             | 111,278         | 129,646                     | 114,484          |
| State grants and contracts                                  | 1,231              | 22,261          | 23,492                      | 16,194           |
| Local grants and contracts                                  | 714                | 13,438          | 14,152                      | 11,238           |
| Private gifts, grants and contracts                         | 8,540              | 29,169          | 37,709                      | 38,604           |
| Endowment income  | 288                | 4,290           | 4,578                       | 4,685            |
| Investment income   | 5,395              | 5               | 5,400                       | 10,179           |
| Net increase (decrease) in fair value of investments        | 2,286              | -0-             | 2,286                       | (2,088)          |
| Sales and services of educational departments               | 49,493             | 3,994           | 53,487                      | 45,325           |
| Sales and services of auxiliary enterprises                 | 58,296             | -0-             | 58,296                      | 52,649           |
| Other sources   | 4,803              | 110             | 4,913                       | 59,499           |
| <b>Total revenues</b>                                       | <b>277,987</b>     | <b>184,545</b>  | <b>462,532</b>              | <b>471,837</b>   |
| <b>Expenditures and Mandatory Transfers</b>                 |                    |                 |                             |                  |
| <i>Educational and general:</i>                             |                    |                 |                             |                  |
| Instruction   | 247,283            | 31,396          | 278,679                     | 269,506          |
| Research  | 18,731             | 71,389          | 90,120                      | 76,585           |
| Public service  | 17,497             | 34,792          | 52,289                      | 45,635           |
| Academic support  | 64,579             | 3,542           | 68,121                      | 64,988           |
| Institutional support                                       | 89,070             | 2,615           | 91,685                      | 87,521           |
| Student services  | 51,513             | 13,072          | 64,585                      | 59,054           |
| Operation and maintenance of plant                          | 56,257             | 13              | 56,270                      | 50,421           |
| Scholarships and fellowships                                | 15,375             | 27,726          | 43,101                      | 32,764           |
| <b>Total educational and general expenditures</b>           | <b>560,305</b>     | <b>184,545</b>  | <b>744,850</b>              | <b>686,474</b>   |
| <i>Auxiliary enterprises:</i>                               |                    |                 |                             |                  |
| Expenditures for food, housing and other auxiliary services | 52,256             | -0-             | 52,256                      | 52,232           |
| <i>Mandatory transfers:</i>                                 |                    |                 |                             |                  |
| Principal and interest                                      | 7,287              | 171             | 7,458                       | 8,870            |
| Student loan matching                                       | 13                 | -0-             | 13                          | 13               |
| <b>Total expenditures and mandatory transfers</b>           | <b>619,861</b>     | <b>184,716</b>  | <b>804,577</b>              | <b>747,589</b>   |
| <b>Other Transfers and Additions (Deductions)</b>           |                    |                 |                             |                  |
| Voluntary transfers, net                                    | (7,703)            | (1,008)         | (8,711)                     | (9,959)          |
| Other additions (deductions)                                | -0-                | -0-             | -0-                         | (51)             |
| Excess of restricted receipts over transfers to revenue     | -0-                | 2,783           | 2,783                       | 1,808            |
| Transfers from primary government                           | 329,073            | -0-             | 329,073                     | 312,118          |
| Transfers to primary government                             | (383)              | -0-             | (383)                       | (451)            |
| <b>Total other transfers and additions (deductions)</b>     | <b>320,987</b>     | <b>1,775</b>    | <b>322,762</b>              | <b>303,465</b>   |
| <b>Net increase (decrease) in fund balances</b>             | <b>\$ (20,887)</b> | <b>\$ 1,604</b> | <b>\$ (19,283)</b>          | <b>\$ 27,713</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, these financial statements present the State and its component units, entities for which the State is considered to be financially accountable. The discretely presented component units are reported in separate columns in the combined financial statements to emphasize they are legally separate from the State. The component units have a June 30 year-end.

**Blended Component Units:** The following blended component units are entities which 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) and the Legislators' Retirement System (LRS) 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. 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.

Nevada Real Property Corporation is a legally separate entity whose board of directors are exclusively state employees or officials. It was incorporated to finance the costs of a juvenile treatment facility through issuance of certificates of participation and to lease the juvenile treatment facility to the State. The State reports these financial transactions as part of the primary government (CIP – Human Resources Capital Projects Fund) using the blended method.

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

Association of College and University Business Officers' publication, *College and University Business Administration: Administrative Service*.

The Colorado River Commission (CRC) is responsible for managing Nevada's interests in the water and power resources available from the Colorado River. It is governed by seven commissioners: four appointed by the Governor and three appointed by the board of directors of the Southern Nevada Water Authority.

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*

*University and Community College System of Nevada  
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. Basis of Presentation**

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

**Governmental Fund Types:**

General Fund - The General Fund is the general operating fund of the State. All general tax revenues, other receipts, and other financing sources that are not allo-

(Note 1 Continued)

cated by law or contractual agreement to another fund are accounted for in this fund. Paid from the fund are the general operating expenditures, intergovernmental expenditures, debt service and other financing uses that are not paid through other funds.

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

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

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

**Proprietary Fund Types:**

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

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

**Fiduciary Fund Types:**

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

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

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

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

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

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

**Account Groups:**

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

General Long-Term Obligations Account Group - This account group is established to account for all long-term obligations of the State, except those required to be paid from the operations of proprietary fund types, pension trust funds and component units.

**Component Units:**

The accounts of the University System are organized as follows:

Current Operating Funds - Current operating funds are used to account for 1) unrestricted funds, over which the governing board retains full control in achieving the institution's purposes, 2) restricted funds, which may be utilized only according to externally restricted purposes, and 3) auxiliary enterprise funds used to account for transactions of substantially self-supporting activities.

Non-Operating Funds - Consist of student loan and endowment funds in which the institution acts in a fiduciary capacity; plant funds used to account for institutional property acquisition, renewal, replacement, debt service and investment; and agency funds used to account for assets held by various University System divisions acting as a custodian or fiscal agent.

The accounts of the Colorado River Commission are divided into governmental funds and proprietary funds. Also included in their financial statements are a Long-Term Obligations Account Group and a General Fixed Assets Account Group.

**Governmental Funds:**

General Fund - Accounts for the Commission's general administrative activities.

Special Revenue Fund - Accounts for the proceeds

(Note 1 Continued)

of specific revenue sources legally restricted to specific purposes.

**Proprietary Funds:**

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

Colorado River Commission Power Delivery Enterprise Fund – Accounts for the construction and operation of certain electric power transmission and distribution facilities of the Southern Nevada Water System (NRS 538.211).

**C. Measurement Focus and Basis of Accounting**

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

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

GASB Statement No. 20 requires proprietary funds to apply all applicable GASB pronouncements and, unless they conflict with or contradict GASB pronouncements, all Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins issued on or before November 30, 1989. As permitted by the Statement, the State has elected not to apply FASB pronouncements issued after that date.

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

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

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

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

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

**D. Assets, Liabilities and Fund Equity**

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

(Note 1 Continued)

included in this category is cash held by departments in petty cash funds and in bank accounts outside the Treasurer's cash management pool.

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

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

In pension trust funds, there is no concentration of 5% or more of the plans' net investments in securities of a single organization (other than those issued by the U.S. Government).

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

Derivative securities are priced and accounted for at fair value. For exchange traded securities, such as futures and options, closing prices from the securities exchanges are used. For fixed income derivatives, such as collateralized mortgage obligations (CMO), commercial pricing services

(where available) or bid-side prices from 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.

Receivables - The composition of receivables at June 30, 2001, is presented in Note 4. Receivables in proprietary fund types have arisen in the ordinary course of business. No allowance for uncollectible accounts has been established, as collection history has been excellent.

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

Interfund Transactions - The State has three types of inter-fund transactions:

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

Operating transfers and due 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. The reserve for inventory of supplies is equal to the amount of inventory of supplies and recognizes that a portion of the fund balance is not available for expenditure on a budgetary basis.

Advances to Other Funds - Long-term interfund advances are recorded by the advancing fund as a receivable and as a reserve to maintain the accountability and to disclose properly the amount available for appropriation (unreserved fund balance). Repayments are credited to the receivable and corresponding reductions are made in the reserve. A summary of interfund advances at June 30, 2001 is presented in Note 5.

(Note 1 Continued)

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

Enterprise fund, internal service fund and pension trust fund fixed assets are stated at cost which include net capitalized interest. They are depreciated principally on a straight-line basis over estimated useful lives of 40 years for structures and improvements and 3 to 30 years for furniture and equipment.

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

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

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

**Compensated Absences** - Compensated absences are accounted for in accordance with GASB Statement No. 16, *Accounting for Compensated Absences*, which requires that a liability for compensated absences relating to services already rendered and that are not contingent on a specified event be accrued as employees earn the rights to the benefits. Compensated absences relating to future services or that are contingent on a specified event will be accounted for in the period those services are rendered or those events take place. Proprietary fund types and pension trust funds

report accrued compensated absences as liabilities in the appropriate funds. Governmental funds report compensated absences expected to be liquidated with expendable available financial resources as an expenditure and a fund liability. Amounts not expected to be liquidated with expendable available financial resources are reported in the General Long-Term Obligations Account Group.

**Deferred Revenues** - Deferred revenues in the General Fund consist primarily of food stamp coupons, 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** - The State records long-term debt of governmental funds at face value in the General Long-Term Obligations Account Group. Certain other governmental fund obligations are also recorded in the General Long-Term Obligations Account Group. Long-term debt and other obligations financed by proprietary funds and pension trust funds are recorded as liabilities in the appropriate funds. The State enters into interest rate swap agreements to modify interest rates on outstanding debt. Other than the net interest expenditures resulting from these agreements, no amounts are recorded in the financial statements.

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

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

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

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

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

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

*(Note 1 Continued)*

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

### E. Intergovernmental Assistance Programs

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

### F. “Memorandum Only” Total Columns

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

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

### G. Comparative Data/Reclassifications

Comparative total data for the prior year have been presented in the accompanying financial statements in order to provide an understanding of the changes in the gov-

ernment’s financial position and operations. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year’s presentation.

### H. Change in Accounting Standard

Governmental Accounting Standards Board Statement No. 33, Accounting and Financial Reporting for Nonexchange Transactions was implemented in fiscal year 2001. In a nonexchange transaction, a government gives (or receives) value without directly receiving (or giving) equal value in return. Statement No. 33 establishes accounting and financial reporting standards for the timing of recognition of non-exchange transactions.

### I. Future Changes in Accounting Standards

The Governmental Accounting Standards Board has issued Statement No. 34, Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments, and Statement No. 35, Basic Financial Statements—and Management’s Discussion and Analysis—for Public Colleges and Universities. These new accounting and reporting standards will impact the State’s revenue and expenditure recognition and assets, liabilities and fund equity reporting. The new standards will also require reformatting of the financial statements and the restating of beginning balances. The State will not be early implementing these statements, and due to the significance of the changes required, it is not possible to present pro-forma data prior to their implementation. Statements No. 34 and 35 will be implemented in fiscal year 2002.

## NOTE 2 - BUDGETARY AND LEGAL COMPLIANCE

### A. Individual Fund Deficits

#### Enterprise Funds

Nevada Magazine - The Nevada Magazine was removed from the General Fund in the fiscal year ended June 30, 1984 to be accounted for as an enterprise fund. A residual equity transfer (contributed capital) of \$66,849, representing the value of inventory and property, established the new fund. Although Nevada Magazine had a liability for deferred subscription revenues of \$278,774 at June 30, 1983, no cash was transferred. This resulted in a deficit beginning retained earnings of \$278,774. The retained deficit is \$642,447 and the deficit fund equity is \$575,598 at June 30, 2001.

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

fund. The original bonded debt, along with any additional General Fund appropriations for capital improvements to the System, have resulted in contributed capital of \$2,885,884. Operating losses and retained deficit are the result of not charging water users for depreciation expense on the contributed assets, with no foreseeable change in this policy of not charging users. The retained deficit is \$1,880,127 at June 30, 2001.

#### Internal Service Funds

Insurance Premiums - The Insurance Premiums Fund provides self-insurance for general, civil (tort), auto and property casualty liabilities and purchases workers’ compensation for State agencies. A net loss of \$5,725,412 resulted in a retained deficit of \$18,441,994 and deficit fund equity of \$17,813,886 at June 30, 2001. See Note 10.

Purchasing - The Purchasing Fund provides purchasing

(Note 2 Continued)

services to State agencies and other governmental units. A net loss of \$930,916 resulted in retained deficit of \$775,484 at June 30, 2001.

## B. Budgetary Process and Control

The Governor must submit his proposed budget for the Executive Branch to the State Legislature by the 14<sup>th</sup> day of each regular session, which convenes every odd-numbered year. The budget presented spans the next two fiscal years, and contains detailed estimates of revenues and expenditures. The Legislature enacts the budget through passage of the General Appropriations Act, which allows expenditures from unrestricted revenues, and the Authorized Expenditures Act, which allows expenditures from revenues collected for specific purposes. Once passed and signed, the budget becomes the State's financial plan for the next two fiscal years.

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

Limited budgetary revisions may be made without Legislative action through the following management/administrative procedures. Revisions of more than \$20,000, which would increase or decrease program expenditures by the lesser of 10% of the level approved by the Legislature or \$50,000, must be approved by the Legislative Interim Finance Committee (LIFC). Revisions not exceeding this threshold require only budget director approval. The LIFC approval is not equivalent to governing body approval as total appropriations for a program may not be increased except as follows. The Legislature appropriates limited funds to the Contingency Fund (a special revenue fund), which may be allocated to programs by the LIFC upon recommendation of the Board of Examiners. Allocations totaling \$816,140 were made in the 2001 fiscal year. Unencumbered appropriations lapse at the end of each fiscal year, unless specific authority to carry forward is granted in the Appropriations Act. Unexpended authorized resources under the Authorized Expenditures Act are carried forward for expenditure in the next fiscal period.

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

received, are shown as a reservation of fund balance.

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

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

Actual amounts in the budgetary comparison statements are presented on a budgetary basis. Because this basis differs from accounting principles generally accepted in the United States of America (GAAP), as described above, a reconciliation between the budgetary and GAAP basis is presented in Note 2C.

## C. Budgetary Basis vs. GAAP

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

(Note 2 Continued)

|  | General<br>Fund   | Special<br>Revenue<br>Funds |
|--|-------------------|-----------------------------|
| <b>Fund balances (budgetary basis) June 30, 2001</b> | \$ 380,111        | \$ 638,302                  |
| <i>Adjustments:</i>                                  |                   |                             |
| <i>Basis Differences:</i>                            |                   |                             |
| Petty cash or outside bank accounts                  | 8,433             | 1,319                       |
| Investments not recorded on the budgetary basis      | -0-               | 1,177,115                   |
| Accrual of certain other receivables                 | 61,853            | 44,517                      |
| Inventory  | -0-               | 10,502                      |
| Advances to other funds                              | 13,197            | 18                          |
| Deferred charges and other assets                    | 2,091             | 21,520                      |
| Accrual of certain accounts payable and accruals     | (107,237)         | (16,347)                    |
| Accrual of longevity pay                             | (898)             | (248)                       |
| Contract retentions payable                          | (67)              | (30)                        |
| Deferred revenues                                    | (137,229)         | (20)                        |
| Encumbrances   | 3,636             | 6,162                       |
| Other  | (651)             | 2,856                       |
| <b>Fund balances (GAAP basis) June 30, 2001</b>      | <u>\$ 223,239</u> | <u>\$ 1,885,666</u>         |

Total fund balance on the budgetary basis in the General Fund at June 30, 2001, 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)                   | \$ 380,111        |
| Restricted funds                                       | <u>(260,687)</u>  |
| <b>Unrestricted fund balance<br/>(budgetary basis)</b> | <u>\$ 119,424</u> |

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

### NOTE 3 - DEPOSITS AND INVESTMENTS

#### A. Balance Sheet

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

|  | Total<br>Primary<br>Government | Component<br>Units | Total<br>Reporting<br>Entity |
|--|--------------------------------|--------------------|------------------------------|
| Cash and pooled investments  | \$ 2,424,336                   | \$ 87,606          | \$ 2,511,942                 |
| Cash, pooled investments-nonexpendable trust                       | 11,924                         | -0-                | 11,924                       |
| Investments  | 15,510,984                     | 403,916            | 15,914,900                   |
| Collateral on loaned securities                                    | 2,093,751                      | 957                | 2,094,708                    |
| Restricted assets (Note 6)   | 100,892                        | 24,978             | 125,870                      |
| Less restricted assets other than cash and investments<br>(Note 6) | (862)                          | -0-                | (862)                        |
| <b>Total</b>   | <u>\$ 20,141,025</u>           | <u>\$ 517,457</u>  | <u>\$ 20,658,482</u>         |
| Carrying amount of deposits  |                                |                    | \$ 672,684                   |
| Total investments  |                                |                    | <u>19,985,798</u>            |
| <b>Total</b>   |                                |                    | <u>\$ 20,658,482</u>         |

#### B. Deposits

In accordance with Nevada Revised Statutes, the State Treasurer may deposit funds into any state or national bank, credit union or savings and loan association covered by federal depository insurance. Statutes require that all deposits in excess of insured amounts be secured by collateral composed of: obligations of the United States; bonds of this

State; bonds of any county, municipality or school district within this State; promissory notes secured by first deeds of trust or instruments in which the State is permitted to invest. Additionally, various statutes have authorized State agencies to deposit funds in accounts outside the custody of the State Treasurer. These outside accounts must follow the same guidelines as deposits made by the State Treasurer.

(Note 3 Continued)

At June 30, 2001, deposits were held in various institutions throughout the State as follows (expressed in thousands):

|  | <u>Carrying<br/>Value</u> | <u>Bank<br/>Balance</u> |
|--|---------------------------|-------------------------|
| <b>Primary government:</b>   |                           |                         |
| Insured or collateralized with securities held by the State or by an agent of the State in State's name  | \$ 54,578                 | \$ 102,817              |
| Deposits in the U.S. Treasury investment pool in the name of the State   | 513,087                   | 513,087                 |
| Uncollateralized or collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the State's name | 51,850                    | 51,786                  |
| <b>Total deposits primary government</b>   | <u>619,515</u>            | <u>667,690</u>          |
| <b>Component units:</b>  |                           |                         |
| Uncollateralized or collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the State's name | 53,169                    | 53,169                  |
| <b>Total deposits component units</b>  | <u>53,169</u>             | <u>53,169</u>           |
| <b>Total deposits reporting entity</b>   | <u>\$ 672,684</u>         | <u>\$ 720,859</u>       |

### C. Investments

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

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

During fiscal year 2001, the Public Employees' Retirement System (PERS) and the Legislators' Retirement System (LRS) entered into certain derivative transactions. These

transactions included foreign exchange forward contracts, exchange traded fixed income futures, asset-backed securities and mortgage backed securities. In addition, PERS and LRS have investments in commingled funds that include derivative instruments such as foreign exchange forward contracts, futures contracts and fixed income futures contracts.

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

The following table (expressed in thousands) categorizes the State's investments to give an indication of the level of risk associated with those investments at June 30, 2001. Category 1 includes investments that are insured or registered or for which the securities are held by the State or its agent in the State's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the State's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the State's name.

(Note 3 Continued)

|   | Category             |               |                   | Unclassified<br>as to Risk | Fair<br>Value        |
|---|----------------------|---------------|-------------------|----------------------------|----------------------|
|   | 1                    | 2             | 3                 |                            |                      |
| <b>Primary government:</b>  |                      |               |                   |                            |                      |
| Equity securities   | \$ 5,601,993         | \$ -0-        | \$ -0-            | \$ -0-                     | \$ 5,601,993         |
| Fixed income securities   | 3,614,556            | -0-           | -0-               | -0-                        | 3,614,556            |
| Foreign investments   | 2,052,916            | -0-           | -0-               | -0-                        | 2,052,916            |
| U.S. Government securities  | 1,472,427            | -0-           | 137,811           | -0-                        | 1,610,238            |
| Municipal bonds   | 1,197,531            | -0-           | -0-               | -0-                        | 1,197,531            |
| Corporate bonds   | 12,568               | -0-           | -0-               | -0-                        | 12,568               |
| Commercial paper  | 413,718              | -0-           | -0-               | -0-                        | 413,718              |
| Negotiable certificates of deposit                                | 50,007               | -0-           | -0-               | -0-                        | 50,007               |
| Corporate notes   | 21,135               | -0-           | -0-               | -0-                        | 21,135               |
| Repurchase agreements   | 35,394               | -0-           | -0-               | -0-                        | 35,394               |
| Mortgage backed loans   | 7,988                | -0-           | -0-               | -0-                        | 7,988                |
| Bank acceptances  | 5,007                | -0-           | -0-               | -0-                        | 5,007                |
| Asset backed securities   | 199,719              | -0-           | -0-               | -0-                        | 199,719              |
| Investment agreements   | -0-                  | -0-           | 112,775           | -0-                        | 112,775              |
| Other short term investments                                      | 56                   | -0-           | 202,299           | -0-                        | 202,355              |
|   | <u>14,685,015</u>    | <u>-0-</u>    | <u>452,885</u>    | <u>-0-</u>                 | <u>15,137,900</u>    |
| Mortgage loans  |                      |               |                   | 6,272                      | 6,272                |
| Other investments   |                      |               |                   | 148,677                    | 148,677              |
| Real estate   |                      |               |                   | 1,360,231                  | 1,360,231            |
| Securities loaned   |                      |               |                   | 415,080                    | 415,080              |
|   |                      |               |                   | <u>1,930,260</u>           | <u>1,930,260</u>     |
| <b>Investments held by broker-dealers under securities loans:</b> |                      |               |                   |                            |                      |
| Equity securities   |                      |               |                   | 668,881                    | 668,881              |
| Fixed income securities   |                      |               |                   | 841,214                    | 841,214              |
| Foreign investments   |                      |               |                   | 113,690                    | 113,690              |
|   |                      |               |                   | <u>1,623,785</u>           | <u>1,623,785</u>     |
| <b>Investments held by agents in mutual funds for:</b>            |                      |               |                   |                            |                      |
| Fiduciary funds   |                      |               |                   | 888,980                    | 888,980              |
| <b>Total primary government</b>                                   | <u>14,685,015</u>    | <u>-0-</u>    | <u>452,885</u>    | <u>4,443,025</u>           | <u>19,580,925</u>    |
| <b>Component units:</b>   |                      |               |                   |                            |                      |
| Equity securities   | -0-                  | -0-           | 85,862            | -0-                        | 85,862               |
| U. S. Government securities                                       | -0-                  | -0-           | 2,221             | -0-                        | 2,221                |
| Foreign investments   | -0-                  | -0-           | 38,100            | -0-                        | 38,100               |
| Corporate bonds   | -0-                  | -0-           | 1,144             | -0-                        | 1,144                |
| Other short term investments                                      | -0-                  | -0-           | 1,109             | -0-                        | 1,109                |
|   | <u>-0-</u>           | <u>-0-</u>    | <u>128,436</u>    | <u>-0-</u>                 | <u>128,436</u>       |
| Investments in partnerships                                       |                      |               |                   | 2,479                      | 2,479                |
| <b>Investments held by agents in mutual funds for:</b>            |                      |               |                   |                            |                      |
| University System   |                      |               |                   | 273,958                    | 273,958              |
| <b>Total component units</b>                                      | <u>-0-</u>           | <u>-0-</u>    | <u>128,436</u>    | <u>276,437</u>             | <u>404,873</u>       |
| <b>Total reporting entity</b>                                     | <u>\$ 14,685,015</u> | <u>\$ -0-</u> | <u>\$ 581,321</u> | <u>\$ 4,719,462</u>        | <u>\$ 19,985,798</u> |

Investments held in the Local Government Investment Pool (LGIP) are specifically identifiable investment securities and are included in the table above. LGIP is an investment trust fund governed by the Nevada State Board of Finance and administered by the Nevada State Treasurer. LGIP is discussed further under Note 1, Assets, Liabilities and Fund Equity. Complete financial statements for the LGIP may be obtained from the State Treasurer's Office, 101 N. Carson Street, Suite 4, Carson City, NV, 89701.

#### D. Securities Lending

NRS 355.135 authorizes the State Treasurer to participate in securities lending transactions, where the State's U.S. Government securities are loaned to broker-dealers and other entities with a simultaneous agreement to return the collateral for the same securities in the future. The State's securities lending agent administers the securities lending program and receives cash or other securities equal to at least 102% of the fair value of the loaned securities plus

(Note 3 Continued)

accrued interest as collateral for securities of the type on loan at year-end. The collateral for the loans is maintained at 102%, and the value of the securities borrowed must be determined on a daily basis.

Securities on loan as of June 30, 2001 for cash collateral are presented as unclassified in the preceding table of credit risk. At year-end, the State has no credit risk exposure to borrowers because the amount the State owes to borrowers exceeds the amounts the borrowers owe to the State. The collateral securities cannot be pledged or sold by the State unless the borrower defaults. The contract with the securities lending agent requires it to indemnify the State for all losses relating to securities lending transactions. There were no losses resulting from borrower default during the period nor were there any recoveries of prior period losses.

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

The fair value of securities on loan at June 30, 2001 is \$415,080,006. The fair value of the cash collateral received in securities lending arrangements of \$423,009,971 is reported on the Combined Balance Sheet as an asset with a related liability. At June 30, 2001, the State has collateral with a fair value totaling \$426,392,924, which consists of cash, commercial paper, repurchase agreements, and domestic corporate/fixed income securities. The total collateral received is in excess of the fair value of the investments held by brokers/dealers under the securities lending agreement. The State incurred costs of \$13,988,536 relating to securities lending transactions. These costs are included on the operating statements as general government expenditures for governmental fund types and expendable trust funds, and as interest expense for proprietary fund types and similar trust funds.

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 securities, international fixed income securities, equity securities and interna-

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

Securities on loan as of June 30, 2001 for cash collateral are presented as unclassified in the preceding table of credit risk. At year-end, PERS has no credit risk exposure to borrowers because the amount PERS owes to borrowers exceeds the amounts the borrowers owe to PERS. PERS has no discretionary authority to sell or pledge collateral received or securities loaned. The contract with the securities lending agent requires it to indemnify PERS for all losses relating to securities lending transactions. There were no losses resulting from borrower default during the period nor were there any recoveries of prior period losses.

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

The fair value of securities on loan at June 30, 2001 is \$1,623,785,182. The fair value of the cash collateral received in securities lending arrangements of \$1,671,699,467 is reported on the Statement of Plan Net Assets as an asset with a related liability. At June 30, 2001, PERS has collateral with a fair value of \$1,932,011,190 consisting of cash, cash equivalents, corporate fixed income securities and U.S. Treasury Obligations in excess of the market value of investments held by brokers/dealers under a securities lending agreement. PERS incurred costs of \$107,263,786 relating to securities lending transactions.

#### **E. Investment Commitments**

The Public Employees' Retirement System of Nevada has entered into investment funding commitments as of June 30, 2001. For alternative investments, PERS has committed to fund \$333,088,000 at some future date. Alternative investments consist of acquisitions, industry consolidations, subordinated debt instruments, special situations, and venture capital.

**NOTE 4 - RECEIVABLES**

A summary of receivables by fund type at June 30, 2001, is as follows (expressed in thousands):

|                               | Governmental Fund Types |                  |                   |                  | Proprietary Fund Types |                  | Fiduciary Fund Types | Total Primary Government | Component Units           |                   | Total Reporting Entity |
|-------------------------------|-------------------------|------------------|-------------------|------------------|------------------------|------------------|----------------------|--------------------------|---------------------------|-------------------|------------------------|
|                               | General                 | Special Revenue  | Debt Service      | Capital Projects | Enterprise             | Internal Service | Trust and Agency     |                          | Colorado River Commission | University System |                        |
|                               |                         |                  |                   |                  |                        |                  |                      |                          |                           |                   |                        |
| Accounts receivable           | \$ 281                  | \$ 2,217         | \$ -0-            | \$ -0-           | \$ 427                 | \$ 310           | \$ 72,904            | \$ 76,139                | \$ 26,715                 | \$ 23,127         | \$ 125,981             |
| Taxes receivable              | 424,075                 | 32,744           | -0-               | -0-              | -0-                    | -0-              | 5,702                | 462,521                  | -0-                       | -0-               | 462,521                |
| Accrued interest, dividends   | 10,487                  | -0-              | -0-               | -0-              | 12,216                 | -0-              | 77,718               | 100,421                  | 707                       | -0-               | 101,128                |
| Intergovernmental receivables | 130,554                 | 54,109           | 320,509           | 892              | 120                    | 126              | 56,917               | 563,227                  | -0-                       | -0-               | 563,227                |
| Accounts, notes receivable    | 690                     | 2,578            | -0-               | -0-              | -0-                    | 169              | -0-                  | 3,437                    | -0-                       | 23,276            | 26,713                 |
| Trades pending settlement     | -0-                     | -0-              | -0-               | -0-              | -0-                    | -0-              | 200                  | 200                      | -0-                       | -0-               | 200                    |
| Other receivables             | 54                      | -0-              | -0-               | 38               | -0-                    | -0-              | 20,108               | 20,200                   | -0-                       | -0-               | 20,200                 |
| <b>Total</b>                  | <u>\$ 566,141</u>       | <u>\$ 91,648</u> | <u>\$ 320,509</u> | <u>\$ 930</u>    | <u>\$ 12,763</u>       | <u>\$ 605</u>    | <u>\$ 233,549</u>    | <u>\$ 1,226,145</u>      | <u>\$ 27,422</u>          | <u>\$ 46,403</u>  | <u>\$ 1,299,970</u>    |

**NOTE 5 - INTERFUND TRANSACTIONS**

**A. Interfund Advances and Interfund Receivables and Payables**

A summary of interfund advances and of interfund receivables and payables at June 30, 2001, follows (expressed in thousands). Interfund receivables and payables are the current portion of interfund advances.

|                                     | Advances To Other Funds | Advances From Other Funds | Interfund Receivables | Interfund Payables |
|-------------------------------------|-------------------------|---------------------------|-----------------------|--------------------|
| <b>General Fund</b>                 | \$ 12,388               | \$ -0-                    | \$ 2,033              | \$ -0-             |
| <b>Special Revenue Funds</b>        |                         |                           |                       |                    |
| State Highway                       | 18                      | -0-                       | 2                     | -0-                |
| Miscellaneous                       | -0-                     | -0-                       | -0-                   | 162                |
| <b>Total Special Revenue Funds</b>  | <u>18</u>               | <u>-0-</u>                | <u>2</u>              | <u>162</u>         |
| <b>Capital Projects Funds</b>       |                         |                           |                       |                    |
| Parks Capital Project Construction  | -0-                     | -0-                       | -0-                   | 400                |
| <b>Total Capital Projects Funds</b> | <u>-0-</u>              | <u>-0-</u>                | <u>-0-</u>            | <u>400</u>         |
| <b>Enterprise Funds</b>             |                         |                           |                       |                    |
| Prison Industry                     | -0-                     | 25                        | -0-                   | 10                 |
| Marlette Lake Water System          | -0-                     | 116                       | -0-                   | 21                 |
| <b>Total Enterprise Funds</b>       | <u>-0-</u>              | <u>141</u>                | <u>-0-</u>            | <u>31</u>          |
| <b>Internal Service Funds</b>       |                         |                           |                       |                    |
| Buildings and Grounds               | -0-                     | 1,168                     | -0-                   | 195                |
| Motor Pool                          | -0-                     | 367                       | -0-                   | 105                |
| Communications                      | -0-                     | 317                       | -0-                   | 42                 |
| Purchasing                          | -0-                     | 267                       | -0-                   | 28                 |
| Information Services                | -0-                     | 7,371                     | -0-                   | 920                |
| Printing                            | -0-                     | 479                       | -0-                   | 111                |
| <b>Total Internal Service Funds</b> | <u>-0-</u>              | <u>9,969</u>              | <u>-0-</u>            | <u>1,401</u>       |
| <b>Trust Funds</b>                  |                         |                           |                       |                    |
| Higher Education Tuition            | -0-                     | 2,296                     | -0-                   | 41                 |
| <b>Total Trust Funds</b>            | <u>-0-</u>              | <u>2,296</u>              | <u>-0-</u>            | <u>41</u>          |
| <b>Total</b>                        | <u>\$ 12,406</u>        | <u>\$ 12,406</u>          | <u>\$ 2,035</u>       | <u>\$ 2,035</u>    |

**B. Due From/Due To Other Funds**

A summary of due from and due to other funds at June 30, 2001, is shown below (expressed in thousands):

(Note 5 Continued)

|  | Due From<br>Other Funds | Due To<br>Other Funds |                                     | Due From<br>Other Funds | Due To<br>Other Funds |
|--|-------------------------|-----------------------|-------------------------------------|-------------------------|-----------------------|
| <b>General Fund</b>                          | \$ 46,815               | \$ 357,847            | <b>Enterprise Funds</b>             |                         |                       |
| <b>Special Revenue Funds</b>                 |                         |                       | Housing Division                    | \$ -0-                  | \$ 14                 |
| State Highway                                | 29,374                  | 28,825                | Forestry Nurseries                  | 9                       | 1                     |
| School Improvement                           | 1,329                   | 2,876                 | Prison Industry                     | 336                     | 198                   |
| Employment Security                          | 242                     | 796                   | Nevada Magazine                     | 25                      | 1                     |
| Regulatory                                   | 67                      | 1,648                 | Marlette Lake Water System          | 34                      | 3                     |
| Legislative                                  | 4,077                   | 383                   | <b>Total Enterprise Funds</b>       | <u>404</u>              | <u>217</u>            |
| Municipal Bond Bank                          | 730                     | 2,767                 | <b>Internal Service Funds</b>       |                         |                       |
| Workers' Compensation and Safety             | 664                     | 80                    | Self-Insurance                      | 2,093                   | 117                   |
| Higher Education Capital Construction        | 9,164                   | 5,014                 | Buildings and Grounds               | 645                     | 59                    |
| Cleaning Up Petroleum Discharges             | 102                     | 301                   | Motor Pool                          | 2,224                   | 76                    |
| Hospital Care to Indigent Persons            | 2,546                   | -0-                   | Communications                      | 802                     | 57                    |
| Tourism Promotion                            | 77                      | 135                   | Insurance Premiums                  | 72                      | 154                   |
| Offenders' Store                             | 275                     | 201                   | Administrative Services             | 74                      | 38                    |
| Tobacco Settlement                           | 895                     | 51                    | Personnel                           | -0-                     | 759                   |
| Contingency                                  | 37,655                  | 215                   | Purchasing                          | 241                     | 394                   |
| Care of Sites for Radioactive Waste Disposal | 140                     | 10                    | Information Services                | 7,440                   | 155                   |
| Miscellaneous                                | 2,369                   | 1,077                 | Printing                            | 412                     | 45                    |
| <b>Total Special Revenue Funds</b>           | <u>89,706</u>           | <u>44,379</u>         | <b>Total Internal Service Funds</b> | <u>14,003</u>           | <u>1,854</u>          |
| <b>Debt Service Funds</b>                    |                         |                       | <b>Trust and Agency Funds</b>       |                         |                       |
| Consolidated Bond Interest and Redemption    | 17,083                  | 7                     | Higher Education Tuition Trust      | 16                      | 2                     |
| Highway Revenue Bonds                        | 1,089                   | -0-                   | Museums and History                 | 6                       | 110                   |
| <b>Total Debt Service Funds</b>              | <u>18,172</u>           | <u>7</u>              | Gift Funds                          | 31                      | 3                     |
| <b>Capital Projects Funds</b>                |                         |                       | Custodial Funds                     | 281                     | 9,760                 |
| Parks Capital Project Construction           | 555                     | 4                     | Permanent School                    | 597                     | 3,147                 |
| CIP Motor Vehicle                            | 12,759                  | -0-                   | Local Government Investment Pool    | -0-                     | 9                     |
| CIP Human Resources                          | 2,030                   | 34                    | Public Employees' Retirement        | 8,334                   | 3                     |
| CIP University System                        | 3,611                   | 540                   | Intergovernmental                   | 284,013                 | 30,589                |
| CIP General State Government                 | 6,067                   | 2,263                 | State Agency Fund for Bonds         | 784                     | 84                    |
| CIP Prison System                            | 3,838                   | 144                   | Motor Vehicle                       | 3,104                   | 37,179                |
| CIP Military                                 | 559                     | 6                     | Child Support Disbursement          | 974                     | 411                   |
| CIP Wildlife                                 | -0-                     | 10                    | Restitution Trust                   | 7                       | 22                    |
| CIP Assistance to School Districts           | 197                     | -0-                   | Veterans Custodial                  | 24                      | -0-                   |
| <b>Total Capital Projects Funds</b>          | <u>29,616</u>           | <u>3,001</u>          | State Payroll                       | 85                      | 8,348                 |
|  |                         |                       | <b>Total Trust and Agency Funds</b> | <u>298,256</u>          | <u>89,667</u>         |
|  |                         |                       | <b>Total</b>                        | <u>\$ 496,972</u>       | <u>\$ 496,972</u>     |

### C. Due From/Due To Component Units

A summary of balances receivable or payable between the primary government and the Colorado River Commission and the University System (component units) at June 30, 2001, is shown below (expressed in thousands):

|                                     | Due From<br>Component<br>Units | Due To<br>Component<br>Units |                                     | Due From<br>Component<br>Units | Due To<br>Component<br>Units |
|-------------------------------------|--------------------------------|------------------------------|-------------------------------------|--------------------------------|------------------------------|
| <b>General Fund</b>                 | \$ 1,670                       | \$ 9,330                     | <b>Enterprise Funds</b>             |                                |                              |
| <b>Special Revenue Funds</b>        |                                |                              | Prison Industry                     | \$ 3                           | \$ -0-                       |
| State Highway                       | 4                              | 310                          | Marlette Lake Water System          | 4                              | -0-                          |
| Employment Security                 | -0-                            | 67                           | <b>Total Enterprise Funds</b>       | <u>7</u>                       | <u>-0-</u>                   |
| Regulatory                          | -0-                            | 7                            | <b>Internal Service Funds</b>       |                                |                              |
| Municipal Bond Bank                 | -0-                            | 60                           | Self-Insurance                      | 1,897                          | -0-                          |
| Workers' Compensation and Safety    | -0-                            | 6                            | Motor Pool                          | 31                             | -0-                          |
| Tobacco Settlement                  | -0-                            | 148                          | Communications                      | 1                              | -0-                          |
| <b>Total Special Revenue Funds</b>  | <u>4</u>                       | <u>598</u>                   | Insurance Premiums                  | -0-                            | 49                           |
| <b>Capital Projects Funds</b>       |                                |                              | Purchasing                          | 1                              | -0-                          |
| CIP University System               | 1,001                          | 59,965                       | <b>Total Internal Service Funds</b> | <u>1,930</u>                   | <u>49</u>                    |
| CIP General State Government        | -0-                            | 42                           | <b>Trust Funds</b>                  |                                |                              |
| <b>Total Capital Projects Funds</b> | <u>1,001</u>                   | <u>60,007</u>                | Museums and History                 | -0-                            | 1                            |
|                                     |                                |                              | Gift Funds                          | -0-                            | 2                            |
|                                     |                                |                              | <b>Total Trust Funds</b>            | <u>-0-</u>                     | <u>3</u>                     |
|                                     |                                |                              | <b>Total</b>                        | <u>\$ 4,612</u>                | <u>\$ 69,987</u>             |

(Note 5 Continued)

**D. Transfers From/Transfers To Component Unit**

A summary of transfers between the primary government and the University System (a component unit) for the year ended June 30, 2001, is shown below (expressed in thousands):

|                                    | <b>Transfers From<br/>Component<br/>Unit</b> | <b>Transfers To<br/>Component<br/>Unit</b> |
|------------------------------------|--|--|
| <i>General Fund</i>                | \$ 384                                       | \$ 320,995                                 |
| <i>Special Revenue Funds</i>       |  |  |
| Tobacco Settlement                 | -0-  | 7,910                                      |
| Higher Education                   |  |  |
| Capital Construction               | 2,424  | -0-  |
| <b>Total Special Revenue Funds</b> | <b>2,424</b>                                 | <b>7,910</b>                               |
| <i>Debt Service Fund</i>           |  |  |
| Consolidated Bond                  |  |  |
| Interest and Redemption            | -0-  | 168  |
| <i>Capital Projects Fund</i>       |  |  |
| CIP University                     | -0-  | 49,375                                     |
| <b>Total Transfers</b>             | <b>\$ 2,808</b>                              | <b>\$ 378,448</b>                          |

**E. Operating Transfers**

A summary of interfund operating transfers for the year ended June 30, 2001, is shown below (expressed in thousands):

|  | <b>Transfers<br/>In</b> | <b>Transfers<br/>Out</b> |  | <b>Transfers<br/>In</b> | <b>Transfers<br/>Out</b> |
|--|-------------------------|--------------------------|--|-------------------------|--------------------------|
| <i>General Fund</i>                          | \$ 80,636               | \$ 97,241                | <i>Enterprise Funds</i>                |                         |                          |
| <i>Special Revenue Funds</i>                 |                         |                          | Housing Division                       | \$ -0-                  | \$ 86                    |
| State Highway                                | 1,300                   | 11,464                   | Forestry Nurseries                     | 6                       | 6                        |
| School Improvement                           | -0-                     | 16,768                   | Prison Industry                        | -0-                     | 20                       |
| Employment Security                          | -0-                     | 6,714                    | Marlette Lake Water System             | -0-                     | 10                       |
| Regulatory                                   | 1,950                   | 6,006                    | <b>Total Enterprise Funds</b>          | <b>6</b>                | <b>122</b>               |
| Legislative                                  | 33,842                  | 10                       | <i>Internal Service Funds</i>          |                         |                          |
| Municipal Bond Bank                          | 11                      | 85,827                   | Self-Insurance                         | 12                      | 27                       |
| Workers' Compensation and Safety             | -0-                     | 8,005                    | Buildings and Grounds                  | 334                     | 76                       |
| Higher Education Capital Construction        | -0-                     | 14,943                   | Motor Pool                             | 1,765                   | 63                       |
| Cleaning Up Petroleum Discharges             | -0-                     | 651                      | Communications                         | -0-                     | 60                       |
| Tourism Promotion                            | -0-                     | 1,905                    | Insurance Premiums                     | 2                       | 9                        |
| Offenders' Store                             | -0-                     | 2,631                    | Administrative Services                | -0-                     | 150                      |
| Tobacco Settlement                           | -0-                     | 73                       | Personnel                              | -0-                     | 518                      |
| Contingency                                  | 42,894                  | 816                      | Purchasing                             | -0-                     | 375                      |
| Care of Sites for Radioactive Waste Disposal | -0-                     | 220                      | Information Services                   | -0-                     | 220                      |
| Miscellaneous                                | 3,802                   | 401                      | Printing                               | 83                      | 123                      |
| <b>Total Special Revenue Funds</b>           | <b>83,799</b>           | <b>156,434</b>           | <b>Total Internal Service Funds</b>    | <b>2,196</b>            | <b>1,621</b>             |
| <i>Debt Service Fund</i>                     |                         |                          | <i>Expendable Trust Funds</i>          |                         |                          |
| Consolidated Bond                            |                         |                          | Museums and History                    | -0-                     | 254                      |
| Interest and Redemption                      | 95,686                  | -0-                      | Gift Funds                             | 16                      | 14                       |
| <i>Capital Projects Funds</i>                |                         |                          | Custodial Funds                        | 2,628                   | 10,499                   |
| Parks Capital Project Construction           | 1,098                   | -0-                      | <b>Total Expendable Trust Funds</b>    | <b>2,644</b>            | <b>10,767</b>            |
| CIP Motor Vehicle                            | 1,271                   | 21                       | <i>Nonexpendable Trust Funds</i>       |                         |                          |
| CIP Human Resources                          | 2,030                   | 21                       | Henry Wood Christmas                   | -0-                     | 3                        |
| CIP General State Government                 | 4,636                   | 5,947                    | Permanent School                       | -0-                     | 8,222                    |
| CIP Prison System                            | 6,364                   | 161                      | <b>Total Nonexpendable Trust Funds</b> | <b>-0-</b>              | <b>8,225</b>             |
| CIP Military                                 | 209                     | 5                        | <b>Total Transfers</b>                 | <b>\$ 280,575</b>       | <b>\$ 280,575</b>        |
| CIP Wildlife                                 | -0-                     | 10                       |  |                         |                          |
| <b>Total Capital Projects Funds</b>          | <b>15,608</b>           | <b>6,165</b>             |  |                         |                          |

**NOTE 6 - RESTRICTED ASSETS**

Various debt service, operation and maintenance, capital improvement and construction (acquisition) funding requirements of bond covenants, and trust indentures are recorded as restricted assets on the enterprise fund and the component unit fund balance sheets. These restricted assets are established either from bond proceeds, or retained earnings. The components of restricted assets at June 30, 2001 are as follows (expressed in thousands):

|                               | Enterprise Fund   |                          | Component Unit            |                        |
|-------------------------------|-------------------|--------------------------|---------------------------|------------------------|
|                               | Housing Division  | Total Primary Government | Colorado River Commission | Total Reporting Entity |
| <b>Restricted:</b>            |                   |                          |                           |                        |
| Cash                          | \$ 30             | \$ 30                    | \$ 24,978                 | \$ 25,008              |
| Investments                   | 100,000           | 100,000                  | -0-                       | 100,000                |
| Interest receivable           | 862               | 862                      | -0-                       | 862                    |
| <b>Total</b>                  | <u>\$ 100,892</u> | <u>\$ 100,892</u>        | <u>\$ 24,978</u>          | <u>\$ 125,870</u>      |
| <b>Restricted for:</b>        |                   |                          |                           |                        |
| Debt service                  | \$ -0-            | \$ -0-                   | \$ 3,000                  | \$ 3,000               |
| Debt service reserve          | 100,892           | 100,892                  | -0-                       | 100,892                |
| Construction reserve          | -0-               | -0-                      | 21,317                    | 21,317                 |
| Other and all purpose reserve | -0-               | -0-                      | 661                       | 661                    |
| <b>Total</b>                  | <u>\$ 100,892</u> | <u>\$ 100,892</u>        | <u>\$ 24,978</u>          | <u>\$ 125,870</u>      |

**NOTE 7 - GENERAL FIXED ASSETS**

A statement of changes in general fixed assets for the year ended June 30, 2001, is shown below (expressed in thousands):

|                                | Land             | Structures and Improvements | Furniture and Equipment | Construction in Progress | Total               |
|--------------------------------|------------------|-----------------------------|-------------------------|--------------------------|---------------------|
| Balance, July 1, 2000          | \$ 92,025        | \$ 734,575                  | \$ 278,612              | \$ 236,313               | \$ 1,341,525        |
| Adjustments                    | -0-              | (17,718)                    | -0-                     | -0-                      | (17,718)            |
| Adjusted balance, July 1, 2000 | 92,025           | 716,857                     | 278,612                 | 236,313                  | 1,323,807           |
| Additions                      | 1,029            | 28,626                      | 32,908                  | 45,559                   | 108,122             |
| Deletions                      | (32)             | -0-                         | (13,464)                | (28,552)                 | (42,048)            |
| Balance, June 30, 2001         | <u>\$ 93,022</u> | <u>\$ 745,483</u>           | <u>\$ 298,056</u>       | <u>\$ 253,320</u>        | <u>\$ 1,389,881</u> |

The beginning balance of general fixed assets was adjusted for an increase in the capitalization threshold for structures and improvements from \$5,000 per asset to \$100,000.

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

|                                     | Project Authorization | Expended to June 30, 2001 | Committed       | Required Future Financing |
|-------------------------------------|-----------------------|---------------------------|-----------------|---------------------------|
| Prisons                             | \$ 22,624             | \$ 14,783                 | \$ 60           | None                      |
| High Desert Prison (Indian Springs) | 91,712                | 91,444                    | 17              | None                      |
| High Desert Prison (Cold Creek)     | 45,696                | 45,105                    | 103             | None                      |
| Military                            | 40,533                | 29,418                    | 3,955           | None                      |
| Natural resources & wildlife        | 9,703                 | 8,276                     | -0-             | None                      |
| Integrated financial system         | 31,635                | 31,635                    | -0-             | None                      |
| Other projects                      | 101,575               | 32,659                    | 1,994           | None                      |
| <b>Totals</b>                       | <u>\$ 343,478</u>     | <u>\$ 253,320</u>         | <u>\$ 6,129</u> |                           |

**NOTE 8 - LONG-TERM OBLIGATIONS**

**A. Long-Term Obligations**

Long-term obligations at June 30, 2001 of the primary government are comprised of the following (expressed in thousands):

|  | <b>Interest<br/>Rate</b> | <b>Authorized</b>   | <b>Issued</b>       | <b>Principal<br/>and Interest<br/>in FY 2001</b> | <b>Principal<br/>Outstanding</b> |
|--|--------------------------|---------------------|---------------------|--|----------------------------------|
| <b>General Long-Term Obligations Account Group</b>                               |                          |                     |                     |  |                                  |
| <i>General obligation bonds:</i>   |                          |                     |                     |  |                                  |
| Subject to Constitutional Debt Limitation  | 3.85-10.00%              | \$ 1,113,701        | \$ 1,113,701        | \$ 72,814  | \$ 734,680                       |
| Exempt from Constitutional Debt Limitation                                       | 3.50-9.70%               | 2,012,521           | 2,012,521           | 117,006  | 1,469,636                        |
| <i>Special obligation bonds:</i>   |                          |                     |                     |  |                                  |
| Exempt from Constitutional Debt Limitation-<br>Highway Improvement Revenue Bonds | 4.5-5.25%                | 100,000             | 100,000             | 2,254  | 100,000                          |
| <b>Total bonds</b>   |                          | <u>\$ 3,226,222</u> | <u>\$ 3,226,222</u> | <u>\$ 192,074</u>                                | <u>2,304,316</u>                 |
| <i>Capital leases:</i>   |                          |                     |                     |  |                                  |
| Southern Nevada Women's Prison   | 5.50%                    |                     | \$ 27,971           | \$ 2,309   | 24,350                           |
| Other  | 5.03-9.60%               |                     | 7,365               | 2,059  | 3,872                            |
| <b>Total capital leases</b>  |                          |                     | <u>\$ 35,336</u>    | <u>\$ 4,368</u>                                  | <u>28,222</u>                    |
| Certificates of participation  | 4.10-5.00%               |                     | <u>\$ 15,000</u>    | <u>\$ 684</u>                                    | 15,000                           |
| Compensated absences obligations   |                          |                     |                     |  | 64,070                           |
| Arbitrage rebate liability   |                          |                     |                     |  | 2,615                            |
| Federal repayment contract   |                          |                     |                     |  | 116,028                          |
| Judicial retirement net pension obligation                                       |                          |                     |                     |  | 10,480                           |
| <b>Total general long-term obligations</b>                                       |                          |                     |                     |  | <u>\$ 2,540,731</u>              |
| <b>Enterprise funds</b>  |                          |                     |                     |  |                                  |
| <i>Housing Division</i>  |                          |                     |                     |  |                                  |
| Mortgage revenue bonds   | 2.6-9.65%                | <u>\$ 2,000,000</u> | <u>\$ 1,936,712</u> | <u>\$ 135,260</u>                                | 1,276,954                        |
| Compensated absences obligations   |                          |                     |                     |  | 308                              |
| <b>Total enterprise funds</b>  |                          |                     |                     |  | <u>\$ 1,277,262</u>              |
| <b>Internal service funds</b>  |                          |                     |                     |  |                                  |
| Obligations under capital leases   | 4.10-29.58%              |                     | <u>\$ 5,448</u>     | <u>\$ 2,967</u>                                  | \$ 2,210                         |
| Less current portion   |                          |                     |                     |  | 1,251                            |
| Net obligations under capital leases   |                          |                     |                     |  | 959                              |
| Compensated absences obligations   |                          |                     |                     |  | 2,406                            |
| <b>Total internal service funds</b>  |                          |                     |                     |  | <u>\$ 3,365</u>                  |

**B. Changes in General Long-Term Obligations Account Group**

The following is a summary of changes in General Long-Term Obligations Account Group for the fiscal year ended June 30, 2001 (expressed in thousands):

|  | <b>Balance<br/>July 1, 2000</b> | <b>New Obligations<br/>Incurred and<br/>Changes in<br/>Estimates</b> | <b>Obligations<br/>Retired</b> | <b>Balance<br/>June 30, 2001</b> |
|--|---------------------------------|--|--------------------------------|----------------------------------|
| Bonds                                      | \$ 2,122,631                    | \$ 268,385   | \$ (86,700)                    | \$ 2,304,316                     |
| Obligations under capital leases           | 30,345                          | 778  | (2,901)                        | 28,222                           |
| Compensated absences obligations           | 55,495                          | 8,575  | -0-                            | 64,070                           |
| Arbitrage rebate liability                 | 1,614                           | 1,001  | -0-                            | 2,615                            |
| Certificates of participation              | 15,000                          | -0-  | -0-                            | 15,000                           |
| Federal repayment contract                 | 165,801                         | (46,226)   | (3,547)                        | 116,028                          |
| Judicial retirement net pension obligation | 10,480                          | -0-  | -0-                            | 10,480                           |
| <b>Total</b>                               | <u>\$ 2,401,366</u>             | <u>\$ 232,513</u>  | <u>\$ (93,148)</u>             | <u>\$ 2,540,731</u>              |

(Note 8 Continued)

**C. Constitutional Debt Limitations**

Section 3, Article 9, of the State Constitution (as amended) limits the aggregate principal amount of the State's public debt to two percent (2%) of the assessed valuation of the State. Exempt from this limitation are debts authorized by the Legislature that are incurred for the protection and preservation or for obtaining the benefits of any property or natural resources within the State. At June 30, 2001, the debt limitation and its unused portion are computed as follows (expressed in thousands):

|  |                          |
|--|--------------------------|
| Debt limitation (2% of total assessed valuation)                             | \$ 1,075,731             |
| Less: Bonds and leases payable as of June 30, 2001,<br>subject to limitation | <u>777,902</u>           |
| Remaining debt capacity  | <u><u>\$ 297,829</u></u> |

**D. Nevada Municipal Bond Bank**

General obligation bonds have been issued through the Nevada Municipal Bond Bank, a special revenue fund, as authorized by NRS 350A and NRS 349.950. These bonds are subject to statutory limitation of \$1.8 billion and are exempt from the Constitutional Debt Limitation. Proceeds from the bonds are used to purchase validly issued general obligation bonds of the State's local governments to finance projects related to natural resources. The State anticipates that the debt service revenue it receives from the participating local governments will be sufficient to pay the debt service requirements of the State bonds as they become due. Thirty-five projects were funded through the Nevada Municipal Bond Bank as of June 30, 2001, and total investments in local governments amounted to \$1,177,115,456.

**E. Refunded Debt and Redemptions**

On April 2, 2001 the State partially called \$905,000 of the Municipal Bond Bank's April 1, 1987 MBB #27 Bonds. The Municipal Bond Bank called the Bonds to reduce its debt service payments. The benefit from calling the Bonds is realized by the local government, not the State.

On May 24, 2001 the State issued \$9,140,000 General Obligation (Limited Tax) Water Pollution Control Revolving Fund Refunding Leveraged Bonds and \$3,305,000 General Obligation (Limited Tax) Water Pollution Control Revolving Fund Matching Refunding Bonds to partially advance refund \$6,250,000 of the September 1, 1995 Water Pollution Control Revolving Fund Leveraged Bonds, \$2,625,000 of the May 1, 1996 Water Pollution Control Revolving Fund Leveraged Bonds, \$600,000 of the September 1, 1991 Water Pollution Control Revolving Fund Matching Bonds, \$1,205,000

of the September 1, 1992 Water Pollution Control Revolving Fund Matching Bonds, \$990,000 of the June 1, 1994 Water Pollution Control Revolving Fund Matching Bonds, and \$375,000 of the September 1, 1995 Water Pollution Control Revolving Fund Matching Bonds. The State completed the refunding to reduce its total debt service payments by \$848,820 and to obtain an economic gain or present value savings of \$413,920.

In the current and prior years, the State defeased certain general obligations and other bonds by placing the proceeds of new bonds and other monies in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the State's financial statements. The total amount of defeased issues at June 30, 2001 is \$907,486,000.

**F. Debt Service Requirements for Bonds**

Debt service requirements (principal and interest) for all long-term bonds and notes outstanding at June 30, 2001, of the primary government are summarized in the table following (expressed in thousands). Debt service requirements for all capital leases and installment purchases are presented in Section I of this note. No debt service requirements are presented for compensated absences obligations since the repayment dates are unknown. All amounts listed for Housing Bonds are projections and are subject to change based upon changes in the mortgage interest market rate. Actual results may vary considerably from these projections at any point in time, depending upon market rates of interest.

(Note 8 Continued)

**For The Fiscal Year Ending June 30**

|   | <b>2002</b>       | <b>2003</b>       | <b>2004</b>       | <b>2005</b>       | <b>2006</b>       | <b>Thereafter</b>   |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|---------------------|
| <b>General Long-Term Obligations Account Group</b>  |                   |                   |                   |                   |                   |                     |
| <i>General obligations serviced from Consolidated Bond Interest and Redemption Debt Service Fund:</i> |                   |                   |                   |                   |                   |                     |
| General obligation bonds (taxes)  | \$ 79,253         | \$ 81,369         | \$ 83,052         | \$ 82,587         | \$ 82,632         | \$ 695,523          |
| General obligation bonds (loan repayments)  | 3,759             | 5,423             | 5,271             | 5,088             | 4,993             | 43,424              |
| General obligation bonds (user fees)  | 18,269            | 18,278            | 18,288            | 18,005            | 18,012            | 262,057             |
| Municipal bond bank bonds (investments in municipal bonds)  | 80,727            | 80,778            | 81,938            | 86,970            | 90,558            | 1,531,188           |
| University System projects bonds (slot machine tax)   | 7,799             | 7,798             | 7,795             | 7,798             | 7,795             | 71,331              |
| Certificates of participation (taxes)   | 1,275             | 1,273             | 1,274             | 1,273             | 1,273             | 15,301              |
| Federal repayment contract (user fees)  | 116,028           | -0-               | -0-               | -0-               | -0-               | -0-                 |
| <b>Total general obligation bonds</b>   | <b>307,110</b>    | <b>194,919</b>    | <b>197,618</b>    | <b>201,721</b>    | <b>205,263</b>    | <b>2,618,824</b>    |
| <i>Special obligations serviced from Highway Bonds Debt Service Fund:</i>                             |                   |                   |                   |                   |                   |                     |
| Highway improvement revenue bonds (fuel tax)  | 12,871            | 12,824            | 12,772            | 12,703            | 12,642            | 62,749              |
| <b>Total General Long-Term Obligations Account Group</b>  | <b>\$ 319,981</b> | <b>\$ 207,743</b> | <b>\$ 210,390</b> | <b>\$ 214,424</b> | <b>\$ 217,905</b> | <b>\$ 2,681,573</b> |
| <b>Enterprise Funds</b>   |                   |                   |                   |                   |                   |                     |
| <i>General obligation bonds serviced from:</i>  |                   |                   |                   |                   |                   |                     |
| Housing Fund (investments in mortgages)   | 107,606           | 91,269            | 92,262            | 92,511            | 92,074            | 2,046,361           |
| <b>Total enterprise funds</b>   | <b>\$ 107,606</b> | <b>\$ 91,269</b>  | <b>\$ 92,262</b>  | <b>\$ 92,511</b>  | <b>\$ 92,074</b>  | <b>\$ 2,046,361</b> |

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

At June 30, 2001, the amount available to service debt in the Consolidated Bond Interest and Redemption Debt Service Fund is \$37,496,773. At June 30, 2001, the amount available to service debt in the Highway Revenue Bonds Debt Service Fund is \$5,121,914. At June 30, 2001, the amount available in special revenue funds is \$1,172,875,456. This amount is available to service the Municipal Bond Bank Bonds and Water Pollution Bonds in the Municipal Bond Bank Special Revenue Fund.

The amount to be provided by other governments of \$203,870,000 is due from the Southern Nevada Water Authority (SNWA). Until January 1, 1996, the Colorado River Commission (CRC), a component unit which is responsible for managing Nevada's interest in the water and power resources available from the Colorado River, operated the Southern Nevada Water System (SNWS). In accordance with Chapter 393 of the 1995 Legislature, certain rights, powers, duties and liabilities of SNWS were transferred from the State and CRC to the SNWA effective January 1, 1996. These rights, powers, duties and liabilities included, but were not limited to, the State of Nevada General Obligation bonds, the existing water user contracts, the Federal Repayment Contract, the Service Contract between CRC and the Las Vegas Valley Water District, and all other contracts related to the SNWS including contracts for capital

improvement. Accordingly, on January 1, 1996 the State recorded the general obligation bonds and federal repayment contract previously reported in CRC and an associated amount to be provided by other government in the General Long-Term Obligations Account Group.

**H. Bond Indenture Provisions**

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

**I. Capital Leases**

The State has entered into various agreements for the lease of equipment. Assets acquired under such leases of the primary government at June 30, 2001, consist of the following (expressed in thousands):

|                               | <b>General Fixed Assets Account Group</b> | <b>Internal Service Funds</b> | <b>Total</b>     |
|-------------------------------|---|-------------------------------|------------------|
| Equipment                     | \$ 35,336                                 | \$ 5,448                      | \$ 40,784        |
| Less accumulated depreciation | -0-                                       | 2,017                         | 2,017            |
| <b>Total</b>                  | <b>\$ 35,336</b>                          | <b>\$ 3,431</b>               | <b>\$ 38,767</b> |

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, 2001 follow (expressed in thousands):

(Note 8 Continued)

| <u>Fiscal year ending June 30</u>                          | <u>Amount</u>           |
|--|-------------------------|
| 2002   | \$ 5,059                |
| 2003   | 4,555                   |
| 2004   | 3,480                   |
| 2005   | 2,886                   |
| 2006   | 2,392                   |
| Thereafter   | 22,623                  |
| Total payments   | <u>40,995</u>           |
| <i>Less:</i> Amount representing interest                  | <u>10,563</u>           |
|  | 30,432                  |
| <i>Less:</i> Current portion for<br>internal service funds | 1,251                   |
| <b>Total</b>   | <u><u>\$ 29,181</u></u> |

### J. Arbitrage Rebate Requirement

The Tax Reform Act of 1986 imposes a rebate requirement with respect to some bonds issued by the State. Under this requirement, an amount equal to the sum of (a) the excess of the aggregate amount earned on all investments (other than certain specified exceptions) over the amount that would have been earned if all investments were invested at a rate equal to the yield on the bonds, and (b) any income earned on the excess described in (a), must be rebated to the United States Treasury, in order for the interest on the bonds to be excluded from gross income for federal income tax purposes. In accordance with the Internal Revenue Service Regulations, an arbitrage rebate liability has been calculated as of June 30, 2001. The liability is payable as follows (expressed in thousands):

| <u>Fiscal year ending June 30</u> | <u>Amount</u>          |
|-----------------------------------|------------------------|
| 2002                              | \$ 525                 |
| 2003                              | 197                    |
| 2004                              | 70                     |
| 2005                              | 250                    |
| 2006                              | 1,294                  |
| Thereafter                        | 279                    |
| <b>Total</b>                      | <u><u>\$ 2,615</u></u> |

### 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 to finance the acquisition, construction, installation and equipping of a secured juvenile treatment facility.

Under the certificate 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.

### L. Federal Repayment Contract

The State is obligated to the United States pursuant to the terms of a contract entered into in 1967 and amended in 1992 for the construction by the United States of a project

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

The obligation is repaid from the net revenues of the Griffith Project water users. The CRC operated the Griffith Project system and collected the associated water revenues until January 1, 1996, when the system, along with additional water treatment operations and assets, was transferred to the Southern Nevada Water Authority (SNWA). In accordance with Chapter 393 of the 1995 Legislature, the duty of repaying this federal contract was transferred to SNWA.

Both phases were paid in full on July 2, 2001 under the terms of the Griffith Project Prepayment and Conveyance Act, approved by Congress on July 26, 2000. The Griffith Project Prepayment and Conveyance Act provided for a discount to be taken for the prepayment of the debt. The discount for prepayment of the debt is realized by SNWA. The discounted amount is reflected in the General Long-Term Obligations Account Group.

### M. Prepaid Tuition Program

The Nevada Prepaid Tuition Program was created by NRS Chapter 353B to help families save for the cost of higher education. Purchasers of prepaid tuition contracts are allowed to select from various plan types and various payment options. An annual actuarial valuation is required to estimate the obligations of the Prepaid Tuition Program for all future payments associated with prepaid contracts purchased as of the valuation date. At June 30, 2001 the actuarial present value of obligations for future payments is \$52,372,000, and the related actuarial value of total assets is \$57,488,690, resulting in a surplus of \$5,116,690.

### N. Interest Rate Swap Agreement

On May 19, 1999, the State entered into a ten-year interest rate swap agreement for \$100 million of its fixed rate General Obligation Bonds. Based upon the swap agreement, the State owes interest calculated at a variable rate based upon the Bond Market Association (BMA) Municipal Swap Index. In return, the counterparty owes the State interest based upon the fixed rate that matches the rate required by the bonds. Only the net difference in the interest payments is actually exchanged with the counterparty. The \$100 million in bond principal is not exchanged; it is only the basis on which the interest payments are calculated. The State continues to pay interest to the bondholders at the fixed rate

(Note 8 Continued)

provided by the bonds. However, during the term of the swap agreement, the State effectively pays interest at the variable rate on the debt. The debt service requirements to maturity for these bonds (Note 8F) are based upon the fixed rate. The State will be exposed to variable interest rates during the period of the swap, unless the counterparty to the swap defaults or the swap is terminated. A termination of the swap agreement could result in the State making or receiving a termination payment. During the year ended June 30, 2001 the State paid \$254,483 related to this agreement.

**O. Component Unit Obligations**

The University System - Bonds, notes and capital leases payable by the University System at June 30, 2001, consist of the following (expressed in thousands):

|                           | <u>Annual Rate<br/>of Interest</u> | <u>Final<br/>Maturity</u> | <u>Principal<br/>Outstanding</u> |
|---------------------------|------------------------------------|---------------------------|----------------------------------|
| Student fee revenue bonds | 3.00-8.25%                         | 2030                      | \$ 106,670                       |
| Notes payable             | 2.01-7.4%                          | 2015                      | 15,244                           |
| Capital leases            | 5.35-12.86%                        | 2019                      | 33,064                           |
| <b>Total</b>              |                                    |                           | <u>\$ 154,978</u>                |

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

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

| <u>Fiscal year ending June 30</u> | <u>Amount</u>     |
|-----------------------------------|-------------------|
| 2002                              | \$ 5,622          |
| 2003                              | 6,907             |
| 2004                              | 7,033             |
| 2005                              | 10,290            |
| 2006                              | 7,941             |
| Thereafter                        | 84,121            |
| <b>Total</b>                      | <u>\$ 121,914</u> |

Accrued compensated absences payable by the University System at June 30, 2001 are \$24,664,000.

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

| <u>Fiscal year ending June 30</u> | <u>Amount</u>    |
|-----------------------------------|------------------|
| 2002                              | \$ 4,355         |
| 2003                              | 4,247            |
| 2004                              | 4,087            |
| 2005                              | 3,847            |
| 2006                              | 3,474            |
| Thereafter                        | 44,071           |
| Total minimum lease payments      | 64,081           |
| Less amount representing interest | 31,017           |
| Obligations under capital leases  | <u>\$ 33,064</u> |

At June 30, 2001 debt in the amount of \$11,995,000 is considered to be extinguished by the University System through refunding of prior issues by a portion of the current issues. Sufficient proceeds were invested in state and local government securities and placed in escrow to assure the timely payment of the maturities of prior issues. Neither the debt nor the escrowed assets are reflected on the financial statements.

Colorado River Commission - At June 30, 2001 the Colorado River Commission had general obligation bonds outstanding of \$127,490,000 through the year 2030, at interest rates of 4.25% to 10.75%. At June 30, 2001 the Colorado River Commission had a unamortized bond discount of \$893,825.

Scheduled maturities for bonds and notes payable by the Colorado River Commission for the years ending June 30 are as follows (expressed in thousands):

| <u>Fiscal year ending June 30</u> | <u>Amount</u>     |
|-----------------------------------|-------------------|
| 2002                              | \$ 3,365          |
| 2003                              | 1,045             |
| 2004                              | 1,135             |
| 2005                              | 1,225             |
| 2006                              | 1,420             |
| Thereafter                        | 119,300           |
| <b>Total</b>                      | <u>\$ 127,490</u> |

Accrued compensated absences payable by the Colorado River Commission at June 30, 2001 are \$164,235.

**P. 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, 2001, there were fourteen series of Industrial Revenue Bonds outstanding, with an aggregate principal amount payable of \$710,110,403.

**NOTE 9 - PENSIONS AND OTHER EMPLOYEE BENEFITS**

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

**A. PERS**

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

At June 30, 2001, the number of participating government employers was:

|                                  |                   |
|----------------------------------|-------------------|
| State and its component units    | 1                 |
| Cities                           | 18                |
| Counties and related agencies    | 16                |
| School districts                 | 24                |
| Hospitals and health care        | 8                 |
| Utility and irrigation districts | 19                |
| Special districts and agencies   | 43                |
| <b>Total employers</b>           | <u><u>129</u></u> |

Benefits, as required by statute, are determined by the number of years of accredited service at the time of retirement and the member's highest average compensation in any 36 consecutive months. Benefit payments to which participants may be entitled under the plan include pension benefits, disability benefits and death benefits. Monthly benefit allowances for regular members are computed at 2.5% of average compensation (36 consecutive months of highest compensation) for each accredited year of service prior to retirement. 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 30 years of accredited service. A member who retired on or after July 1, 1977, or is an active member whose effective date of membership is before July 1, 1985, and who has 36 years of service, is entitled to a benefit of up to 90% of aver-

age compensation. When members are eligible for earlier retirement due to the increased service years, the ceiling limitation on monthly benefit allowances increases from the normal 75% to a maximum of 90% of average compensation. Regular members and police and firemen become fully vested as to benefits upon completion of 5 years of service.

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

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

Actuarially required and statutory employee and employer contribution rates, as a percentage of covered payroll, for regular and police and fire members in effect for the fiscal year ended June 30, 2001, were as follows:

|                                   | <b>Funding</b> | <b>GASB</b>       |                  |
|-----------------------------------|----------------|-------------------|------------------|
|                                   | <b>Basis</b>   | <b>Disclosure</b> | <b>Statutory</b> |
|                                   | <b>Basis</b>   | <b>Basis</b>      | <b>Rate</b>      |
| <b>Regular employees:</b>         |                |                   |                  |
| Employer-pay plan                 | 18.29%         | 18.75%            | 18.75%           |
| Employee/employer plan            | 9.56%          | 9.79%             | 9.75%            |
| <b>Police and Fire employees:</b> |                |                   |                  |
| Employer-pay plan                 | 27.14%         | 28.33%            | 28.50%           |
| Employee/employer plan            | 14.00%         | 14.60%            | 14.75%           |

Required Supplementary Information - Schedules of funding progress and employer contributions are presented in the PERS June 30, 2001, comprehensive annual financial report. PERS' financial report may be obtained from the Public Employees' Retirement System, 693 West Nye Lane, Carson City, Nevada 89703.

(Note 9 Continued)

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

|   | 2001                    |                         |                                      | 2000 (restated)         |                         |                                      | 1999 (restated)         |                         |                                      |
|---|-------------------------|-------------------------|--------------------------------------|-------------------------|-------------------------|--------------------------------------|-------------------------|-------------------------|--------------------------------------|
|   | Employees' Contribution | Employers' Contribution | Total State Contribution Requirement | Employees' Contribution | Employers' Contribution | Total State Contribution Requirement | Employees' Contribution | Employers' Contribution | Total State Contribution Requirement |
| Primary Government  | \$ 35,371               | \$ 85,585               | \$ 120,956                           | \$ 33,190               | \$ 80,703               | \$ 113,893                           | \$ 31,922               | \$ 78,466               | \$ 110,388                           |
| <b>Component Units:</b>   |                         |                         |                                      |                         |                         |                                      |                         |                         |                                      |
| Colorado River Commission   | 50                      | 162                     | 212                                  | 49                      | 126                     | 175                                  | 54                      | 167                     | 221                                  |
| University System   | 5,896                   | 15,115                  | 21,011                               | 5,383                   | 14,160                  | 19,543                               | 5,247                   | 13,770                  | 19,017                               |
| <b>Total component units</b>  | <b>5,946</b>            | <b>15,277</b>           | <b>21,223</b>                        | <b>5,432</b>            | <b>14,286</b>           | <b>19,718</b>                        | <b>5,301</b>            | <b>13,937</b>           | <b>19,238</b>                        |
| <b>Total reporting entity</b>   | <b>\$ 41,317</b>        | <b>\$ 100,862</b>       | <b>\$ 142,179</b>                    | <b>\$ 38,622</b>        | <b>\$ 94,989</b>        | <b>\$ 133,611</b>                    | <b>\$ 37,223</b>        | <b>\$ 92,403</b>        | <b>\$ 129,626</b>                    |
| Contributions as % of covered payroll   | 6%                      | 15%                     | 21%                                  | 6%                      | 15%                     | 21%                                  | 6%                      | 15%                     | 21%                                  |
| Contributions as % of total contributions of all participating entities of \$716,085, \$661,769 and \$609,434 | 6%                      | 14%                     | 20%                                  | 6%                      | 14%                     | 20%                                  | 6%                      | 15%                     | 21%                                  |

**B. LRS**

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

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

Funding Policy - The Legislator contribution of 15% of compensation is paid by the Legislator only when the Legislature is in session, as required by statute. The Legislature holds sessions every two years. Prior to 1985, the employee contributions were matched by the employer. The 1985 Legislators' Retirement Act includes NRS 218.2387(2) which states, "The Director of the Legislative Counsel Bureau shall pay to the Board from the Legislative Fund an amount as the contribution of the State of Nevada as employer which is actuarially determined to be sufficient to provide the System with enough money to pay all benefits for which the System will be liable." The Legislature appropriated \$345,632 for fiscal years 2001 and 2002, which is the required annual State contribution as determined by the actuary. This amount was paid by the Legislative Fund in fiscal 2001 and was recorded

half as an employer contribution in the fiscal year ended June 30, 2001, and half as deferred revenue at June 30, 2001.

Actuarial Information - Actuarial methods and significant assumptions used in the January 1, 2001, actuarial valuation include the following:

Actuarial Cost Method: Entry age normal cost

Amortization Method: Level percent closed

Remaining Amortization Period: 24 years

Asset Valuation Method: 5 year smoothed market

Actuarial Assumptions:

Investment yield 8%  
Projected salary increases None

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

Assumed Mortality Rate: 1983 Group Annuity Mortality Table

Cost of Living (Post-Retirement) Increases:

2% after 3 years of receiving benefits  
3% after 6 years of receiving benefits  
3.5% after 9 years of receiving benefits  
4% after 12 years of receiving benefits  
5% after 14 years of receiving benefits

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.

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

(Note 9 Continued)

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

| Valuation Year | Actuarial Accrued Liability (AAL) | Actuarial Value of Assets | Unfunded Actuarial Accrued Liability (UAAL) | Ratio of Assets to AAL | Annual Covered Payroll | UAAL as a % of Annual Covered Payroll |
|----------------|-----------------------------------|---------------------------|---|------------------------|------------------------|---------------------------------------|
| 1995           | \$ 4,605                          | \$ 2,198                  | \$ 2,407                                    | 48%                    | \$ 491                 | 490%                                  |
| 1997           | 4,778                             | 2,957                     | 1,821                                       | 62%                    | 491                    | 371%                                  |
| 1999           | 5,075                             | 3,527                     | 1,548                                       | 70%                    | 491                    | 315%                                  |
| 2001           | 5,399                             | 3,812                     | 1,587                                       | 71%                    | 476                    | 333%                                  |

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

| Fiscal Year Ended | Annual Pension Cost | State Contribution Made | Percentage of Annual Pension Cost Contributed | Net Pension Obligation |
|-------------------|---------------------|-------------------------|---|------------------------|
| 6/30/1999         | \$ 167              | \$ 334                  | 200%  | \$ -0-                 |
| 6/30/2000         | 167                 | -0-                     | 0%  | -0-                    |
| 6/30/2001         | 173                 | 346                     | 200%  | -0-                    |

### C. The Judicial Retirement System (JRS)

Plan Description - The justices of the Supreme Court and district court judges have been granted special retirement provisions by various Legislatures. This is a single-employer, State of Nevada, defined benefit, unfunded plan. The plan does not issue separate financial statements, nor is it included in the report of another PERS. The plan is administered by the Office of the Courts. An actuarial valuation for this plan was prepared according to the provisions of Government Accounting Standards Board Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*. At the actuarial valuation date of July 1, 1999, (the most recent valuation date) membership consisted of 29 active members and 35 retirees and beneficiaries receiving benefits. At July 1, 2001 membership consisted of 33 active members and 34 retirees and beneficiaries receiving benefits.

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

the required retirement age. Benefits are payable for life.

Funding Policy - No contributions are required of the justices or judges. Funding is provided from the General Fund on a pay-as-you-go basis, according to statute. Benefit expenditures are reported in the law, justice and public safety function of the General Fund. The State's contributions for the years ended June 30, 2000 and 2001, were \$1,276,720 and \$1,320,903, respectively. The actuarial valuation at July 1, 1999, determined the annual required contribution for the year ended June 30, 2000, using the entry-age-normal level percent of pay cost method for salary related benefits and the level dollar cost method for non-salary related benefits. An actuarial valuation was not performed for the current fiscal year. The annual required contribution, annual pension cost and net pension obligation for the year ended June 30, 2000, are as follows (expressed in thousands):

|   |                  |
|---|------------------|
| <b>Annual required contribution</b>   |                  |
| Annual normal cost, beginning of year   | \$ 557           |
| 36 year amortization of unfunded actuarial accrued liability, beginning of year | 1,854            |
| Interest to end of year   | 193              |
| <b>Annual required contribution, end of year</b>                                | <u>2,604</u>     |
| Interest on net pension obligation  | 731              |
| Adjustment to annual required contribution                                      | (719)            |
| <b>Annual pension cost</b>  | <u>2,616</u>     |
| Benefits paid   | (1,277)          |
| Increase in net pension obligation  | 1,339            |
| Net pension obligation, beginning of year                                       | 9,141            |
| <b>Net pension obligation, end of year</b>                                      | <u>\$ 10,480</u> |

(Note 9 Continued)

The net pension obligation of \$10,480,178 is reported in the General Long-Term Obligations Account Group. Historically, an actuarial determination of the actuarial required contribution has not been made. The contribution to the plan has equaled the benefit payments from the plan. As a result, the net pension obligation at transition was equal to zero as of July 1, 1995, in accordance with GASB Statement No. 27.

The plan accumulates no assets to pay benefits. The unfunded actuarial accrued liability as of July 1, 1999, was \$23,462,000. This unfunded actuarial accrued liability is to be amortized, using the level dollar method, over a period of 40 years on a closed basis from July 1, 1995.

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

Interest Rate: 8%

Salary Increase: Position pay increases are assumed to be 3% per year in anticipation of legislated increases. Members serving at least four years, are entitled to a salary increase of 2% of base for each year of service,

which must not exceed 22% of base.

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

Termination Prior to Retirement: None.

Permanent Incapacity: None.

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

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

Cost of Living (Post-retirement) Increases:

2% after 3 years of receiving benefits  
3% after 6 years of receiving benefits  
3.5% after 9 years of receiving benefits  
4% after 12 years of receiving benefits  
5% after 14 years of receiving benefits

Required Supplementary Information – The most recent actuarial valuation of the JRS to determine State contributions required to fund the system on an actuarial basis was July 1, 1999. A schedule of funding progress for the transition year and subsequent actuarial valuation is as follows (expressed in thousands):

| Valuation Date | Actuarial Accrued Liability (AAL) | Actuarial Value of Assets | Unfunded Actuarial Accrued Liability (UAAL) | Funded Ratio | Covered Payroll | UAAL as a % of Covered Payroll |
|----------------|-----------------------------------|---------------------------|---|--------------|-----------------|--------------------------------|
| 7/1/1995       | \$ 20,229                         | \$ -0-                    | \$ 20,229                                   | 0%           | \$ 4,154        | 487%                           |
| 7/1/1997       | 24,864                            | -0-                       | 24,864                                      | 0%           | 5,239           | 475%                           |
| 7/1/1999       | 23,462                            | -0-                       | 23,462                                      | 0%           | 3,243           | 723%                           |

The schedule of employer contributions for the most current fiscal year for which an actuarial valuation was performed (June 30, 2000) and each of the two preceding years is as follows (expressed in thousands):

| Fiscal Year Ended | Annual Required Contribution (ARC) | State Contribution | State Contribution as a % ARC |
|-------------------|------------------------------------|--------------------|-------------------------------|
| 6/30/1998         | \$ 3,635                           | \$ 993             | 27%                           |
| 6/30/1999         | 3,635                              | 1,037              | 29%                           |
| 6/30/2000         | 2,604                              | 1,277              | 49%                           |

(Note 9 Continued)

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

| Fiscal Year Ended | Annual Pension Cost | % of Annual Pension Cost Contributed | Net Pension Obligation |
|-------------------|---------------------|--------------------------------------|------------------------|
| 6/30/1998         | \$ 3,643            | 27.27%                               | \$ 6,531               |
| 6/30/1999         | 3,646               | 28.44%                               | 9,140                  |
| 6/30/2000         | 2,616               | 48.80%                               | 10,480                 |

**Future Initiatives** – Assembly Bill 4 (AB 4) of the 17<sup>th</sup> Special Session of the Nevada Legislature establishes a Judicial Retirement System that is to be funded on an actuarial basis. An initial lump sum contribution of \$5 million will be made on July 1, 2001. Monthly contributions and benefit payments from the trust are scheduled to begin January 1, 2003. At that point, PERS will become responsible for the administration of the Judicial Retirement System.

tinue group insurance. NRS 287.023 establishes this benefit upon the retiree assuming the portion of the premium not covered by the State. The Public Employees' Benefits Program administers the insurance benefits. For the year ended June 30, 2001, 5,181 retirees were covered at a cost of \$12,543,164, which represents 67% of total costs.

**D. Post-Retirement Insurance Benefits**

Any retiree of the State, who meets the eligibility requirements for retirement as outlined in sections A through C of this note and at the time of retirement is covered or had his dependents covered by any group insurance or medical and hospital service, has the option upon retirement to con-

The State allocates funds for payment of insurance benefits as a percentage of payroll. The cost of the employer contribution is recognized in the year the costs are charged. Any unused funds are carried forward to the next fiscal year. The carry forward to fiscal year 2002 was \$106,720.

**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.

issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. These liabilities include incremental claims adjustment costs. A reserve for losses has been established in both funds to account for these liabilities and is included in the liability section of the balance sheet.

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

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

|                                | Self Insurance Fund | Insurance Premiums Fund |
|--------------------------------|---------------------|-------------------------|
| Balance, June 30, 1999         | \$ 10,200           | \$ 17,247               |
| Claim and changes in estimates | 76,732              | 7,141                   |
| Claim payments                 | (74,866)            | (5,033)                 |
| Balance, June 30, 2000         | 12,066              | 19,355                  |
| Claim and changes in estimates | 95,648              | 10,787                  |
| Claim payments                 | (87,701)            | (3,416)                 |
| <b>Balance June 30, 2001</b>   | <b>\$ 20,013</b>    | <b>\$ 26,726</b>        |

There are several pending lawsuits or unresolved disputes involving the State or its representatives at June 30, 2001. The estimated liability for these claims has been factored into the calculation of the reserve for losses and loss adjustment expenses developed. There were no material settlements in excess of insurance coverage for each of the past three fiscal years.

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

**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

(Note 10 Continued)

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 forty-seven public employers participating. The fund is overseen by the Public Employees' Benefit Program. 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 contracts with a third-party administrator to pay the Self-Insurance Fund's claims and also contracts with medical providers to determine the price of services to be provided. The Self-Insurance Fund is fully self-insured for medical, dental and vision benefits and assumes all risk for claims incurred by plan participants. Accidental death and dismemberment, travel accident, long-term disability, mental health and substance abuse, and life insurance benefits are fully insured by outside carriers. The Self-Insurance Fund does not retain any risk of loss regarding those plans covered by independent insurance providers.

For the self-insured benefits, fund rate-setting policies have been established after consultation with the Self-Insurance Fund's actuary. Premiums are based upon anticipated claims in the upcoming year and any remaining fund equity available for claims. The participating employers pay monthly premiums for each employee and employees pay for dependent coverage. 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 self-insurance for general, civil (tort), auto and property casualty liabilities of State agencies. It also accumulates workers' compensation premiums for State employees and until December 31, 2000 premiums were paid to Employers Insurance Company of Nevada under a retrospective rating agreement. Effective January 1, 2001 the Fund purchased a high deductible policy with National Union Fire Insurance Company of Pittsburgh, PA.

Under the retrospectively rated contracts with Employers Insurance Company of Nevada, each calendar year is a separate plan subject to its own premium determinations based on the actual loss experience for that year, with contractually negotiated basic and maximum premiums. For the 2000 plan year, the Insurance Premiums Fund paid quarterly advance premiums of \$2,250,000 to Employers Insurance. Each plan year is subject to five premium determinations, the first being eight months after the close of the plan year, and annually thereafter. Each plan year may be closed at any determination if the Insurance Premiums Fund and Employers Insurance mutually agree. The cost to close a plan year includes a charge for incurred but not reported claims. Plan years 1998, 1999 and 2000 are still open as of June 30, 2001 and are subject to additional premiums based on the loss experience of the plan. Liabilities in the amount of \$6,427,616 as of June 30, 2001 have been accrued as an estimate for these potential additional premiums; however, the actual liability may be in excess of or less than the amount accrued, but under no circumstances will it exceed the contractually determined maximum premium. Under the terms of policy effective January 1, 2001 with National Union Fire Insurance Company of Pittsburgh, PA, the Fund is required to reimburse the insurer up to \$750,000 for each accident. A liability in the amount of \$3,675,000 as of June 30, 2001 was determined using standard actuarial techniques as an estimate for the incurred but not reported losses to the plan.

The fund is fully self-insured for general, civil and vehicle liability. The State has a maximum exposure of \$50,000 for each general liability claim, with the exception of claims which 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 also self-insured for comprehensive and collision loss to automobiles, self-insured to \$100,000 for property loss with commercial insurance purchased to cover

(Note 10 Continued)

the excess above \$100,000, and commercially insured for losses to boilers and machinery and certain other risks. The fund also purchases excess liability insurance for claims in excess of \$1,000,000 with coverage up to a maximum of \$10,000,000 per incident.

At June 30, 2001, incurred but not reported claims liability for general, civil and auto insurance is based upon standard actuarial techniques, which take into account financial data, loss experience of other self-insurance programs and the insurance industry and from 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 on the Combined Balance Sheet.

The Fund has sustained substantial operating losses in recent years. Further, at June 30, 2001 total liabilities exceed total assets by \$17,813,886. According to figures derived from actuarial estimates, this Fund is liable for approximately \$18,400,000 in potential claims settlements, which have yet to be funded through premium contributions. 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.

**NOTE 11 - FUND EQUITY**

Fund balances, reserved for other and unreserved, designated fund balances at June 30, 2001, are explained as follows (expressed in thousands):

|   | Governmental Fund Types |                     |                  |                     | Fiduciary<br>Fund Types | Total<br>Primary<br>Government | Component                    | Total<br>Reporting<br>Entity |
|---|-------------------------|---------------------|------------------|---------------------|-------------------------|--------------------------------|------------------------------|------------------------------|
|   | General                 | Special<br>Revenue  | Debt<br>Service  | Capital<br>Projects |                         |                                | Unit<br>University<br>System |                              |
| <b>Fund balances, reserved for other:</b>   |                         |                     |                  |                     |                         |                                |                              |                              |
| Reserved for prepaid items  | \$ 28,840               | \$ 119              | \$ -0-           | \$ -0-              | \$ -0-                  | \$ 28,959                      | \$ -0-                       | \$ 28,959                    |
| Reserved for noncurrent receivables -<br>accounts, notes                              | 690                     | 48,728              | -0-              | -0-                 | -0-                     | 49,418                         | -0-                          | 49,418                       |
| Reserved for fiscal emergency   | -0-                     | 136,341             | -0-              | -0-                 | -0-                     | 136,341                        | -0-                          | 136,341                      |
| Reserved for debt service   | -0-                     | 1,172,875           | 42,619           | -0-                 | -0-                     | 1,215,494                      | 2,705                        | 1,218,199                    |
| Reserved for employees' pension benefits  | -0-                     | -0-                 | -0-              | -0-                 | 13,377,340              | 13,377,340                     | -0-                          | 13,377,340                   |
| Reserved for the principal portion of non-<br>expendable trust funds                  | -0-                     | -0-                 | -0-              | -0-                 | 85,797                  | 85,797                         | -0-                          | 85,797                       |
| Reserved for endowment  | -0-                     | -0-                 | -0-              | -0-                 | -0-                     | -0-                            | 272,091                      | 272,091                      |
| Reserved for specific future allocations  | -0-                     | 5,777               | -0-              | -0-                 | -0-                     | 5,777                          | -0-                          | 5,777                        |
| Reserved for pool/plan participants   | -0-                     | -0-                 | -0-              | -0-                 | 554,831                 | 554,831                        | -0-                          | 554,831                      |
| Reserved for University System<br>unexpended plant                                    | -0-                     | -0-                 | -0-              | -0-                 | -0-                     | -0-                            | 94,560                       | 94,560                       |
| Reserved for University System current<br>operating restricted fund                   | -0-                     | -0-                 | -0-              | -0-                 | -0-                     | -0-                            | 25,818                       | 25,818                       |
| Reserved for appropriations subject to reversion<br>and for refundable federal grants | -0-                     | -0-                 | -0-              | -0-                 | -0-                     | -0-                            | 7,695                        | 7,695                        |
| <b>Total fund balances, reserved for other</b>  | <b>\$ 29,530</b>        | <b>\$ 1,363,840</b> | <b>\$ 42,619</b> | <b>\$ -0-</b>       | <b>\$ 14,017,968</b>    | <b>\$ 15,453,957</b>           | <b>\$ 402,869</b>            | <b>\$ 15,856,826</b>         |
| <b>Unreserved, designated fund balances:</b>  |                         |                     |                  |                     |                         |                                |                              |                              |
| Designated for approved capital projects  | \$ -0-                  | \$ -0-              | \$ -0-           | \$ 41,475           | \$ -0-                  | \$ 41,475                      | \$ -0-                       | \$ 41,475                    |
| Designated to preserve a portion of principal<br>per NRS 504.450                      | -0-                     | -0-                 | -0-              | -0-                 | 900                     | 900                            | -0-                          | 900                          |
| Designated for fund stabilization   | -0-                     | -0-                 | -0-              | -0-                 | 5,117                   | 5,117                          | -0-                          | 5,117                        |
| <b>Total unreserved, designated fund<br/>balances</b>                                 | <b>\$ -0-</b>           | <b>\$ -0-</b>       | <b>\$ -0-</b>    | <b>\$ 41,475</b>    | <b>\$ 6,017</b>         | <b>\$ 47,492</b>               | <b>\$ -0-</b>                | <b>\$ 47,492</b>             |

(Note 11 Continued)

Reserved retained earnings is explained as follows (expressed in thousands):

|  | Proprietary Fund Types |                  | Total              | Component Unit            | Total             |
|--|------------------------|------------------|--------------------|---------------------------|-------------------|
|  | Enterprise             | Internal Service | Primary Government | Colorado River Commission | Reporting Entity  |
| <b>Retained earnings, reserved:</b>              |                        |                  |                    |                           |                   |
| Reserved for operation and maintenance           | \$ -0-                 | \$ -0-           | \$ -0-             | \$ 676                    | \$ 676            |
| Reserved as security for outstanding obligations | 132,846                | -0-              | 132,846            | -0-                       | 132,846           |
| <b>Total retained earnings, reserved</b>         | <b>\$ 132,846</b>      | <b>\$ -0-</b>    | <b>\$ 132,846</b>  | <b>\$ 676</b>             | <b>\$ 133,522</b> |

## NOTE 12 - PRINCIPAL TAX REVENUES

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

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

Sales and Use Taxes are imposed at a minimum rate of 6.5%, with local county option up to an additional .75%, on all taxable sales and taxable items of use. The State receives tax revenue of 2% of total sales with the balance distributed to local governmental entities and school districts.

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

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

Other Sources of tax revenues include: Business Tax, Cigarette Tax, Controlled Substance Tax, Estate Tax, Jet Fuel, Liquor Tax, Lodging Tax, Motor Carrier Fees, Motor Vehicle Registration Fees, Net Proceeds of Minerals Tax, Petroleum Products Cleanup Fees, 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:

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

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

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

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 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS**

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

The Nevada Housing Division was created to make available additional funds to assist private enterprise and governmental agencies in providing housing facilities for low and moderate-income households. The Division is currently authorized to issue its bonds, notes and other obligations in an aggregate amount not to exceed \$2,000,000,000. These funds may be used to make loans to and purchase mortgage loans

from mortgage lenders, and to make temporary loans and advances in anticipation of insured mortgage loans or to finance permanent mortgage loans for the construction or rehabilitation of multi-unit residential housing.

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

Segment information for the fiscal year ended June 30, 2001, is as follows (expressed in thousands):

|   | <b>Housing<br/>Division</b> | <b>Other</b> | <b>Total</b> |
|---|-----------------------------|--------------|--------------|
| Operating revenues  | \$ 92,195                   | \$ 7,559     | \$ 99,754    |
| Depreciation expense  | 34                          | 142          | 176          |
| Operating income  | 13,420                      | 351          | 13,771       |
| Operating interfund transfers in                                    | -0-                         | 6            | 6            |
| Operating interfund transfers out                                   | (86)                        | (36)         | (122)        |
| Net income  | 13,334                      | 473          | 13,807       |
| <b>Property, plant, equipment<br/>and construction in progress:</b> |                             |              |              |
| Additions and adjustments   | -0-                         | 359          | 359          |
| Deletions and adjustments   | -0-                         | (39)         | (39)         |
| Net working capital   | n/a                         | 3,804        | 3,804        |
| Total assets  | 1,435,525                   | 8,612        | 1,444,137    |
| <b>Bonds and other long-term liabilities:</b>                       |                             |              |              |
| Payable from operating revenues                                     | 1,277,073                   | 345          | 1,277,418    |
| Total equity  | 135,796                     | 5,824        | 141,620      |

**NOTE 14 - COMMITMENTS AND CONTINGENCIES**

**A.** In 1977 and 1989 the State issued \$13,730,000 and \$14,755,000, respectively, in General Obligation Sewer Improvement Bonds for and on behalf of Clark County. To date, the bonds have been completely serviced by Clark County; however, the State remains contingently liable on the bonds through maturity on July 1, 2004. The amount of bonds outstanding at June 30, 2001, is \$8,410,000.

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

Several of the actions pending against the State are based upon the State's (or its agents') alleged negligence in which

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

The State is a party to several lawsuits that have been filed under the federal civil rights statutes. In the district of Nevada, none of the United States district judges have ruled that the State is directly liable for damages awarded under federal civil rights statutes. However, the State is statutorily required to indemnify its officers and employees held liable in damages for acts or omissions on the part of its officers and employees occurring in the course of their public employment. Several claims may thus be filed against the State based on alleged civil rights violations by its officers and employees. Since the statutory limit of liability (dis-

(Note 14 Continued)

cussed above) does not apply in federal civil rights cases, the potential liability of the State is not ascertainable at the present time.

The State is a party to a lawsuit involving the State's distribution of royalties received from the federal government for the lease of federal lands within Nevada. Nye County initiated concurrent actions against the State under the same set of facts and law in both the Fifth Judicial District Court for Nye County and U.S. District Court of the State of Nevada, alleging the distribution of royalties pursuant to Nevada law violates federal law. The federal court action was dismissed on the basis of the State's statutory immunity. The state court action is on appeal to the Nevada Supreme Court. Nye County appealed to the Nevada Supreme Court after the District Court denied Nye County's application for a preliminary injunction. The District Court also denied the State's motion to dismiss on the basis of the State's statutory immunity. The State has filed a petition for writ of mandamus with the Nevada Supreme Court to compel the District Court to dismiss the action. The State is not able to ascertain its ultimate liability at the present time.

**C.** PERS has entered into investment funding commitments as of June 30, 2001. For alternative investments, PERS has committed to fund \$333,088,000 at some future date.

PERS is a defendant in litigation involving individual benefit payments and participant eligibility issues arising from its normal activities. Based upon consultation with legal counsel, management believes there will be no material adverse effect on the general financial statements as a result of the ultimate outcome of these matters.

**D.** The State is obligated by leases accounted for as operating leases. Operating leases do not give rise to property rights as capital leases do. Therefore, the results of the lease agreements are not reflected in the account groups. Lease expense for the year ended June 30, 2001 amounted to \$21,600,781. The following is a schedule of future minimum rental payments required under operating leases that have initial or remaining noncancelable lease terms in excess of one year as of June 30, 2001 (expressed in thousands):

| <b>For the Year<br/>Ending June 30</b> | <b>Amount</b>    |
|--|------------------|
| 2002                                   | \$ 17,147        |
| 2003                                   | 14,245           |
| 2004                                   | 12,608           |
| 2005                                   | 9,922            |
| 2006                                   | 6,857            |
| Thereafter                             | 9,612            |
| <b>Total</b>                           | <b>\$ 70,391</b> |

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

**All Star Litigation** - In 1997, The Board of Regents (Board) entered into a \$27 million lease-purchase agreement with All Star Investments, LLC, a California Limited Liability Company (All Star) to construct a new Fire Science Academy near Carlin, Nevada. Pursuant to the lease agreement, All Star was required to design, build and finance a turnkey facility for the University of Nevada, Reno's (UNR) use as a specialized firefighting training facility. In 1999, after several revisions to the lease agreement required by All Star, the Board entered into an amended and restated lease with All Star dated January 28, 1999 (Lease). Pursuant to the Lease, the University System (System) is required to make monthly payments totaling \$3 million per year (principal and interest) for twenty years, commencing on March 1, 1999. The Fire Science Academy opened in March 1999.

Subsequent to the initial operation, Fire Science Academy management became aware of some potential environmental threats that UNR determined to be the result of inadequate design and construction of the facility. UNR officials repeatedly requested that All Star correct the design and construction deficiencies; however, All Star refused to do so. UNR determined that it could no longer continue burn classes without the possibility of further environmental contamination and student exposure to health risks. After repeatedly requesting that All Star correct the design and construction deficiencies that resulted in the contamination, UNR suspended firefighting burn classes on July 28, 2000 until such time as All Star would take action to correct those deficiencies. In August 2000, the System ceased making lease payments to All Star because UNR could no longer use the facility for the purposes for which it was designed.

On September 5, 2000, All Star sued the System in district court, alleging among other items, that the University System has breached its contract by failing to pay rent. On September 6, 2000, the University System sued All Star, claiming, among other items, defective construction, breach of warranties, misrepresentation and constructive eviction due to All Star's defective design and construction of the Fire Science Academy.

After execution of the Lease, All Star assigned its rights under the Lease to GMAC Commercial Mortgage Corporation (GMAC), which had provided All Star with permanent

(Note 14 Continued)

financing for the construction of the Fire Science Academy. GMAC subsequently assigned its rights in the Lease to another party (collectively with GMAC, the Lender Parties), which sued the System on October 9, 2000 for breach of contract by failing to pay rent under the Lease.

In October 2001, all parties to the above litigation reached agreements to dismiss all claims. Under the terms of the settlement agreements:

- 1) All Star, its contractors, and the contractor's insurance company are required to deposit \$4.68 million into a trust account for repair of the facility and for any required environmental remediation. Repair and remediation of the facility commenced in August 2001. Payments from the trust account for the repair and remediation of the facility will commence subsequent to the execution of the settlement agreements.
- 2) All Star agreed to convey its ownership of the Fire Science Academy to the System and to relinquish any interest it has in the Lease.
- 3) The Lender Parties to the litigation have agreed to waive the default interest accrued, late charges and all other fees and penalties associated with the System's termination of lease payments.
- 4) The System has agreed to pay the Lender Parties a total of \$29,785,000 by May 2, 2002 to acquire the simple title to the Fire Science Academy, to discharge the loan and Promissory Note, and to obtain a reconveyance and/or satisfaction or discharge of the Deed of Trust and Security Instrument.

The System intends to reopen the Fire Science Academy by May 2002. Management believes that the \$4.68 million of proceeds from the settlement agreement will be sufficient to repair and remediate the Fire Science Academy.

The System's financial statements as of June 30, 2001 reflect a total of \$29 million of liabilities relating to the Fire Science Academy, including \$26.5 million included in capital lease obligations and \$2.5 million of accrued interest payable.

**F.** The management of the Colorado River Commission (CRC), a component unit, estimates that construction in progress will require an additional outlay of approximately \$10,000,000 to bring the related projects to completion.

The CRC has entered into forward contracts to purchase

electrical power at a specified time at a guaranteed price. The CRC enters into these contracts to help plan power costs for the year and to protect itself against an increase in market prices. 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 the CRC is committed to buy. This would reduce the value of the contract. The CRC could sell the forward contract at a loss, or if it were to continue to hold the contract, the CRC may make a termination payment to the counterparty to cancel its obligation under the contract and then buy electrical power on the open market. The CRC is also exposed to the failure of the counterparty to fulfill the contract. The terms of the contract include provisions for recovering the cost in excess of the guaranteed price from the counterparty should the CRC have to procure electrical power on the open market. One of the counterparties has filed for bankruptcy under Chapter 11. The effects of the bankruptcy on the counterparty's ability to fulfill its contracts cannot be determined.

All of the CRC's power customers are contractually obligated for electrical power purchased or sold on their behalf by the CRC. The customers may either pay or receive contract payments directly, or reimburse or be reimbursed by the CRC. These contracts 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. One of the CRC's power customers has also filed Chapter 11 and it appears likely that this customer will contest one of its forward contracts with the CRC. Although the failure on the part of the customer to honor this contract could result in a possible loss to the CRC of nearly \$20,000,000, it is not possible to determine the outcome of this contingency.

**G.** The Tax Reform Act of 1986 imposes a rebate requirement with respect to some bonds issued by the State. Under this requirement, an amount equal to the sum of (a) the excess of the aggregate amount earned on all investments (other than certain specified exceptions) over the amount that would have been earned if all investments were invested at a rate equal to the yield on the bonds, and (b) any income earned on the excess described in (a), is required to be rebated to the U.S. Treasury, in order for the interest on the bonds to be excluded from gross income for federal income tax purposes. Rebutable arbitrage is computed as of each installment computation date. The present value of the rebutable arbitrage has been recorded in the General Long-Term Obligations Account Group at June 30, 2001. Future calculations might result in different rebutable arbitrage amounts.

**NOTE 15 - SUBSEQUENT EVENTS**

**Bonds** - The following General Obligation Bonds were sold after June 30, 2001:

\$72,190,000 Series September 1, 2001, A, B and C General Obligation (Limited Tax) Bonds. Series 2001A are \$54,430,000 Capital Improvement Bonds due in annual installments of \$1,100,000 to \$4,885,000 through March 1, 2021, plus semi-annual interest payments, at rates of 3.75% to 5.00%. Interest payments on the bonds are payable March 1 and September 1 and payments commence March 1, 2002. Series 2001B are \$16,200,000 Natural Resources Bonds due in annual installments of \$525,000 to \$1,255,000 through March 1, 2021, plus semi-annual interest payments, at rates of 4.00% to 5.00%. Interest payments on the bonds are payable March 1 and September 1 and payments commence March 1, 2002. Series 2001C are \$1,560,000 Safe Drinking Water Act Revolving Fund Matching Bonds due in annual installments of \$100,000 to \$125,000 through August 1, 2018, plus semi-annual interest payments, at rates of 4.00% to 6.00%. Interest payments on the bonds are payable February 1 and August 1 and payments commence February 1, 2002. Series 2001A Bonds and Series 2001B Bonds maturing on and after March 1, 2013 are subject to redemption before maturity at the option of the State. Series 2001C Bonds maturing on and after August 1, 2012 will be subject to redemption before maturity at the option of the State. The Series A bonds are subject to the Constitutional Debt Limit.

\$6,305,000 Series 2001 Colorado River Commission General Obligation (Limited Tax) (Revenue Supported) Hoover Upgrading Refunding Bonds. Series 2001 Bonds will mature on October 1, 2017. Interest is payable at 5.375% per annum in semi-annual payments on April 1 and October 1 commencing April 1, 2002. Series 2001 Bonds maturing on and after October 1, 2011 are subject to redemption prior to their maturity at the option of the State. The Bonds were issued to refund bonds issued by the Colorado River Commission in 1987.

On October 19, 2001, the Colorado River Commission entered into a forward purchase agreement to sell \$36,420,000 Series 2002 Colorado River Commission General Obligation (Limited Tax) (Revenue Supported) Hoover Upgrading Refunding Bonds. The bonds, to be delivered on July 9, 2002, will be used to refund the remaining obligations of the 1992 Hoover upgrading refunding bonds. The Series 2002 Bonds will be due in annual installments of \$3,240,000 to \$4,970,000 through October 1, 2016, plus semi-annual interest payments at a rate of 5.375%. Interest payments on the

bonds will be payable April 1 and October 1 and payments commence October 1, 2002. Series 2002 Bonds maturing on and after October 1, 2013 will be subject to optional redemption prior to their maturity at the option of the State. The Series 2002 Bonds will be subject to the Constitutional Debt Limit.

**Housing Division** – The Housing Division has issued the following bonds since June 30, 2001:

\$15,000,000 Single Family Mortgage Bonds, 2001 Series C. The Series C-1 of \$2,910,000 is due in semi-annual payments ranging from \$185,000 to \$1,175,000 with a final maturity date of October 1, 2017. The Series C-2 of \$12,090,000 is due in semi-annual payments ranging from \$100,000 to \$4,240,000 with a final maturity date of October 1, 2032.

\$2,750,000 Lake Vista Multi-Unit Housing Revenue Bonds, 2001 Series A. The bonds consist of two Term Bonds and \$450,000 of Serial Bonds with a maturity date of April 1, 2004. The first Term Bond for \$735,000 is due October 1, 2018. The second Term Bond for \$1,565,000 is due April 1, 2033.

\$11,270,000 Parkside Gardens Multi-Unit Housing Revenue Bonds, 2001 Series A and B. The Series A bonds, due April 1, 2037, are term bonds of \$9,580,000. The Series B Bonds consist of two Term Bonds, the first for \$785,000 is due October 1, 2008 and the second for \$905,000 is due April 1, 2014.

\$33,440,000 Multi-Unit Housing Revenue Bonds, 2001 Series A, B, C and D. Series A and B are for the Silver Creek Apartments. Series C and D are for the Villanova Apartments. All four of the bond series have a final maturity date of April 15, 2035.

**Interest Rate Swap Agreement** - On August 8, 2001, the State entered into a two-year interest rate swap agreement which will supplement the Interest Rate Swap Agreement dated May 12, 1999 discussed in Note 8. The swap agreement is for \$100 million of its fixed rate General Obligation Bonds. Based upon the swap agreement, the State owes interest calculated at a fixed rate of 3.05%. In return, the counterparty owes the State interest based upon the Bond Market Association (BMA) Municipal Swap Index. Only the net difference in the interest payments is actually exchanged with the counterparty. The \$100 million in bond principal is not exchanged; it is only the basis on which the interest payments are calculated.

(Note 15 Continued)

**Colorado River Commission** - The Colorado River Commission, a component unit, has entered into some forward contracts to purchase electrical power. Since June 30, 2001, one of the counterparties to one of the forward contracts has filed for bankruptcy under Chapter 11. In addition, one of the Colorado River Commission's power customers has also filed Chapter 11 bankruptcy. The outcome of the two bankruptcies is not possible to determine at this time and both are more fully discussed in Note 14F, Commitments and Contingencies.

**Federal Repayment Contract** - On July 2, 2001, a federal repayment contract was paid in full. The contract and the repayment are described in full in Note 8L, Long-Term Obligations.

**University System** - In October 2001 litigation between the University System, a component unit, and All Star Investments, LLC, was settled. The litigation and the terms of the settlement are more fully discussed in Note 14E, Commitments and Contingencies.

## NOTE 16 - PRIOR PERIOD ADJUSTMENTS AND ACCOUNTING CHANGES

### A. Prior Period Adjustments

Fund balance as of July 1, 2000 in the Stabilize the Operations of State Government ("Rainy Day") Fund, a special revenue fund, has been adjusted because of a change in statute (NRS 353.288) that was retroactive to fiscal year 2000. The statute changed the method of calculation for transfers from the General Fund to the "Rainy Day" fund. The fiscal year 2000 transfer was originally reported as \$18,228,979, but under the new statute should have been \$7,474,362. Consequently, the "Rainy Day" fund balance was reduced by \$10,754,617 and the General Fund balance was increased by \$10,754,617.

Fund balance as of July 1, 2000 in the Higher Education Tuition Trust Fund, an expendable trust fund, has been adjusted to correct a fiscal year 2000 transfer from the General Fund, which should have been recorded as an advance from the General Fund. Consequently, the Higher Education Tuition Trust fund balance was reduced by \$1,581,259 and the General Fund fund balance was increased by \$1,581,259.

### B. Change in Application of Accounting Principle

On the Combined Statement of Revenues, Expenses and Changes in Fund Equity/Balances, the beginning fund equity for enterprise funds and internal service funds decreased by \$38,939 and \$284,082, respectively, as a result of a change in the capitalization threshold. The capitalization threshold for structures and improvements was increased from \$5,000 per asset to \$100,000 per asset.

### C. Change in Presentation of Reporting Entity

Colorado River Commission, a discretely presented component unit, was changed from a blended presentation in the prior year to a discrete presentation in the current year. This change in presentation was made to more clearly present the reporting entity in accordance with Governmental Accounting Standards Board No. 14 - The Financial Reporting Entity. There is no effect on beginning retained earnings as a result of this change in presentation of reporting entity. Comparative total data for the prior year in the accompanying financial statements have been reclassified where necessary in order to be consistent with the current year's presentation.

**Comparative Balance Sheet  
General Fund**

State  
of  
Nevada

June 30, 2001 with Comparative Totals for 2000

Exhibit A-1

|  | <u>June 30, 2001</u>    | <u>June 30, 2000</u>    | <u>Increase<br/>(Decrease)</u> |
|--|-------------------------|-------------------------|--------------------------------|
| <b>Assets</b>                              |                         |                         |                                |
| <i>Cash and pooled investments:</i>        |                         |                         |                                |
| Cash with treasurer                        | \$ 290,527,403          | \$ 310,315,941          | \$ (19,788,538)                |
| Cash in custody of other officials         | 8,432,896               | 4,075,867               | 4,357,029                      |
| Collateral on loaned securities            | 215,267,310             | 148,353,853             | 66,913,457                     |
| Food stamp coupons                         | 15,379,317              | 11,495,548              | 3,883,769                      |
| <i>Receivables:</i>                        |                         |                         |                                |
| Accounts receivable                        | 281,047                 | 3,959,469               | (3,678,422)                    |
| Taxes receivable                           | 424,074,999             | 366,539,419             | 57,535,580                     |
| Accrued interest and dividends             | 10,486,918              | 7,930,865               | 2,556,053                      |
| Intergovernmental receivables              | 130,553,759             | 103,969,430             | 26,584,329                     |
| Notes receivable                           | 690,039                 | 566,422                 | 123,617                        |
| Other receivables                          | 53,767                  | -                       | 53,767                         |
| Due from other funds                       | 46,814,426              | 37,230,645              | 9,583,781                      |
| Due from component unit                    | 1,670,017               | 522,087                 | 1,147,930                      |
| Interfund receivables                      | 2,033,060               | 10,895,816              | (8,862,756)                    |
| Advances to other funds                    | 12,387,723              | 5,297,306               | 7,090,417                      |
| <i>Other assets:</i>                       |                         |                         |                                |
| Prepaid items                              | 28,840,047              | 381,011                 | 28,459,036                     |
| <b>Total assets</b>                        | <u>\$ 1,187,492,728</u> | <u>\$ 1,011,533,679</u> | <u>\$ 175,959,049</u>          |
| <b>Liabilities and Fund Balances</b>       |                         |                         |                                |
| <i>Liabilities:</i>                        |                         |                         |                                |
| <i>Accounts payable and accruals:</i>      |                         |                         |                                |
| Accounts payable                           | \$ 111,573,389          | \$ 121,701,022          | \$ (10,127,633)                |
| Accrued payroll and related liabilities    | 24,629,659              | 22,639,740              | 1,989,919                      |
| Intergovernmental payables                 | 78,254,575              | 49,228,853              | 29,025,722                     |
| Contracts payable                          | 67,250                  | 1,441,498               | (1,374,248)                    |
| Obligations under securities lending       | 215,267,310             | 148,353,853             | 66,913,457                     |
| Due to other funds                         | 357,847,138             | 310,313,426             | 47,533,712                     |
| Due to component unit                      | 9,330,323               | 9,086,007               | 244,316                        |
| Deferred revenues                          | 154,683,669             | 129,038,618             | 25,645,051                     |
| Other liabilities                          | 12,600,585              | 9,632,473               | 2,968,112                      |
| <b>Total liabilities</b>                   | <u>964,253,898</u>      | <u>801,435,490</u>      | <u>162,818,408</u>             |
| <i>Fund balances:</i>                      |                         |                         |                                |
| <i>Reserved:</i>                           |                         |                         |                                |
| Encumbrances and contracts                 | 3,636,057               | 3,540,964               | 95,093                         |
| Advances                                   | 12,387,723              | 5,297,306               | 7,090,417                      |
| Balances forward                           | 278,697,103             | 246,939,516             | 31,757,587                     |
| <i>Other:</i>                              |                         |                         |                                |
| Prepaid items                              | 28,840,047              | 381,011                 | 28,459,036                     |
| Other                                      | 690,039                 | 742,872                 | (52,833)                       |
| <i>Unreserved:</i>                         |                         |                         |                                |
| Undesignated deficit                       | (101,012,139)           | (46,803,480)            | (54,208,659)                   |
| <b>Total fund balances</b>                 | <u>223,238,830</u>      | <u>210,098,189</u>      | <u>13,140,641</u>              |
| <b>Total liabilities and fund balances</b> | <u>\$ 1,187,492,728</u> | <u>\$ 1,011,533,679</u> | <u>\$ 175,959,049</u>          |

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

State  
of  
Nevada

For the Fiscal Year Ended June 30, 2001 with Comparative Totals for 2000

Exhibit A-2

|  | June 30, 2001         | June 30, 2000         | Increase<br>(Decrease) |
|--|-----------------------|-----------------------|------------------------|
| <b>Revenues</b>  |                       |                       |                        |
| Gaming taxes, fees, licenses   | \$ 702,560,388        | \$ 685,194,879        | \$ 17,365,509          |
| Sales taxes  | 714,248,534           | 672,473,027           | 41,775,507             |
| Intergovernmental  | 917,240,721           | 835,413,435           | 81,827,286             |
| Other taxes  | 324,168,908           | 302,255,484           | 21,913,424             |
| Licenses, fees and permits   | 109,152,180           | 101,952,276           | 7,199,904              |
| Sales and charges for services   | 31,099,124            | 32,138,331            | (1,039,207)            |
| Interest and investment income   | 49,647,327            | 38,430,265            | 11,217,062             |
| Tobacco settlement income  | -                     | 7,000,000             | (7,000,000)            |
| Other  | 35,367,611            | 33,358,154            | 2,009,457              |
| <b>Total revenues</b>  | <b>2,883,484,793</b>  | <b>2,708,215,851</b>  | <b>175,268,942</b>     |
| <b>Expenditures</b>  |                       |                       |                        |
| <i>Current:</i>  |                       |                       |                        |
| General government   | 64,861,328            | 68,811,633            | (3,950,305)            |
| Health and social services   | 1,170,133,488         | 1,107,762,043         | 62,371,445             |
| Education and support services   | 41,423,469            | 42,588,427            | (1,164,958)            |
| Law, justice and public safety   | 260,708,585           | 236,749,938           | 23,958,647             |
| Regulation of business   | 51,052,237            | 49,857,223            | 1,195,014              |
| Recreation and resource development  | 78,757,404            | 77,395,306            | 1,362,098              |
| <i>Intergovernmental:</i>  |                       |                       |                        |
| Education  | 822,346,122           | 753,979,117           | 68,367,005             |
| Other  | 58,240,414            | 70,112,636            | (11,872,222)           |
| <i>Debt service:</i>   |                       |                       |                        |
| Principal  | 1,359,117             | 1,737,887             | (378,770)              |
| Interest   | 1,325,167             | 1,404,833             | (79,666)               |
| <b>Total expenditures</b>  | <b>2,550,207,331</b>  | <b>2,410,399,043</b>  | <b>139,808,288</b>     |
| Excess (deficiency) of revenues over expenditures  | 333,277,462           | 297,816,808           | 35,460,654             |
| <b>Other Financing Sources (Uses)</b>  |                       |                       |                        |
| Proceeds from capital leases   | 694,733               | 446,951               | 247,782                |
| Proceeds from sale of bonds  | 3,970,385             | 1,987,079             | 1,983,306              |
| Proceeds from sale of fixed assets   | 78,939                | 36,829                | 42,110                 |
| Operating transfers in   | 80,635,922            | 67,758,679            | 12,877,243             |
| Transfer from component unit   | 383,698               | 391,808               | (8,110)                |
| Operating transfers out  | (97,240,798)          | (52,517,582)          | (44,723,216)           |
| Transfer to component unit   | (320,995,576)         | (311,816,277)         | (9,179,299)            |
| <b>Total other financing sources (uses)</b>  | <b>(332,472,697)</b>  | <b>(293,712,513)</b>  | <b>(38,760,184)</b>    |
| Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses | 804,765               | 4,104,295             | (3,299,530)            |
| Fund balances, July 1  | 210,098,189           | 205,993,894           | 4,104,295              |
| Prior period adjustment  | 12,335,876            | -                     | 12,335,876             |
| Fund balances, July 1, as restated   | 222,434,065           | 205,993,894           | 16,440,171             |
| <b>Fund balances, June 30</b>  | <b>\$ 223,238,830</b> | <b>\$ 210,098,189</b> | <b>\$ 13,140,641</b>   |

## SPECIAL REVENUE FUNDS

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

**School Improvement** Accounts for funding of school improvement programs. All such programs must be approved by the Legislature or Interim Finance Committee. (NRS 388.730).

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

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

**Legislative** Accounts for the necessary expenditures of the Legislature and Legislative Counsel Bureau (NRS 218.085).

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

local public water systems' safe drinking water act projects (NRS 445A.255).

**Workers' Compensation and Safety** Records assessments on insurers for compensation of injured workers and administration of regulations for employee safety (NRS 616A.425), assesses self-insurers to pay claims against insolvent self-insured employers (NRS 616B.309), accounts for compensation benefits to physically impaired employees from a subsequent injury in the course of employment (NRS 616B.554, 616B.575, 616B.584), and accounts for injury claims of employees of uninsured employers (NRS 616A.430).

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

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

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

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

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

**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 University and Community College System of Nevada (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).

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

**Miscellaneous** Accounts for receipts and expenditures related to compensation of victims of crime (NRS 217.260); fees related to private investigators and recoveries for unfair trade practices (NRS 228.096); prosecution of racketeering (NRS 207.415); the office of advocate for customers of public utilities (NRS 228.310); administration of capital improvement projects (NRS 341.146); and substance abuse education, prevention, enforcement and treatment (NRS 458.400). It also accounts for appropriations and interest income for support of museums and history (NRS 381.0064); loans for farm projects (NRS 561.405); fees collected from owners of mobile home parks to provide mobile home lot rent assistance to low-income mobile home owners (NRS 118B.215). Miscellaneous also accounts for loans and stipends to students in professional and graduate programs where such education is not available from an institution within the State (NRS 397.063). Furthermore, it accounts for appropriations, donations and interest income to support the National Judicial College and the National College of Juvenile and Family Law (NRS 1.470 and 1.480); appropriations for disaster relief grants and loans to state agencies and local governments (NRS 353.2735); and receipts and expenditures related to assisting counties with the institutional care of the medically indigent (NRS 428.470).

**Combining Balance Sheet  
Special Revenue Funds**

June 30, 2001 with Comparative Totals for 2000

|  | <b>State<br/>Highway</b> | <b>School<br/>Improvement</b> | <b>Employment<br/>Security</b> | <b>Regulatory</b>    | <b>Legislative</b>  |
|--|--------------------------|-------------------------------|--------------------------------|----------------------|---------------------|
| <b>Assets</b>                              |                          |                               |                                |                      |                     |
| <i>Cash and pooled investments:</i>        |                          |                               |                                |                      |                     |
| Cash with treasurer                        | \$ 220,975,005           | \$ 36,035,533                 | \$ 13,624,962                  | \$ 15,252,949        | \$ 3,714,394        |
| Cash in custody of other officials         | 110,762                  | -0-                           | 125                            | 217,015              | 956,401             |
| Investments                                | -0-                      | -0-                           | -0-                            | -0-                  | -0-                 |
| Collateral on loaned securities            | 86,386,550               | 12,323,039                    | 4,665,426                      | 609,456              | -0-                 |
| <i>Receivables:</i>                        |                          |                               |                                |                      |                     |
| Accounts receivable                        | 1,266,311                | -0-                           | 102,125                        | 380,940              | 54,003              |
| Taxes receivable                           | 30,039,712               | -0-                           | 2,377,080                      | 89,102               | -0-                 |
| Intergovernmental receivables              | 9,440,317                | -0-                           | 1,482,021                      | 1,814                | -0-                 |
| Notes receivable                           | -0-                      | -0-                           | -0-                            | -0-                  | -0-                 |
| Other receivables                          | -0-                      | -0-                           | -0-                            | -0-                  | -0-                 |
| Due from other funds                       | 29,373,682               | 1,328,878                     | 241,831                        | 67,376               | 4,077,453           |
| Due from component unit                    | 4,414                    | -0-                           | -0-                            | -0-                  | -0-                 |
| Interfund receivables                      | 2,212                    | -0-                           | -0-                            | -0-                  | -0-                 |
| Inventory                                  | 9,432,313                | -0-                           | -0-                            | -0-                  | 670,229             |
| Advances to other funds                    | 17,707                   | -0-                           | -0-                            | -0-                  | -0-                 |
| Restricted assets (non-cash)               | -0-                      | -0-                           | -0-                            | -0-                  | -0-                 |
| Prepaid items                              | 1,998                    | -0-                           | -0-                            | 1,050                | 88,913              |
| <b>Total assets</b>                        | <b>\$ 387,050,983</b>    | <b>\$ 49,687,450</b>          | <b>\$ 22,493,570</b>           | <b>\$ 16,619,702</b> | <b>\$ 9,561,393</b> |
| <b>Liabilities and Fund Balances</b>       |                          |                               |                                |                      |                     |
| <i>Liabilities:</i>                        |                          |                               |                                |                      |                     |
| <i>Accounts payable and accruals:</i>      |                          |                               |                                |                      |                     |
| Accounts payable                           | \$ 21,227,541            | \$ -0-                        | \$ 1,104,725                   | \$ 382,943           | \$ 239,949          |
| Accrued payroll and related liabilities    | 6,798,558                | -0-                           | 940,674                        | 496,611              | 850,533             |
| Intergovernmental payables                 | 25,218,253               | -0-                           | 16,144                         | 91,289               | 1,353               |
| Contracts/retentions payable               | 11,959,400               | -0-                           | -0-                            | -0-                  | 861                 |
| Obligations under securities lending       | 86,386,550               | 12,323,039                    | 4,665,426                      | 609,456              | -0-                 |
| Due to other funds                         | 28,824,551               | 2,875,887                     | 795,583                        | 1,648,237            | 383,438             |
| Due to component unit                      | 310,317                  | -0-                           | 66,618                         | 6,950                | 432                 |
| Interfund payables                         | -0-                      | -0-                           | -0-                            | -0-                  | -0-                 |
| Deferred revenues                          | 2,449,671                | -0-                           | -0-                            | 5,399,498            | -0-                 |
| <i>Other liabilities:</i>                  |                          |                               |                                |                      |                     |
| Payable from restricted assets             | -0-                      | -0-                           | -0-                            | -0-                  | -0-                 |
| <b>Total liabilities</b>                   | <b>183,174,841</b>       | <b>15,198,926</b>             | <b>7,589,170</b>               | <b>8,634,984</b>     | <b>1,476,566</b>    |
| <i>Fund balances:</i>                      |                          |                               |                                |                      |                     |
| <i>Reserved:</i>                           |                          |                               |                                |                      |                     |
| Encumbrances and contracts                 | 115,087,917              | -0-                           | 38,223                         | 2,500                | 529,692             |
| Inventory                                  | 9,432,313                | -0-                           | -0-                            | -0-                  | 670,228             |
| Advances                                   | 17,707                   | -0-                           | -0-                            | -0-                  | -0-                 |
| Balances forward                           | 78,767,534               | -0-                           | -0-                            | -0-                  | 4,947,294           |
| <i>Other:</i>                              |                          |                               |                                |                      |                     |
| Fiscal emergency                           | -0-                      | -0-                           | -0-                            | -0-                  | -0-                 |
| Investments in municipal securities        | -0-                      | -0-                           | -0-                            | -0-                  | -0-                 |
| Revolving loans                            | -0-                      | -0-                           | -0-                            | -0-                  | -0-                 |
| Other                                      | 1,998                    | -0-                           | -0-                            | 1,050                | 88,913              |
| <i>Unreserved:</i>                         |                          |                               |                                |                      |                     |
| Undesignated                               | 568,673                  | 34,488,524                    | 14,866,177                     | 7,981,168            | 1,848,700           |
| <b>Total fund balances</b>                 | <b>203,876,142</b>       | <b>34,488,524</b>             | <b>14,904,400</b>              | <b>7,984,718</b>     | <b>8,084,827</b>    |
| <b>Total liabilities and fund balances</b> | <b>\$ 387,050,983</b>    | <b>\$ 49,687,450</b>          | <b>\$ 22,493,570</b>           | <b>\$ 16,619,702</b> | <b>\$ 9,561,393</b> |

| Municipal Bond Bank     | Workers' Compensation and Safety | Higher Education Capital Construction | Cleaning up Petroleum Discharges | Hospital Care to Indigent Persons | Tourism Promotion   | Offenders' Store    | Tobacco Settlement   |
|-------------------------|----------------------------------|---------------------------------------|----------------------------------|-----------------------------------|---------------------|---------------------|----------------------|
| \$ 66,041,346           | \$ 34,365,093                    | \$ 7,538,841                          | \$ 4,701,707                     | \$ 13,262,607                     | \$ 7,682,268        | \$ 1,314,456        | \$ 71,894,564        |
| -0-                     | 300                              | -0-                                   | -0-                              | -0-                               | -0-                 | -0-                 | -0-                  |
| 1,177,115,456           | -0-                              | -0-                                   | -0-                              | -0-                               | -0-                 | -0-                 | -0-                  |
| 26,890,006              | 11,751,509                       | -0-                                   | 1,607,839                        | 2,799,126                         | -0-                 | 449,465             | 24,585,712           |
| -0-                     | -0-                              | -0-                                   | -0-                              | -0-                               | -0-                 | 307,468             | -0-                  |
| -0-                     | -0-                              | -0-                                   | -0-                              | 237,901                           | -0-                 | -0-                 | -0-                  |
| 42,680,591              | 334,642                          | -0-                                   | -0-                              | 45,000                            | 17,201              | -0-                 | -0-                  |
| -0-                     | -0-                              | -0-                                   | -0-                              | -0-                               | -0-                 | -0-                 | -0-                  |
| -0-                     | -0-                              | -0-                                   | -0-                              | -0-                               | -0-                 | -0-                 | -0-                  |
| 730,165                 | 663,611                          | 9,164,062                             | 102,337                          | 2,546,376                         | 76,955              | 275,129             | 895,474              |
| -0-                     | -0-                              | -0-                                   | -0-                              | -0-                               | -0-                 | -0-                 | -0-                  |
| -0-                     | -0-                              | -0-                                   | -0-                              | -0-                               | -0-                 | -0-                 | -0-                  |
| -0-                     | -0-                              | -0-                                   | -0-                              | -0-                               | -0-                 | 399,335             | -0-                  |
| -0-                     | -0-                              | -0-                                   | -0-                              | -0-                               | -0-                 | -0-                 | -0-                  |
| -0-                     | -0-                              | -0-                                   | -0-                              | -0-                               | -0-                 | -0-                 | -0-                  |
| -0-                     | -0-                              | -0-                                   | -0-                              | -0-                               | -0-                 | 27,006              | -0-                  |
| <b>\$ 1,313,457,564</b> | <b>\$ 47,115,155</b>             | <b>\$ 16,702,903</b>                  | <b>\$ 6,411,883</b>              | <b>\$ 18,891,010</b>              | <b>\$ 7,776,424</b> | <b>\$ 2,772,859</b> | <b>\$ 97,375,750</b> |
| \$ 321,724              | \$ 8,643,923                     | \$ 7,623                              | \$ 327,388                       | \$ 5,077,288                      | \$ 852,419          | \$ 196,123          | \$ 705,055           |
| 10,010                  | 488,365                          | -0-                                   | 243                              | -0-                               | 52,694              | 94,032              | 20,174               |
| 1,401,887               | 302,836                          | -0-                                   | -0-                              | -0-                               | 546,273             | -0-                 | 214,361              |
| -0-                     | -0-                              | -0-                                   | -0-                              | -0-                               | -0-                 | -0-                 | -0-                  |
| 26,890,006              | 11,751,509                       | -0-                                   | 1,607,839                        | 2,799,126                         | -0-                 | 449,465             | 24,585,712           |
| 2,766,793               | 79,536                           | 5,013,885                             | 301,092                          | -0-                               | 135,283             | 201,092             | 50,837               |
| 59,723                  | 6,149                            | -0-                                   | -0-                              | -0-                               | -0-                 | -0-                 | 147,520              |
| -0-                     | -0-                              | -0-                                   | -0-                              | -0-                               | -0-                 | -0-                 | -0-                  |
| -0-                     | -0-                              | 350                                   | -0-                              | -0-                               | 6,858               | -0-                 | -0-                  |
| -0-                     | -0-                              | -0-                                   | -0-                              | -0-                               | -0-                 | -0-                 | -0-                  |
| 31,450,143              | 21,272,318                       | 5,021,858                             | 2,236,562                        | 7,876,414                         | 1,593,527           | 940,712             | 25,723,659           |
| 66,108                  | 63,254                           | -0-                                   | -0-                              | -0-                               | 7,425               | 16,511              | 1,441                |
| -0-                     | -0-                              | -0-                                   | -0-                              | -0-                               | -0-                 | 399,335             | -0-                  |
| -0-                     | -0-                              | -0-                                   | -0-                              | -0-                               | -0-                 | -0-                 | -0-                  |
| 62,746,752              | -0-                              | -0-                                   | -0-                              | -0-                               | -0-                 | -0-                 | -0-                  |
| -0-                     | -0-                              | -0-                                   | -0-                              | -0-                               | -0-                 | -0-                 | -0-                  |
| 1,172,875,456           | -0-                              | -0-                                   | -0-                              | -0-                               | -0-                 | -0-                 | -0-                  |
| 46,149,554              | -0-                              | -0-                                   | -0-                              | -0-                               | -0-                 | -0-                 | -0-                  |
| -0-                     | -0-                              | -0-                                   | -0-                              | -0-                               | -0-                 | 27,006              | -0-                  |
| 169,551                 | 25,779,583                       | 11,681,045                            | 4,175,321                        | 11,014,596                        | 6,175,472           | 1,389,295           | 71,650,650           |
| 1,282,007,421           | 25,842,837                       | 11,681,045                            | 4,175,321                        | 11,014,596                        | 6,182,897           | 1,832,147           | 71,652,091           |
| <b>\$ 1,313,457,564</b> | <b>\$ 47,115,155</b>             | <b>\$ 16,702,903</b>                  | <b>\$ 6,411,883</b>              | <b>\$ 18,891,010</b>              | <b>\$ 7,776,424</b> | <b>\$ 2,772,859</b> | <b>\$ 97,375,750</b> |

**Combining Balance Sheet  
Special Revenue Funds**

State  
of  
Nevada

Exhibit B-1  
Page 2 of 2

June 30, 2001 with Comparative Totals for 2000

|  | Care of Sites<br>for Radioactive<br>Waste |                      | Stabilize the<br>Operations of<br>State | Miscellaneous        | Total All Funds         |                         |
|--|---|----------------------|---|----------------------|-------------------------|-------------------------|
|  | Contingency                               | Disposal             | Government                              |                      | 2001                    | 2000                    |
| <b>Assets</b>                              |   |                      |   |                      |                         |                         |
| <i>Cash and pooled investments:</i>        |   |                      |   |                      |                         |                         |
| Cash with treasurer                        | \$ 5,665,344                              | \$ 10,839,382        | \$ 136,340,970                          | \$ 8,899,588         | \$ 658,149,009          | \$ 516,482,321          |
| Cash in custody of other officials         | -0-                                       | -0-                  | -0-                                     | -0-                  | 1,284,603               | 337,431                 |
| Investments                                | -0-                                       | -0-                  | -0-                                     | -0-                  | 1,177,115,456           | 1,177,476,097           |
| Collateral on loaned securities            | -0-                                       | 3,706,734            | -0-                                     | 1,990,544            | 177,765,406             | 85,608,838              |
| <i>Receivables:</i>                        |   |                      |   |                      |                         |                         |
| Accounts receivable                        | -0-                                       | 25,628               | -0-                                     | 80,167               | 2,216,642               | 1,774,594               |
| Taxes receivable                           | -0-                                       | -0-                  | -0-                                     | -0-                  | 32,743,795              | 28,153,198              |
| Intergovernmental receivables              | -0-                                       | -0-                  | -0-                                     | 106,844              | 54,108,430              | 36,588,056              |
| Notes receivable                           | -0-                                       | -0-                  | -0-                                     | 2,578,423            | 2,578,423               | 2,705,285               |
| Other receivables                          | -0-                                       | -0-                  | -0-                                     | -0-                  | -0-                     | 27,840                  |
| Due from other funds                       | 37,654,465                                | 139,926              | -0-                                     | 2,368,866            | 89,706,586              | 65,232,505              |
| Due from component unit                    | -0-                                       | -0-                  | -0-                                     | -0-                  | 4,414                   | 3,173                   |
| Interfund receivables                      | -0-                                       | -0-                  | -0-                                     | -0-                  | 2,212                   | 2,212                   |
| Inventory                                  | -0-                                       | -0-                  | -0-                                     | -0-                  | 10,501,877              | 13,628,051              |
| Advances to other funds                    | -0-                                       | -0-                  | -0-                                     | -0-                  | 17,707                  | 19,919                  |
| Restricted assets (non-cash)               | -0-                                       | -0-                  | -0-                                     | -0-                  | -0-                     | 23,232,108              |
| Prepaid items                              | -0-                                       | -0-                  | -0-                                     | -0-                  | 118,967                 | 163,632                 |
| <b>Total assets</b>                        | <b>\$ 43,319,809</b>                      | <b>\$ 14,711,670</b> | <b>\$ 136,340,970</b>                   | <b>\$ 16,024,432</b> | <b>\$ 2,206,313,527</b> | <b>\$ 1,951,435,260</b> |
| <b>Liabilities and Fund Balances</b>       |   |                      |   |                      |                         |                         |
| <i>Liabilities:</i>                        |   |                      |   |                      |                         |                         |
| <i>Accounts payable and accruals:</i>      |   |                      |   |                      |                         |                         |
| Accounts payable                           | \$ -0-                                    | \$ 2,352             | \$ -0-                                  | \$ 904,393           | \$ 39,993,446           | \$ 51,269,264           |
| Accrued payroll and related liabilities    | -0-                                       | -0-                  | -0-                                     | 242,072              | 9,993,966               | 9,442,756               |
| Intergovernmental payables                 | -0-                                       | -0-                  | -0-                                     | 437                  | 27,792,833              | 24,570,564              |
| Contracts/retentions payable               | 28,394                                    | -0-                  | -0-                                     | -0-                  | 11,988,655              | 3,233,726               |
| Obligations under securities lending       | -0-                                       | 3,706,734            | -0-                                     | 1,990,544            | 177,765,406             | 85,608,838              |
| Due to other funds                         | 214,899                                   | 10,231               | -0-                                     | 1,077,514            | 44,378,858              | 41,363,767              |
| Due to component unit                      | -0-                                       | -0-                  | -0-                                     | -0-                  | 597,709                 | 714,849                 |
| Interfund payables                         | -0-                                       | -0-                  | -0-                                     | 162,003              | 162,003                 | -0-                     |
| Deferred revenue                           | -0-                                       | -0-                  | -0-                                     | 117,675              | 7,974,052               | 10,070,432              |
| <i>Other liabilities:</i>                  |   |                      |   |                      |                         |                         |
| Payable from restricted assets             | -0-                                       | -0-                  | -0-                                     | -0-                  | -0-                     | 23,232,108              |
| <b>Total liabilities</b>                   | <b>243,293</b>                            | <b>3,719,317</b>     | <b>-0-</b>                              | <b>4,494,638</b>     | <b>320,646,928</b>      | <b>249,506,304</b>      |
| <i>Fund balances:</i>                      |   |                      |   |                      |                         |                         |
| <i>Reserved:</i>                           |   |                      |   |                      |                         |                         |
| Encumbrances and contracts                 | -0-                                       | -0-                  | -0-                                     | 32,979               | 115,846,050             | 158,596,530             |
| Inventory                                  | -0-                                       | -0-                  | -0-                                     | -0-                  | 10,501,876              | 13,628,051              |
| Advances                                   | -0-                                       | -0-                  | -0-                                     | -0-                  | 17,707                  | 19,919                  |
| Balances forward                           | 31,603,799                                | -0-                  | -0-                                     | -0-                  | 178,065,379             | 58,330,339              |
| <i>Other:</i>                              |   |                      |   |                      |                         |                         |
| Fiscal emergency                           | -0-                                       | -0-                  | 136,340,970                             | -0-                  | 136,340,970             | 147,095,587             |
| Investments in municipal securities        | -0-                                       | -0-                  | -0-                                     | -0-                  | 1,172,875,456           | 1,177,476,097           |
| Revolving loans                            | -0-                                       | -0-                  | -0-                                     | -0-                  | 46,149,554              | 24,584,123              |
| Other                                      | -0-                                       | -0-                  | -0-                                     | 8,355,299            | 8,474,266               | 6,025,057               |
| <i>Unreserved:</i>                         |   |                      |   |                      |                         |                         |
| Undesignated                               | 11,472,717                                | 10,992,353           | -0-                                     | 3,141,516            | 217,395,341             | 116,173,253             |
| <b>Total fund balances</b>                 | <b>43,076,516</b>                         | <b>10,992,353</b>    | <b>136,340,970</b>                      | <b>11,529,794</b>    | <b>1,885,666,599</b>    | <b>1,701,928,956</b>    |
| <b>Total liabilities and fund balances</b> | <b>\$ 43,319,809</b>                      | <b>\$ 14,711,670</b> | <b>\$ 136,340,970</b>                   | <b>\$ 16,024,432</b> | <b>\$ 2,206,313,527</b> | <b>\$ 1,951,435,260</b> |

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

*For the Fiscal Year Ended June 30, 2001 with Comparative Totals for 2000*

|  | <b>State<br/>Highway</b> | <b>School<br/>Improvement</b> | <b>Employment<br/>Security</b> | <b>Regulatory</b>   | <b>Legislative</b>  |
|--|--------------------------|-------------------------------|--------------------------------|---------------------|---------------------|
| <b>Revenues</b>  |                          |                               |                                |                     |                     |
| Gaming taxes, fees, licenses   | \$ -0-                   | \$ -0-                        | \$ -0-                         | \$ 6,241,214        | \$ -0-              |
| Intergovernmental  | 181,311,341              | -0-                           | 30,490,680                     | 198,489             | -0-                 |
| Other taxes  | 238,128,235              | 19,959,058                    | 10,622,774                     | 7,228,293           | -0-                 |
| Licenses, fees and permits   | 119,359,839              | -0-                           | -0-                            | 7,082,308           | 60,493              |
| Sales and charges for services   | 9,924,054                | -0-                           | 752,656                        | 29,516              | 284,340             |
| Interest and investment income   | 17,036,714               | 2,866,588                     | 982,099                        | 151,684             | -0-                 |
| Tobacco settlement income  | -0-                      | -0-                           | -0-                            | -0-                 | -0-                 |
| Other  | 5,949,888                | 2,258                         | 1,282,930                      | 198,462             | 183,986             |
| <b>Total revenues</b>  | <b>571,710,071</b>       | <b>22,827,904</b>             | <b>44,131,139</b>              | <b>21,129,966</b>   | <b>528,819</b>      |
| <b>Expenditures</b>  |                          |                               |                                |                     |                     |
| <i>Current:</i>  |                          |                               |                                |                     |                     |
| General government   | 2,648,680                | 443,484                       | 152,985                        | 23,356              | 31,956,986          |
| Health and social services   | -0-                      | -0-                           | 32,106,598                     | -0-                 | -0-                 |
| Education and support services   | -0-                      | -0-                           | -0-                            | -0-                 | -0-                 |
| Law, justice and public safety   | 108,866,547              | -0-                           | -0-                            | -0-                 | -0-                 |
| Regulation of business   | -0-                      | -0-                           | -0-                            | 17,537,884          | -0-                 |
| Transportation   | 484,219,227              | -0-                           | -0-                            | -0-                 | -0-                 |
| Recreation, resource development   | -0-                      | -0-                           | -0-                            | -0-                 | -0-                 |
| <i>Intergovernmental:</i>  |                          |                               |                                |                     |                     |
| Other  | 4,817,660                | -0-                           | -0-                            | 460                 | -0-                 |
| <i>Debt service:</i>   |                          |                               |                                |                     |                     |
| Principal  | 1,393,015                | -0-                           | -0-                            | 18,686              | 73,938              |
| Interest   | 171,812                  | -0-                           | -0-                            | 5,027               | 21,381              |
| Arbitrage payments   | -0-                      | -0-                           | -0-                            | -0-                 | -0-                 |
| <b>Total expenditures</b>  | <b>602,116,941</b>       | <b>443,484</b>                | <b>32,259,583</b>              | <b>17,585,413</b>   | <b>32,052,305</b>   |
| Excess (deficiency) of revenues<br>over expenditures   | (30,406,870)             | 22,384,420                    | 11,871,556                     | 3,544,553           | (31,523,486)        |
| <b>Other Financing Sources (Uses)</b>  |                          |                               |                                |                     |                     |
| Proceeds from capital leases   | -0-                      | -0-                           | -0-                            | -0-                 | 83,427              |
| Proceeds from sale of bonds  | 100,484,667              | -0-                           | -0-                            | -0-                 | -0-                 |
| Proceeds from sale of fixed assets   | -0-                      | -0-                           | -0-                            | 9,010               | -0-                 |
| Operating transfers in   | 1,299,454                | -0-                           | -0-                            | 1,950,326           | 33,842,068          |
| Transfer from component unit   | -0-                      | -0-                           | -0-                            | -0-                 | -0-                 |
| Operating transfers out  | (11,464,012)             | (16,767,624)                  | (6,714,333)                    | (6,005,851)         | (10,500)            |
| Transfer to component unit   | -0-                      | -0-                           | -0-                            | -0-                 | -0-                 |
| <b>Total other financing<br/>sources (uses)</b>  | <b>90,320,109</b>        | <b>(16,767,624)</b>           | <b>(6,714,333)</b>             | <b>(4,046,515)</b>  | <b>33,914,995</b>   |
| Excess (deficiency) of revenues and<br>other financing sources over<br>expenditures and other financing uses | 59,913,239               | 5,616,796                     | 5,157,223                      | (501,962)           | 2,391,509           |
| Fund balances, July 1  | 143,962,903              | 28,871,728                    | 9,747,177                      | 8,486,680           | 5,693,318           |
| Prior period adjustment  | -0-                      | -0-                           | -0-                            | -0-                 | -0-                 |
| Fund balances, July 1, as restated   | 143,962,903              | 28,871,728                    | 9,747,177                      | 8,486,680           | 5,693,318           |
| <b>Fund balances, June 30</b>  | <b>\$ 203,876,142</b>    | <b>\$ 34,488,524</b>          | <b>\$ 14,904,400</b>           | <b>\$ 7,984,718</b> | <b>\$ 8,084,827</b> |

| <b>Municipal<br/>Bond Bank</b> | <b>Workers'<br/>Compensation<br/>and Safety</b> | <b>Higher<br/>Education<br/>Capital<br/>Construction</b> | <b>Cleaning up<br/>Petroleum<br/>Discharges</b> | <b>Hospital<br/>Care to<br/>Indigent<br/>Persons</b> | <b>Tourism<br/>Promotion</b> | <b>Offenders'<br/>Store</b> | <b>Tobacco<br/>Settlement</b> |
|--------------------------------|---|--|---|--|------------------------------|-----------------------------|-------------------------------|
| \$ -0-                         | \$ -0-  | \$ 16,179,531  | \$ -0-  | \$ -0-   | \$ -0-                       | \$ -0-                      | \$ -0-                        |
| 16,554,781                     | 1,853,646                                       | -0-  | -0-   | 110,079  | -0-                          | -0-                         | -0-                           |
| -0-                            | 22,785,562                                      | -0-  | 128,726   | 12,919,685   | 12,141,438                   | -0-                         | -0-                           |
| -0-                            | 249,925   | -0-  | 410,116   | -0-  | 94,379                       | -0-                         | -0-                           |
| -0-                            | 3,910   | -0-  | -0-   | -0-  | -0-                          | 10,377,624                  | -0-                           |
| 66,970,087                     | 2,257,199                                       | -0-  | 699,213   | 764,993  | -0-                          | 135,074                     | 4,159,383                     |
| -0-                            | -0-   | -0-  | -0-   | -0-  | -0-                          | -0-                         | 38,238,118                    |
| 165,110                        | 1,450,757                                       | -0-  | 31,715  | -0-  | -0-                          | 120,779                     | 5,000                         |
| <b>83,689,978</b>              | <b>28,600,999</b>                               | <b>16,179,531</b>  | <b>1,269,770</b>                                | <b>13,794,757</b>                                    | <b>12,235,817</b>            | <b>10,633,477</b>           | <b>42,402,501</b>             |
| 629,807                        | 346,696   | -0-  | 104,203   | 126,263  | -0-                          | 19,680                      | 908,614                       |
| 939,940                        | -0-   | -0-  | -0-   | 3,599,634  | -0-                          | -0-                         | 4,688,356                     |
| -0-                            | -0-   | -0-  | -0-   | -0-  | -0-                          | -0-                         | -0-                           |
| -0-                            | -0-   | -0-  | -0-   | -0-  | -0-                          | 8,034,981                   | -0-                           |
| 500                            | 15,120,250                                      | -0-  | -0-   | -0-  | -0-                          | -0-                         | -0-                           |
| -0-                            | -0-   | -0-  | -0-   | -0-  | -0-                          | -0-                         | -0-                           |
| 2,445,231                      | -0-   | -0-  | 5,726,535                                       | -0-  | 8,595,357                    | -0-                         | -0-                           |
| 4,293,445                      | -0-   | -0-  | 266,868   | 5,642,756  | -0-                          | -0-                         | 516,009                       |
| -0-                            | -0-   | -0-  | -0-   | -0-  | -0-                          | -0-                         | -0-                           |
| -0-                            | -0-   | -0-  | -0-   | -0-  | -0-                          | -0-                         | -0-                           |
| 145,800                        | -0-   | -0-  | -0-   | -0-  | -0-                          | -0-                         | -0-                           |
| <b>8,454,723</b>               | <b>15,466,946</b>                               | <b>-0-</b>   | <b>6,097,606</b>                                | <b>9,368,653</b>                                     | <b>8,595,357</b>             | <b>8,054,661</b>            | <b>6,112,979</b>              |
| <b>75,235,255</b>              | <b>13,134,053</b>                               | <b>16,179,531</b>  | <b>(4,827,836)</b>                              | <b>4,426,104</b>                                     | <b>3,640,460</b>             | <b>2,578,816</b>            | <b>36,289,522</b>             |
| -0-                            | -0-   | -0-  | -0-   | -0-  | -0-                          | -0-                         | -0-                           |
| 49,226,998                     | -0-   | -0-  | -0-   | -0-  | -0-                          | -0-                         | -0-                           |
| -0-                            | 3,573   | -0-  | -0-   | -0-  | -0-                          | -0-                         | -0-                           |
| 10,639                         | -0-   | -0-  | -0-   | -0-  | -0-                          | 2                           | -0-                           |
| -0-                            | -0-   | 2,424,094  | -0-   | -0-  | -0-                          | -0-                         | -0-                           |
| (85,827,081)                   | (8,004,740)                                     | (14,943,191)   | (651,406)                                       | -0-  | (1,904,855)                  | (2,630,860)                 | (72,735)                      |
| -0-                            | -0-   | -0-  | -0-   | -0-  | -0-                          | -0-                         | (7,909,702)                   |
| <b>(36,589,444)</b>            | <b>(8,001,167)</b>                              | <b>(12,519,097)</b>                                      | <b>(651,406)</b>                                | <b>-0-</b>   | <b>(1,904,855)</b>           | <b>(2,630,858)</b>          | <b>(7,982,437)</b>            |
| 38,645,811                     | 5,132,886                                       | 3,660,434  | (5,479,242)                                     | 4,426,104  | 1,735,605                    | (52,042)                    | 28,307,085                    |
| 1,243,361,610                  | 20,709,951                                      | 8,020,611  | 9,654,563                                       | 6,588,492  | 4,447,292                    | 1,884,189                   | 43,345,006                    |
| -0-                            | -0-   | -0-  | -0-   | -0-  | -0-                          | -0-                         | -0-                           |
| <b>1,243,361,610</b>           | <b>20,709,951</b>                               | <b>8,020,611</b>   | <b>9,654,563</b>                                | <b>6,588,492</b>                                     | <b>4,447,292</b>             | <b>1,884,189</b>            | <b>43,345,006</b>             |
| <b>\$ 1,282,007,421</b>        | <b>\$ 25,842,837</b>                            | <b>\$ 11,681,045</b>                                     | <b>\$ 4,175,321</b>                             | <b>\$ 11,014,596</b>                                 | <b>\$ 6,182,897</b>          | <b>\$ 1,832,147</b>         | <b>\$ 71,652,091</b>          |

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

State  
of  
Nevada

Exhibit B-2  
Page 2 of 2

For the Fiscal Year Ended June 30, 2001 with Comparative Totals for 2000

|  | Care of Sites<br>for Radioactive<br>Waste |                      | Stabilize the<br>Operations of<br>State | Miscellaneous        | Total All Funds         |                         |
|--|---|----------------------|---|----------------------|-------------------------|-------------------------|
|  | Contingency                               | Disposal             | Government                              |                      | 2001                    | 2000                    |
| <b>Revenues</b>  |   |                      |   |                      |                         |                         |
| Gaming taxes, fees, licenses   | \$ -0-                                    | \$ -0-               | \$ -0-                                  | \$ -0-               | \$ 22,420,745           | \$ 22,104,199           |
| Intergovernmental  | -0-                                       | -0-                  | -0-                                     | 1,552,000            | 232,071,016             | 208,985,263             |
| Other taxes  | -0-                                       | -0-                  | -0-                                     | 1,840,951            | 325,754,722             | 360,864,451             |
| Licenses, fees and permits   | -0-                                       | 136,705              | -0-                                     | 5,264,146            | 132,657,911             | 135,514,111             |
| Sales and charges for services   | -0-                                       | -0-                  | -0-                                     | -0-                  | 21,372,100              | 19,632,079              |
| Interest and investment income   | -0-                                       | 864,193              | -0-                                     | 705,102              | 97,592,329              | 85,688,851              |
| Tobacco settlement income  | -0-                                       | -0-                  | -0-                                     | -0-                  | 38,238,118              | 42,917,159              |
| Other  | -0-                                       | -0-                  | -0-                                     | 3,042,375            | 12,433,260              | 12,047,165              |
| <b>Total revenues</b>  | <b>-0-</b>                                | <b>1,000,898</b>     | <b>-0-</b>                              | <b>12,404,574</b>    | <b>882,540,201</b>      | <b>887,753,278</b>      |
| <b>Expenditures</b>  |   |                      |   |                      |                         |                         |
| <i>Current:</i>  |   |                      |   |                      |                         |                         |
| General government   | 56,508                                    | 130,440              | -0-                                     | 7,929,859            | 45,477,561              | 31,969,705              |
| Health and social services   | -0-                                       | 40,112               | -0-                                     | -0-                  | 41,374,640              | 39,860,570              |
| Education and support services   | -0-                                       | -0-                  | -0-                                     | 928,414              | 928,414                 | 937,762                 |
| Law, justice and public safety   | -0-                                       | -0-                  | -0-                                     | 3,238,415            | 120,139,943             | 122,917,397             |
| Regulation of business   | -0-                                       | -0-                  | -0-                                     | 535,466              | 33,194,100              | 37,040,704              |
| Transportation   | -0-                                       | -0-                  | -0-                                     | -0-                  | 484,219,227             | 537,747,612             |
| Recreation, resource development   | -0-                                       | -0-                  | -0-                                     | -0-                  | 16,767,123              | 14,600,642              |
| <i>Intergovernmental:</i>  |   |                      |   |                      |                         |                         |
| Other  | 260,706                                   | -0-                  | -0-                                     | 7,500                | 15,805,404              | 14,993,240              |
| <i>Debt service:</i>   |   |                      |   |                      |                         |                         |
| Principal  | -0-                                       | -0-                  | -0-                                     | -0-                  | 1,485,639               | 1,506,311               |
| Interest   | -0-                                       | -0-                  | -0-                                     | -0-                  | 198,220                 | 265,621                 |
| Arbitrage payments   | -0-                                       | -0-                  | -0-                                     | -0-                  | 145,800                 | -0-                     |
| <b>Total expenditures</b>  | <b>317,214</b>                            | <b>170,552</b>       | <b>-0-</b>                              | <b>12,639,654</b>    | <b>759,736,071</b>      | <b>801,839,564</b>      |
| Excess (deficiency) of revenues<br>over expenditures   | (317,214)                                 | 830,346              | -0-                                     | (235,080)            | 122,804,130             | 85,913,714              |
| <b>Other Financing Sources (Uses)</b>  |   |                      |   |                      |                         |                         |
| Proceeds from capital leases   | -0-                                       | -0-                  | -0-                                     | -0-                  | 83,427                  | 37,888                  |
| Proceeds from sale of bonds  | -0-                                       | -0-                  | -0-                                     | -0-                  | 149,711,665             | 17,912,790              |
| Proceeds from sale of fixed assets   | -0-                                       | -0-                  | -0-                                     | 1,417                | 14,000                  | 8,913                   |
| Operating transfers in   | 42,893,490                                | -0-                  | -0-                                     | 3,802,445            | 83,798,424              | 43,418,217              |
| Transfer from component unit   | -0-                                       | -0-                  | -0-                                     | -0-                  | 2,424,094               | 60,000                  |
| Operating transfers out  | (816,140)                                 | (219,673)            | -0-                                     | (400,777)            | (156,433,778)           | (145,918,177)           |
| Transfer to component unit   | -0-                                       | -0-                  | -0-                                     | -0-                  | (7,909,702)             | (130,680)               |
| <b>Total other financing<br/>sources (uses)</b>  | <b>42,077,350</b>                         | <b>(219,673)</b>     | <b>-0-</b>                              | <b>3,403,085</b>     | <b>71,688,130</b>       | <b>(84,611,049)</b>     |
| Excess (deficiency) of revenues and<br>other financing sources over<br>expenditures and other financing uses | 41,760,136                                | 610,673              | -0-                                     | 3,168,005            | 194,492,260             | 1,302,665               |
| Fund balances, July 1  | 1,316,380                                 | 10,381,680           | 147,095,587                             | 8,361,789            | 1,701,928,956           | 1,700,626,291           |
| Prior period adjustment  | -0-                                       | -0-                  | (10,754,617)                            | -0-                  | (10,754,617)            | -0-                     |
| Fund balances, July 1, as restated   | 1,316,380                                 | 10,381,680           | 136,340,970                             | 8,361,789            | 1,691,174,339           | 1,700,626,291           |
| <b>Fund balances, June 30</b>  | <b>\$ 43,076,516</b>                      | <b>\$ 10,992,353</b> | <b>\$ 136,340,970</b>                   | <b>\$ 11,529,794</b> | <b>\$ 1,885,666,599</b> | <b>\$ 1,701,928,956</b> |

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

| <u>Purpose</u>                                   | <u>Issued</u>           | <u>Final Maturity</u> | <u>Outstanding Balance June 30, 2001</u> |
|--|-------------------------|-----------------------|--|
| Purchase of Municipal Securities                 | \$ 1,410,010,000        | 2028                  | \$ 1,104,930,000                         |
| Capital Construction, Acquisition and Renovation | 982,960,000             | 2019                  | 647,985,000                              |
| University Projects                              | 130,741,000             | 2017                  | 86,695,000                               |
| Recreation and Resource Development              | 542,315,000             | 2025                  | 332,780,000                              |
| Various Purpose                                  | 60,196,245              | 2015                  | 40,501,435                               |
|  | <u>\$ 3,126,222,245</u> |                       | <u>\$ 2,212,891,435</u>                  |

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

|   |                       |      |                       |
|---|-----------------------|------|-----------------------|
| Highway Improvement<br>(Motor Vehicle Fuel Tax) | <u>\$ 100,000,000</u> | 2011 | <u>\$ 100,000,000</u> |
|---|-----------------------|------|-----------------------|

Some issues have been partially refunded by various refunding issues.

**Combining Balance Sheet  
Debt Service Funds**

State  
of  
Nevada

June 30, 2001 with Comparative Totals for 2000

Exhibit C-1

|  | Cons Bond<br>Interest and<br>Redemption | Highway<br>Revenue<br>Bonds | Total Both Funds      |                       |
|--|---|-----------------------------|-----------------------|-----------------------|
|  |   |                             | 2001                  | 2000                  |
| <b>Assets</b>                              |   |                             |                       |                       |
| <i>Cash and pooled investments:</i>        |   |                             |                       |                       |
| Cash with treasurer                        | \$ 34,858,964                           | \$ 4,032,500                | \$ 38,891,464         | \$ 37,811,719         |
| Cash in custody of other officials         | 12,921                                  | -0-                         | 12,921                | 12,921                |
| Collateral on loaned securities            | 8,226,167                               | -0-                         | 8,226,167             | 9,520,606             |
| <i>Receivables:</i>                        |   |                             |                       |                       |
| Intergovernmental receivables              | 320,507,441                             | -0-                         | 320,507,441           | 377,490,528           |
| Due from other funds                       | 17,083,173                              | 1,089,414                   | 18,172,587            | 14,922,634            |
| <b>Total assets</b>                        | <b>\$ 380,688,666</b>                   | <b>\$ 5,121,914</b>         | <b>\$ 385,810,580</b> | <b>\$ 439,758,408</b> |
| <b>Liabilities and Fund Balances</b>       |   |                             |                       |                       |
| <i>Liabilities:</i>                        |   |                             |                       |                       |
| <i>Accounts payable and accruals:</i>      |   |                             |                       |                       |
| Accounts payable                           | \$ 157,395                              | \$ -0-                      | \$ 157,395            | \$ 24,752             |
| Matured interest payable                   | 7,921                                   | -0-                         | 7,921                 | 7,921                 |
| Matured bonds payable                      | 5,000                                   | -0-                         | 5,000                 | 5,000                 |
| Interest payable                           | 6,238,115                               | -0-                         | 6,238,115             | 6,230,006             |
| Obligations under securities lending       | 8,226,167                               | -0-                         | 8,226,167             | 9,520,606             |
| Due to other funds                         | 7,464                                   | -0-                         | 7,464                 | -0-                   |
| Due to component unit                      | -0-                                     | -0-                         | -0-                   | 170,946               |
| Deferred revenue                           | 319,974,831                             | -0-                         | 319,974,831           | 379,120,315           |
| Bonds payable                              | 8,575,000                               | -0-                         | 8,575,000             | 8,160,000             |
| <b>Total liabilities</b>                   | <b>343,191,893</b>                      | <b>-0-</b>                  | <b>343,191,893</b>    | <b>403,239,546</b>    |
| <i>Fund balances:</i>                      |   |                             |                       |                       |
| Reserved for debt service                  | 37,496,773                              | 5,121,914                   | 42,618,687            | 36,518,862            |
| <b>Total liabilities and fund balances</b> | <b>\$ 380,688,666</b>                   | <b>\$ 5,121,914</b>         | <b>\$ 385,810,580</b> | <b>\$ 439,758,408</b> |

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

State  
of  
Nevada

For the Fiscal Year Ended June 30, 2001 with Comparative Totals for 2000

Exhibit C-2

|  | Cons Bond<br>Interest and<br>Redemption | Highway<br>Revenue<br>Bonds | Total Both Funds     |                      |
|--|---|-----------------------------|----------------------|----------------------|
|  |   |                             | 2001                 | 2000                 |
| <b>Revenues</b>  |   |                             |                      |                      |
| Intergovernmental  | \$ 19,119,994                           | \$ -0-                      | \$ 19,119,994        | \$ 20,973,688        |
| Taxes  | 74,558,468                              | 7,375,497                   | 81,933,965           | 69,690,768           |
| Interest and investment income   | 4,329,954                               | -0-                         | 4,329,954            | 2,089,221            |
| Other  | -0-                                     | -0-                         | -0-                  | 1,889                |
| <b>Total revenues</b>  | <b>98,008,416</b>                       | <b>7,375,497</b>            | <b>105,383,913</b>   | <b>92,755,566</b>    |
| <b>Expenditures</b>  |   |                             |                      |                      |
| <i>Current:</i>  |   |                             |                      |                      |
| General government   | 593,297                                 | -0-                         | 593,297              | 443,924              |
| <i>Debt service:</i>   |   |                             |                      |                      |
| Principal  | 75,694,714                              | -0-                         | 75,694,714           | 66,559,198           |
| Interest, fiscal charges   | 117,118,227                             | 2,253,583                   | 119,371,810          | 111,333,769          |
| Bond issuance costs  | 726,562                                 | -0-                         | 726,562              | 281,529              |
| Arbitrage payments   | 451,200                                 | -0-                         | 451,200              | 24,200               |
| <b>Total expenditures</b>  | <b>194,584,000</b>                      | <b>2,253,583</b>            | <b>196,837,583</b>   | <b>178,642,620</b>   |
| Excess (deficiency) of revenues<br>over expenditures   | (96,575,584)                            | 5,121,914                   | (91,453,670)         | (85,887,054)         |
| <b>Other Financing Sources (Uses)</b>  |   |                             |                      |                      |
| Proceeds from sale of bonds  | 2,035,408                               | -0-                         | 2,035,408            | 232,919              |
| Operating transfers in   | 95,686,009                              | -0-                         | 95,686,009           | 90,779,323           |
| Transfer to component unit   | (167,922)                               | -0-                         | (167,922)            | (170,946)            |
| Proceeds of refunding bonds  | 12,637,799                              | -0-                         | 12,637,799           | -0-                  |
| Payment to refunded bond agent   | (12,637,799)                            | -0-                         | (12,637,799)         | -0-                  |
| <b>Total other financing sources (uses)</b>  | <b>97,553,495</b>                       | <b>-0-</b>                  | <b>97,553,495</b>    | <b>90,841,296</b>    |
| Excess (deficiency) of revenues and other<br>financing sources over expenditures<br>and other financing uses | 977,911                                 | 5,121,914                   | 6,099,825            | 4,954,242            |
| Fund balances, July 1  | 36,518,862                              | -0-                         | 36,518,862           | 31,564,620           |
| <b>Fund balances, June 30</b>  | <b>\$ 37,496,773</b>                    | <b>\$ 5,121,914</b>         | <b>\$ 42,618,687</b> | <b>\$ 36,518,862</b> |

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

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

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

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

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

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

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

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

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

**Combining Balance Sheet  
Capital Projects Funds**

June 30, 2001 with Comparative Totals for 2000

|  | <u>Parks Capital<br/>Project<br/>Construction</u> | <u>CIP<br/>Motor<br/>Vehicle</u> | <u>CIP<br/>Human<br/>Resources</u> | <u>CIP<br/>University<br/>System</u> | <u>CIP<br/>Gen State<br/>Gov't</u> |
|--|---|----------------------------------|------------------------------------|--------------------------------------|------------------------------------|
| <b>Assets</b>                                      |   |                                  |                                    |                                      |                                    |
| <i>Cash and pooled investments:</i>                |   |                                  |                                    |                                      |                                    |
| Cash with treasurer                                | \$ 671,471  | \$ 1,014,550                     | \$ 2,454,181                       | \$ 59,801,463                        | \$ 12,782,087                      |
| Cash in custody of other officials                 | -   | -                                | 365,707                            | -                                    | -                                  |
| Collateral on loaned securities                    | -   | -                                | -                                  | -                                    | -                                  |
| <i>Receivables:</i>                                |   |                                  |                                    |                                      |                                    |
| Intergovernmental receivable                       | 43,666  | -                                | -                                  | -                                    | -                                  |
| Other receivables                                  | -   | -                                | -                                  | -                                    | 38,662                             |
| Due from other funds                               | 555,269   | 12,759,584                       | 2,029,829                          | 3,610,828                            | 6,066,827                          |
| Due from component unit                            | -   | -                                | -                                  | 1,000,482                            | -                                  |
| <b>Total assets</b>                                | <u>\$ 1,270,406</u>                               | <u>\$ 13,774,134</u>             | <u>\$ 4,849,717</u>                | <u>\$ 64,412,773</u>                 | <u>\$ 18,887,576</u>               |
| <b>Liabilities and Fund Balances</b>               |   |                                  |                                    |                                      |                                    |
| <b>Liabilities:</b>                                |   |                                  |                                    |                                      |                                    |
| <i>Accounts payable and accruals:</i>              |   |                                  |                                    |                                      |                                    |
| Accounts payable                                   | \$ 449  | \$ 846                           | \$ 287,377                         | \$ 12,449                            | \$ 11,390                          |
| Intergovernmental payables                         | 24,982  | -                                | -                                  | -                                    | -                                  |
| <i>Contracts payable:</i>                          |   |                                  |                                    |                                      |                                    |
| Contracts payable                                  | 15,358  | 372,613                          | 221,277                            | 2,526,038                            | 510,280                            |
| Retention payable                                  | 17,544  | 106,783                          | 53,129                             | 1,369,353                            | 274,141                            |
| Obligations under securities lending               | -   | -                                | -                                  | -                                    | -                                  |
| Due to other funds                                 | 4,122   | -                                | 33,770                             | 540,230                              | 2,263,464                          |
| Due to component unit                              | -   | -                                | -                                  | 59,964,703                           | 42,300                             |
| Interfund payables                                 | 400,000   | -                                | -                                  | -                                    | -                                  |
| <b>Total liabilities</b>                           | <u>462,455</u>                                    | <u>480,242</u>                   | <u>595,553</u>                     | <u>64,412,773</u>                    | <u>3,101,575</u>                   |
| <b>Fund balances:</b>                              |   |                                  |                                    |                                      |                                    |
| <i>Reserved:</i>                                   |   |                                  |                                    |                                      |                                    |
| Encumbrances and contracts                         | 16,410  | 548,038                          | 698,868                            | -                                    | 1,100,730                          |
| <i>Unreserved:</i>                                 |   |                                  |                                    |                                      |                                    |
| Designated (deficit) for approved capital projects | 791,541   | 12,745,854                       | 3,555,296                          | -                                    | 14,685,271                         |
| <b>Total fund balances (deficits)</b>              | <u>807,951</u>                                    | <u>13,293,892</u>                | <u>4,254,164</u>                   | <u>-0-</u>                           | <u>15,786,001</u>                  |
| <b>Total liabilities and fund balances</b>         | <u>\$ 1,270,406</u>                               | <u>\$ 13,774,134</u>             | <u>\$ 4,849,717</u>                | <u>\$ 64,412,773</u>                 | <u>\$ 18,887,576</u>               |

Exhibit D-1

| CIP<br>Prison<br>System | CIP<br>Military     | CIP<br>Wildlife     | CIP<br>Assist School<br>Districts | Total All Funds       |                      |
|-------------------------|---------------------|---------------------|-----------------------------------|-----------------------|----------------------|
|                         |                     |                     |                                   | 2001                  | 2000                 |
| \$ 2,819,674            | \$ 3,130,736        | \$ 1,717,494        | \$ 15,247,271                     | \$ 99,638,927         | \$ 69,955,770        |
| -0-                     | -0-                 | -0-                 | -0-                               | 365,707               | 685,000              |
| -0-                     | -0-                 | -0-                 | 5,214,182                         | 5,214,182             | 529,681              |
| -0-                     | 848,648             | -0-                 | -0-                               | 892,314               | 1,674,973            |
| 175                     | -0-                 | -0-                 | -0-                               | 38,837                | 163,847              |
| 3,837,566               | 559,014             | -0-                 | 196,917                           | 29,615,834            | 20,048,407           |
| -0-                     | -0-                 | -0-                 | -0-                               | 1,000,482             | 821,361              |
| <u>\$ 6,657,415</u>     | <u>\$ 4,538,398</u> | <u>\$ 1,717,494</u> | <u>\$ 20,658,370</u>              | <u>\$ 136,766,283</u> | <u>\$ 93,879,039</u> |
| \$ 1,345                | \$ 223,779          | \$ -0-              | \$ 15                             | \$ 537,650            | \$ 456,235           |
| -0-                     | 109,116             | -0-                 | 5,280                             | 139,378               | 77,537               |
| 43,503                  | 1,017,326           | -0-                 | 1,825,839                         | 6,532,234             | 10,980,167           |
| 203,765                 | 2,113,875           | -0-                 | 192,390                           | 4,330,980             | 11,183,665           |
| -0-                     | -0-                 | -0-                 | 5,214,182                         | 5,214,182             | 529,681              |
| 143,901                 | 5,869               | 9,700               | -0-                               | 3,001,056             | 1,944,270            |
| -0-                     | -0-                 | -0-                 | -0-                               | 60,007,003            | 33,287,200           |
| -0-                     | -0-                 | -0-                 | -0-                               | 400,000               | 9,851,320            |
| <u>392,514</u>          | <u>3,469,965</u>    | <u>9,700</u>        | <u>7,237,706</u>                  | <u>80,162,483</u>     | <u>68,310,075</u>    |
| 437,407                 | 4,015,673           | -0-                 | 8,311,761                         | 15,128,887            | 24,826,231           |
| <u>5,827,494</u>        | <u>(2,947,240)</u>  | <u>1,707,794</u>    | <u>5,108,903</u>                  | <u>41,474,913</u>     | <u>742,733</u>       |
| <u>6,264,901</u>        | <u>1,068,433</u>    | <u>1,707,794</u>    | <u>13,420,664</u>                 | <u>56,603,800</u>     | <u>25,568,964</u>    |
| <u>\$ 6,657,415</u>     | <u>\$ 4,538,398</u> | <u>\$ 1,717,494</u> | <u>\$ 20,658,370</u>              | <u>\$ 136,766,283</u> | <u>\$ 93,879,039</u> |

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

*For the Fiscal Year Ended June 30, 2001 with Comparative Totals for 2000*

|  | <b>Parks Capital<br/>Project<br/>Construction</b> | <b>CIP<br/>Motor<br/>Vehicle</b> | <b>CIP<br/>Human<br/>Resources</b> | <b>CIP<br/>University<br/>System</b> | <b>CIP<br/>Gen State<br/>Gov't</b> |
|--|---|----------------------------------|------------------------------------|--------------------------------------|------------------------------------|
| <b>Revenues</b>  |   |                                  |                                    |                                      |                                    |
| Intergovernmental  | \$ 384,504  | \$ -0-                           | \$ -0-                             | \$ -0-                               | \$ 37,899                          |
| Interest and investment income   | 1,018   | -0-                              | 27,745                             | -0-                                  | -0-                                |
| Other  | -0-   | -0-                              | -0-                                | -0-                                  | 20,147                             |
| <b>Total revenues</b>  | <b>385,522</b>                                    | <b>-0-</b>                       | <b>27,745</b>                      | <b>-0-</b>                           | <b>58,046</b>                      |
| <b>Expenditures</b>  |   |                                  |                                    |                                      |                                    |
| <i>Current:</i>  |   |                                  |                                    |                                      |                                    |
| General government   | -0-   | -0-                              | 4,200                              | -0-                                  | -0-                                |
| <i>Intergovernmental:</i>  |   |                                  |                                    |                                      |                                    |
| Education  | -0-   | -0-                              | -0-                                | -0-                                  | -0-                                |
| <i>Capital outlay</i>  | <u>1,058,207</u>                                  | <u>2,256,615</u>                 | <u>3,792,992</u>                   | <u>-0-</u>                           | <u>3,367,062</u>                   |
| <b>Total expenditures</b>  | <b>1,058,207</b>                                  | <b>2,256,615</b>                 | <b>3,797,192</b>                   | <b>-0-</b>                           | <b>3,367,062</b>                   |
| Excess (deficiency) of revenues<br>over expenditures   | <u>(672,685)</u>                                  | <u>(2,256,615)</u>               | <u>(3,769,447)</u>                 | <u>-0-</u>                           | <u>(3,309,016)</u>                 |
| <b>Other Financing Sources (Uses)</b>  |   |                                  |                                    |                                      |                                    |
| Proceeds from sale of bonds  | 407,649   | -0-                              | 6,654,006                          | 49,375,057                           | 9,515,190                          |
| Operating transfers in   | 1,098,128   | 1,270,703                        | 2,029,829                          | -0-                                  | 4,636,408                          |
| Operating transfers out  | (19)  | (20,833)                         | (20,758)                           | -0-                                  | (5,946,876)                        |
| Transfer to component unit   | -0-   | -0-                              | -0-                                | (49,375,057)                         | -0-                                |
| <b>Total other financing sources (uses)</b>  | <b>1,505,758</b>                                  | <b>1,249,870</b>                 | <b>8,663,077</b>                   | <b>-0-</b>                           | <b>8,204,722</b>                   |
| Excess (deficiency) of revenues and other<br>financing sources over expenditures<br>and other financing uses | 833,073   | (1,006,745)                      | 4,893,630                          | -0-                                  | 4,895,706                          |
| Fund balances (deficits), July 1   | <u>(25,122)</u>                                   | <u>14,300,637</u>                | <u>(639,466)</u>                   | <u>-0-</u>                           | <u>10,890,295</u>                  |
| <b>Fund balances, June 30</b>  | <b>\$ 807,951</b>                                 | <b>\$ 13,293,892</b>             | <b>\$ 4,254,164</b>                | <b>\$ -0-</b>                        | <b>\$ 15,786,001</b>               |

Exhibit D-2

| CIP<br>Prison<br>System | CIP<br>Military | CIP<br>Wildlife | CIP<br>Assist School<br>Districts | Total All Funds |               |
|-------------------------|-----------------|-----------------|-----------------------------------|-----------------|---------------|
|                         |                 |                 |                                   | 2001            | 2000          |
| \$ -0-                  | \$ 9,009,749    | \$ -0-          | \$ -0-                            | \$ 9,432,152    | \$ 10,830,621 |
| -0-                     | -0-             | -0-             | 926,910                           | 955,673         | 290,770       |
| -0-                     | 196,127         | -0-             | -0-                               | 216,274         | 442,026       |
| -0-                     | 9,205,876       | -0-             | 926,910                           | 10,604,099      | 11,563,417    |
| -0-                     | -0-             | -0-             | 156,965                           | 161,165         | 46,022        |
| -0-                     | -0-             | -0-             | 2,741,774                         | 2,741,774       | 507,507       |
| 13,920,456              | 12,990,586      | 103,261         | -0-                               | 37,489,179      | 150,094,770   |
| 13,920,456              | 12,990,586      | 103,261         | 2,898,739                         | 40,392,118      | 150,648,299   |
| (13,920,456)            | (3,784,710)     | (103,261)       | (1,971,829)                       | (29,788,019)    | (139,084,882) |
| 17,450,558              | 1,452,388       | -0-             | 15,900,000                        | 100,754,848     | 73,078,419    |
| 6,364,081               | 208,500         | -0-             | -0-                               | 15,607,649      | 8,923,892     |
| (161,479)               | (4,920)         | (9,700)         | -0-                               | (6,164,585)     | (1,751,068)   |
| -0-                     | -0-             | -0-             | -0-                               | (49,375,057)    | (36,443,971)  |
| 23,653,160              | 1,655,968       | (9,700)         | 15,900,000                        | 60,822,855      | 43,807,272    |
| 9,732,704               | (2,128,742)     | (112,961)       | 13,928,171                        | 31,034,836      | (95,277,610)  |
| (3,467,803)             | 3,197,175       | 1,820,755       | (507,507)                         | 25,568,964      | 120,846,574   |
| \$ 6,264,901            | \$ 1,068,433    | \$ 1,707,794    | \$ 13,420,664                     | \$ 56,603,800   | \$ 25,568,964 |

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

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

**Prison Industry** Accounts for a self-supporting program of job training through the employment

of inmates in farming and manufacturing (NRS 209.189).

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

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

**Combining Balance Sheet  
Enterprise Funds**

State  
of  
Nevada

June 30, 2001 with Comparative Totals for 2000

Exhibit E-1

|  | Housing<br>Division     | Forestry<br>Nurseries | Prison<br>Industry  | Nevada<br>Magazine | Marlette Lake<br>Water System | Total All Funds         |                         |
|--|-------------------------|-----------------------|---------------------|--------------------|-------------------------------|-------------------------|-------------------------|
|  |                         |                       |                     |                    |                               | 2001                    | 2000                    |
| <b>Assets</b>                                    |                         |                       |                     |                    |                               |                         |                         |
| <i>Cash and pooled investments:</i>              |                         |                       |                     |                    |                               |                         |                         |
| Cash with treasurer                              | \$ 40,438               | \$ 352,809            | \$ 2,522,369        | \$ 6,648           | \$ 73,816                     | \$ 2,996,080            | \$ 2,767,769            |
| Cash in custody of other officials               | 70,005                  | -0-                   | -0-                 | 141                | -0-                           | 70,146                  | 611,504                 |
| Investments                                      | 352,886,208             | -0-                   | -0-                 | -0-                | -0-                           | 352,886,208             | 250,627,267             |
| Collateral on loaned securities                  | -0-                     | -0-                   | 854,233             | -0-                | -0-                           | 854,233                 | 489,654                 |
| <i>Receivables:</i>                              |                         |                       |                     |                    |                               |                         |                         |
| Accounts receivable                              | -0-                     | 2,465                 | 338,266             | 85,525             | 378                           | 426,634                 | 491,161                 |
| Accrued interest and dividends                   | 12,215,961              | -0-                   | -0-                 | -0-                | -0-                           | 12,215,961              | 9,213,535               |
| Intergovernmental receivables                    | 36,903                  | 617                   | 54,594              | 1,903              | 26,510                        | 120,527                 | 124,004                 |
| Due from other funds                             | -0-                     | 8,866                 | 335,870             | 25,000             | 34,168                        | 403,904                 | 318,805                 |
| Due from component unit                          | -0-                     | -0-                   | 2,749               | -0-                | 4,341                         | 7,090                   | 19,289                  |
| Inventory  | -0-                     | 135,003               | 1,290,787           | 15,629             | -0-                           | 1,441,419               | 1,261,003               |
| <i>Restricted assets:</i>                        |                         |                       |                     |                    |                               |                         |                         |
| Cash   | 29,771                  | -0-                   | -0-                 | -0-                | -0-                           | 29,771                  | 636,476                 |
| Non-cash   | 100,861,577             | -0-                   | -0-                 | -0-                | -0-                           | 100,861,577             | 91,756,292              |
| Mortgage loans receivable                        | 954,803,457             | -0-                   | -0-                 | -0-                | -0-                           | 954,803,457             | 940,886,178             |
| <i>Deferred charges and other assets:</i>        |                         |                       |                     |                    |                               |                         |                         |
| Prepaid expenses                                 | -0-                     | 50                    | 584                 | 73,600             | -0-                           | 74,234                  | 74,921                  |
| Deferred charges                                 | 10,756,520              | -0-                   | -0-                 | -0-                | -0-                           | 10,756,520              | 10,521,684              |
| Other assets                                     | 3,815,841               | -0-                   | -0-                 | -0-                | -0-                           | 3,815,841               | 3,040,939               |
| Land   | -0-                     | -0-                   | 20,579              | -0-                | 414,672                       | 435,251                 | 435,251                 |
| Structures and improvements                      | -0-                     | -0-                   | 2,149,651           | -0-                | 1,129,260                     | 3,278,911               | 3,334,396               |
| Furniture and equipment                          | 210,166                 | 71,763                | 850,363             | 10,394             | 1,504,574                     | 2,647,260               | 2,626,624               |
| Accumulated depreciation                         | (201,545)               | (71,763)              | (2,001,595)         | (10,394)           | (2,033,156)                   | (4,318,453)             | (4,167,738)             |
| Construction in progress                         | -0-                     | -0-                   | 330,000             | -0-                | -0-                           | 330,000                 | -0-                     |
| <b>Total assets</b>                              | <b>\$1,435,525,302</b>  | <b>\$ 499,810</b>     | <b>\$ 6,748,450</b> | <b>\$ 208,446</b>  | <b>\$ 1,154,563</b>           | <b>\$1,444,136,571</b>  | <b>\$1,315,069,014</b>  |
| <b>Liabilities and Fund Equity</b>               |                         |                       |                     |                    |                               |                         |                         |
| <i>Liabilities:</i>                              |                         |                       |                     |                    |                               |                         |                         |
| <i>Accounts payable and accruals:</i>            |                         |                       |                     |                    |                               |                         |                         |
| Accounts payable                                 | \$ 6,042,790            | \$ 10,134             | \$ 587,793          | \$ 44,543          | \$ 9,353                      | \$ 6,694,613            | \$ 7,003,442            |
| Interest payable                                 | 16,599,683              | -0-                   | -0-                 | -0-                | -0-                           | 16,599,683              | 25,245,049              |
| Intergovernmental payables                       | -0-                     | -0-                   | -0-                 | -0-                | -0-                           | -0-                     | 41,576                  |
| Obligations under securities lending             | -0-                     | -0-                   | 854,233             | -0-                | -0-                           | 854,233                 | 489,654                 |
| Due to other funds                               | 14,083                  | 1,474                 | 197,717             | 1,168              | 3,163                         | 217,605                 | 159,092                 |
| Interfund payables                               | -0-                     | -0-                   | 10,000              | -0-                | 20,966                        | 30,966                  | 22,676                  |
| Accrued compensated absences                     | 118,549                 | 15,560                | 118,316             | 55,849             | -0-                           | 308,274                 | 307,613                 |
| Deferred revenues                                | -0-                     | -0-                   | 19,684              | 682,484            | -0-                           | 702,168                 | 518,401                 |
| Bonds payable                                    | 1,276,954,000           | -0-                   | -0-                 | -0-                | -0-                           | 1,276,954,000           | 1,153,231,499           |
| Advances from general fund                       | -0-                     | -0-                   | 25,000              | -0-                | 115,324                       | 140,324                 | 159,953                 |
| Other liabilities                                | -0-                     | -0-                   | 14,460              | -0-                | -0-                           | 14,460                  | 37,930                  |
| <b>Total liabilities</b>                         | <b>1,299,729,105</b>    | <b>27,168</b>         | <b>1,827,203</b>    | <b>784,044</b>     | <b>148,806</b>                | <b>1,302,516,326</b>    | <b>1,187,216,885</b>    |
| <i>Fund equity (deficit):</i>                    |                         |                       |                     |                    |                               |                         |                         |
| Contributed capital                              | -0-                     | 68,382                | 2,179,590           | 66,849             | 2,885,884                     | 5,200,705               | 5,200,705               |
| <i>Retained earnings (deficit):</i>              |                         |                       |                     |                    |                               |                         |                         |
| Reserved as security for outstanding obligations | 132,845,733             | -0-                   | -0-                 | -0-                | -0-                           | 132,845,733             | 119,368,186             |
| Unreserved                                       | 2,950,464               | 404,260               | 2,741,657           | (642,447)          | (1,880,127)                   | 3,573,807               | 3,283,238               |
| <b>Total fund equity (deficit)</b>               | <b>135,796,197</b>      | <b>472,642</b>        | <b>4,921,247</b>    | <b>(575,598)</b>   | <b>1,005,757</b>              | <b>141,620,245</b>      | <b>127,852,129</b>      |
| <b>Total liabilities and fund equity</b>         | <b>\$ 1,435,525,302</b> | <b>\$ 499,810</b>     | <b>\$ 6,748,450</b> | <b>\$ 208,446</b>  | <b>\$ 1,154,563</b>           | <b>\$ 1,444,136,571</b> | <b>\$ 1,315,069,014</b> |

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

State  
of  
Nevada

For the Fiscal Year Ended June 30, 2001 with Comparative Totals for 2000

Exhibit E-2

|  |                             |                               |                            |                            |                                       | <u>Total All Funds</u> |                       |
|--|-----------------------------|-------------------------------|----------------------------|----------------------------|---------------------------------------|------------------------|-----------------------|
|  | <u>Housing<br/>Division</u> | <u>Forestry<br/>Nurseries</u> | <u>Prison<br/>Industry</u> | <u>Nevada<br/>Magazine</u> | <u>Marlette Lake<br/>Water System</u> | <u>2001</u>            | <u>2000</u>           |
| <b>Operating Revenues</b>                            |                             |                               |                            |                            |                                       |                        |                       |
| Sales  | \$ -0-                      | \$ 367,988                    | \$ 4,386,590               | \$ 919,179                 | \$ 314,951                            | \$ 5,988,708           | \$ 5,959,462          |
| Charges for services                                 | -0-                         | -0-                           | 640,843                    | 610,033                    | -0-                                   | 1,250,876              | 1,061,792             |
| Rental income  | -0-                         | -0-                           | 114,027                    | -0-                        | -0-                                   | 114,027                | 68,869                |
| Interest income on mortgage loans                    | 66,009,740                  | -0-                           | -0-                        | -0-                        | -0-                                   | 66,009,740             | 61,044,063            |
| Interest and investment income                       | 20,197,629                  | -0-                           | -0-                        | -0-                        | -0-                                   | 20,197,629             | 14,926,487            |
| Other  | 5,987,375                   | 7,738                         | 192,533                    | 5,143                      | -0-                                   | 6,192,789              | 4,855,735             |
| <b>Total operating revenues</b>                      | <u>92,194,744</u>           | <u>375,726</u>                | <u>5,333,993</u>           | <u>1,534,355</u>           | <u>314,951</u>                        | <u>99,753,769</u>      | <u>87,916,408</u>     |
| <b>Operating Expenses</b>                            |                             |                               |                            |                            |                                       |                        |                       |
| Salaries and benefits                                | 1,384,916                   | 114,768                       | 1,197,705                  | 695,698                    | 33,826                                | 3,426,913              | 3,520,527             |
| Operating  | 5,882,123                   | 44,693                        | 2,149,842                  | 423,374                    | 221,776                               | 8,721,808              | 8,609,276             |
| Interest on bonds payable                            | 69,511,219                  | -0-                           | -0-                        | -0-                        | -0-                                   | 69,511,219             | 63,406,166            |
| Materials or supplies used                           | -0-                         | 143,559                       | 1,346,409                  | 694,445                    | -0-                                   | 2,184,413              | 2,196,291             |
| Servicers' fees                                      | 1,962,247                   | -0-                           | -0-                        | -0-                        | -0-                                   | 1,962,247              | 1,316,855             |
| Depreciation   | 34,301                      | -0-                           | 91,876                     | -0-                        | 49,557                                | 175,734                | 179,727               |
| <b>Total operating expenses</b>                      | <u>78,774,806</u>           | <u>303,020</u>                | <u>4,785,832</u>           | <u>1,813,517</u>           | <u>305,159</u>                        | <u>85,982,334</u>      | <u>79,228,842</u>     |
| Operating income (loss)                              | <u>13,419,938</u>           | <u>72,706</u>                 | <u>548,161</u>             | <u>(279,162)</u>           | <u>9,792</u>                          | <u>13,771,435</u>      | <u>8,687,566</u>      |
| <b>Nonoperating Revenues (Expenses)</b>              |                             |                               |                            |                            |                                       |                        |                       |
| Interest and investment income                       | -0-                         | -0-                           | 179,320                    | -0-                        | -0-                                   | 179,320                | 120,124               |
| Interest expense                                     | -0-                         | -0-                           | (27,335)                   | -0-                        | -0-                                   | (27,335)               | (28,106)              |
| Federal grants                                       | -0-                         | -0-                           | -0-                        | -0-                        | -0-                                   | -0-                    | 20,000                |
| <b>Total nonoperating revenues<br/>(expenses)</b>    | <u>-0-</u>                  | <u>-0-</u>                    | <u>151,985</u>             | <u>-0-</u>                 | <u>-0-</u>                            | <u>151,985</u>         | <u>112,018</u>        |
| Income (loss) before operating transfers             | 13,419,938                  | 72,706                        | 700,146                    | (279,162)                  | 9,792                                 | 13,923,420             | 8,799,584             |
| <b>Operating Transfers</b>                           |                             |                               |                            |                            |                                       |                        |                       |
| Operating transfers in                               | -0-                         | 5,940                         | -0-                        | -0-                        | -0-                                   | 5,940                  | 8,735                 |
| Operating transfers out                              | (85,898)                    | (5,824)                       | (20,654)                   | -0-                        | (9,929)                               | (122,305)              | (99,118)              |
| Net income (loss)                                    | <u>13,334,040</u>           | <u>72,822</u>                 | <u>679,492</u>             | <u>(279,162)</u>           | <u>(137)</u>                          | <u>13,807,055</u>      | <u>8,709,201</u>      |
| Fund equity (deficit), July 1                        | 122,462,157                 | 399,820                       | 4,265,020                  | (296,436)                  | 1,021,568                             | 127,852,129            | 119,142,928           |
| Adjustment for change in capitalization<br>threshold | -0-                         | -0-                           | (23,265)                   | -0-                        | (15,674)                              | (38,939)               | -0-                   |
| Fund equity (deficit), July 1, as restated           | 122,462,157                 | 399,820                       | 4,241,755                  | (296,436)                  | 1,005,894                             | 127,813,190            | 119,142,928           |
| <b>Fund equity (deficit), June 30</b>                | <u>\$ 135,796,197</u>       | <u>\$ 472,642</u>             | <u>\$ 4,921,247</u>        | <u>\$ (575,598)</u>        | <u>\$ 1,005,757</u>                   | <u>\$ 141,620,245</u>  | <u>\$ 127,852,129</u> |

**Combining Statement of Cash Flows  
Enterprise Funds**

*For the Fiscal Year Ended June 30, 2001 with Comparative Totals for 2000*

|   | <b>Housing<br/>Division</b> | <b>Forestry<br/>Nurseries</b> | <b>Prison<br/>Industry</b> |
|---|-----------------------------|-------------------------------|----------------------------|
| <b>Cash flows from operating activities</b>   |                             |                               |                            |
| Cash received from customers  | \$ 98,611                   | \$ 273,640                    | \$ 2,767,498               |
| Cash received from other funds  | -0-                         | 135,719                       | 2,519,604                  |
| Cash received from component unit   | -0-                         | -0-                           | -0-                        |
| Cash received from mortgage loans   | 138,880,954                 | -0-                           | -0-                        |
| Cash paid to suppliers, other governments and beneficiaries   | (2,185,614)                 | (175,540)                     | (2,414,733)                |
| Cash paid to employees for services   | (1,532,363)                 | (123,888)                     | (1,135,936)                |
| Cash paid to other funds  | (304,789)                   | (3,739)                       | (1,320,291)                |
| Cash paid to component unit   | (28,806)                    | -0-                           | -0-                        |
| Purchase of mortgage loans  | (89,442,275)                | -0-                           | -0-                        |
| Net cash provided by (used for) operating activities  | <u>45,485,718</u>           | <u>106,192</u>                | <u>416,142</u>             |
| <b>Cash flows from noncapital financing activities</b>  |                             |                               |                            |
| Proceeds from sale of bonds   | 180,826,585                 | -0-                           | -0-                        |
| Grants, transfers, advances received  | 3,494,363                   | 5,940                         | -0-                        |
| Retirement of bonds and notes   | (66,836,000)                | -0-                           | -0-                        |
| Interest payments on bonds  | (68,424,669)                | -0-                           | -0-                        |
| Operating transfers out   | (85,898)                    | (5,824)                       | (20,654)                   |
| Other cash provided by (used for) noncapital financing activities   | (4,920,121)                 | -0-                           | -0-                        |
| Net cash provided by (used for) noncapital financing activities   | <u>44,054,260</u>           | <u>116</u>                    | <u>(20,654)</u>            |
| <b>Cash flows from capital and related financing activities</b>   |                             |                               |                            |
| Acquisition of property, plant and equipment  | -0-                         | -0-                           | (29,109)                   |
| Reduction in advances/capital leases  | -0-                         | -0-                           | (5,000)                    |
| Net cash provided by (used for) capital and related financing activities  | <u>-0-</u>                  | <u>-0-</u>                    | <u>(34,109)</u>            |
| <b>Cash flows from investing activities</b>   |                             |                               |                            |
| Proceeds from sale of investments   | 278,247,623                 | -0-                           | -0-                        |
| Purchase of investments   | (388,195,965)               | -0-                           | -0-                        |
| Interest/dividends on investments   | 18,950,080                  | -0-                           | 147,185                    |
| Net cash provided by (used for) investing activities  | <u>(90,998,262)</u>         | <u>-0-</u>                    | <u>147,185</u>             |
| Net increase (decrease) in cash   | (1,458,284)                 | 106,308                       | 508,564                    |
| Cash and cash equivalents, July 1   | 1,598,498                   | 246,501                       | 2,013,805                  |
| Cash and cash equivalents, June 30  | <u>\$ 140,214</u>           | <u>\$ 352,809</u>             | <u>\$ 2,522,369</u>        |
| <b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities</b>        |                             |                               |                            |
| Operating income (loss)   | <u>\$ 13,419,938</u>        | <u>\$ 72,706</u>              | <u>\$ 548,161</u>          |
| <b>Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities</b> |                             |                               |                            |
| Depreciation  | 34,301                      | -0-                           | 91,876                     |
| Income on investments   | (20,197,629)                | -0-                           | -0-                        |
| Interest on bonds payable   | 69,511,219                  | -0-                           | -0-                        |
| Decrease (increase) in loans receivable and real estate owned   | (13,917,279)                | -0-                           | -0-                        |
| Decrease (increase) in accrued receivables  | (3,945,566)                 | 33,632                        | (49,786)                   |
| Decrease (increase) in inventory, deferred charges and other assets   | -0-                         | 17,130                        | (534,225)                  |
| Increase (decrease) in accounts payable, accruals, other liabilities  | (610,193)                   | (17,276)                      | 360,116                    |
| Other adjustments   | 1,190,927                   | -0-                           | -0-                        |
| Total adjustments   | <u>32,065,780</u>           | <u>33,486</u>                 | <u>(132,019)</u>           |
| Net cash provided by (used for) operating activities  | <u>\$ 45,485,718</u>        | <u>\$ 106,192</u>             | <u>\$ 416,142</u>          |
| <b>Noncash investing, capital and financing activities</b>  |                             |                               |                            |
| Change in fair value of investments   | \$ 1,088,315                | \$ -0-                        | \$ 23,161                  |
| Construction completed or in progress   | -0-                         | -0-                           | 330,000                    |
| Adjustment to fixed assets  | -0-                         | -0-                           | (23,265)                   |

Total All Funds

|                 |                            | Total All Funds |                 |
|-----------------|----------------------------|-----------------|-----------------|
| Nevada Magazine | Marlette Lake Water System | 2001            | 2000            |
| \$ 1,127,730    | \$ 23,395                  | \$ 4,290,874    | \$ 3,274,932    |
| 617,591         | 261,452                    | 3,534,366       | 5,550,946       |
| -0-             | 15,965                     | 15,965          | 21,778          |
| -0-             | -0-                        | 138,880,954     | 103,945,896     |
| (959,243)       | (245,288)                  | (5,980,418)     | (7,816,080)     |
| (663,147)       | (49,057)                   | (3,504,391)     | (3,148,412)     |
| (178,339)       | (11,527)                   | (1,818,685)     | (1,648,362)     |
| (137)           | (1,825)                    | (30,768)        | (1,505)         |
| -0-             | -0-                        | (89,442,275)    | (178,487,435)   |
| (55,545)        | (6,885)                    | 45,945,622      | (78,308,242)    |
| -0-             | -0-                        | 180,826,585     | 243,145,415     |
| -0-             | -0-                        | 3,500,303       | 2,274,663       |
| -0-             | -0-                        | (66,836,000)    | (105,125,000)   |
| -0-             | -0-                        | (68,424,669)    | (63,468,366)    |
| -0-             | (7,571)                    | (119,947)       | (99,117)        |
| -0-             | -0-                        | (4,920,121)     | (3,742,753)     |
| -0-             | (7,571)                    | 44,026,151      | 72,984,842      |
| -0-             | -0-                        | (29,109)        | (114,720)       |
| -0-             | (6,339)                    | (11,339)        | (8,655)         |
| -0-             | (6,339)                    | (40,448)        | (123,375)       |
| -0-             | -0-                        | 278,247,623     | 396,957,974     |
| -0-             | -0-                        | (388,195,965)   | (408,119,475)   |
| -0-             | -0-                        | 19,097,265      | 17,083,743      |
| -0-             | -0-                        | (90,851,077)    | 5,922,242       |
| (55,545)        | (20,795)                   | (919,752)       | 475,467         |
| 62,334          | 94,611                     | 4,015,749       | 3,540,282       |
| \$ 6,789        | \$ 73,816                  | \$ 3,095,997    | \$ 4,015,749    |
| \$ (279,162)    | \$ 9,792                   | \$ 13,771,435   | \$ 8,687,566    |
| -0-             | 49,557                     | 175,734         | 179,727         |
| -0-             | -0-                        | (20,197,629)    | (14,926,487)    |
| -0-             | -0-                        | 69,511,219      | 63,406,166      |
| -0-             | -0-                        | (13,917,279)    | (135,352,893)   |
| 30,094          | (14,139)                   | (3,945,765)     | (1,298,565)     |
| 7,366           | -0-                        | (509,729)       | (357,927)       |
| 186,157         | (52,095)                   | (133,291)       | (111,977)       |
| -0-             | -0-                        | 1,190,927       | 1,466,148       |
| 223,617         | (16,677)                   | 32,174,187      | (86,995,808)    |
| \$ (55,545)     | \$ (6,885)                 | \$ 45,945,622   | \$ (78,308,242) |
| \$ -0-          | \$ -0-                     | \$ 1,111,476    | \$ (316,587)    |
| -0-             | -0-                        | 330,000         | -0-             |
| -0-             | (15,674)                   | (38,939)        | (128,365)       |

**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 administra-

tive 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 Balance Sheet  
Internal Service Funds**

June 30, 2001 with Comparative Totals for 2000

|  | <u>Self-<br/>Insurance</u> | <u>Buildings<br/>and Grounds</u> | <u>Motor<br/>Pool</u> | <u>Communications</u> | <u>Insurance<br/>Premiums</u> |
|--|----------------------------|----------------------------------|-----------------------|-----------------------|-------------------------------|
| <b>Assets</b>                            |                            |                                  |                       |                       |                               |
| <i>Cash and pooled investments:</i>      |                            |                                  |                       |                       |                               |
| Cash with treasurer                      | \$ 16,324,835              | \$ 945,906                       | \$ 393,347            | \$ 80,119             | \$ 9,601,897                  |
| Cash in custody of other officials       | 1,521,717                  | -0-                              | -0-                   | -0-                   | -0-                           |
| Collateral on loaned securities          | 5,560,600                  | -0-                              | -0-                   | -0-                   | -0-                           |
| <i>Receivables:</i>                      |                            |                                  |                       |                       |                               |
| Accounts receivable                      | 213,126                    | 28,042                           | 16,502                | 493                   | 25,950                        |
| Intergovernmental receivables            | -0-                        | -0-                              | 2,109                 | -0-                   | -0-                           |
| Notes receivable                         | -0-                        | -0-                              | -0-                   | -0-                   | 169,400                       |
| Due from other funds                     | 2,093,483                  | 644,616                          | 2,223,693             | 802,297               | 72,110                        |
| Due from component unit                  | 1,897,095                  | 90                               | 31,180                | 476                   | -0-                           |
| Inventory                                | -0-                        | -0-                              | -0-                   | -0-                   | -0-                           |
| Prepaid expenses                         | -0-                        | -0-                              | -0-                   | 136,000               | -0-                           |
| Land                                     | -0-                        | 20,400                           | -0-                   | -0-                   | -0-                           |
| Buildings                                | -0-                        | 2,268,068                        | 1,037,144             | -0-                   | -0-                           |
| Improvements other than buildings        | -0-                        | 291,216                          | 13,650                | 422,451               | -0-                           |
| Furniture and equipment                  | 1,118,478                  | 580,262                          | 11,062,528            | 743,865               | 36,103                        |
| Accumulated depreciation                 | (914,638)                  | (1,568,515)                      | (7,695,749)           | (362,580)             | (27,883)                      |
| Construction in progress                 | -0-                        | -0-                              | -0-                   | -0-                   | -0-                           |
| <b>Total assets</b>                      | <b>\$ 27,814,696</b>       | <b>\$ 3,210,085</b>              | <b>\$ 7,084,404</b>   | <b>\$ 1,823,121</b>   | <b>\$ 9,877,577</b>           |
| <b>Liabilities and Fund Equity</b>       |                            |                                  |                       |                       |                               |
| <i>Liabilities:</i>                      |                            |                                  |                       |                       |                               |
| <i>Accounts payable and accruals:</i>    |                            |                                  |                       |                       |                               |
| Accounts payable                         | \$ 1,597,228               | \$ 548,649                       | \$ 370,231            | \$ 41,770             | \$ 707,703                    |
| Accrued payroll and related liabilities  | 45,250                     | 165,283                          | 27,218                | 33,966                | 24,145                        |
| Current portion, long-term obligations   | -0-                        | -0-                              | -0-                   | 61,440                | -0-                           |
| Intergovernmental payables               | -0-                        | 1,772                            | -0-                   | -0-                   | -0-                           |
| Bank overdraft                           | -0-                        | -0-                              | -0-                   | -0-                   | -0-                           |
| Obligations under securities lending     | 5,560,600                  | -0-                              | -0-                   | -0-                   | -0-                           |
| Due to other funds                       | 117,315                    | 58,735                           | 75,523                | 57,340                | 153,758                       |
| Due to component unit                    | -0-                        | -0-                              | -0-                   | -0-                   | 48,955                        |
| Interfund payables                       | -0-                        | 194,841                          | 104,609               | 42,244                | -0-                           |
| Accrued compensated absences             | 73,285                     | 389,973                          | 73,931                | 60,761                | 31,359                        |
| <i>Advances:</i>                         |                            |                                  |                       |                       |                               |
| Advances from general fund               | -0-                        | 1,168,139                        | 349,053               | 316,841               | -0-                           |
| Advances from special revenue fund       | -0-                        | -0-                              | 17,707                | -0-                   | -0-                           |
| Reserve for losses                       | 20,012,958                 | -0-                              | -0-                   | -0-                   | 26,725,543                    |
| Obligations under capital leases         | -0-                        | -0-                              | -0-                   | 106,211               | -0-                           |
| <b>Total liabilities</b>                 | <b>27,406,636</b>          | <b>2,527,392</b>                 | <b>1,018,272</b>      | <b>720,573</b>        | <b>27,691,463</b>             |
| <i>Fund equity (deficit):</i>            |                            |                                  |                       |                       |                               |
| Contributed capital                      | 12,681                     | 398,651                          | 2,325,163             | 23,875                | 628,108                       |
| Retained earnings (deficit)              | 395,379                    | 284,042                          | 3,740,969             | 1,078,673             | (18,441,994)                  |
| <b>Total fund equity (deficit)</b>       | <b>408,060</b>             | <b>682,693</b>                   | <b>6,066,132</b>      | <b>1,102,548</b>      | <b>(17,813,886)</b>           |
| <b>Total liabilities and fund equity</b> | <b>\$ 27,814,696</b>       | <b>\$ 3,210,085</b>              | <b>\$ 7,084,404</b>   | <b>\$ 1,823,121</b>   | <b>\$ 9,877,577</b>           |

**Exhibit F-1**

|                                |                     |                     |                             |                     |                      | <b>Total All Funds</b> |  |
|--------------------------------|---------------------|---------------------|-----------------------------|---------------------|----------------------|------------------------|--|
| <b>Administrative Services</b> | <b>Personnel</b>    | <b>Purchasing</b>   | <b>Information Services</b> | <b>Printing</b>     |                      |                        |  |
|                                |                     |                     |                             |                     | <b>2001</b>          | <b>2000</b>            |  |
| \$ 93,220                      | \$ 2,420,474        | \$ 529,562          | \$ 4,524,804                | \$ 298,634          | \$ 35,212,798        | \$ 29,981,700          |  |
| 100                            | -0-                 | -0-                 | 200                         | 75                  | 1,522,092            | 375                    |  |
| -0-                            | -0-                 | -0-                 | -0-                         | -0-                 | 5,560,600            | 2,947,218              |  |
| -0-                            | -0-                 | 8,154               | 12,392                      | 5,074               | 309,733              | 128,194                |  |
| -0-                            | -0-                 | 104,175             | 19,151                      | -0-                 | 125,435              | 994,116                |  |
| -0-                            | -0-                 | -0-                 | -0-                         | -0-                 | 169,400              | 175,600                |  |
| 73,703                         | 65                  | 241,012             | 7,439,997                   | 411,591             | 14,002,567           | 13,566,152             |  |
| -0-                            | -0-                 | 1,032               | 227                         | -0-                 | 1,930,100            | 530,044                |  |
| -0-                            | -0-                 | 306,360             | 23,096                      | 315,773             | 645,229              | 733,955                |  |
| -0-                            | -0-                 | 193                 | 148,160                     | -0-                 | 284,353              | 2,263,788              |  |
| -0-                            | -0-                 | 95,554              | 15,000                      | -0-                 | 130,954              | 130,954                |  |
| -0-                            | -0-                 | 140,000             | 2,795,730                   | 744,617             | 6,985,559            | 5,875,876              |  |
| -0-                            | -0-                 | -0-                 | -0-                         | -0-                 | 727,317              | 847,162                |  |
| 50,117                         | 507,168             | 490,801             | 35,230,925                  | 2,946,491           | 52,766,738           | 49,493,749             |  |
| (26,338)                       | (439,059)           | (560,540)           | (25,766,167)                | (2,632,056)         | (39,993,525)         | (36,378,840)           |  |
| -0-                            | -0-                 | -0-                 | 2,357,380                   | -0-                 | 2,357,380            | -0-                    |  |
| <b>\$ 190,802</b>              | <b>\$ 2,488,648</b> | <b>\$ 1,356,303</b> | <b>\$ 26,800,895</b>        | <b>\$ 2,090,199</b> | <b>\$ 82,736,730</b> | <b>\$ 71,290,043</b>   |  |
| <br>                           |                     |                     |                             |                     |                      |                        |  |
| \$ 988                         | \$ 45,389           | \$ 118,244          | \$ 1,313,361                | \$ 62,090           | \$ 4,805,653         | \$ 34,943,968          |  |
| 26,393                         | 181,286             | 57,332              | 720,753                     | 73,927              | 1,355,553            | 1,200,105              |  |
| -0-                            | -0-                 | -0-                 | 1,189,707                   | -0-                 | 1,251,147            | 2,557,897              |  |
| -0-                            | -0-                 | 1,045               | -0-                         | -0-                 | 2,817                | 1,126                  |  |
| -0-                            | -0-                 | -0-                 | -0-                         | -0-                 | -0-                  | 577,333                |  |
| -0-                            | -0-                 | -0-                 | -0-                         | -0-                 | 5,560,600            | 2,947,218              |  |
| 37,728                         | 758,714             | 394,083             | 154,800                     | 45,285              | 1,853,281            | 2,074,905              |  |
| -0-                            | -0-                 | -0-                 | -0-                         | -0-                 | 48,955               | 4,985                  |  |
| -0-                            | -0-                 | 28,488              | 920,325                     | 110,910             | 1,401,417            | 1,024,032              |  |
| 86,376                         | 408,979             | 136,602             | 958,487                     | 186,407             | 2,406,160            | 1,961,282              |  |
| -0-                            | -0-                 | 267,332             | 7,370,851                   | 479,041             | 9,951,257            | 5,137,354              |  |
| -0-                            | -0-                 | -0-                 | -0-                         | -0-                 | 17,707               | 19,919                 |  |
| -0-                            | -0-                 | -0-                 | -0-                         | -0-                 | 46,738,501           | 5,384,831              |  |
| -0-                            | -0-                 | -0-                 | 853,217                     | -0-                 | 959,428              | 1,169,461              |  |
| <b>151,485</b>                 | <b>1,394,368</b>    | <b>1,003,126</b>    | <b>13,481,501</b>           | <b>957,660</b>      | <b>76,352,476</b>    | <b>59,004,416</b>      |  |
| <br>                           |                     |                     |                             |                     |                      |                        |  |
| -0-                            | -0-                 | 1,128,661           | 4,039,435                   | 599,461             | 9,156,035            | 9,156,035              |  |
| 39,317                         | 1,094,280           | (775,484)           | 9,279,959                   | 533,078             | (2,771,781)          | 3,129,592              |  |
| 39,317                         | 1,094,280           | 353,177             | 13,319,394                  | 1,132,539           | 6,384,254            | 12,285,627             |  |
| <b>\$ 190,802</b>              | <b>\$ 2,488,648</b> | <b>\$ 1,356,303</b> | <b>\$ 26,800,895</b>        | <b>\$ 2,090,199</b> | <b>\$ 82,736,730</b> | <b>\$ 71,290,043</b>   |  |

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

*For the Fiscal Year Ended June 30, 2001 with Comparative Totals for 2000*

|   | <b>Self-<br/>Insurance</b> | <b>Buildings<br/>and Grounds</b> | <b>Motor<br/>Pool</b> | <b>Communications</b> | <b>Insurance<br/>Premiums</b> |
|---|----------------------------|----------------------------------|-----------------------|-----------------------|-------------------------------|
| <b>Operating Revenues</b>                         |                            |                                  |                       |                       |                               |
| Net premium income                                | \$ 138,646,143             | \$ -0-                           | \$ -0-                | \$ -0-                | \$ 14,942,515                 |
| Sales   | -0-                        | -0-                              | 9,030                 | -0-                   | -0-                           |
| Charges for services                              | -0-                        | 819,174                          | -0-                   | 6,332,752             | -0-                           |
| Rental income                                     | -0-                        | 9,628,101                        | 3,097,276             | -0-                   | -0-                           |
| Other   | 99,545                     | 10,957                           | 27,824                | -0-                   | 511,043                       |
| <b>Total operating revenues</b>                   | <b>138,745,688</b>         | <b>10,458,232</b>                | <b>3,134,130</b>      | <b>6,332,752</b>      | <b>15,453,558</b>             |
| <b>Operating Expenses</b>                         |                            |                                  |                       |                       |                               |
| Salaries and benefits                             | 1,170,017                  | 4,029,471                        | 639,549               | 817,511               | 497,438                       |
| Operating   | 1,104,295                  | 6,935,361                        | 1,201,196             | 4,982,603             | 1,199,910                     |
| Claims expense                                    | 95,648,047                 | -0-                              | -0-                   | -0-                   | 10,824,284                    |
| Materials or supplies used                        | -0-                        | -0-                              | 345,373               | -0-                   | -0-                           |
| Depreciation                                      | 30,722                     | 98,383                           | 1,462,172             | 82,844                | 132                           |
| Insurance premiums                                | 40,529,315                 | -0-                              | -0-                   | -0-                   | 8,650,178                     |
| <b>Total operating expenses</b>                   | <b>138,482,396</b>         | <b>11,063,215</b>                | <b>3,648,290</b>      | <b>5,882,958</b>      | <b>21,171,942</b>             |
| Operating income (loss)                           | 263,292                    | (604,983)                        | (514,160)             | 449,794               | (5,718,384)                   |
| <b>Nonoperating Revenues (Expenses)</b>           |                            |                                  |                       |                       |                               |
| Interest and investment income                    | 1,032,283                  | -0-                              | -0-                   | -0-                   | -0-                           |
| Interest expense                                  | (156,795)                  | -0-                              | (145)                 | (22,518)              | (90)                          |
| Gain (loss) on disposal of assets                 | -0-                        | 1,354                            | 16,802                | (5,042)               | -0-                           |
| <b>Total nonoperating revenues (expenses)</b>     | <b>875,488</b>             | <b>1,354</b>                     | <b>16,657</b>         | <b>(27,560)</b>       | <b>(90)</b>                   |
| Income (loss) before operating transfers          | 1,138,780                  | (603,629)                        | (497,503)             | 422,234               | (5,718,474)                   |
| <b>Operating Transfers</b>                        |                            |                                  |                       |                       |                               |
| Operating transfers in                            | 12,193                     | 333,406                          | 1,764,899             | -0-                   | 2,399                         |
| Operating transfers out                           | (26,921)                   | (76,278)                         | (63,130)              | (59,687)              | (9,337)                       |
| Net income (loss)                                 | 1,124,052                  | (346,501)                        | 1,204,266             | 362,547               | (5,725,412)                   |
| Fund equity (deficit), July 1                     | (715,992)                  | 1,204,756                        | 4,869,421             | 740,001               | (12,088,474)                  |
| Adjustment for change in capitalization threshold | -0-                        | (175,562)                        | (7,555)               | -0-                   | -0-                           |
| Fund equity (deficit), July 1, as restated        | (715,992)                  | 1,029,194                        | 4,861,866             | 740,001               | (12,088,474)                  |
| <b>Fund equity (deficit), June 30</b>             | <b>\$ 408,060</b>          | <b>\$ 682,693</b>                | <b>\$ 6,066,132</b>   | <b>\$ 1,102,548</b>   | <b>\$ (17,813,886)</b>        |

Exhibit F-2

| Administrative<br>Services | Personnel           | Purchasing        | Information<br>Services | Printing            | Total All Funds     |                      |
|----------------------------|---------------------|-------------------|-------------------------|---------------------|---------------------|----------------------|
|                            |                     |                   |                         |                     | 2001                | 2000                 |
| \$ -0-                     | \$ -0-              | \$ -0-            | \$ -0-                  | \$ -0-              | \$ 153,588,658      | \$ 135,494,437       |
| -0-                        | -0-                 | 792,375           | 635                     | 4,200,113           | 5,002,153           | 5,239,039            |
| 780,711                    | 7,296,009           | 1,340,459         | 31,602,677              | -0-                 | 48,171,782          | 55,293,399           |
| -0-                        | -0-                 | 2,215             | 330,792                 | -0-                 | 13,058,384          | 13,033,302           |
| -0-                        | 27,678              | 90,169            | 306                     | 4,220               | 771,742             | 817,765              |
| <u>780,711</u>             | <u>7,323,687</u>    | <u>2,225,218</u>  | <u>31,934,410</u>       | <u>4,204,333</u>    | <u>220,592,719</u>  | <u>209,877,942</u>   |
| 621,737                    | 4,334,652           | 1,312,986         | 13,105,093              | 2,071,736           | 28,600,190          | 25,076,882           |
| 69,596                     | 2,132,741           | 388,903           | 15,838,595              | 1,104,517           | 34,957,717          | 39,451,765           |
| -0-                        | -0-                 | -0-               | -0-                     | -0-                 | 106,472,331         | 81,763,408           |
| -0-                        | -0-                 | 1,047,905         | -0-                     | 1,134,778           | 2,528,056           | 2,697,049            |
| 4,792                      | 16,938              | 21,237            | 3,819,258               | 219,254             | 5,755,732           | 4,542,874            |
| -0-                        | -0-                 | -0-               | -0-                     | -0-                 | 49,179,493          | 53,860,067           |
| <u>696,125</u>             | <u>6,484,331</u>    | <u>2,771,031</u>  | <u>32,762,946</u>       | <u>4,530,285</u>    | <u>227,493,519</u>  | <u>207,392,045</u>   |
| <u>84,586</u>              | <u>839,356</u>      | <u>(545,813)</u>  | <u>(828,536)</u>        | <u>(325,952)</u>    | <u>(6,900,800)</u>  | <u>2,485,897</u>     |
| -0-                        | -0-                 | -0-               | -0-                     | -0-                 | 1,032,283           | 601,056              |
| -0-                        | (311)               | (12,320)          | (117,720)               | (17,171)            | (327,070)           | (377,886)            |
| -0-                        | -0-                 | 1,805             | (8,636)                 | (2,970)             | 3,313               | (29,467)             |
| <u>-0-</u>                 | <u>(311)</u>        | <u>(10,515)</u>   | <u>(126,356)</u>        | <u>(20,141)</u>     | <u>708,526</u>      | <u>193,703</u>       |
| <u>84,586</u>              | <u>839,045</u>      | <u>(556,328)</u>  | <u>(954,892)</u>        | <u>(346,093)</u>    | <u>(6,192,274)</u>  | <u>2,679,600</u>     |
| -0-                        | -0-                 | -0-               | -0-                     | 83,045              | 2,195,942           | 124,665              |
| (149,914)                  | (517,993)           | (374,588)         | (219,731)               | (123,380)           | (1,620,959)         | (1,683,463)          |
| <u>(65,328)</u>            | <u>321,052</u>      | <u>(930,916)</u>  | <u>(1,174,623)</u>      | <u>(386,428)</u>    | <u>(5,617,291)</u>  | <u>1,120,802</u>     |
| 104,645                    | 773,228             | 1,284,093         | 14,591,382              | 1,522,567           | 12,285,627          | 11,164,825           |
| -0-                        | -0-                 | -0-               | (97,365)                | (3,600)             | (284,082)           | -0-                  |
| <u>104,645</u>             | <u>773,228</u>      | <u>1,284,093</u>  | <u>14,494,017</u>       | <u>1,518,967</u>    | <u>12,001,545</u>   | <u>11,164,825</u>    |
| <u>\$ 39,317</u>           | <u>\$ 1,094,280</u> | <u>\$ 353,177</u> | <u>\$ 13,319,394</u>    | <u>\$ 1,132,539</u> | <u>\$ 6,384,254</u> | <u>\$ 12,285,627</u> |

**Combining Statement of Cash Flows  
Internal Service Funds**

*For the Fiscal Year Ended June 30, 2001 with Comparative Totals for 2000*

|   | Self-<br>Insurance | Buildings<br>and Grounds | Motor<br>Pool | Communications | Insurance<br>Premiums |
|---|--------------------|--------------------------|---------------|----------------|-----------------------|
| <b>Cash flows from operating activities</b>   |                    |                          |               |                |                       |
| Cash received from customers  | \$ 6,671,520       | \$ 84,175                | \$ 308,574    | \$ 588,103     | \$ 904,684            |
| Cash received from other funds  | 96,192,090         | 9,724,428                | 2,669,893     | 5,516,871      | 12,663,725            |
| Cash received from component units  | 32,490,382         | 349,307                  | 92,101        | 3,760          | 1,975,798             |
| Cash paid to suppliers and other governments  | (128,675,201)      | (6,587,017)              | (709,951)     | (4,832,377)    | (12,822,439)          |
| Cash paid to employees for services   | (1,176,251)        | (3,873,630)              | (605,231)     | (788,477)      | (473,835)             |
| Cash paid to other funds  | (351,262)          | (407,323)                | (564,507)     | (251,527)      | (182,188)             |
| Cash paid to component units  | (280)              | (1,392)                  | (220)         | -0-            | (217,798)             |
| Net cash provided by (used for) operating activities  | 5,150,998          | (711,452)                | 1,190,659     | 236,353        | 1,847,947             |
| <b>Cash flows from noncapital financing activities</b>  |                    |                          |               |                |                       |
| Grants, transfers, advances received  | 12,193             | 189,284                  | 20,777        | -0-            | 2,399                 |
| Operating/equity transfers out  | (22,834)           | (95,321)                 | (49,109)      | (47,408)       | (7,941)               |
| Net cash provided by (used for) noncapital financing activities   | (10,641)           | 93,963                   | (28,332)      | (47,408)       | (5,542)               |
| <b>Cash flows from capital and related financing activities</b>   |                    |                          |               |                |                       |
| Grants, transfers, advances received  | -0-                | -0-                      | -0-           | -0-            | -0-                   |
| Acquisition of property, plant and equipment  | (185,056)          | (21,458)                 | (1,702,448)   | (17,000)       | (8,352)               |
| Interest paid on obligations  | (1,207)            | -0-                      | -0-           | (22,518)       | (90)                  |
| Reduction in advances/capital leases  | -0-                | (97,421)                 | (55,623)      | (80,117)       | -0-                   |
| Proceeds from sale of assets  | -0-                | 1,354                    | 119,725       | -0-            | -0-                   |
| Construction  | -0-                | -0-                      | -0-           | -0-            | -0-                   |
| Net cash provided by (used for) capital financing activities  | (186,263)          | (117,525)                | (1,638,346)   | (119,635)      | (8,442)               |
| <b>Cash flows from investing activities</b>   |                    |                          |               |                |                       |
| Interest/dividends on investments   | 848,952            | -0-                      | -0-           | -0-            | -0-                   |
| Net cash provided by (used for) investing activities  | 848,952            | -0-                      | -0-           | -0-            | -0-                   |
| Net increase (decrease) in cash   | 5,803,046          | (735,014)                | (476,019)     | 69,310         | 1,833,963             |
| Cash and cash equivalents, July 1   | 12,043,506         | 1,680,920                | 869,366       | 10,809         | 7,767,934             |
| Cash and cash equivalents, June 30  | \$ 17,846,552      | \$ 945,906               | \$ 393,347    | \$ 80,119      | \$ 9,601,897          |
| <b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities</b>        |                    |                          |               |                |                       |
| Operating income (loss)   | \$ 263,292         | \$ (604,983)             | \$ (514,160)  | \$ 449,794     | \$ (5,718,384)        |
| <b>Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities</b> |                    |                          |               |                |                       |
| Depreciation  | 30,722             | 98,383                   | 1,462,172     | 82,844         | 132                   |
| Decrease (increase) in receivables  | (3,391,697)        | (300,323)                | (63,562)      | (224,018)      | 90,650                |
| Decrease (increase) in inventory and prepaid expenses   | -0-                | 632                      | 2,326         | (135,805)      | 2,250,000             |
| Increase (decrease) in accounts payable, accruals and other liabilities   | 8,248,681          | 94,839                   | 303,883       | 63,538         | 5,225,549             |
| Other adjustments   | -0-                | -0-                      | -0-           | -0-            | -0-                   |
| Total adjustments   | 4,887,706          | (106,469)                | 1,704,819     | (213,441)      | 7,566,331             |
| Net cash provided by (used for) operating activities  | \$ 5,150,998       | \$ (711,452)             | \$ 1,190,659  | \$ 236,353     | \$ 1,847,947          |
| <b>Noncash investing, capital and financing activities</b>  |                    |                          |               |                |                       |
| Property leased, accrued or acquired  | \$ -0-             | \$ -0-                   | \$ -0-        | \$ -0-         | \$ -0-                |
| Loss (gain) on disposal of assets   | -0-                | (1,354)                  | (16,802)      | 5,042          | -0-                   |
| Adjustment to fixed assets  | -0-                | (175,562)                | (7,555)       | -0-            | -0-                   |
| Construction completed or in progress   | -0-                | -0-                      | -0-           | -0-            | -0-                   |
| Interest/dividends on investments accrued   | 183,989            | -0-                      | -0-           | -0-            | -0-                   |
| Change in fair value of investments   | 142,049            | -0-                      | -0-           | -0-            | -0-                   |

Exhibit F-3

|                         |              |              |                      |              | Total All Funds |               |
|-------------------------|--------------|--------------|----------------------|--------------|-----------------|---------------|
| Administrative Services | Personnel    | Purchasing   | Information Services | Printing     | 2001            | 2000          |
| \$ 39,136               | \$ 389,828   | \$ 4,141,724 | \$ 10,723,940        | \$ 509,563   | \$ 24,361,247   | \$ 36,328,435 |
| 736,025                 | 6,335,417    | 3,263,740    | 26,476,149           | 3,702,939    | 167,281,277     | 157,553,326   |
| -0-                     | 607,589      | 215,976      | 669                  | 3,717        | 35,739,299      | 31,497,485    |
| (29,153)                | (1,183,970)  | (5,515,747)  | (16,887,419)         | (1,803,650)  | (179,046,924)   | (181,931,331) |
| (555,320)               | (4,211,075)  | (1,239,196)  | (12,416,218)         | (1,858,369)  | (27,197,602)    | (24,298,499)  |
| (61,938)                | (1,300,232)  | (813,202)    | (1,431,800)          | (558,854)    | (5,922,833)     | (8,556,098)   |
| (140)                   | -0-          | -0-          | (9,759)              | -0-          | (229,589)       | (287,716)     |
| 128,610                 | 637,557      | 53,295       | 6,455,562            | (4,654)      | 14,984,875      | 10,305,602    |
| -0-                     | -0-          | -0-          | -0-                  | -0-          | 224,653         | 124,665       |
| (149,914)               | (517,993)    | (334,822)    | (207,801)            | (97,444)     | (1,530,587)     | (1,116,351)   |
| (149,914)               | (517,993)    | (334,822)    | (207,801)            | (97,444)     | (1,305,934)     | (991,686)     |
| -0-                     | -0-          | -0-          | 3,614,893            | -0-          | 3,614,893       | -0-           |
| -0-                     | (6,095)      | -0-          | (3,526,332)          | (141,628)    | (5,608,369)     | (2,785,643)   |
| -0-                     | (311)        | (13,025)     | (117,720)            | (24,300)     | (179,171)       | (210,092)     |
| -0-                     | -0-          | (13,329)     | (2,984,256)          | (138,690)    | (3,369,436)     | (2,119,343)   |
| -0-                     | -0-          | 1,805        | 1,500                | -0-          | 124,384         | 28,557        |
| -0-                     | -0-          | -0-          | (2,357,379)          | -0-          | (2,357,379)     | -0-           |
| -0-                     | (6,406)      | (24,549)     | (5,369,294)          | (304,618)    | (7,775,078)     | (5,086,521)   |
| -0-                     | -0-          | -0-          | -0-                  | -0-          | 848,952         | 254,487       |
| -0-                     | -0-          | -0-          | -0-                  | -0-          | 848,952         | 254,487       |
| (21,304)                | 113,158      | (306,076)    | 878,467              | (406,716)    | 6,752,815       | 4,481,882     |
| 114,624                 | 2,307,316    | 835,638      | 3,646,537            | 705,425      | 29,982,075      | 25,500,193    |
| \$ 93,320               | \$ 2,420,474 | \$ 529,562   | \$ 4,525,004         | \$ 298,709   | \$ 36,734,890   | \$ 29,982,075 |
| \$ 84,586               | \$ 839,356   | \$ (545,813) | \$ (828,536)         | \$ (325,952) | \$ (6,900,800)  | \$ 2,485,897  |
| 4,792                   | 16,938       | 21,237       | 3,819,258            | 219,254      | 5,755,732       | 4,542,874     |
| (5,551)                 | 9,148        | 1,212,409    | 5,266,348            | 11,887       | 2,605,291       | 6,436,327     |
| -0-                     | -0-          | 25,444       | (148,150)            | 73,714       | 2,068,161       | (1,876,012)   |
| 44,783                  | (227,885)    | (659,982)    | (1,653,358)          | 16,443       | 11,456,491      | (1,729,929)   |
| -0-                     | -0-          | -0-          | -0-                  | -0-          | -0-             | 446,445       |
| 44,024                  | (201,799)    | 599,108      | 7,284,098            | 321,298      | 21,885,675      | 7,819,705     |
| \$ 128,610              | \$ 637,557   | \$ 53,295    | \$ 6,455,562         | \$ (4,654)   | \$ 14,984,875   | \$ 10,305,602 |
| \$ -0-                  | \$ -0-       | \$ -0-       | \$ 1,110,500         | \$ -0-       | \$ 1,110,500    | \$ 2,843,242  |
| -0-                     | -0-          | (1,805)      | 8,636                | 2,970        | (3,313)         | 29,512        |
| -0-                     | -0-          | -0-          | (97,365)             | (3,600)      | (284,082)       | 1,174,737     |
| -0-                     | -0-          | -0-          | -0-                  | 154,600      | 154,600         | 196,744       |
| -0-                     | -0-          | -0-          | -0-                  | -0-          | 183,989         | 156,208       |
| -0-                     | -0-          | -0-          | -0-                  | -0-          | 142,049         | (60,401)      |

**Expendable Trust**

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

**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).

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

**Gift** Accounts for gifts and grants received by the Commission for the Preservation of Wild Horses (NRS 504.450), the Department of Conservation and Natural Resources (NRS 232.070), 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).

**Custodial** Accounts for estates escheated to the State in absence of legal heirs and used for educational purposes (NRS 154.140); administration of abandoned property (NRS 120A.370); survivor benefits held in trust for children receiving welfare services (NRS 432.037); personal property held in trust for prisoners pending their release (NRS 209.241); revenue collected to benefit destitute offenders (NRS 209.383); and the residual activity of emergency distribution of SCCRT (Supplemental City-County Relief Tax) originally authorized by NRS 354.5988.

**Nonexpendable Trust**

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

**Permanent School** Accounts for certain property and the proceeds derived from such property, escheated estates, and all fines collected under penal laws of the State, which become permanent assets of the fund.

Earnings on the assets are to be used for education (State Constitution, Article 11, Section 3).

**Investment Trust**

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

**Pension Trust**

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

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

**Agency**

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

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

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

**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).

**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 Balance Sheet  
Trust and Agency Funds**

June 30, 2001 with Comparative Totals for 2000

**Expendable Trust Funds**

**Assets**

*Cash and pooled investments:*

|                                    | <b>Unemployment<br/>Compensation</b> | <b>Higher Education<br/>Tuition Trust</b> | <b>Museums and<br/>History</b> | <b>Gift<br/>Funds</b> | <b>Custodial<br/>Funds</b> |
|------------------------------------|--------------------------------------|---|--------------------------------|-----------------------|----------------------------|
| Cash with treasurer                | \$ -0-                               | \$ 1,329,389                              | \$ 389,329                     | \$ 2,434,960          | \$ 15,919,629              |
| Cash in custody of other officials | 513,100,467                          | -0-                                       | 57,326                         | 8,392                 | 165,107                    |
| Investments                        | -0-                                  | 25,084,101                                | 1,217,848                      | 470,400               | 2,520,267                  |
| Collateral on loaned securities    | -0-                                  | 429,717                                   | 130,115                        | 739,906               | 1,897,348                  |

*Receivables:*

|                                |            |         |         |        |         |
|--------------------------------|------------|---------|---------|--------|---------|
| Accounts receivable            | 72,706,491 | 1       | 13,654  | 1,536  | 103,810 |
| Taxes receivable               | -0-        | -0-     | -0-     | -0-    | -0-     |
| Accrued interest and dividends | -0-        | 150,572 | 4,441   | -0-    | -0-     |
| Trades pending settlement      | -0-        | -0-     | -0-     | -0-    | -0-     |
| Intergovernmental receivables  | -0-        | -0-     | -0-     | 2,352  | 71,460  |
| Notes receivable               | -0-        | -0-     | -0-     | -0-    | -0-     |
| Other receivables              | -0-        | -0-     | -0-     | 1,432  | -0-     |
| Due from other funds           | -0-        | 15,666  | 6,109   | 30,959 | 281,423 |
| Inventory                      | -0-        | -0-     | 195,313 | -0-    | -0-     |
| Other assets                   | -0-        | -0-     | -0-     | -0-    | -0-     |
| Land                           | -0-        | -0-     | -0-     | -0-    | -0-     |
| Furniture and equipment        | -0-        | -0-     | -0-     | -0-    | -0-     |
| Accumulated depreciation       | -0-        | -0-     | -0-     | -0-    | -0-     |

**Total assets**

|  |                       |                      |                     |                     |                      |
|--|-----------------------|----------------------|---------------------|---------------------|----------------------|
|  | <b>\$ 585,806,958</b> | <b>\$ 27,009,446</b> | <b>\$ 2,014,135</b> | <b>\$ 3,689,937</b> | <b>\$ 20,959,044</b> |
|--|-----------------------|----------------------|---------------------|---------------------|----------------------|

**Liabilities and Fund Balances**

**Liabilities:**

*Accounts payable and accruals:*

|   |               |           |           |           |            |
|---|---------------|-----------|-----------|-----------|------------|
| Accounts payable                        | \$ 10,041,896 | \$ 32,559 | \$ 33,059 | \$ 41,148 | \$ 208,775 |
| Accrued payroll and related liabilities | -0-           | 8,501     | -0-       | 2,182     | 52,808     |
| Intergovernmental payables              | -0-           | -0-       | -0-       | -0-       | 7,562      |
| Trades pending settlement               | -0-           | -0-       | -0-       | -0-       | -0-        |
| Obligations under securities lending    | -0-           | 429,717   | 130,115   | 739,906   | 1,897,348  |
| Due to other funds                      | -0-           | 2,355     | 109,755   | 2,664     | 9,760,702  |
| Due to component unit                   | -0-           | -0-       | 486       | 2,520     | -0-        |
| Interfund payables                      | -0-           | 40,885    | -0-       | -0-       | -0-        |
| Deferred revenues                       | 6,345,574     | -0-       | 285,675   | -0-       | -0-        |
| Advances from other funds               | -0-           | 2,296,142 | -0-       | -0-       | -0-        |

*Other liabilities:*

|                   |     |     |     |     |           |
|-------------------|-----|-----|-----|-----|-----------|
| Deposits          | -0- | -0- | -0- | -0- | -0-       |
| Other liabilities | -0- | -0- | -0- | -0- | 8,230,911 |

**Total liabilities**

|  |                   |                  |                |                |                   |
|--|-------------------|------------------|----------------|----------------|-------------------|
|  | <b>16,387,470</b> | <b>2,810,159</b> | <b>559,090</b> | <b>788,420</b> | <b>20,158,106</b> |
|--|-------------------|------------------|----------------|----------------|-------------------|

**Fund balances:**

*Reserved:*

|                            |     |     |         |     |     |
|----------------------------|-----|-----|---------|-----|-----|
| Encumbrances and contracts | -0- | -0- | 2,372   | -0- | -0- |
| Inventory                  | -0- | -0- | 195,313 | -0- | -0- |

*Other:*

|   |     |            |     |     |     |
|---|-----|------------|-----|-----|-----|
| Employees' pension benefits             | -0- | -0-        | -0- | -0- | -0- |
| Pool/plan participants                  | -0- | 19,082,597 | -0- | -0- | -0- |
| Principal of non-expendable trust funds | -0- | -0-        | -0- | -0- | -0- |
| Other                                   | -0- | -0-        | -0- | -0- | -0- |

*Unreserved:*

*Designated:*

|                        |             |           |           |           |         |
|------------------------|-------------|-----------|-----------|-----------|---------|
| Principal preservation | -0-         | -0-       | -0-       | 900,000   | -0-     |
| Museum projects        | -0-         | -0-       | -0-       | -0-       | -0-     |
| Fund stabilization     | -0-         | 5,116,690 | -0-       | -0-       | -0-     |
| Undesignated           | 569,419,488 | -0-       | 1,257,360 | 2,001,517 | 800,938 |

**Total fund balances**

|  |                    |                   |                  |                  |                |
|--|--------------------|-------------------|------------------|------------------|----------------|
|  | <b>569,419,488</b> | <b>24,199,287</b> | <b>1,455,045</b> | <b>2,901,517</b> | <b>800,938</b> |
|--|--------------------|-------------------|------------------|------------------|----------------|

**Total liabilities and fund balances**

|  |                       |                      |                     |                     |                      |
|--|-----------------------|----------------------|---------------------|---------------------|----------------------|
|  | <b>\$ 585,806,958</b> | <b>\$ 27,009,446</b> | <b>\$ 2,014,135</b> | <b>\$ 3,689,937</b> | <b>\$ 20,959,044</b> |
|--|-----------------------|----------------------|---------------------|---------------------|----------------------|

| Nonexpendable Trust Funds |                      | Investment Trust Fund |                          | Agency Funds          |                       |                      |
|---------------------------|----------------------|-----------------------|--------------------------|-----------------------|-----------------------|----------------------|
|                           |                      | Local Gov't           | Pension                  | State                 |                       |                      |
| Henry Wood Christmas      | Permanent School     | Investment Pool       | Trust Funds              | Inter-governmental    | Agency Fund for Bonds | Motor Vehicle        |
| \$ 51,180                 | \$ 11,873,175        | \$ 1,673              | \$ -0-                   | \$ 42,018,198         | \$ 24,582,167         | \$ 36,471,065        |
| -0-                       | -0-                  | -0-                   | 584,081,099              | -0-                   | 49,460,397            | 2,226,090            |
| -0-                       | 75,026,534           | 532,545,850           | 13,255,395,419           | -0-                   | 88,722,753            | -0-                  |
| -0-                       | 4,060,259            | -0-                   | 1,671,699,467            | 1,262,521             | -0-                   | -0-                  |
| -0-                       | -0-                  | -0-                   | -0-                      | -0-                   | -0-                   | -0-                  |
| -0-                       | -0-                  | -0-                   | -0-                      | 5,702,283             | -0-                   | -0-                  |
| -0-                       | 1,133,446            | 5,166,964             | 71,262,211               | -0-                   | -0-                   | -0-                  |
| -0-                       | -0-                  | -0-                   | 200,000                  | -0-                   | -0-                   | -0-                  |
| -0-                       | 280,116              | -0-                   | 51,070,012               | 5,492,685             | -0-                   | -0-                  |
| -0-                       | 120                  | -0-                   | -0-                      | -0-                   | -0-                   | -0-                  |
| -0-                       | -0-                  | -0-                   | 135                      | -0-                   | -0-                   | 20,103,973           |
| -0-                       | 597,240              | -0-                   | 8,333,629                | 284,012,991           | 784,298               | 3,103,853            |
| -0-                       | -0-                  | -0-                   | -0-                      | -0-                   | -0-                   | -0-                  |
| -0-                       | -0-                  | -0-                   | 500,911                  | -0-                   | -0-                   | -0-                  |
| -0-                       | 2,977                | -0-                   | -0-                      | -0-                   | -0-                   | -0-                  |
| -0-                       | -0-                  | -0-                   | 18,543,022               | -0-                   | -0-                   | -0-                  |
| -0-                       | -0-                  | -0-                   | (6,935,712)              | -0-                   | -0-                   | -0-                  |
| <b>\$ 51,180</b>          | <b>\$ 92,973,867</b> | <b>\$ 537,714,487</b> | <b>\$ 15,654,150,193</b> | <b>\$ 338,488,678</b> | <b>\$ 163,549,615</b> | <b>\$ 61,904,981</b> |
| \$ -0-                    | \$ -0-               | \$ -0-                | \$ 11,727,340            | \$ -0-                | \$ -0-                | \$ -0-               |
| -0-                       | -0-                  | -0-                   | -0-                      | -0-                   | -0-                   | -0-                  |
| -0-                       | -0-                  | 1,957,451             | -0-                      | 306,636,622           | -0-                   | 21,402,118           |
| -0-                       | -0-                  | -0-                   | 593,171,138              | -0-                   | -0-                   | -0-                  |
| -0-                       | 4,060,259            | -0-                   | 1,671,699,467            | 1,262,521             | -0-                   | -0-                  |
| -0-                       | 3,146,679            | 8,861                 | 3,148                    | 30,589,535            | 84,113                | 37,179,125           |
| -0-                       | -0-                  | -0-                   | -0-                      | -0-                   | -0-                   | -0-                  |
| -0-                       | -0-                  | -0-                   | -0-                      | -0-                   | -0-                   | -0-                  |
| -0-                       | -0-                  | -0-                   | -0-                      | -0-                   | -0-                   | -0-                  |
| -0-                       | -0-                  | -0-                   | -0-                      | -0-                   | -0-                   | -0-                  |
| -0-                       | -0-                  | -0-                   | -0-                      | -0-                   | 163,432,250           | 3,271,370            |
| -0-                       | -0-                  | -0-                   | 208,901                  | -0-                   | 33,252                | 52,368               |
| -0-                       | 7,206,938            | 1,966,312             | 2,276,809,994            | 338,488,678           | 163,549,615           | 61,904,981           |
| -0-                       | -0-                  | -0-                   | -0-                      | -0-                   | -0-                   | -0-                  |
| -0-                       | -0-                  | -0-                   | -0-                      | -0-                   | -0-                   | -0-                  |
| -0-                       | -0-                  | -0-                   | 13,377,340,199           | -0-                   | -0-                   | -0-                  |
| -0-                       | -0-                  | 535,748,175           | -0-                      | -0-                   | -0-                   | -0-                  |
| 30,000                    | 85,766,929           | -0-                   | -0-                      | -0-                   | -0-                   | -0-                  |
| -0-                       | -0-                  | -0-                   | -0-                      | -0-                   | -0-                   | -0-                  |
| -0-                       | -0-                  | -0-                   | -0-                      | -0-                   | -0-                   | -0-                  |
| -0-                       | -0-                  | -0-                   | -0-                      | -0-                   | -0-                   | -0-                  |
| -0-                       | -0-                  | -0-                   | -0-                      | -0-                   | -0-                   | -0-                  |
| 21,180                    | -0-                  | -0-                   | -0-                      | -0-                   | -0-                   | -0-                  |
| 51,180                    | 85,766,929           | 535,748,175           | 13,377,340,199           | -0-                   | -0-                   | -0-                  |
| <b>\$ 51,180</b>          | <b>\$ 92,973,867</b> | <b>\$ 537,714,487</b> | <b>\$ 15,654,150,193</b> | <b>\$ 338,488,678</b> | <b>\$ 163,549,615</b> | <b>\$ 61,904,981</b> |

**Combining Balance Sheet  
Trust and Agency Funds**

State  
of  
Nevada

Exhibit G-1  
Page 2 of 2

June 30, 2001 with Comparative Totals for 2000

|  | Agency Funds                     |                      |                       |                     | Total all Funds          |                          |
|--|----------------------------------|----------------------|-----------------------|---------------------|--------------------------|--------------------------|
|  | Child<br>Support<br>Disbursement | Restitution<br>Trust | Veterans<br>Custodial | State<br>Payroll    | 2001                     | 2000                     |
| <b>Assets</b>                              |                                  |                      |                       |                     |                          |                          |
| <i>Cash and pooled investments:</i>        |                                  |                      |                       |                     |                          |                          |
| Cash with treasurer                        | \$ -0-                           | \$ 3,012,120         | \$ 1,886,060          | \$ 8,389,967        | \$ 148,358,912           | \$ 127,223,617           |
| Cash in custody of other officials         | 1,697,972                        | -0-                  | -0-                   | -0-                 | 1,150,796,850            | 1,566,563,017            |
| Investments                                | -0-                              | -0-                  | -0-                   | -0-                 | 13,980,983,172           | 13,889,168,973           |
| Collateral on loaned securities            | -0-                              | -0-                  | 644,974               | -0-                 | 1,680,864,307            | 1,819,283,433            |
| <i>Receivables:</i>                        |                                  |                      |                       |                     |                          |                          |
| Accounts receivable                        | 78,704                           | -0-                  | -0-                   | -0-                 | 72,904,196               | 60,415,686               |
| Taxes receivable                           | -0-                              | -0-                  | -0-                   | -0-                 | 5,702,283                | 5,633,222                |
| Accrued interest and dividends             | -0-                              | -0-                  | -0-                   | -0-                 | 77,717,634               | 80,771,983               |
| Trades pending settlement                  | -0-                              | -0-                  | -0-                   | -0-                 | 200,000                  | -0-                      |
| Intergovernmental receivables              | -0-                              | -0-                  | -0-                   | -0-                 | 56,916,625               | 41,374,873               |
| Notes receivable                           | -0-                              | -0-                  | -0-                   | -0-                 | 120                      | 120                      |
| Other receivables                          | -0-                              | -0-                  | -0-                   | 1,752               | 20,107,292               | 11,826,556               |
| Due from other funds                       | 974,365                          | 7,016                | 24,373                | 84,669              | 298,256,591              | 284,748,481              |
| Inventory                                  | -0-                              | -0-                  | -0-                   | -0-                 | 195,313                  | 237,364                  |
| Other assets                               | -0-                              | -0-                  | -0-                   | -0-                 | 500,911                  | 1,439,103                |
| Land                                       | -0-                              | -0-                  | -0-                   | -0-                 | 2,977                    | 2,977                    |
| Furniture and equipment                    | -0-                              | -0-                  | -0-                   | -0-                 | 18,543,022               | 15,717,613               |
| Accumulated depreciation                   | -0-                              | -0-                  | -0-                   | -0-                 | (6,935,712)              | (3,902,802)              |
| <b>Total assets</b>                        | <b>\$ 2,751,041</b>              | <b>\$ 3,019,136</b>  | <b>\$ 2,555,407</b>   | <b>\$ 8,476,388</b> | <b>\$ 17,505,114,493</b> | <b>\$ 17,900,504,216</b> |
| <b>Liabilities and Fund Balances</b>       |                                  |                      |                       |                     |                          |                          |
| <b>Liabilities:</b>                        |                                  |                      |                       |                     |                          |                          |
| <i>Accounts payable and accruals:</i>      |                                  |                      |                       |                     |                          |                          |
| Accounts payable                           | \$ -0-                           | \$ -0-               | \$ -0-                | \$ -0-              | 22,084,777               | \$ 21,465,704            |
| Accrued payroll and related liabilities    | -0-                              | -0-                  | -0-                   | 54,271              | 117,762                  | 181,932                  |
| Intergovernmental payables                 | -0-                              | -0-                  | -0-                   | -0-                 | 330,003,753              | 304,971,234              |
| Trades pending settlement                  | -0-                              | -0-                  | -0-                   | -0-                 | 593,171,138              | 1,091,753,754            |
| Obligations under securities lending       | -0-                              | -0-                  | 644,974               | -0-                 | 1,680,864,307            | 1,819,283,433            |
| Due to other funds                         | 410,860                          | 21,731               | -0-                   | 8,347,564           | 89,667,092               | 80,212,415               |
| Due to component unit                      | -0-                              | -0-                  | -0-                   | -0-                 | 3,006                    | 285                      |
| Interfund payables                         | -0-                              | -0-                  | -0-                   | -0-                 | 40,885                   | -0-                      |
| Deferred revenues                          | -0-                              | -0-                  | -0-                   | -0-                 | 6,631,249                | 226,777                  |
| Advances from other funds                  | -0-                              | -0-                  | -0-                   | -0-                 | 2,296,142                | -0-                      |
| <i>Other liabilities:</i>                  |                                  |                      |                       |                     |                          |                          |
| Deposits                                   | -0-                              | -0-                  | -0-                   | -0-                 | 166,703,620              | 150,364,256              |
| Other liabilities                          | 2,340,181                        | 2,997,405            | 1,910,433             | 74,553              | 15,848,004               | 14,706,880               |
| <b>Total liabilities</b>                   | <b>2,751,041</b>                 | <b>3,019,136</b>     | <b>2,555,407</b>      | <b>8,476,388</b>    | <b>2,907,431,735</b>     | <b>3,483,166,670</b>     |
| <b>Fund balances:</b>                      |                                  |                      |                       |                     |                          |                          |
| <i>Reserved:</i>                           |                                  |                      |                       |                     |                          |                          |
| Encumbrances and contracts                 | -0-                              | -0-                  | -0-                   | -0-                 | 2,372                    | 2,244                    |
| Inventory                                  | -0-                              | -0-                  | -0-                   | -0-                 | 195,313                  | 237,364                  |
| <i>Other:</i>                              |                                  |                      |                       |                     |                          |                          |
| Employees' pension benefits                | -0-                              | -0-                  | -0-                   | -0-                 | 13,377,340,199           | 13,371,405,034           |
| Pool/plan participants                     | -0-                              | -0-                  | -0-                   | -0-                 | 554,830,772              | 416,999,845              |
| Principal of non-expendable trust funds    | -0-                              | -0-                  | -0-                   | -0-                 | 85,796,929               | 78,830,838               |
| Other                                      | -0-                              | -0-                  | -0-                   | -0-                 | -0-                      | 12,500                   |
| <i>Unreserved:</i>                         |                                  |                      |                       |                     |                          |                          |
| <i>Designated:</i>                         |                                  |                      |                       |                     |                          |                          |
| Principal preservation                     | -0-                              | -0-                  | -0-                   | -0-                 | 900,000                  | 900,000                  |
| Museum projects                            | -0-                              | -0-                  | -0-                   | -0-                 | -0-                      | 187,873                  |
| Fund stabilization                         | -0-                              | -0-                  | -0-                   | -0-                 | 5,116,690                | 4,445,848                |
| Undesignated                               | -0-                              | -0-                  | -0-                   | -0-                 | 573,500,483              | 544,316,000              |
| <b>Total fund balances</b>                 | <b>-0-</b>                       | <b>-0-</b>           | <b>-0-</b>            | <b>-0-</b>          | <b>14,597,682,758</b>    | <b>14,417,337,546</b>    |
| <b>Total liabilities and fund balances</b> | <b>\$ 2,751,041</b>              | <b>\$ 3,019,136</b>  | <b>\$ 2,555,407</b>   | <b>\$ 8,476,388</b> | <b>\$ 17,505,114,493</b> | <b>\$ 17,900,504,216</b> |

**Combining Statement of Plan Net Assets  
Pension Trust Funds**

State  
of  
Nevada

June 30, 2001 with Comparative Totals for 2000

Exhibit G-2

|  | Public<br>Employees'<br>Retirement | Legislators'<br>Retirement | Total Both Funds         |                          |
|--|------------------------------------|----------------------------|--------------------------|--------------------------|
|  |                                    |                            | 2001                     | 2000                     |
| <b>Assets</b>  |                                    |                            |                          |                          |
| Cash and cash equivalents                            | \$ 584,038,734                     | \$ 42,365                  | \$ 584,081,099           | \$ 1,021,415,793         |
| <i>Investments:</i>                                  |                                    |                            |                          |                          |
| Fixed income securities                              | 4,402,669,566                      | 2,300,205                  | 4,404,969,771            | 5,215,209,280            |
| Marketable equity securities                         | 4,592,780,050                      | 1,842,174                  | 4,594,622,224            | 4,020,085,174            |
| International securities                             | 2,166,606,495                      | -0-                        | 2,166,606,495            | 1,840,288,038            |
| Mutual funds   | 574,017,591                        | -0-                        | 574,017,591              | 772,275,153              |
| Mortgage loans                                       | 6,271,805                          | -0-                        | 6,271,805                | 2,550,538                |
| Real estate  | 1,360,230,723                      | -0-                        | 1,360,230,723            | 1,231,671,129            |
| Alternative investments                              | 148,676,810                        | -0-                        | 148,676,810              | 244,218,608              |
| Collateral on loaned securities                      | 1,671,699,467                      | -0-                        | 1,671,699,467            | 1,805,815,947            |
| <i>Receivables:</i>                                  |                                    |                            |                          |                          |
| Accrued interest and dividends                       | 71,228,504                         | 33,707                     | 71,262,211               | 76,870,903               |
| Trades pending settlement                            | -0-                                | 200,000                    | 200,000                  | -0-                      |
| Intergovernmental receivables                        | 51,070,012                         | -0-                        | 51,070,012               | 34,661,756               |
| Other receivables                                    | -0-                                | 135                        | 135                      | 255                      |
| Due from other funds                                 | 8,333,629                          | -0-                        | 8,333,629                | 7,826,720                |
| Other assets   | 500,911                            | -0-                        | 500,911                  | 1,439,103                |
| Furniture and equipment                              | 18,543,022                         | -0-                        | 18,543,022               | 15,717,613               |
| Accumulated depreciation                             | (6,935,712)                        | -0-                        | (6,935,712)              | (3,902,802)              |
| <b>Total plan assets</b>                             | <b>15,649,731,607</b>              | <b>4,418,586</b>           | <b>15,654,150,193</b>    | <b>16,286,143,208</b>    |
| <b>Liabilities</b>                                   |                                    |                            |                          |                          |
| <i>Accounts payable and accruals:</i>                |                                    |                            |                          |                          |
| Accounts payable                                     | 11,723,055                         | 4,285                      | 11,727,340               | 13,158,295               |
| Trades pending settlement                            | 592,969,292                        | 201,846                    | 593,171,138              | 1,091,753,754            |
| Obligations under securities lending                 | 1,671,699,467                      | -0-                        | 1,671,699,467            | 1,805,815,947            |
| Due to other funds                                   | 3,148                              | -0-                        | 3,148                    | 52,900                   |
| Other liabilities                                    | -0-                                | 208,901                    | 208,901                  | 3,957,278                |
| <b>Total plan liabilities</b>                        | <b>2,276,394,962</b>               | <b>415,032</b>             | <b>2,276,809,994</b>     | <b>2,914,738,174</b>     |
| <b>Net assets held in trust for pension benefits</b> | <b>\$ 13,373,336,645</b>           | <b>\$ 4,003,554</b>        | <b>\$ 13,377,340,199</b> | <b>\$ 13,371,405,034</b> |

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

State  
of  
Nevada

For the Fiscal Year Ended June 30, 2001 with Comparative Totals for 2000

Exhibit G-3

|  | Higher                       |                            |                        |                    |                    | Total All Funds       |                       |
|--|------------------------------|----------------------------|------------------------|--------------------|--------------------|-----------------------|-----------------------|
|  | Unemployment<br>Compensation | Education<br>Tuition Trust | Museums and<br>History | Gift<br>Funds      | Custodial<br>Funds | 2001                  | 2000                  |
| <b>Revenues</b>  |                              |                            |                        |                    |                    |                       |                       |
| Intergovernmental  | \$ 8,985,565                 | \$ -0-                     | \$ -0-                 | \$ 3,852           | \$ 301,437         | \$ 9,290,854          | \$ 8,032,860          |
| Taxes  | 228,442,792                  | -0-                        | -0-                    | -0-                | -0-                | 228,442,792           | 216,726,932           |
| Licenses, fees and permits   | -0-                          | 129,660                    | -0-                    | -0-                | -0-                | 129,660               | 331,680               |
| Sales and charges for services   | -0-                          | 23,243                     | 554,908                | -0-                | -0-                | 578,151               | 607,977               |
| Interest and investment income   | 32,969,896                   | (453,514)                  | (308,770)              | 152,917            | 413,924            | 32,774,453            | 32,720,738            |
| Contributions  | -0-                          | 10,945,273                 | -0-                    | -0-                | -0-                | 10,945,273            | 15,595,421            |
| <i>Other:</i>  |                              |                            |                        |                    |                    |                       |                       |
| Donations  | -0-                          | 40,000                     | 260,039                | 92,125             | -0-                | 392,164               | 362,459               |
| Other  | -0-                          | -0-                        | 6,713                  | 212,197            | 10,274,726         | 10,493,636            | 9,153,120             |
| <b>Total revenues</b>  | <b>270,398,253</b>           | <b>10,684,662</b>          | <b>512,890</b>         | <b>461,091</b>     | <b>10,990,087</b>  | <b>293,046,983</b>    | <b>283,531,187</b>    |
| <b>Expenditures</b>  |                              |                            |                        |                    |                    |                       |                       |
| <i>Current:</i>  |                              |                            |                        |                    |                    |                       |                       |
| General Government   | -0-                          | 1,143,780                  | -0-                    | 26,841             | 129,590            | 1,300,211             | 2,089,964             |
| Health and social services   | 227,945,433                  | -0-                        | -0-                    | 60,939             | 1,053,181          | 229,059,553           | 206,216,626           |
| Education and support services   | -0-                          | -0-                        | 725,756                | 12,989             | -0-                | 738,745               | 1,004,583             |
| Law, justice and public safety   | -0-                          | -0-                        | -0-                    | -0-                | 1,467,230          | 1,467,230             | 1,373,680             |
| Regulation of business   | -0-                          | -0-                        | -0-                    | 15,535             | 291,726            | 307,261               | 158,746               |
| Recreation, resource development   | -0-                          | -0-                        | -0-                    | 132,668            | -0-                | 132,668               | 144,599               |
| <i>Intergovernmental:</i>  |                              |                            |                        |                    |                    |                       |                       |
| Other  | 13,423,014                   | -0-                        | -0-                    | -0-                | 12,500             | 13,435,514            | 16,702,001            |
| <b>Total expenditures</b>  | <b>241,368,447</b>           | <b>1,143,780</b>           | <b>725,756</b>         | <b>248,972</b>     | <b>2,954,227</b>   | <b>246,441,182</b>    | <b>227,690,199</b>    |
| Excess (deficiency) of revenues<br>over expenditures   | 29,029,806                   | 9,540,882                  | (212,866)              | 212,119            | 8,035,860          | 46,605,801            | 55,840,988            |
| <b>Other Financing Sources (Uses)</b>  |                              |                            |                        |                    |                    |                       |                       |
| Operating transfers in   | -0-                          | -0-                        | -0-                    | 15,947             | 2,627,820          | 2,643,767             | 3,384,740             |
| Operating transfers out  | -0-                          | (40)                       | (253,665)              | (13,819)           | (10,499,015)       | (10,766,539)          | (8,775,217)           |
| <b>Total other financing sources<br/>(uses)</b>  | <b>-0-</b>                   | <b>(40)</b>                | <b>(253,665)</b>       | <b>2,128</b>       | <b>(7,871,195)</b> | <b>(8,122,772)</b>    | <b>(5,390,477)</b>    |
| Excess (deficiency) of revenues and<br>other financing sources over expen-<br>ditures and other financing uses | 29,029,806                   | 9,540,842                  | (466,531)              | 214,247            | 164,665            | 38,483,029            | 50,450,511            |
| Fund balances, July 1  | 540,389,682                  | 16,239,704                 | 1,921,576              | 2,687,270          | 636,273            | 561,874,505           | 511,423,994           |
| Prior period adjustment  | -0-                          | (1,581,259)                | -0-                    | -0-                | -0-                | (1,581,259)           | -0-                   |
| Fund balances, July 1, as restated   | 540,389,682                  | 14,658,445                 | 1,921,576              | 2,687,270          | 636,273            | 560,293,246           | 511,423,994           |
| <b>Fund balances, June 30</b>  | <b>\$569,419,488</b>         | <b>\$ 24,199,287</b>       | <b>\$ 1,455,045</b>    | <b>\$2,901,517</b> | <b>\$ 800,938</b>  | <b>\$ 598,776,275</b> | <b>\$ 561,874,505</b> |

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

State  
of  
Nevada

For the Fiscal Year Ended June 30, 2001 with Comparative Totals for 2000

Exhibit G-4

|  | Henry Wood<br>Christmas | Permanent<br>School  | Total Both Funds     |                      |
|--|-------------------------|----------------------|----------------------|----------------------|
|  |                         |                      | 2001                 | 2000                 |
| <b>Operating Revenues</b>                |                         |                      |                      |                      |
| Interest and investment income           | \$ 2,772                | \$ 8,404,997         | \$ 8,407,769         | \$ 4,054,593         |
| <i>Other:</i>                            |                         |                      |                      |                      |
| Fines                                    | -0-                     | 4,078,508            | 4,078,508            | 4,452,139            |
| Land sales/miscellaneous                 | -0-                     | 2,914,989            | 2,914,989            | 4,228,834            |
| <b>Total operating revenues</b>          | <b>2,772</b>            | <b>15,398,494</b>    | <b>15,401,266</b>    | <b>12,735,566</b>    |
| <b>Operating Expenses</b>                |                         |                      |                      |                      |
| Interest expense                         | -0-                     | 210,481              | 210,481              | 325,724              |
| <b>Total operating expenses</b>          | <b>-0-</b>              | <b>210,481</b>       | <b>210,481</b>       | <b>325,724</b>       |
| Operating income (loss)                  | 2,772                   | 15,188,013           | 15,190,785           | 12,409,842           |
| <b>Nonoperating Expenses</b>             |                         |                      |                      |                      |
| Other                                    | -0-                     | -0-                  | -0-                  | (161,612)            |
| <b>Total nonoperating expenses</b>       | <b>-0-</b>              | <b>-0-</b>           | <b>-0-</b>           | <b>(161,612)</b>     |
| Income (loss) before operating transfers | 2,772                   | 15,188,013           | 15,190,785           | 12,248,230           |
| <b>Operating Transfers</b>               |                         |                      |                      |                      |
| Operating transfers in                   | -0-                     | -0-                  | -0-                  | 75,245               |
| Operating transfers out                  | (2,772)                 | (8,221,922)          | (8,224,694)          | (3,728,869)          |
| Net income (loss)                        | -0-                     | 6,966,091            | 6,966,091            | 8,594,606            |
| Fund balances, July 1                    | 51,180                  | 78,800,838           | 78,852,018           | 70,257,412           |
| <b>Fund balances, June 30</b>            | <b>\$ 51,180</b>        | <b>\$ 85,766,929</b> | <b>\$ 85,818,109</b> | <b>\$ 78,852,018</b> |

**Combining Statement of Cash Flows  
Nonexpendable Trust Funds**

State  
of  
Nevada

For the Fiscal Year Ended June 30, 2001 with Comparative Totals for 2000

Exhibit G-5

|   | Henry Wood<br>Christmas | Permanent<br>School | Total Both Funds |               |
|---|-------------------------|---------------------|------------------|---------------|
|   |                         |                     | 2001             | 2000          |
| <b>Cash flows from operating activities</b>   |                         |                     |                  |               |
| Cash received from other governments  | \$ -0-                  | \$ 7,279,646        | \$ 7,279,646     | \$ 8,359,099  |
| Net cash provided by (used for) operating activities  | -0-                     | 7,279,646           | 7,279,646        | 8,359,099     |
| <b>Cash flows from noncapital financing activities</b>  |                         |                     |                  |               |
| Operating transfers in  | -0-                     | 81,223              | 81,223           | 49,416        |
| Operating transfers out   | (2,772)                 | (7,933,150)         | (7,935,922)      | (1,115,902)   |
| Net cash provided by (used for) noncapital financing activities   | (2,772)                 | (7,851,927)         | (7,854,699)      | (1,066,486)   |
| <b>Cash flows from investing activities</b>   |                         |                     |                  |               |
| Proceeds from sale of investments   | -0-                     | 32,505,767          | 32,505,767       | 12,000,000    |
| Purchase of investments   | -0-                     | (42,375,561)        | (42,375,561)     | (19,598,553)  |
| Interest and investment income  | 2,772                   | 4,953,529           | 4,956,301        | 4,632,438     |
| Net cash provided by (used for) investing activities  | 2,772                   | (4,916,265)         | (4,913,493)      | (2,966,115)   |
| Net increase (decrease) in cash   | -0-                     | (5,488,546)         | (5,488,546)      | 4,326,498     |
| Cash and cash equivalents, July 1   | 51,180                  | 17,361,721          | 17,412,901       | 13,086,403    |
| Cash and cash equivalents, June 30  | \$ 51,180               | \$ 11,873,175       | \$ 11,924,355    | \$ 17,412,901 |
| <b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities</b>        |                         |                     |                  |               |
| Operating income (loss)   | \$ 2,772                | \$ 15,188,013       | \$ 15,190,785    | \$ 12,409,842 |
| <b>Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities</b> |                         |                     |                  |               |
| Decrease (increase) in accrued receivables  | -0-                     | 286,149             | 286,149          | (321,874)     |
| Operating interest and investment income  | (2,772)                 | (8,404,997)         | (8,407,769)      | (4,054,593)   |
| Operating interest expense  | -0-                     | 210,481             | 210,481          | 325,724       |
| Total adjustments   | (2,772)                 | (7,908,367)         | (7,911,139)      | (4,050,743)   |
| Net cash provided by (used for) operating activities  | \$ -0-                  | \$ 7,279,646        | \$ 7,279,646     | \$ 8,359,099  |
| <b>Noncash investing, capital and financing activities</b>  |                         |                     |                  |               |
| Change in fair value of investments   | \$ -0-                  | \$ 3,870,284        | \$ 3,870,284     | \$ (236,046)  |

**Combining Statement of Changes in Plan Net Assets  
Pension Trust Funds**

State  
of  
Nevada

For the Fiscal Year Ended June 30, 2001 with Comparative Totals for 2000

Exhibit G-6

|   | Public<br>Employees'<br>Retirement | Legislators'<br>Retirement | Total Both Funds         |                          |
|---|------------------------------------|----------------------------|--------------------------|--------------------------|
|   |                                    |                            | 2001                     | 2000                     |
| <b>Additions</b>  |                                    |                            |                          |                          |
| <i>Retirement contributions:</i>                              |                                    |                            |                          |                          |
| Employer  | \$ 656,051,791                     | \$ 172,816                 | \$ 656,224,607           | \$ 604,926,098           |
| Plan members  | 49,447,804                         | 35,285                     | 49,483,089               | 48,375,944               |
| Repayment and purchase of service                             | 10,585,154                         | -0-                        | 10,585,154               | 8,467,025                |
| <b>Total contributions</b>                                    | <b>716,084,749</b>                 | <b>208,101</b>             | <b>716,292,850</b>       | <b>661,769,067</b>       |
| <i>Investment income:</i>                                     |                                    |                            |                          |                          |
| Interest, dividends   | 432,145,357                        | 172,889                    | 432,318,246              | 427,008,789              |
| Net increase (decrease) in the fair value of investments      | (746,374,074)                      | (192,077)                  | (746,566,151)            | 409,070,393              |
| Securities lending income                                     | 117,526,789                        | -0-                        | 117,526,789              | 87,463,510               |
| Other   | 112,589,030                        | -0-                        | 112,589,030              | 95,914,759               |
|   | (84,112,898)                       | (19,188)                   | (84,132,086)             | 1,019,457,451            |
| <i>Less Investment expense:</i>                               |                                    |                            |                          |                          |
| Cost of securities lending                                    | (109,956,022)                      | -0-                        | (109,956,022)            | (81,316,119)             |
| Other   | (22,936,266)                       | (2,873)                    | (22,939,139)             | (20,908,426)             |
| <b>Net investment income (loss)</b>                           | <b>(217,005,186)</b>               | <b>(22,061)</b>            | <b>(217,027,247)</b>     | <b>917,232,906</b>       |
| Other income  | 1,911,127                          | 39,861                     | 1,950,988                | 2,180,169                |
| <b>Total additions</b>  | <b>500,990,690</b>                 | <b>225,901</b>             | <b>501,216,591</b>       | <b>1,581,182,142</b>     |
| <b>Deductions</b>   |                                    |                            |                          |                          |
| Benefit payments  | 477,319,049                        | 323,908                    | 477,642,957              | 421,961,948              |
| Refunds   | 10,742,319                         | -0-                        | 10,742,319               | 16,370,363               |
| Administrative expense  | 6,859,566                          | 36,584                     | 6,896,150                | 7,080,648                |
| <b>Total deductions</b>                                       | <b>494,920,934</b>                 | <b>360,492</b>             | <b>495,281,426</b>       | <b>445,412,959</b>       |
| Net increase (decrease)                                       | 6,069,756                          | (134,591)                  | 5,935,165                | 1,135,769,183            |
| Net assets held in trust for pension benefits, July 1         | 13,367,266,889                     | 4,138,145                  | 13,371,405,034           | 12,235,635,851           |
| <b>Net assets held in trust for pension benefits, June 30</b> | <b>\$ 13,373,336,645</b>           | <b>\$ 4,003,554</b>        | <b>\$ 13,377,340,199</b> | <b>\$ 13,371,405,034</b> |

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

For the Fiscal Year Ended June 30, 2001

**Exhibit G-7**  
Page 1 of 2

|                                      | Balance<br>July 1, 2000 | Additions               | Deletions               | Balance<br>June 30, 2001 |
|--------------------------------------|-------------------------|-------------------------|-------------------------|--------------------------|
| <b>Intergovernmental</b>             |                         |                         |                         |                          |
| <b>Assets</b>                        |                         |                         |                         |                          |
| Cash with treasurer                  | \$ 30,227,340           | \$ 1,853,573,680        | \$ 1,841,782,822        | \$ 42,018,198            |
| Collateral on loaned securities      | 426,328                 | 1,262,521               | 426,328                 | 1,262,521                |
| Taxes receivable                     | 5,633,222               | 5,702,284               | 5,633,223               | 5,702,283                |
| Intergovernmental receivables        | 6,119,865               | 5,492,685               | 6,119,865               | 5,492,685                |
| Due from other funds                 | 271,665,095             | 284,012,991             | 271,665,095             | 284,012,991              |
| <b>Total assets</b>                  | <b>\$ 314,071,850</b>   | <b>\$ 2,150,044,161</b> | <b>\$ 2,125,627,333</b> | <b>\$ 338,488,678</b>    |
| <b>Liabilities</b>                   |                         |                         |                         |                          |
| Intergovernmental payables           | \$ 290,955,325          | \$ 1,764,805,534        | \$ 1,749,124,237        | \$ 306,636,622           |
| Obligations under securities lending | 426,328                 | 1,262,521               | 426,328                 | 1,262,521                |
| Due to other funds                   | 22,690,197              | 124,587,807             | 116,688,469             | 30,589,535               |
| <b>Total liabilities</b>             | <b>\$ 314,071,850</b>   | <b>\$ 1,890,655,862</b> | <b>\$ 1,866,239,034</b> | <b>\$ 338,488,678</b>    |
| <b>State Agency Fund for Bonds</b>   |                         |                         |                         |                          |
| <b>Assets</b>                        |                         |                         |                         |                          |
| Cash with treasurer                  | \$ 22,889,300           | \$ 17,621,768           | \$ 15,928,901           | \$ 24,582,167            |
| Cash in custody of other officials   | 46,399,140              | 17,240,745              | 14,179,488              | 49,460,397               |
| Investments                          | 76,565,086              | 17,984,707              | 5,827,040               | 88,722,753               |
| Due from other funds                 | 1,343,660               | 784,298                 | 1,343,660               | 784,298                  |
| <b>Total assets</b>                  | <b>\$ 147,197,186</b>   | <b>\$ 53,631,518</b>    | <b>\$ 37,279,089</b>    | <b>\$ 163,549,615</b>    |
| <b>Liabilities</b>                   |                         |                         |                         |                          |
| Due to other funds                   | \$ 61,808               | \$ 859,609              | \$ 837,304              | \$ 84,113                |
| Deposits                             | 147,109,193             | 50,195,736              | 33,872,679              | 163,432,250              |
| Other liabilities                    | 26,185                  | 8,555                   | 1,488                   | 33,252                   |
| <b>Total liabilities</b>             | <b>\$ 147,197,186</b>   | <b>\$ 51,063,900</b>    | <b>\$ 34,711,471</b>    | <b>\$ 163,549,615</b>    |
| <b>Motor Vehicle</b>                 |                         |                         |                         |                          |
| <b>Assets</b>                        |                         |                         |                         |                          |
| Cash with treasurer                  | \$ 35,490,819           | \$ 500,570,581          | \$ 499,590,335          | \$ 36,471,065            |
| Cash in custody of other officials   | 2,302,090               | 6,000                   | 82,000                  | 2,226,090                |
| Collateral on loaned securities      | 8,316,264               | -                       | 8,316,264               | -                        |
| Other receivables                    | 11,768,250              | 19,128,949              | 10,793,226              | 20,103,973               |
| Due from other funds                 | 2,122,109               | 3,103,853               | 2,122,109               | 3,103,853                |
| <b>Total assets</b>                  | <b>\$ 59,999,532</b>    | <b>\$ 522,809,383</b>   | <b>\$ 520,903,934</b>   | <b>\$ 61,904,981</b>     |
| <b>Liabilities</b>                   |                         |                         |                         |                          |
| Intergovernmental payables           | \$ 11,366,476           | \$ 184,166,597          | \$ 174,078,587          | \$ 21,454,486            |
| Obligations under securities lending | 8,316,264               | -                       | 8,316,264               | -                        |
| Due to other funds                   | 37,061,729              | 364,475,206             | 364,357,810             | 37,179,125               |
| Deposits                             | 3,255,063               | 172,661                 | 156,354                 | 3,271,370                |
| <b>Total liabilities</b>             | <b>\$ 59,999,532</b>    | <b>\$ 548,814,464</b>   | <b>\$ 546,909,015</b>   | <b>\$ 61,904,981</b>     |
| <b>Child Support Disbursement</b>    |                         |                         |                         |                          |
| <b>Assets</b>                        |                         |                         |                         |                          |
| Cash in custody of other officials   | \$ -0-                  | \$ 104,863,559          | \$ 103,165,587          | \$ 1,697,972             |
| Other receivables                    | -                       | 78,704                  | -                       | 78,704                   |
| Due from other funds                 | -                       | 974,365                 | -                       | 974,365                  |
| <b>Total assets</b>                  | <b>\$ -0-</b>           | <b>\$ 105,916,628</b>   | <b>\$ 103,165,587</b>   | <b>\$ 2,751,041</b>      |
| <b>Liabilities</b>                   |                         |                         |                         |                          |
| Due to other funds                   | \$ -0-                  | \$ 410,860              | \$ -0-                  | \$ 410,860               |
| Other liabilities                    | -                       | 107,743,609             | 105,403,428             | 2,340,181                |
| <b>Total liabilities</b>             | <b>\$ -0-</b>           | <b>\$ 108,154,469</b>   | <b>\$ 105,403,428</b>   | <b>\$ 2,751,041</b>      |

|   | Balance<br>July 1, 2000 | Additions               | Deletions               | Balance<br>June 30, 2001 |
|---|-------------------------|-------------------------|-------------------------|--------------------------|
| <b>Restitution Trust</b>                |                         |                         |                         |                          |
| <b>Assets</b>                           |                         |                         |                         |                          |
| Cash with treasurer                     | \$ 2,020,010            | \$ 3,323,141            | \$ 2,331,031            | \$ 3,012,120             |
| Due from other funds                    | 7,653                   | 7,016                   | 7,653                   | 7,016                    |
| <b>Total assets</b>                     | <b>\$ 2,027,663</b>     | <b>\$ 3,330,157</b>     | <b>\$ 2,338,684</b>     | <b>\$ 3,019,136</b>      |
| <b>Liabilities</b>                      |                         |                         |                         |                          |
| Due to other funds                      | \$ 7,860                | \$ 128,094              | \$ 114,223              | \$ 21,731                |
| Other liabilities                       | 2,019,803               | 3,144,617               | 2,167,015               | 2,997,405                |
| <b>Total liabilities</b>                | <b>\$ 2,027,663</b>     | <b>\$ 3,272,711</b>     | <b>\$ 2,281,238</b>     | <b>\$ 3,019,136</b>      |
| <b>Veterans Custodial</b>               |                         |                         |                         |                          |
| <b>Assets</b>                           |                         |                         |                         |                          |
| Cash with treasurer                     | \$ 1,943,686            | \$ 1,085,753            | \$ 1,143,379            | \$ 1,886,060             |
| Collateral on loaned securities         | 479,460                 | 644,974                 | 479,460                 | 644,974                  |
| Due from other funds                    | 29,343                  | 24,373                  | 29,343                  | 24,373                   |
| <b>Total assets</b>                     | <b>\$ 2,452,489</b>     | <b>\$ 1,755,100</b>     | <b>\$ 1,652,182</b>     | <b>\$ 2,555,407</b>      |
| <b>Liabilities</b>                      |                         |                         |                         |                          |
| Obligations under securities lending    | \$ 479,460              | \$ 644,974              | \$ 479,460              | \$ 644,974               |
| Other liabilities                       | 1,973,029               | 1,081,752               | 1,144,348               | 1,910,433                |
| <b>Total liabilities</b>                | <b>\$ 2,452,489</b>     | <b>\$ 1,726,726</b>     | <b>\$ 1,623,808</b>     | <b>\$ 2,555,407</b>      |
| <b>State Payroll</b>                    |                         |                         |                         |                          |
| <b>Assets</b>                           |                         |                         |                         |                          |
| Cash with treasurer                     | \$ 7,447,734            | \$ 312,956,175          | \$ 312,013,942          | \$ 8,389,967             |
| Other receivables                       | 54,076                  | 27,826                  | 80,150                  | 1,752                    |
| Due from other funds                    | 479,219                 | 50,753                  | 445,303                 | 84,669                   |
| <b>Total assets</b>                     | <b>\$ 7,981,029</b>     | <b>\$ 313,034,754</b>   | <b>\$ 312,539,395</b>   | <b>\$ 8,476,388</b>      |
| <b>Liabilities</b>                      |                         |                         |                         |                          |
| Accrued payroll and related liabilities | \$ 51,694               | \$ 206,426,063          | \$ 206,423,486          | \$ 54,271                |
| Due to other funds                      | 7,841,758               | 107,179,683             | 106,673,877             | 8,347,564                |
| Other liabilities                       | 87,577                  | 3,167                   | 16,191                  | 74,553                   |
| <b>Total liabilities</b>                | <b>\$ 7,981,029</b>     | <b>\$ 313,608,913</b>   | <b>\$ 313,113,554</b>   | <b>\$ 8,476,388</b>      |
| <b>Totals - All Agency Funds</b>        |                         |                         |                         |                          |
| <b>Assets</b>                           |                         |                         |                         |                          |
| Cash with treasurer                     | \$ 100,018,889          | \$ 2,689,131,098        | \$ 2,672,790,410        | \$ 116,359,577           |
| Cash in custody of other officials      | 48,701,230              | 122,110,304             | 117,427,075             | 53,384,459               |
| Investments                             | 76,565,086              | 17,984,707              | 5,827,040               | 88,722,753               |
| Collateral on loaned securities         | 9,222,052               | 1,907,495               | 9,222,052               | 1,907,495                |
| Taxes receivable                        | 5,633,222               | 5,702,284               | 5,633,223               | 5,702,283                |
| Intergovernmental receivables           | 6,119,865               | 5,492,685               | 6,119,865               | 5,492,685                |
| Other receivables                       | 11,822,326              | 19,235,479              | 10,873,376              | 20,184,429               |
| Due from other funds                    | 275,647,079             | 288,957,649             | 275,613,163             | 288,991,565              |
| <b>Total assets</b>                     | <b>\$ 533,729,749</b>   | <b>\$ 3,150,521,701</b> | <b>\$ 3,103,506,204</b> | <b>\$ 580,745,246</b>    |
| <b>Liabilities</b>                      |                         |                         |                         |                          |
| Accrued payroll and related liabilities | \$ 51,694               | \$ 206,426,063          | \$ 206,423,486          | \$ 54,271                |
| Intergovernmental payables              | 302,321,801             | 1,948,972,131           | 1,923,202,824           | 328,091,108              |
| Obligations under securities lending    | 9,222,052               | 1,907,495               | 9,222,052               | 1,907,495                |
| Due to other funds                      | 67,663,352              | 597,641,259             | 588,671,683             | 76,632,928               |
| Deposits                                | 150,364,256             | 50,368,397              | 34,029,033              | 166,703,620              |
| Other liabilities                       | 4,106,594               | 111,981,700             | 108,732,470             | 7,355,824                |
| <b>Total liabilities</b>                | <b>\$ 533,729,749</b>   | <b>\$ 2,917,297,045</b> | <b>\$ 2,870,281,548</b> | <b>\$ 580,745,246</b>    |

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

State  
of  
Nevada

June 30, 2001 with Comparative Totals for 2000

**Exhibit G-8**

|   | <u>2001</u>           | <u>2000</u>           |
|---|-----------------------|-----------------------|
| <b>Assets</b>   |                       |                       |
| Cash with treasurer                                   | \$ 1,673              | \$ 299,238            |
| Investments   | 532,545,850           | 404,182,173           |
| <i>Receivables:</i>                                   |                       |                       |
| Accrued interest                                      | 5,166,964             | 3,241,814             |
| <b>Total plan assets</b>                              | <u>537,714,487</u>    | <u>407,723,225</u>    |
| <b>Liabilities</b>                                    |                       |                       |
| <i>Accounts payable and accruals:</i>                 |                       |                       |
| Intergovernmental payables                            | 1,957,451             | 2,209,239             |
| Due to other funds                                    | 8,861                 | 307,997               |
| <b>Total plan liabilities</b>                         | <u>1,966,312</u>      | <u>2,517,236</u>      |
| <b>Net assets held in trust for pool participants</b> | <u>\$ 535,748,175</u> | <u>\$ 405,205,989</u> |

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

State  
of  
Nevada

For the Fiscal Year Ended June 30, 2001 with Comparative Totals for 2000

**Exhibit G-9**

|  | <u>2001</u>           | <u>2000</u>           |
|--|-----------------------|-----------------------|
| <b>Additions</b>   |                       |                       |
| <i>Investment income:</i>                                      |                       |                       |
| Interest   | \$ 26,725,082         | \$ 24,259,575         |
| Net increase (decrease) in fair value of investments           | 159,638               | 129,125               |
|  | <u>26,884,720</u>     | <u>24,388,700</u>     |
| Less: Investment expense                                       | (114,961)             | (105,000)             |
| Net investment income  | 26,769,759            | 24,283,700            |
| Investment from local governments                              | 1,002,042,570         | 941,158,792           |
| Reinvestment from interest income                              | 23,708,103            | 2,545,001             |
| <b>Total additions</b>   | <u>1,052,520,432</u>  | <u>967,987,493</u>    |
| <b>Deductions</b>  |                       |                       |
| Dividends to investors   | 26,614,689            | 24,151,090            |
| Principal redeemed   | 895,363,557           | 916,507,211           |
| <b>Total deductions</b>  | <u>921,978,246</u>    | <u>940,658,301</u>    |
| Net increase (decrease)  | 130,542,186           | 27,329,192            |
| Net assets held in trust for pool participants, July 1         | 405,205,989           | 377,876,797           |
| <b>Net assets held in trust for pool participants, June 30</b> | <u>\$ 535,748,175</u> | <u>\$ 405,205,989</u> |

## Schedule of General Fixed Assets - By Source

Exhibit H-1

June 30, 2001

| General Fixed Assets              |                                | Investments in General Fixed Assets             |                                |
|-----------------------------------|--------------------------------|---|--------------------------------|
| Land                              | \$ 93,022,091                  | General obligation bonds                        | \$ 526,850,065                 |
| Buildings                         | 677,654,301                    | Federal grants                                  | 103,481,562                    |
| Improvements other than buildings | 67,828,506                     | General fund revenues                           | 459,847,551                    |
| Furniture and equipment           | 298,056,004                    | Special revenue fund revenues                   | 266,420,636                    |
| Construction in progress          | <u>253,320,051</u>             | Gifts   | 18,535,924                     |
|                                   |                                | Certificates of participation                   | 14,745,215                     |
| <b>Total general fixed assets</b> | <b>\$ <u>1,389,880,953</u></b> | <b>Total investment in general fixed assets</b> | <b>\$ <u>1,389,880,953</u></b> |

## Schedule of General Fixed Assets - By Function

Exhibit H-2

June 30, 2001

|   | Land                        | Buildings                    | Improvements<br>Other Than<br>Buildings | Furniture and<br>Equipment   | Total                          |
|---|-----------------------------|------------------------------|---|------------------------------|--------------------------------|
| General government  | \$ 8,199,327                | \$ 69,624,408                | \$ 1,424,223                            | \$ 17,537,760                | \$ 96,785,718                  |
| Education, support services                                 | 739,564                     | 37,401,744                   | -0-                                     | 4,143,595                    | 42,284,903                     |
| Health, social services                                     | 1,078,219                   | 92,440,241                   | 1,706,956                               | 59,859,125                   | 155,084,541                    |
| Law, justice, public safety                                 | 2,606,758                   | 419,151,264                  | 15,608,605                              | 55,151,054                   | 492,517,681                    |
| Recreation, resource development                            | 79,904,942                  | 11,159,650                   | 47,798,100                              | 29,148,701                   | 168,011,393                    |
| Transportation  | 487,281                     | 45,398,564                   | 1,290,622                               | 124,756,821                  | 171,933,288                    |
| Regulation of business                                      | 6,000                       | 2,478,430                    | -0-                                     | 7,458,948                    | 9,943,378                      |
| <b>Total general fixed assets<br/>allocated to function</b> | <b>\$ <u>93,022,091</u></b> | <b>\$ <u>677,654,301</u></b> | <b>\$ <u>67,828,506</u></b>             | <b>\$ <u>298,056,004</u></b> | <b>1,136,560,902</b>           |
| Construction in progress                                    |                             |                              |   |                              | <u>253,320,051</u>             |
| <b>Total general fixed assets</b>                           |                             |                              |   |                              | <b>\$ <u>1,389,880,953</u></b> |

## Schedule of Changes in General Fixed Assets - By Function

Exhibit H-3

For the Fiscal Year Ended June 30, 2001

|                                   | General<br>Fixed Assets<br>July 1, 2000<br>(Adjusted) | Additions                    | Deletions                   | General<br>Fixed Assets<br>June 30, 2001 |
|-----------------------------------|---|------------------------------|-----------------------------|--|
| General government                | \$ 95,536,721   | \$ 2,669,639                 | \$ 1,420,642                | \$ 96,785,718                            |
| Education, support services       | 37,555,921  | 4,757,367                    | 28,385                      | 42,284,903                               |
| Health, social services           | 134,000,580   | 22,864,690                   | 1,780,729                   | 155,084,541                              |
| Law, justice, public safety       | 483,437,117   | 12,884,276                   | 3,803,712                   | 492,517,681                              |
| Recreation, resource development  | 165,828,733   | 2,998,701                    | 816,041                     | 168,011,393                              |
| Transportation                    | 161,669,102   | 15,757,930                   | 5,493,744                   | 171,933,288                              |
| Regulation of business            | 9,465,588   | 630,699                      | 152,909                     | 9,943,378                                |
| Construction in progress          | 236,312,911   | 45,558,877                   | 28,551,737                  | 253,320,051                              |
| <b>Total general fixed assets</b> | <b>\$ <u>1,323,806,673</u></b>                        | <b>\$ <u>108,122,179</u></b> | <b>\$ <u>42,047,899</u></b> | <b>\$ <u>1,389,880,953</u></b>           |

The beginning balance of general fixed assets was adjusted for an increase in the capitalization threshold for buildings and improvements other than buildings from \$5,000 per asset to \$100,000.

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

*Exhibit I-1  
Page 1 of 9*

*For the Fiscal Year Ended June 30, 2001*

| Department                              | Final Budget       | Actual            | Variance          |
|---|--------------------|-------------------|-------------------|
| <b>General Fund Unbudgeted Activity</b> | \$ -0-             | \$ 5,152,352      | \$ (5,152,352)    |
| <b>Constitutional Agencies</b>          |                    |                   |                   |
| <b>Executive Branch</b>                 |                    |                   |                   |
| Office Of The Governor                  | 2,264,013          | 1,850,642         | 413,371           |
| Mansion Maintenance                     | 306,837            | 265,725           | 41,112            |
| Office Of Consumer Health Asst          | 751,443            | 584,781           | 166,662           |
| Nevada Protection Account               | 4,000,000          | -                 | 4,000,000         |
| Clark Cty Flood Relief                  | 17,420,139         | 882,184           | 16,537,955        |
| Washington Office                       | 259,300            | 259,300           | -                 |
| Ethics Commission                       | 360,384            | 269,000           | 91,384            |
| High Level Nuclear Waste                | 4,548,252          | 2,668,829         | 1,879,423         |
| Council On Holocaust Education          | 129,020            | 54,020            | 75,000            |
| Lieutenant Governor                     | 446,966            | 412,682           | 34,284            |
| Extradition Coordinator                 | 672,763            | 672,265           | 498               |
| Attorney General Admin Account          | 18,538,797         | 15,831,426        | 2,707,371         |
| Special Fund                            | 68,262             | 67,084            | 1,178             |
| Workers Compensation Fraud              | 2,151,728          | 2,112,701         | 39,027            |
| Crime Prevention                        | 245,239            | 242,085           | 3,154             |
| Attorney General Medicaid Fraud         | 1,657,545          | 1,111,687         | 545,858           |
| Domestic Violence Program               | 3,635,939          | 1,617,865         | 2,018,074         |
| Council For Prosecuting Attys           | 166,782            | 76,651            | 90,131            |
| Victims Of Domestic Violence            | 191,339            | 101,065           | 90,274            |
| Insurance Fraud                         | 802,069            | 800,592           | 1,477             |
| Secretary Of State                      | 10,741,612         | 7,591,935         | 3,149,677         |
| Investigations & Enforcements           | 248,528            | 50,412            | 198,116           |
| Special Services-Sec Of State           | 7,000,000          | 5,120,121         | 1,879,879         |
| State Treasurer                         | 2,103,680          | 1,449,717         | 653,963           |
| Silicosis & Disabled Pensions           | 3,935,034          | 159,765           | 3,775,269         |
| Controller General Account              | 3,018,845          | 2,935,367         | 83,478            |
| <b>Judicial Branch</b>                  |                    |                   |                   |
| Admin Office Of The Courts              | 1,159,094          | 1,055,275         | 103,819           |
| Division Of Planning & Analysis         | 1,207,381          | 1,029,021         | 178,360           |
| Uniform System Of Judicial Rec          | 1,343,792          | 504,992           | 838,800           |
| Judicial Education                      | 867,055            | 619,762           | 247,293           |
| District Judges Salary                  | 6,957,909          | 6,747,862         | 210,047           |
| District Judge/Surviving Spouse Pension | 999,173            | 994,368           | 4,805             |
| Justices/Surviving Spouses Pensions     | 334,530            | 326,535           | 7,995             |
| District Judges Travel                  | 495,478            | 153,820           | 341,658           |
| Supreme Court                           | 7,964,283          | 7,337,410         | 626,873           |
| Supreme Court Rural Drug Court          | 300,000            | -                 | 300,000           |
| Retired Justice Duty Fund               | 282,904            | 193,452           | 89,452            |
| Judicial Selection                      | 7,450              | 7,171             | 279               |
| Law Library Gift Fund                   | 61,933             | 5,329             | 56,604            |
| Law Library                             | 1,127,223          | 1,090,262         | 36,961            |
| Judicial Discipline                     | 399,056            | 395,580           | 3,476             |
|   | <u>109,171,777</u> | <u>67,648,740</u> | <u>41,523,037</u> |
| <b>Finance &amp; Administration</b>     |                    |                   |                   |
| <b>Administration</b>                   |                    |                   |                   |
| Deferred Compensation                   | 84,165             | 10,188            | 73,977            |
| Commission For Women                    | 3,392              | -                 | 3,392             |
| Special Appropriations                  | 14,636,589         | 1,295,329         | 13,341,260        |
| Year 2000 Conversion                    | 186,321            | -                 | 186,321           |
| Info Technology Improvement             | 27,001,549         | 7,841,761         | 19,159,788        |
| Budget And Planning                     | 3,225,831          | 2,881,774         | 344,057           |
| Division Of Internal Audit              | 1,440,863          | 1,345,683         | 95,180            |

| <u>Department</u>              | <u>Final Budget</u> | <u>Actual</u>     | <u>Variance</u>   |
|--------------------------------|---------------------|-------------------|-------------------|
| Graffiti Reward Fund           | \$ 3,393            | \$ -0-            | \$ 3,393          |
| Merit Award Board              | 5,000               | -0-               | 5,000             |
| Controlled Substance Grants    | 36,884              | -0-               | 36,884            |
| Local Cultural Activities      | 60,582              | 60,582            | -0-               |
| Clear Creek Youth Center       | 311,236             | 280,265           | 30,971            |
| Commodity Food Program         | 4,626,330           | 3,239,913         | 1,386,417         |
| Surplus Property               | 164,352             | 125,957           | 38,395            |
| Roof Maintenance Reserve       | 1,026,131           | 56,512            | 969,619           |
| Public Works Division          | 849,103             | 738,658           | 110,445           |
| School Plan Checking           | 94,937              | 77,748            | 17,189            |
| Workman's Comp Hearing Reserve | 493,120             | 100,393           | 392,727           |
| Hearings And Appeals           | 3,164,958           | 3,127,335         | 37,623            |
| State Claims                   | 3,127,718           | 806,713           | 2,321,005         |
| Emergency Fund                 | 533,640             | 137,919           | 395,721           |
| Statutory Contingency          | 3,374,861           | 967,354           | 2,407,507         |
| Retired Emp Group Insurance    | 11,945,239          | 11,508,393        | 436,846           |
| <b>Taxation</b>                |                     |                   |                   |
| Department Of Taxation         | 18,472,609          | 14,224,326        | 4,248,283         |
| Sr Citizen Property Tax Rebate | 3,717,387           | 3,508,634         | 208,753           |
| <b>Personnel</b>               |                     |                   |                   |
| Unemployment Compensation Fund | 1,677,736           | 807,030           | 870,706           |
|                                | <u>100,263,926</u>  | <u>53,142,467</u> | <u>47,121,459</u> |

**Education****Education**

|                                |             |             |            |
|--------------------------------|-------------|-------------|------------|
| Drug Abuse Education           | 1,813,168   | 1,625,497   | 187,671    |
| Student Incentive Grants       | 402,591     | 400,991     | 1,600      |
| Distributive School Account    | 707,406,220 | 679,078,456 | 28,327,764 |
| School Health Education - Aids | 361,602     | 229,252     | 132,350    |
| Commission On Postsecondary Ed | 359,373     | 338,855     | 20,518     |
| Student Indemnification Acct   | 320,068     | 74,359      | 245,709    |
| Education Of Handicapped       | 901,945     | 325,560     | 576,385    |
| Education State Programs       | 2,273,701   | 2,253,512   | 20,189     |
| Occupational Education         | 7,157,583   | 6,377,189   | 780,394    |
| School To Careers              | 3,567,030   | 1,622,529   | 1,944,501  |
| Continuing Education           | 2,977,344   | 2,803,710   | 173,634    |
| Proficiency Testing            | 4,525,575   | 3,402,774   | 1,122,801  |
| Other State Education Programs | 56,573,407  | 36,084,818  | 20,488,589 |
| Education Technology Trust     | 26,010      | -0-         | 26,010     |
| Teacher Education & Licensing  | 900,588     | 737,930     | 162,658    |
| Discretionary Grants           | 10,373,248  | 8,757,615   | 1,615,633  |
| Discretionary Grantsrestricted | 2,513,698   | 1,599,680   | 914,018    |
| IASA-Title I Grants            | 26,552,690  | 24,828,937  | 1,723,753  |
| IASA-Title II & Title VI Grant | 4,087,964   | 3,484,231   | 603,733    |
| Education For Handicapped Act  | 37,628,906  | 34,547,519  | 3,081,387  |
| Education Support Services     | 1,562,564   | 1,474,224   | 88,340     |
| Child Nutrition                | 50,280,161  | 40,863,229  | 9,416,932  |

**University & Community College System**

|                                |             |             |         |
|--------------------------------|-------------|-------------|---------|
| Science,Engineering,Technology | 387,160     | 154,092     | 233,068 |
| UNS - Special Projects         | 25,301,306  | 25,278,201  | 23,105  |
| Educ For Dependent Children    | 34,394      | 3,549       | 30,845  |
| University Of Nevada - Reno    | 107,310,085 | 107,310,085 | -0-     |
| School Of Medical Sciences     | 18,855,341  | 18,840,400  | 14,941  |
| Intercollegiate Athletics UNR  | 1,744,159   | 1,744,150   | 9       |
| Statewide Programs - UNR       | 4,918,790   | 4,918,790   | -0-     |
| University System Admin        | 2,955,390   | 2,955,390   | -0-     |

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

*Exhibit I-1  
Page 3 of 9*

*For the Fiscal Year Ended June 30, 2001*

| <b>Department</b>                  | <b>Final Budget</b>  | <b>Actual</b>        | <b>Variance</b>   |
|------------------------------------|----------------------|----------------------|-------------------|
| University Of Nevada Las Vegas     | \$ 130,166,379       | \$ 126,962,721       | \$ 3,203,658      |
| Intercollegiate Athletics UNLV     | 1,771,763            | 1,771,763            | -0-               |
| Agricultural Experiment Station    | 7,175,548            | 7,175,548            | -0-               |
| Cooperative Extension Service      | 7,302,211            | 7,138,638            | 163,573           |
| System Computing Center            | 14,236,225           | 11,711,271           | 2,524,954         |
| UNLV Law School                    | 6,474,140            | 6,474,140            | -0-               |
| National Direct Student Loan       | 77,842               | 13,543               | 64,299            |
| University Press                   | 639,647              | 639,623              | 24                |
| Radiation Safety Board-North       | 274,241              | 274,241              | -0-               |
| Radiation Safety Board-South       | 137,536              | 137,536              | -0-               |
| Statewide Programs - UNLV          | 912,129              | 912,129              | -0-               |
| UNLV Dental School                 | 4,730,000            | 619,158              | 4,110,842         |
| Business Center North              | 1,745,005            | 1,745,005            | -0-               |
| Business Center South              | 1,472,870            | 1,472,870            | -0-               |
| Collegiate License Plate Acct      | 150,000              | 109,937              | 40,063            |
| So Nevada Community College        | 66,345,057           | 65,573,775           | 771,282           |
| Laboratory & Research              | 1,924,588            | 1,823,643            | 100,945           |
| No Nevada Community College        | 10,512,786           | 10,350,775           | 162,011           |
| Desert Research Institute          | 3,553,565            | 3,544,345            | 9,220             |
| Western Nevada Comm College        | 15,581,093           | 15,161,095           | 419,998           |
| Truckee Meadows Comm College       | 28,412,130           | 27,835,270           | 576,860           |
| <b>WICHE Administration</b>        |                      |                      |                   |
| WICHE Administration               | 268,028              | 265,591              | 2,437             |
| <b>Museums, Library &amp; Arts</b> |                      |                      |                   |
| Museum, Library & Arts Admin       | 749,698              | 395,526              | 354,172           |
| Lost City Museum                   | 334,052              | 330,355              | 3,697             |
| Nevada Historical Society          | 666,936              | 589,503              | 77,433            |
| State Museum, Carson City          | 1,552,258            | 1,484,736            | 67,522            |
| Museums And History                | 744,994              | 295,991              | 449,003           |
| State Museum, Las Vegas            | 886,589              | 867,567              | 19,022            |
| Nevada State Railroad Museum       | 871,195              | 861,568              | 9,627             |
| Archives                           | 652,957              | 536,244              | 116,713           |
| Records Mgmt/Micrographics         | 795,620              | 493,701              | 301,919           |
| Nevada State Library               | 5,682,085            | 4,189,220            | 1,492,865         |
| Nevada State Library-Literacy      | 213,407              | 127,762              | 85,645            |
| Nevada State Library - CLAN        | 690,274              | 365,411              | 324,863           |
| Nevada Council On The Arts         | 2,008,611            | 1,889,490            | 119,121           |
| Cultural Resource Program          | 5,236,096            | 2,630,413            | 2,605,683         |
| Historic Preservation              | 1,430,969            | 829,540              | 601,429           |
| Comstock Historic District         | 95,592               | 82,039               | 13,553            |
| Comstock Historic District Gifts   | 52                   | -0-                  | 52                |
|                                    | <u>1,410,546,229</u> | <u>1,319,797,207</u> | <u>90,749,022</u> |

**Human Services**

|                                       |             |             |            |
|---------------------------------------|-------------|-------------|------------|
| <b>Human Resources</b>                |             |             |            |
| Human Resources-Administration        | 6,173,397   | 1,522,649   | 4,650,748  |
| Purchase Of Social Services           | 12,402,211  | 11,978,103  | 424,108    |
| State And Community Collaboration     | 3,008,970   | 2,608,272   | 400,698    |
| Family To Family Connections          | 2,804,907   | 2,676,487   | 128,420    |
| Community Connections                 | 1,444,550   | 1,444,426   | 124        |
| Community Services Block Grant        | 3,216,204   | 2,906,315   | 309,889    |
| <b>Health Care Financing Division</b> |             |             |            |
| Health Resources Cost Review          | 304,411     | 240,087     | 64,324     |
| Health Care Financing & Policy        | 2,792,927   | 2,529,993   | 262,934    |
| Nevada Check-Up Program               | 21,849,462  | 21,114,199  | 735,263    |
| Nevada Medicaid                       | 666,517,799 | 614,888,247 | 51,629,552 |

| Department                               | Final Budget   | Actual         | Variance      |
|--|----------------|----------------|---------------|
| Intergovernmental Transfer Pro           | \$ 145,205,888 | \$ 102,790,662 | \$ 42,415,226 |
| <b>Health</b>                            |                |                |               |
| Radiological Health                      | 1,030,847      | 902,211        | 128,636       |
| Cancer Control Registry                  | 532,139        | 370,834        | 161,305       |
| Alcoholism & Drug Rehab                  | 14,797,618     | 13,997,194     | 800,424       |
| Vital Statistics                         | 899,344        | 863,794        | 35,550        |
| Consumer Protection                      | 2,839,637      | 2,697,866      | 141,771       |
| Special Children's Clinic                | 5,516,103      | 5,387,341      | 128,762       |
| Health Aid To Counties                   | 1,412,116      | 1,412,116      | -0-           |
| Immunization Program                     | 3,973,594      | 3,438,933      | 534,661       |
| Wic Food Supplement                      | 29,581,891     | 29,356,871     | 225,020       |
| Sexually Trans Disease Control           | 11,320,792     | 9,918,647      | 1,402,145     |
| Health Facilities                        | 5,225,598      | 4,424,635      | 800,963       |
| Health Facilities-Admn Penalty           | 149,813        | -0-            | 149,813       |
| Health Alert Network                     | 756,870        | 385,636        | 371,234       |
| Family Planning Project                  | 939,187        | 775,641        | 163,546       |
| Communicable Disease Control             | 3,773,733      | 3,369,612      | 404,121       |
| Maternal Child Health Services           | 5,002,361      | 4,402,993      | 599,368       |
| Office Of State Health Admin             | 2,972,610      | 2,541,560      | 431,050       |
| Community Health Services                | 2,319,414      | 2,063,630      | 255,784       |
| Emergency Medical Services               | 713,299        | 624,808        | 88,491        |
| Tax On Liquor Program Acct               | 846,985        | 361,892        | 485,093       |
| <b>Aging Services</b>                    |                |                |               |
| Senior Services Program                  | 8,649,987      | 8,619,753      | 30,234        |
| Aging Services                           | 10,723,444     | 9,499,621      | 1,223,823     |
| Homemaker                                | 2,544,175      | 2,402,804      | 141,371       |
| <b>Mental Hygiene/Mental Retardation</b> |                |                |               |
| Southern MH/MR Food Service              | 1,230,709      | 1,028,955      | 201,754       |
| So Nevada Adult Mental Health Svc        | 31,211,089     | 29,821,405     | 1,389,684     |
| Nevada Mental Health Institute           | 19,070,263     | 17,809,497     | 1,260,766     |
| Mental Health Info System                | 667,454        | 369,922        | 297,532       |
| Family Preservation Program              | 753,244        | 748,936        | 4,308         |
| Rural NV Mental Retardation Svcs         | 4,675,262      | 4,467,299      | 207,963       |
| Mental Hygiene-Mental Retardation        | 2,523,976      | 1,976,899      | 547,077       |
| Desert Regional Center                   | 31,330,845     | 29,829,025     | 1,501,820     |
| No Nevada Mental Retardation             | 17,241,110     | 16,432,371     | 808,739       |
| Facility For Mental Offender             | 5,227,914      | 4,575,496      | 652,418       |
| Rural Clinics                            | 7,550,097      | 7,109,995      | 440,102       |
| <b>Welfare</b>                           |                |                |               |
| Welfare To Work                          | 6,044,658      | 2,088,312      | 3,956,346     |
| Homeless Grants                          | 284,332        | 274,109        | 10,223        |
| Welfare Administration                   | 29,542,428     | 24,057,840     | 5,484,588     |
| Temp Assist For Needy Families           | 47,339,766     | 40,424,975     | 6,914,791     |
| Assistance To Aged And Blind             | 5,602,421      | 5,602,421      | -0-           |
| Welfare Field Services                   | 35,728,379     | 34,144,183     | 1,584,196     |
| Child Support Enforcement Prog           | 7,825,990      | 6,985,631      | 840,359       |
| Collection And Distribution Account      | 64,892,951     | 16,692,264     | 48,200,687    |
| Employment And Training                  | 47,582,811     | 35,044,118     | 12,538,693    |
| Energy Assistance - Welfare              | 10,919,097     | 3,147,530      | 7,771,567     |
| <b>Child &amp; Family Services</b>       |                |                |               |
| Community Juvenile Justice Prg           | 2,785,997      | 1,894,323      | 891,674       |
| Child Welfare Integration                | 5,166,860      | -0-            | 5,166,860     |
| Unity/SACWIS                             | 9,928,133      | 6,010,156      | 3,917,977     |
| Children, Youth & Family Admin           | 28,061,532     | 23,355,829     | 4,705,703     |
| Youth Alternative Placement              | 1,925,979      | 1,848,985      | 76,994        |
| Juvenile Correction Facility             | 4,998,287      | 3,565,587      | 1,432,700     |

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

*Exhibit I-1*

*Page 5 of 9*

*For the Fiscal Year Ended June 30, 2001*

| <u>Department</u>                       | <u>Final Budget</u>  | <u>Actual</u>        | <u>Variance</u>    |
|---|----------------------|----------------------|--------------------|
| Child Care Services                     | \$ 1,261,194         | \$ 1,158,601         | \$ 102,593         |
| Caliente Youth Center                   | 4,673,223            | 4,430,814            | 242,409            |
| Victims Of Domestic Violence            | 2,991,026            | 2,226,258            | 764,768            |
| Childrens Trust Account                 | 1,859,649            | 698,930              | 1,160,719          |
| Youth Community Services                | 49,222,132           | 46,321,875           | 2,900,257          |
| Nevada Youth Training Center            | 6,287,416            | 6,062,487            | 224,929            |
| Juvenile Accountability Block           | 4,810,884            | 2,484,895            | 2,325,989          |
| Youth Corrections Services              | 5,320,822            | 4,364,853            | 955,969            |
| Child Abuse & Neglect                   | 375,831              | 258,087              | 117,744            |
| Farm Acct-Youth Training Center         | 37,517               | 4,870                | 32,647             |
| No Nev Child & Adolescent Services      | 5,722,092            | 5,509,002            | 213,090            |
| So Nev Child & Adolescent Services      | 18,079,492           | 15,659,719           | 2,419,773          |
| <b>Other Human Resources</b>            |                      |                      |                    |
| Public Defender                         | 1,860,052            | 1,807,961            | 52,091             |
| Indian Commission                       | 112,069              | 106,820              | 5,249              |
| <b>Employment, Training &amp; Rehab</b> |                      |                      |                    |
| Developmental Disabilities              | 627,191              | 562,945              | 64,246             |
| Blind Business Enterprise               | 3,105,090            | 1,840,301            | 1,264,789          |
| Services To The Blind                   | 3,763,480            | 3,217,705            | 545,775            |
| Client Assistance Program               | 144,146              | 131,554              | 12,592             |
| Vocational Assessment Centers           | 2,257,181            | 1,445,981            | 811,200            |
| Vocational Rehabilitation               | 12,962,593           | 11,346,699           | 1,615,894          |
| Community Based Services                | 10,360,912           | 3,903,953            | 6,456,959          |
| Rehabilitation Admin                    | 525,456              | 462,530              | 62,926             |
| Disability Adjudication                 | 7,433,820            | 6,673,207            | 760,613            |
| State Job Training Office               | 4,921,430            | 1,561,273            | 3,360,157          |
| Technical Assistance And Monitoring     | 12,868,886           | 9,048,747            | 3,820,139          |
| Office Of Equal Rights                  | 1,261,784            | 1,175,009            | 86,775             |
| DETR. Director's Office                 | 1,149,609            | 1,044,250            | 105,359            |
| Detr Admin Services                     | 2,271,979            | 2,229,560            | 42,419             |
| Research & Analysis                     | 3,248,221            | 2,284,752            | 963,469            |
| Info Development & Processing           | 5,309,344            | 4,827,616            | 481,728            |
| One Stop Career Centers                 | 353,947              | 323,887              | 30,060             |
|   | <u>1,587,532,335</u> | <u>1,334,999,036</u> | <u>252,533,299</u> |

**Commerce & Industry**

**Agriculture**

|                                   |           |           |         |
|-----------------------------------|-----------|-----------|---------|
| Alfalfa Seed Research             | 42,953    | 14,437    | 28,516  |
| Garlic & Onion Research Promotion | 169,873   | 40,242    | 129,631 |
| Agric Registration/Enforcement    | 1,371,650 | 666,660   | 704,990 |
| Livestock Inspection              | 1,380,349 | 995,154   | 385,195 |
| Apiary Inspection                 | 23,204    | 207       | 22,997  |
| Veterinary Medical Services       | 830,615   | 786,931   | 43,684  |
| Weights & Measures                | 1,252,811 | 999,068   | 253,743 |
| Insect Abatement                  | 51,827    | 1,152     | 50,675  |
| Agricultural Administration       | 720,942   | 665,781   | 55,161  |
| Rangeland Resources Commission    | 299,141   | 135,741   | 163,400 |
| Predatory Animal/Rodent Control   | 834,660   | 825,500   | 9,160   |
| Nevada Jr Livestock Show Board    | 37,591    | 37,316    | 275     |
| High School Rodeo Association     | 20,000    | 20,000    | -0-     |
| Nevada Beef Council               | 423,929   | 309,576   | 114,353 |
| Gas Pollution Standards           | 599,541   | 324,031   | 275,510 |
| Plant Industry                    | 1,810,139 | 1,507,437 | 302,702 |
| Grade & Cert Agriculture Products | 411,253   | 284,074   | 127,179 |

**Minerals**

|          |           |         |         |
|----------|-----------|---------|---------|
| Minerals | 1,068,341 | 777,482 | 290,859 |
|----------|-----------|---------|---------|

| <u>Department</u>                         | <u>Final Budget</u> | <u>Actual</u>     | <u>Variance</u>   |
|---|---------------------|-------------------|-------------------|
| Bond Reclamation                          | \$ 1,256,403        | \$ 17,059         | \$ 1,239,344      |
| <b>Business &amp; Industry</b>            |                     |                   |                   |
| Gov Com Employ People W/Disabilities      | 234,511             | 225,046           | 9,465             |
| Business & Industry Admin                 | 809,867             | 746,439           | 63,428            |
| Industrial Development Bond               | 1,049,719           | 191,570           | 858,149           |
| Employee Management Relations             | 140,191             | 138,862           | 1,329             |
| Insurance Regulation                      | 3,771,711           | 3,597,036         | 174,675           |
| Captive Insurers                          | 9,240               | -0-               | 9,240             |
| Common Interest Communities               | 1,055,474           | 185,853           | 869,621           |
| Insurance Recovery                        | 322,255             | 278,635           | 43,620            |
| Real Estate                               | 2,731,403           | 1,973,722         | 757,681           |
| Insurance Education & Research            | 848,830             | 399,118           | 449,712           |
| NAIC Fees                                 | 56,687              | 18,467            | 38,220            |
| Real Estate Investigative                 | 5,458               | -0-               | 5,458             |
| Insurance Cost Stabilization              | 263,548             | 150,053           | 113,495           |
| Athletic Commission                       | 476,360             | 389,170           | 87,190            |
| Labor Relations                           | 1,152,766           | 1,087,836         | 64,930            |
| Petroleum Overcharge Rebate               | 902,342             | 234,799           | 667,543           |
| Energy Conservation                       | 958,917             | 794,827           | 164,090           |
| Attorney For Injured Workers              | 2,023,322           | 1,858,342         | 164,980           |
| Consumer Affairs Restitution              | 1,150,245           | 454,273           | 695,972           |
| Consumer Affairs                          | 1,195,779           | 1,173,887         | 21,892            |
| Comm For Hospital Patients                | 201,307             | 109,263           | 92,044            |
| Financial Institutions Investigation      | 1,069,271           | 255,065           | 814,206           |
| Unclaimed Property                        | 551,175             | 550,935           | 240               |
| Financial Institutions                    | 1,998,471           | 1,587,249         | 411,222           |
| Low Income Housing Trust Fund             | 10,766,030          | 2,881,454         | 7,884,576         |
| Financial Institutions Audit              | 82,535              | 68,767            | 13,768            |
| Doe Weatherization                        | 523,486             | 436,336           | 87,150            |
| <b>Gaming Control</b>                     |                     |                   |                   |
| Gaming Control Board                      | 27,429,056          | 26,965,747        | 463,309           |
| Gaming Administration                     | 1,163,893           | 455,368           | 708,525           |
| Gaming Control-Forfeiture Acct            | 714,622             | 89,506            | 625,116           |
| Fed Forfeiture Treasury                   | 255,993             | -0-               | 255,993           |
| <b>Economic Development &amp; Tourism</b> |                     |                   |                   |
| Commission On Economic Development        | 3,698,708           | 3,032,871         | 665,837           |
| Motion Pictures                           | 726,624             | 709,999           | 16,625            |
| Rural Community Development               | 6,956,886           | 3,883,439         | 3,073,447         |
| Small Business & Procurement              | 452,589             | 432,917           | 19,672            |
|   | <u>88,354,493</u>   | <u>63,764,699</u> | <u>24,589,794</u> |
| <b>Public Safety</b>                      |                     |                   |                   |
| <b>Prisons</b>                            |                     |                   |                   |
| Prison Medical Care                       | 30,373,867          | 29,284,006        | 1,089,861         |
| Corrections Administration                | 10,460,289          | 9,836,460         | 623,829           |
| Prison Warehouse Fund                     | 7,946,458           | 7,621,689         | 324,769           |
| Prison One-Shot Approp 85 Leg             | 3,355,787           | 1,914,944         | 1,440,843         |
| So Nevada Correctional Center             | 2,023,217           | 1,905,630         | 117,587           |
| Warm Springs Correctional Ctr             | 6,442,851           | 6,377,414         | 65,437            |
| No Nevada Correctional Center             | 14,482,518          | 14,384,215        | 98,303            |
| Nevada State Prison                       | 12,637,855          | 12,533,424        | 104,431           |
| Stewart Conservation Camp                 | 1,228,579           | 1,180,352         | 48,227            |
| Pioche Conservation Camp                  | 1,176,051           | 1,136,272         | 39,779            |
| Restitution Center - North                | 823,454             | 773,375           | 50,079            |
| Indian Sprgs Conservation Camp            | 1,693,801           | 1,662,337         | 31,464            |
| Restitution Center - South                | 671,173             | 593,808           | 77,365            |
| So Desert Correctional Center             | 15,697,678          | 15,266,048        | 431,630           |

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

**Exhibit I-1**

Page 7 of 9

For the Fiscal Year Ended June 30, 2001

| <b>Department</b>                           | <b>Final Budget</b> | <b>Actual</b>      | <b>Variance</b>   |
|---|---------------------|--------------------|-------------------|
| Wells Conservation Camp                     | \$ 900,480          | \$ 821,755         | \$ 78,725         |
| Humboldt Conservation Camp                  | 966,809             | 915,813            | 50,996            |
| Ely Conservation Camp                       | 994,645             | 972,985            | 21,660            |
| Jean Conservation Camp                      | 1,202,418           | 1,129,520          | 72,898            |
| Silver Sprngs Conservation Camp             | 936,716             | 903,154            | 33,562            |
| Ely State Prison                            | 18,663,470          | 18,518,970         | 144,500           |
| Carlin Conservation Camp                    | 968,414             | 939,451            | 28,963            |
| Tonopah Conservation Camp                   | 947,536             | 911,516            | 36,020            |
| Lovelock Correctional Center                | 15,476,616          | 15,107,651         | 368,965           |
| Southern Nevada Women's Prison              | 8,485,413           | 8,380,418          | 104,995           |
| High Desert State Prison                    | 16,643,720          | 15,686,889         | 956,831           |
| <b>Motor Vehicles &amp; Public Safety</b>   |                     |                    |                   |
| Peace Officers Standards & Training         | 2,439,702           | 1,377,638          | 1,062,064         |
| FEMA #1153 Dr-Nv                            | 1,561,496           | 776,473            | 785,023           |
| Emergency Management Division               | 5,847,266           | 4,208,197          | 1,639,069         |
| Emergency Management Assistanc              | 850,046             | 617,674            | 232,372           |
| Parole & Probation                          | 29,965,445          | 27,525,789         | 2,439,656         |
| Investigations                              | 5,385,905           | 5,283,944          | 101,961           |
| Narcotics Control                           | 1,446,731           | 1,373,397          | 73,334            |
| Parolee Loan Account                        | 3,385               | -0-                | 3,385             |
| Training Division                           | 865,969             | 755,482            | 110,487           |
| Parole Board                                | 1,032,645           | 1,016,251          | 16,394            |
| Fire Marshal                                | 1,853,777           | 1,259,928          | 593,849           |
| Haz Mat Training Center                     | 1,773,331           | 863,224            | 910,107           |
| Traffic Safety                              | 2,008,265           | 1,239,015          | 769,250           |
| Highway Safety Plan & Admin                 | 824,236             | 508,864            | 315,372           |
| Salvage/Wreckers/Body Shops                 | 507,325             | 110,036            | 397,289           |
| Forfeitures                                 | 2,798,885           | 597,810            | 2,201,075         |
| Drug Commission                             | 132,807             | 120,351            | 12,456            |
| Justice Assistance Act                      | 11,766,733          | 7,927,085          | 3,839,648         |
| Criminal History Repository                 | 7,025,119           | 6,627,312          | 397,807           |
| Child Vol Background Checks Trust           | 13,076              | 3,000              | 10,076            |
| Motor Vehicle Pollution Control             | 8,503,761           | 6,633,490          | 1,870,271         |
| Emergency Response Commission               | 916,225             | 411,808            | 504,417           |
| Public Safety, One Shots                    | 1,632,871           | -0-                | 1,632,871         |
| Public Safety Technology Division           | -0-                 | -0-                | -0-               |
| DMV Justice Grant                           | 1,299,425           | 281,234            | 1,018,191         |
| Dignitary Protection                        | 557,041             | 512,452            | 44,589            |
|   | <b>266,211,282</b>  | <b>238,788,550</b> | <b>27,422,732</b> |
| <b>Infrastructure</b>                       |                     |                    |                   |
| <b>Conservation &amp; Natural Resources</b> |                     |                    |                   |
| State Environmental Commission              | 32,675              | 27,958             | 4,717             |
| Natural Resources Admin                     | 1,267,427           | 1,169,235          | 98,192            |
| Water Resources Legal Cost                  | 228,290             | 82,644             | 145,646           |
| Tahoe Regional Planning Agency              | 1,599,050           | 1,375,456          | 223,594           |
| Mining Cooperative Fund                     | 129,449             | 99,702             | 29,747            |
| Conservation Districts                      | 334,299             | 270,480            | 63,819            |
| Habitat Mitigation                          | 693,997             | 37,166             | 656,831           |
| Wildlife                                    | 24,216,995          | 18,173,807         | 6,043,188         |
| Wildlife - Trout Management                 | 715,416             | 463,563            | 251,853           |
| Wildlife - Boating Program                  | 7,691,747           | 5,086,671          | 2,605,076         |
| Wildlife Heritage                           | 2,630,242           | 85,077             | 2,545,165         |
| Wildlife Obligated Reserve                  | 3,880,305           | 1,809,067          | 2,071,238         |
| Water Planning-Cap Improvement              | 144,575             | 88,878             | 55,697            |
| Water Planning                              | 1,048,117           | 380,959            | 667,158           |
| Parks Federal Grant Programs                | 1,631,316           | -0-                | 1,631,316         |

| Department                        | Final Budget  | Actual       | Variance     |
|-----------------------------------|---------------|--------------|--------------|
| State Parks                       | \$ 10,188,467 | \$ 7,892,693 | \$ 2,295,774 |
| Maintenance Of State Parks        | 1,257,652     | 394,031      | 863,621      |
| Coyote Springs Groundwater Basin  | 7,378         | -0-          | 7,378        |
| Flood Control Revolving Fund      | 252,717       | -0-          | 252,717      |
| USGS Co-Op                        | 1,503,527     | 912,909      | 590,618      |
| Groundwater Recharge Projects     | 188,669       | 51,183       | 137,486      |
| Water Right Surveyors             | 51,107        | 4,448        | 46,659       |
| Well Driller's Licenses           | 46,952        | 13,430       | 33,522       |
| Water Resources                   | 4,056,787     | 3,666,492    | 390,295      |
| State Engineer Revenue            | 62,397        | 46,409       | 15,988       |
| Little Humboldt River             | 137,099       | 24,258       | 112,841      |
| Quinn River Distribution          | 23,061        | 5,645        | 17,416       |
| Adjudication Emergency            | 16,000        | -0-          | 16,000       |
| Steptoe Valley Water Basin        | 22,439        | 922          | 21,517       |
| Diamond Valley Groundwater        | 10,326        | 8,393        | 1,933        |
| Colorado River Valley             | 25,831        | -0-          | 25,831       |
| Las Vegas Basin Water Dist        | 3,173,988     | 594,067      | 2,579,921    |
| Muddy River Surface Water         | 28,099        | 6,567        | 21,532       |
| Flood Repairs & Disaster Rel      | 50,000        | -0-          | 50,000       |
| Channel Clearance                 | 288,532       | 83,538       | 204,994      |
| Pahrnagat Lake                    | 59,252        | 21,070       | 38,182       |
| Pahrump Artesian Basin            | 37,613        | 12,266       | 25,347       |
| Boulder Flat Ground Water         | 34,482        | 5,700        | 28,782       |
| Mason Valley Ground Water         | 39,405        | 8,176        | 31,229       |
| Humboldt Water District           | 343,843       | 226,569      | 117,274      |
| Water Dist Rev Fund               | 30,000        | 835          | 29,165       |
| Smith Valley Artesian Basin       | 23,580        | 6,319        | 17,261       |
| Currant Creek                     | 5,815         | -0-          | 5,815        |
| Duckwater Creek                   | 23,266        | 10,034       | 13,232       |
| Paradise Valley Ground Water      | 13,419        | 7,991        | 5,428        |
| Upper White River                 | 16,000        | 171          | 15,829       |
| Muddy River Springs               | 27,274        | 1,243        | 26,031       |
| Kingston Creek                    | 2,419         | 668          | 1,751        |
| Warm Springs/Winnemucca Creek     | 46,087        | 2,914        | 43,173       |
| Eagle Valley                      | 163,071       | 138,402      | 24,669       |
| Carson Valley Ground Water        | 56,258        | 9,754        | 46,504       |
| Fish Lake Valley Artesian         | 23,641        | 4,334        | 19,307       |
| Carico Creek                      | 443           | -0-          | 443          |
| Lemmon Valley                     | 58,411        | 5,973        | 52,438       |
| Truckee Meadows/Sun Valley        | 80,132        | 28,492       | 51,640       |
| Antelope Middle Reese River       | 11,841        | 3,267        | 8,574        |
| Warm Springs Ground Water         | 24,838        | 7,225        | 17,613       |
| Honey Lake Valley                 | 20,684        | 549          | 20,135       |
| Whirlwind Valley                  | 7,671         | 142          | 7,529        |
| Crescent Water Ground Water       | 5,411         | 927          | 4,484        |
| Pumpnickel Valley                 | 44            | -0-          | 44           |
| Clovers Area Ground Water         | 19,012        | 5,640        | 13,372       |
| Cold Springs Valley               | 12,247        | 527          | 11,720       |
| Imlay Ground Water                | 18,780        | 1,194        | 17,586       |
| Kelly Creek Ground Water          | 26,447        | 4,057        | 22,390       |
| Lower Reese River Valley          | 43,076        | 4,133        | 38,943       |
| Maggie Creek                      | 37,255        | 4,975        | 32,280       |
| North Fork Ground Water           | 5,096         | 94           | 5,002        |
| Pleasant Valley                   | 5,415         | 51           | 5,364        |
| Forestry                          | 4,999,016     | 3,897,495    | 1,101,521    |
| Forest Fire Suppression/Emgy Resp | 9,167,542     | 8,170,794    | 996,748      |

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

State  
of  
Nevada

Exhibit I-1  
Page 9 of 9

For the Fiscal Year Ended June 30, 2001

| <b>Department</b>                            | <b>Final Budget</b>     | <b>Actual</b>           | <b>Variance</b>       |
|--|-------------------------|-------------------------|-----------------------|
| Forestry Honor Camps                         | \$ 7,088,296            | \$ 6,511,270            | \$ 577,026            |
| Forestry Inter-Gov Agreements                | 8,347,086               | 5,447,407               | 2,899,679             |
| Tahoe License Plates                         | 1,460,983               | 107,566                 | 1,353,417             |
| Nevada Tahoe Regional Planning               | 13,720                  | 810                     | 12,910                |
| State Lands                                  | 1,189,804               | 1,012,585               | 177,219               |
| State Lands Revolving Acct                   | 39,300                  | 6,743                   | 32,557                |
| Tahoe Bond Sale                              | 508,230                 | 24,154                  | 484,076               |
| Tahoe Mitigation                             | 3,017,833               | 649,655                 | 2,368,178             |
| Nevada Natural Heritage                      | 502,431                 | 367,458                 | 134,973               |
| Storage Tank Management                      | 840,166                 | -0-                     | 840,166               |
| Environmental Protection Admin               | 2,647,442               | 1,810,676               | 836,766               |
| Chemical Hazard Prevention                   | 496,139                 | 323,435                 | 172,704               |
| Reclamation Surety Acct                      | 270,000                 | -0-                     | 270,000               |
| State Revolving Fund                         | -0-                     | -0-                     | -0-                   |
| Air Quality Management Account               | 2,399,664               | 1,183,078               | 1,216,586             |
| Air Quality                                  | 3,140,511               | 2,520,108               | 620,403               |
| Bureau Of Water                              | 8,136,498               | 4,522,922               | 3,613,576             |
| Waste Mgmt & Fed Facilities                  | 10,572,653              | 7,416,930               | 3,155,723             |
| Mining Regulation/Reclamation                | 3,136,366               | 1,980,706               | 1,155,660             |
| Interim Fluid Mgmt Trust                     | 1,075,000               | 4,885                   | 1,070,115             |
| Hazardous Waste Management                   | 20,879,335              | 2,731,136               | 18,148,199            |
| Hazardous Waste - Beatty Site                | 5,332,127               | -0-                     | 5,332,127             |
|  | <u>164,217,298</u>      | <u>92,069,153</u>       | <u>72,148,145</u>     |
| <b>Special Purpose Agencies</b>              |                         |                         |                       |
| <b>Military</b>                              |                         |                         |                       |
| Veterans Affairs                             | 1,160,026               | 1,057,805               | 102,221               |
| Veterans Home Account                        | 8,573,121               | 1,545,776               | 7,027,345             |
| Veterans Gifts And Donations                 | 217,951                 | 8,819                   | 209,132               |
| Veterans Home Donation                       | 86,584                  | 29,990                  | 56,594                |
| Military                                     | 5,800,471               | 5,276,779               | 523,692               |
| Adjutant General Construction                | 5,289,023               | 26,561                  | 5,262,462             |
| National Guard Benefits                      | 95,782                  | 95,780                  | 2                     |
| <b>Civil Air Patrol</b>                      | 85,000                  | 84,994                  | 6                     |
|  | <u>21,307,958</u>       | <u>8,126,504</u>        | <u>13,181,454</u>     |
| <b>Appropriated Transfers to Other Funds</b> |                         |                         |                       |
| Attorney Gen Fund-Consumer Advocate          | 1,009,402               | 1,009,402               | -0-                   |
| Buildings And Grounds Fund                   | 220,400                 | 220,400                 | -0-                   |
| Capital Project Funds                        | 14,000,472              | 14,000,472              | -0-                   |
| Contingency Fund                             | 40,854,127              | 40,854,127              | -0-                   |
| Higher Education Tuition Fund                | 755,768                 | 755,768                 | -0-                   |
| Highway Fund                                 | 265,315                 | 265,315                 | -0-                   |
| Legislative Fund                             | 33,696,815              | 33,696,815              | -0-                   |
| Motor Pool Fund                              | 1,749,874               | 1,749,874               | -0-                   |
| WICHE Loan And Stipend Fund                  | 763,153                 | 763,153                 | -0-                   |
|  | <u>93,315,326</u>       | <u>93,315,326</u>       | <u>-0-</u>            |
| <b>Reversions to Other Funds</b>             |                         |                         |                       |
| Reversion to Contingency Fund                | -0-                     | 645,377                 | (645,377)             |
| Reversion to Disaster Relief Fund            | -0-                     | 469,841                 | (469,841)             |
| Reversion to Highway Fund                    | -0-                     | 271,921                 | (271,921)             |
| Reversion to Workers Comp And Safety Fund    | -0-                     | 202,311                 | (202,311)             |
|  | <u>-0-</u>              | <u>1,589,450</u>        | <u>(1,589,450)</u>    |
|  | <u>(62,500,000)</u>     | <u>-0-</u>              | <u>(62,500,000)</u>   |
| <b>Projected Reversions</b>                  |                         |                         |                       |
| Total General Fund                           | <u>\$ 3,778,420,624</u> | <u>\$ 3,278,393,484</u> | <u>\$ 500,027,140</u> |

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

**Exhibit I-2**  
Page 1 of 3

For the Fiscal Year Ended June 30, 2001

| Department                          | Final<br>Budget    | Actual             | Variance           |
|-------------------------------------|--------------------|--------------------|--------------------|
| <b>State Highway</b>                |                    |                    |                    |
| <b>Finance &amp; Administration</b> |                    |                    |                    |
| Unbudgeted Activity                 | \$ -0-             | \$ 380,069         | \$ (380,069)       |
| Salary Adjustment                   | 705,314            | 509,709            | 195,605            |
| Appropriations To Other Funds       | 9,608,040          | 9,608,035          | 5                  |
| Sub-total                           | <u>10,313,354</u>  | <u>10,497,813</u>  | <u>(184,459)</u>   |
| <b>Public Safety</b>                |                    |                    |                    |
| Administrative Services             | 7,553,110          | 6,952,062          | 601,048            |
| Automation                          | 6,408,517          | 6,174,566          | 233,951            |
| Bicycle Safety Program              | 247,653            | 170,779            | 76,874             |
| Central Services                    | 11,517,447         | 8,571,913          | 2,945,534          |
| Compliance Enforcement              | 1,351,168          | 1,226,768          | 124,400            |
| Director's Office - DMV/PS          | 2,243,604          | 2,178,941          | 64,663             |
| DMV Field Services                  | 27,310,357         | 25,807,425         | 1,502,932          |
| DMV Hwy Safety Grants Acct          | 1,713,125          | 849,916            | 863,209            |
| Hazardous Materials                 | 878,265            | 824,883            | 53,382             |
| Hearings                            | 738,210            | 729,332            | 8,878              |
| Highway Patrol                      | 50,208,053         | 48,605,144         | 1,602,909          |
| Internal Affairs                    | 224,644            | 214,852            | 9,792              |
| Management Services                 | 4,687,490          | 3,149,722          | 1,537,768          |
| Motor Carrier                       | 2,275,044          | 2,155,368          | 119,676            |
| Motorcycle Safety Program           | 444,904            | 222,163            | 222,741            |
| Project Genesis                     | 3,045,486          | 3,045,485          | 1                  |
| Public Safety Information Services  | 4,017,429          | 3,986,379          | 31,050             |
| Records Search                      | 907,435            | 777,935            | 129,500            |
| Verification of Insurance           | 1,932,391          | 1,411,393          | 520,998            |
| Sub-total                           | <u>127,704,332</u> | <u>117,055,026</u> | <u>10,649,306</u>  |
| <b>Infrastructure</b>               |                    |                    |                    |
| Bond Construction                   | 100,484,667        | 26,768,960         | 73,715,707         |
| Right Of Way Acquisitions           | 25,635,000         | 24,290,775         | 1,344,225          |
| Transportation Administration       | 561,476,237        | 436,360,276        | 125,115,961        |
| Sub-total                           | <u>687,595,904</u> | <u>487,420,011</u> | <u>200,175,893</u> |
| <b>Debt Service Transfers</b>       |                    |                    |                    |
| Debt Service                        | 7,375,497          | 7,375,497          | -0-                |
| <b>Total State Highway</b>          | <u>832,989,087</u> | <u>622,348,347</u> | <u>210,640,740</u> |
| <b>School Improvement</b>           |                    |                    |                    |
| <b>Special Projects</b>             |                    |                    |                    |
| School Improvement                  | 52,114,006         | 16,767,624         | 35,346,382         |
| <b>Total</b>                        | <u>52,114,006</u>  | <u>16,767,624</u>  | <u>35,346,382</u>  |
| <b>Employment Security</b>          |                    |                    |                    |
| <b>Human Services</b>               |                    |                    |                    |
| Claimant Employment Program         | 10,751,346         | 6,981,058          | 3,770,288          |
| Employment Security                 | 35,171,749         | 31,862,618         | 3,309,131          |
| Employment Security Special Fund    | 9,874,085          | 703,367            | 9,170,718          |
| <b>Total</b>                        | <u>55,797,180</u>  | <u>39,547,043</u>  | <u>16,250,137</u>  |
| <b>Regulatory</b>                   |                    |                    |                    |
| <b>Commerce &amp; Industry</b>      |                    |                    |                    |
| Administrative Fees                 | 74,805             | 27,851             | 46,954             |
| Dairy Commission                    | 1,346,449          | 961,490            | 384,959            |
| Gaming Investigation Revolving      | 6,291,227          | 6,255,303          | 35,924             |
| Insurance Examiners                 | 2,629,555          | 1,970,999          | 658,556            |
| Manufactured Housing                | 1,278,485          | 1,078,460          | 200,025            |
| Mfg Housing - Educ/Recovery         | 751,423            | 131,439            | 619,984            |
| Mobile Home Parks                   | 217,014            | 97,402             | 119,612            |
| Real Estate Educ & Research         | 803,133            | 294,696            | 508,437            |
| Real Estate Recovery Account        | 409,160            | 37,892             | 371,268            |
| Regulatory Fund                     | 13,084,750         | 8,906,876          | 4,177,874          |
| Taxicab Authority                   | 5,135,545          | 3,642,021          | 1,493,524          |
| Transportation Services Authority   | 1,961,832          | 1,961,751          | 81                 |
| TSA Administration Fines            | 280,274            | 76,014             | 204,260            |
| <b>Total</b>                        | <u>34,263,652</u>  | <u>25,442,194</u>  | <u>8,821,458</u>   |

| Department                                   | Budget             | Actual             | Variance            |
|--|--------------------|--------------------|---------------------|
| <b>Legislative</b>                           |                    |                    |                     |
| <b>Constitutional Agencies</b>               |                    |                    |                     |
| Audit Contingency Account                    | \$ 174,000         | \$ 174,000         | \$ -0-              |
| Nevada Legislative Interim                   | 372,520            | 367,897            | 4,623               |
| Legislative Counsel Bureau                   | 39,418,028         | 32,292,637         | 7,125,391           |
| <b>Total</b>                                 | <b>39,964,548</b>  | <b>32,834,534</b>  | <b>7,130,014</b>    |
| <b>Municipal Bond Bank</b>                   |                    |                    |                     |
| <b>Constitutional Agencies</b>               |                    |                    |                     |
| Municipal Bond Bank Revenue                  | 81,235,029         | 81,158,695         | 76,334              |
| Sub-total                                    | 81,235,029         | 81,158,695         | 76,334              |
| <b>Commerce &amp; Industry</b>               |                    |                    |                     |
| Water Projects, Int/Redemp                   | 577,420            | 573,570            | 3,850               |
| Sub-total                                    | 577,420            | 573,570            | 3,850               |
| <b>Infrastructure</b>                        |                    |                    |                     |
| Erosion Control Bond                         | 14,578,623         | 2,997,446          | 11,581,177          |
| Grants to Water Purveyors                    | 6,748,418          | 3,847,495          | 2,900,923           |
| Protect Lake Tahoe                           | 3,580,132          | 467,816            | 3,112,316           |
| Safe Drinking Water Act                      | 28,598,545         | 14,262,446         | 14,336,099          |
| State Revolving Fund                         | 63,918,431         | 15,392,435         | 48,525,996          |
| Sub-total                                    | 117,424,149        | 36,967,638         | 80,456,511          |
| <b>Total Municipal Bond Bank</b>             | <b>199,236,598</b> | <b>118,699,903</b> | <b>80,536,695</b>   |
| <b>Workers' Compensation and Safety</b>      |                    |                    |                     |
| <b>Commerce &amp; Industry</b>               |                    |                    |                     |
| Unbudgeted Activity                          | -0-                | 25,271,410         | (25,271,410)        |
| Enforcement - Industrial Safety              | 5,615,069          | 4,869,254          | 745,815             |
| Industrial Relations                         | 5,820,816          | 5,500,711          | 320,105             |
| Insurance Insolvency Fund                    | 6,849,486          | 10,000             | 6,839,486           |
| Mine Inspection                              | 1,149,908          | 1,086,472          | 63,436              |
| Preventative Safety                          | 2,228,594          | 2,116,474          | 112,120             |
| Self-Insured Insolvency                      | 257,692            | -0-                | 257,692             |
| Self-Insured Workers Comp                    | 509,765            | 394,757            | 115,008             |
| <b>Total</b>                                 | <b>22,431,330</b>  | <b>39,249,078</b>  | <b>(16,817,748)</b> |
| <b>Higher Education Capital Construction</b> |                    |                    |                     |
| <b>Finance &amp; Administration</b>          |                    |                    |                     |
| Higher Education Capital Construction        | 5,000,000          | 5,000,000          | -0-                 |
| Higher Education Special Construction        | 12,843,191         | 12,843,191         | -0-                 |
| <b>Total</b>                                 | <b>17,843,191</b>  | <b>17,843,191</b>  | <b>-0-</b>          |
| <b>Cleaning Up Petroleum Discharges</b>      |                    |                    |                     |
| <b>Infrastructure</b>                        |                    |                    |                     |
| Petroleum Clean-Up Trust Fund                | 22,033,321         | 6,659,279          | 15,374,042          |
| <b>Total</b>                                 | <b>22,033,321</b>  | <b>6,659,279</b>   | <b>15,374,042</b>   |
| <b>Hospital Care to Indigent Persons</b>     |                    |                    |                     |
| <b>Finance &amp; Administration</b>          |                    |                    |                     |
| Indigent Accident Account                    | 13,547,331         | 3,574,983          | 9,972,348           |
| Supplemental Fund-Indigents                  | 6,792,850          | 5,667,406          | 1,125,444           |
| <b>Total</b>                                 | <b>20,340,181</b>  | <b>9,242,389</b>   | <b>11,097,792</b>   |
| <b>Tourism Promotion</b>                     |                    |                    |                     |
| <b>Commerce &amp; Industry</b>               |                    |                    |                     |
| Commission on Tourism                        | 16,726,564         | 10,507,613         | 6,218,951           |
| <b>Total</b>                                 | <b>16,726,564</b>  | <b>10,507,613</b>  | <b>6,218,951</b>    |
| <b>Offenders' Store</b>                      |                    |                    |                     |
| <b>Public Safety</b>                         |                    |                    |                     |
| Offenders' Store                             | 12,881,856         | 10,662,145         | 2,219,711           |
| <b>Total</b>                                 | <b>12,881,856</b>  | <b>10,662,145</b>  | <b>2,219,711</b>    |

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

State  
of  
Nevada

Exhibit I-2  
Page 3 of 3

For the Fiscal Year Ended June 30, 2001

| Department  | Final Budget     | Actual         | Variance       |
|---|------------------|----------------|----------------|
| <b>Tobacco Settlement</b>                           |                  |                |                |
| <b>Constitutional Agencies</b>                      |                  |                |                |
| Healthy Nevada Trust Fund                           | \$ 42,591,340    | \$ 7,180,343   | \$ 35,410,997  |
| Millennium Scholarship Admin                        | 381,932          | 260,048        | 121,884        |
| Millennium Scholarship Fund                         | 33,838,771       | 7,209,354      | 26,629,417     |
| Public Health Trust Fund                            | 8,546,672        | 110,599        | 8,436,073      |
| Sub-total   | 85,358,715       | 14,760,344     | 70,598,371     |
| <b>Human Services</b>                               |                  |                |                |
| Healthy Nevada Fund                                 | 4,671,040        | 1,792,220      | 2,878,820      |
| Healthy Nevada Fund Admin                           | 11,072,162       | 3,399,371      | 7,672,791      |
| Public Health Tobacco Fund                          | 300,813          | 43,252         | 257,561        |
| Sub-total   | 16,044,015       | 5,234,843      | 10,809,172     |
| <b>Total Tobacco Settlement</b>                     | 101,402,730      | 19,995,187     | 81,407,543     |
| <b>Contingency</b>                                  |                  |                |                |
| <b>Constitutional Agencies</b>                      |                  |                |                |
| Interim Finance Committee                           | 45,241,085       | 2,736,513      | 42,504,572     |
| <b>Total</b>  | 45,241,085       | 2,736,513      | 42,504,572     |
| <b>Care of Sites for Radioactive Waste Disposal</b> |                  |                |                |
| <b>Human Services</b>                               |                  |                |                |
| Radioactive Material Disposal                       | 11,315,245       | 259,786        | 11,055,459     |
| <b>Total</b>  | 11,315,245       | 259,786        | 11,055,459     |
| <b>Stabilize the Operations of State Government</b> |                  |                |                |
| <b>Constitutional Agencies</b>                      |                  |                |                |
| Stabilization of State Government                   | -0-              | -0-            | -0-            |
| <b>Total</b>  | -0-              | -0-            | -0-            |
| <b>Miscellaneous Special Revenue</b>                |                  |                |                |
| <b>Commerce &amp; Industry</b>                      |                  |                |                |
| Lot Rent Trust Subsidy                              | 662,122          | 536,656        | 125,466        |
| Rural Rehabilitation Trust                          | 252,477          | 20,377         | 232,100        |
| Sub-total   | 914,599          | 557,033        | 357,566        |
| <b>Constitutional Agencies</b>                      |                  |                |                |
| College of Family/Juvenile Law                      | 151,800          | 151,800        | -0-            |
| Consumer Advocate                                   | 3,281,157        | 2,526,850      | 754,307        |
| Disaster Relief                                     | 1,944,411        | -0-            | 1,944,411      |
| Emergency Assistance                                | 566,518          | 213,369        | 353,149        |
| Museums & History                                   | 382,638          | 57,269         | 325,369        |
| Private Investigators Licensing Bd                  | 395,510          | 241,029        | 154,481        |
| Racketeering-Prosecution Acct                       | 5,000            | -0-            | 5,000          |
| Unfair Trade Practices                              | 1,626,417        | 999,969        | 626,448        |
| Sub-total   | 8,353,451        | 4,190,286      | 4,163,165      |
| <b>Finance &amp; Administration</b>                 |                  |                |                |
| Public Works Inspection                             | 3,305,423        | 3,075,583      | 229,840        |
| Public Works Retention Payment                      | 104,000          | 66,941         | 37,059         |
| Victims of Crime                                    | 5,436,644        | 4,844,176      | 592,468        |
| Sub-total   | 8,846,067        | 7,986,700      | 859,367        |
| <b>Higher Education</b>                             |                  |                |                |
| WICHE Loan and Stipend                              | 1,621,541        | 1,057,703      | 563,838        |
| Sub-total   | 1,621,541        | 1,057,703      | 563,838        |
| <b>Human Services</b>                               |                  |                |                |
| Inst Care of Medical Indigent                       | 301,675          | 92,360         | 209,315        |
| Substance Abuse Ed, Prv. Enf, Trt                   | 213              | -0-            | 213            |
| Sub-total   | 301,888          | 92,360         | 209,528        |
| <b>Total Miscellaneous Special Revenue</b>          | 20,037,546       | 13,884,082     | 6,153,464      |
| <b>Total Special Revenue Funds</b>                  | \$ 1,504,618,120 | \$ 986,678,908 | \$ 517,939,212 |

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

State  
of  
Nevada

Exhibit I-3  
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For the Fiscal Year Ended June 30, 2001 (Expressed in Thousands)

|                                 | Final<br>Budget   | Actual            | Variance                                     | Final<br>Budget   | Actual            | Variance           |
|---------------------------------|-------------------|-------------------|--|-------------------|-------------------|--------------------|
|                                 |                   |                   | <b>State Highway</b>                         |                   |                   |                    |
| Fund balances, July 1           | \$ 118,882        | \$ 118,882        | \$ -0-                                       | \$ 29,119         | \$ 29,119         | \$ -0-             |
| <b>Revenues:</b>                |                   |                   |  |                   |                   |                    |
| Federal                         | 188,939           | 167,870           | (21,069)                                     | -0-               | -0-               | -0-                |
| Other taxes                     | 249,236           | 246,354           | (2,882)                                      | 20,800            | 19,959            | (841)              |
| Sales, charges for services     | 17,593            | 10,771            | (6,822)                                      | -0-               | -0-               | -0-                |
| Licenses, fees and permits      | 122,856           | 119,308           | (3,548)                                      | -0-               | -0-               | -0-                |
| Interest                        | 18,011            | 13,843            | (4,168)                                      | 2,195             | 2,098             | (97)               |
| Other                           | 20,804            | 23,068            | 2,264  | -0-               | 2                 | 2                  |
| <b>Other financing sources:</b> |                   |                   |  |                   |                   |                    |
| Proceeds from sale of bonds     | 100,485           | 100,485           | -0-  | -0-               | -0-               | -0-                |
| Transfer from other funds       | 2,736             | 1,624             | (1,112)                                      | -0-               | -0-               | -0-                |
| Reversions from other funds     | -0-               | 1,124             | 1,124  | -0-               | -0-               | -0-                |
| <b>Total sources</b>            | <b>\$ 839,542</b> | <b>\$ 803,329</b> | <b>\$ (36,213)</b>                           | <b>\$ 52,114</b>  | <b>\$ 51,178</b>  | <b>\$ (936)</b>    |
|                                 |                   |                   | <b>Employment Security</b>                   |                   |                   |                    |
| Fund balances, July 1           | \$ 10,343         | \$ 10,343         | \$ -0-                                       | \$ 8,231          | \$ 8,231          | \$ -0-             |
| <b>Revenues:</b>                |                   |                   |  |                   |                   |                    |
| Federal                         | 33,766            | 30,491            | (3,275)                                      | 158               | 198               | 40                 |
| Other taxes                     | 9,108             | 10,623            | 1,515  | 7,852             | 7,229             | (623)              |
| Sales, charges for services     | 91                | 753               | 662  | 3,326             | 3,322             | (4)                |
| Licenses, fees and permits      | -0-               | -0-               | -0-  | 10,262            | 10,031            | (231)              |
| Interest                        | 586               | 723               | 137  | 103               | 111               | 8                  |
| Other                           | 705               | 1,288             | 583  | 2,077             | 2,047             | (30)               |
| <b>Other financing sources:</b> |                   |                   |  |                   |                   |                    |
| Transfer from other funds       | 1,198             | 724               | (474)  | 2,255             | 2,019             | (236)              |
| <b>Total sources</b>            | <b>\$ 55,797</b>  | <b>\$ 54,945</b>  | <b>\$ (852)</b>                              | <b>\$ 34,264</b>  | <b>\$ 33,188</b>  | <b>\$ (1,076)</b>  |
|                                 |                   |                   | <b>Legislative</b>                           |                   |                   |                    |
| Fund balances, July 1           | \$ 5,417          | \$ 5,417          | \$ -0-                                       | \$ 41,563         | \$ 41,563         | \$ -0-             |
| <b>Revenues:</b>                |                   |                   |  |                   |                   |                    |
| Federal                         | -0-               | -0-               | -0-  | 32,947            | 16,555            | (16,392)           |
| Sales, charges for services     | 242               | 284               | 42   | -0-               | -0-               | -0-                |
| Licenses, fees and permits      | 75                | 60                | (15)   | -0-               | -0-               | -0-                |
| Interest                        | -0-               | -0-               | -0-  | 87,937            | 87,154            | (783)              |
| Other                           | 178               | 211               | 33   | 6,005             | 5,159             | (846)              |
| <b>Other financing sources:</b> |                   |                   |  |                   |                   |                    |
| Proceeds from sales of bonds    | -0-               | -0-               | -0-  | 30,784            | 30,740            | (44)               |
| Transfer from other funds       | 34,053            | 34,042            | (11)   | -0-               | 13                | 13                 |
| <b>Total sources</b>            | <b>\$ 39,965</b>  | <b>\$ 40,014</b>  | <b>\$ 49</b>                                 | <b>\$ 199,236</b> | <b>\$ 181,184</b> | <b>\$ (18,052)</b> |
|                                 |                   |                   | <b>Workers Compensation and Safety</b>       |                   |                   |                    |
| Fund balances, July 1           | \$ 23,315         | \$ 23,315         | \$ -0-                                       | \$ 11,371         | \$ 11,371         | \$ -0-             |
| <b>Revenues:</b>                |                   |                   |  |                   |                   |                    |
| Gaming taxes, fees, licenses    | -0-               | -0-               | -0-  | 16,180            | 16,180            | -0-                |
| Federal                         | 1,915             | 1,854             | (61)   | -0-               | -0-               | -0-                |
| Other taxes                     | 10,975            | 36,249            | 25,274                                       | -0-               | -0-               | -0-                |
| Sales, charges for services     | 4                 | 4                 | -0-  | -0-               | -0-               | -0-                |
| Licenses, fees and permits      | 272               | 250               | (22)   | -0-               | -0-               | -0-                |
| Interest                        | 400               | 1,621             | 1,221  | -0-               | -0-               | -0-                |
| Other                           | 3                 | 1,453             | 1,450  | -0-               | -0-               | -0-                |
| <b>Other financing sources:</b> |                   |                   |  |                   |                   |                    |
| Transfer from other funds       | -0-               | -0-               | -0-  | 1,974             | 1,974             | -0-                |
| Reversions from other funds     | -0-               | 227               | 227  | -0-               | -0-               | -0-                |
| <b>Total sources</b>            | <b>\$ 36,884</b>  | <b>\$ 64,973</b>  | <b>\$ 28,089</b>                             | <b>\$ 29,525</b>  | <b>\$ 29,525</b>  | <b>\$ -0-</b>      |
|                                 |                   |                   | <b>Higher Education Capital Construction</b> |                   |                   |                    |

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

State  
of  
Nevada

For the Fiscal Year Ended June 30, 2001 (Expressed in Thousands)

Exhibit I-3  
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|                                 | Final<br>Budget   | Actual           | Variance  | Final<br>Budget     | Actual              | Variance           |
|---------------------------------|-------------------|------------------|---|---------------------|---------------------|--------------------|
|                                 |                   |                  | <b>Cleaning Up Petroleum Discharges</b>             |                     |                     |                    |
| Fund balances, July 1           | \$ 9,735          | \$ 9,735         | \$ -0-  | \$ 6,626            | \$ 6,626            | \$ -0-             |
| <b>Revenues:</b>                |                   |                  | <b>Hospital Care to Indigent Persons</b>            |                     |                     |                    |
| Other taxes                     | 11,000            | 129              | (10,871)  | 12,900              | 12,920              | 20                 |
| Licenses, fees and permits      | 550               | 421              | (129)   | -0-                 | -0-                 | -0-                |
| Interest                        | 610               | 502              | (108)   | 430                 | 583                 | 153                |
| Other                           | 135               | 34               | (101)   | 384                 | 110                 | (274)              |
| <b>Other financing sources:</b> |                   |                  |   |                     |                     |                    |
| Transfer from other funds       | 3                 | 3                | -0-   | -0-                 | -0-                 | -0-                |
| <b>Total sources</b>            | <b>\$ 22,033</b>  | <b>\$ 10,824</b> | <b>\$ (11,209)</b>                                  | <b>\$ 20,340</b>    | <b>\$ 20,239</b>    | <b>\$ (101)</b>    |
|                                 |                   |                  | <b>Tourism Promotion</b>                            |                     |                     |                    |
| Fund balances, July 1           | \$ 4,448          | \$ 4,448         | \$ -0-  | \$ 1,677            | \$ 1,677            | \$ -0-             |
| <b>Revenues:</b>                |                   |                  | <b>Offenders' Store</b>                             |                     |                     |                    |
| Other taxes                     | 12,142            | 12,141           | (1)   | -0-                 | -0-                 | -0-                |
| Sales, charges for services     | 5                 | -0-              | (5)   | 11,055              | 10,377              | (678)              |
| Licenses, fees and permits      | 95                | 94               | (1)   | -0-                 | -0-                 | -0-                |
| Interest                        | -0-               | -0-              | -0-   | 150                 | 95                  | (55)               |
| Other                           | -0-               | -0-              | -0-   | -0-                 | 121                 | 121                |
| <b>Other financing sources:</b> |                   |                  |   |                     |                     |                    |
| Transfer from other funds       | 36                | -0-              | (36)  | -0-                 | -0-                 | -0-                |
| <b>Total sources</b>            | <b>\$ 16,726</b>  | <b>\$ 16,683</b> | <b>\$ (43)</b>                                      | <b>\$ 12,882</b>    | <b>\$ 12,270</b>    | <b>\$ (612)</b>    |
|                                 |                   |                  | <b>Tobacco Settlement</b>                           |                     |                     |                    |
| Fund balances, July 1           | \$ 43,717         | \$ 43,717        | \$ -0-  | \$ 2,409            | \$ 2,409            | \$ -0-             |
| <b>Revenues:</b>                |                   |                  | <b>Contingency</b>                                  |                     |                     |                    |
| Interest                        | 2,980             | 2,976            | (4)   | -0-                 | -0-                 | -0-                |
| Other                           | 38,283            | 38,243           | (40)  | -0-                 | -0-                 | -0-                |
| <b>Other financing sources:</b> |                   |                  |   |                     |                     |                    |
| Transfer from other funds       | 16,422            | 6,555            | (9,867)   | 42,833              | 42,833              | -0-                |
| <b>Total sources</b>            | <b>\$ 101,402</b> | <b>\$ 91,491</b> | <b>\$ (9,911)</b>                                   | <b>\$ 45,242</b>    | <b>\$ 45,242</b>    | <b>\$ -0-</b>      |
|                                 |                   |                  | <b>Care of Sites for Radioactive Waste Disposal</b> |                     |                     |                    |
| Fund balances, July 1           | \$ 10,474         | \$ 10,474        | \$ -0-  | \$ 147,096          | \$ 147,096          | \$ -0-             |
| Prior period adjustment         | -0-               | -0-              | -0-   | (10,755)            | (10,755)            | -0-                |
| <b>Revenues:</b>                |                   |                  | <b>Stabilize the Operations of State Government</b> |                     |                     |                    |
| Licenses, fees and permits      | 159               | 136              | (23)  | -0-                 | -0-                 | -0-                |
| Interest                        | 682               | 619              | (63)  | -0-                 | -0-                 | -0-                |
| <b>Other financing sources:</b> |                   |                  |   |                     |                     |                    |
| Transfer from other funds       | -0-               | -0-              | -0-   | -0-                 | -0-                 | -0-                |
| <b>Total sources</b>            | <b>\$ 11,315</b>  | <b>\$ 11,229</b> | <b>\$ (86)</b>                                      | <b>\$ 136,341</b>   | <b>\$ 136,341</b>   | <b>\$ -0-</b>      |
|                                 |                   |                  | <b>Miscellaneous</b>                                |                     |                     |                    |
| Fund balances, July 1           | \$ 5,663          | \$ 5,663         | \$ -0-  | \$ 480,086          | \$ 480,086          | \$ -0-             |
| Prior period adjustment         | -0-               | -0-              | -0-   | (10,755)            | (10,755)            | -0-                |
| <b>Revenues:</b>                |                   |                  | <b>Total Special Revenue</b>                        |                     |                     |                    |
| Gaming taxes, fees, licenses    | -0-               | -0-              | -0-   | 16,180              | 16,180              | -0-                |
| Federal                         | 1,552             | 1,552            | -0-   | 259,277             | 218,520             | (40,757)           |
| Other taxes                     | 1,834             | 1,841            | 7   | 335,847             | 347,445             | 11,598             |
| Sales, charges for services     | -0-               | -0-              | -0-   | 32,316              | 25,511              | (6,805)            |
| Licenses, fees and permits      | 5,389             | 5,317            | (72)  | 139,658             | 135,617             | (4,041)            |
| Interest                        | 692               | 595              | (97)  | 114,776             | 110,920             | (3,856)            |
| Other                           | 3,753             | 3,281            | (472)   | 72,327              | 75,017              | 2,690              |
| <b>Other financing sources:</b> |                   |                  |   |                     |                     |                    |
| Proceeds from sale of bonds     | -0-               | -0-              | -0-   | 131,269             | 131,225             | (44)               |
| Transfer from other funds       | 4,155             | 4,077            | (78)  | 105,665             | 93,864              | (11,801)           |
| Reversions from other funds     | -0-               | -0-              | -0-   | -0-                 | 1,351               | 1,351              |
| <b>Total sources</b>            | <b>\$ 23,038</b>  | <b>\$ 22,326</b> | <b>\$ (712)</b>                                     | <b>\$ 1,676,646</b> | <b>\$ 1,624,981</b> | <b>\$ (51,665)</b> |

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

General Governmental Expenditures and Other Uses by Function \*

Table I

|  | 1992                | 1993                | 1994                | 1995                | 1996                | 1997                | 1998                | 1999                | 2000                | 2001                |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| <b>Expenditures:</b>                         |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| General government                           | \$ 59,379           | \$ 64,123           | \$ 64,525           | \$ 75,742           | \$ 75,770           | \$ 101,565          | \$ 97,606           | \$ 111,116          | \$ 103,360          | \$ 112,393          |
| Health, social services                      | 863,110             | 909,041             | 864,576             | 994,633             | 1,061,930           | 1,090,069           | 1,179,553           | 1,236,991           | 1,353,839           | 1,440,569           |
| Education and support                        | 20,762              | 22,356              | 23,009              | 24,633              | 24,019              | 26,460              | 30,476              | 42,027              | 44,532              | 43,091              |
| Law, justice, and<br>public safety           | 192,550             | 199,261             | 211,015             | 224,281             | 256,015             | 276,275             | 341,970             | 338,518             | 361,041             | 382,316             |
| Regulation of business                       | 58,000              | 59,673              | 54,664              | 58,925              | 58,819              | 63,730              | 67,816              | 82,127              | 87,057              | 84,553              |
| Transportation                               | 240,888             | 263,996             | 347,064             | 368,040             | 344,183             | 312,592             | 331,302             | 433,118             | 537,748             | 484,219             |
| Recreation, resource<br>development          | 69,545              | 68,603              | 72,635              | 77,273              | 80,713              | 89,011              | 91,436              | 85,378              | 92,140              | 95,657              |
| Intergovernmental                            | 503,543             | 474,193             | 495,287             | 482,910             | 613,244             | 672,812             | 767,476             | 854,172             | 856,294             | 912,569             |
| Capital improvements                         | 48,645              | 60,887              | 49,871              | 40,548              | 27,932              | 49,298              | 46,849              | 67,327              | 150,095             | 37,489              |
| Debt service                                 | 73,638              | 224,377             | 76,739              | 107,225             | 138,791             | 151,422             | 157,868             | 192,433             | 183,114             | 200,759             |
| <b>Other Uses:</b>                           |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| University                                   | 276,773             | 196,155             | 218,237             | 257,676             | 266,381             | 350,404             | 302,878             | 402,384             | 348,110             | 375,640             |
| <b>Total expenditures<br/>and other uses</b> | <b>\$ 2,406,833</b> | <b>\$ 2,542,665</b> | <b>\$ 2,477,622</b> | <b>\$ 2,711,886</b> | <b>\$ 2,947,797</b> | <b>\$ 3,183,638</b> | <b>\$ 3,415,230</b> | <b>\$ 3,845,591</b> | <b>\$ 4,117,330</b> | <b>\$ 4,169,255</b> |

General Governmental Revenues and Other Resources by Source \*

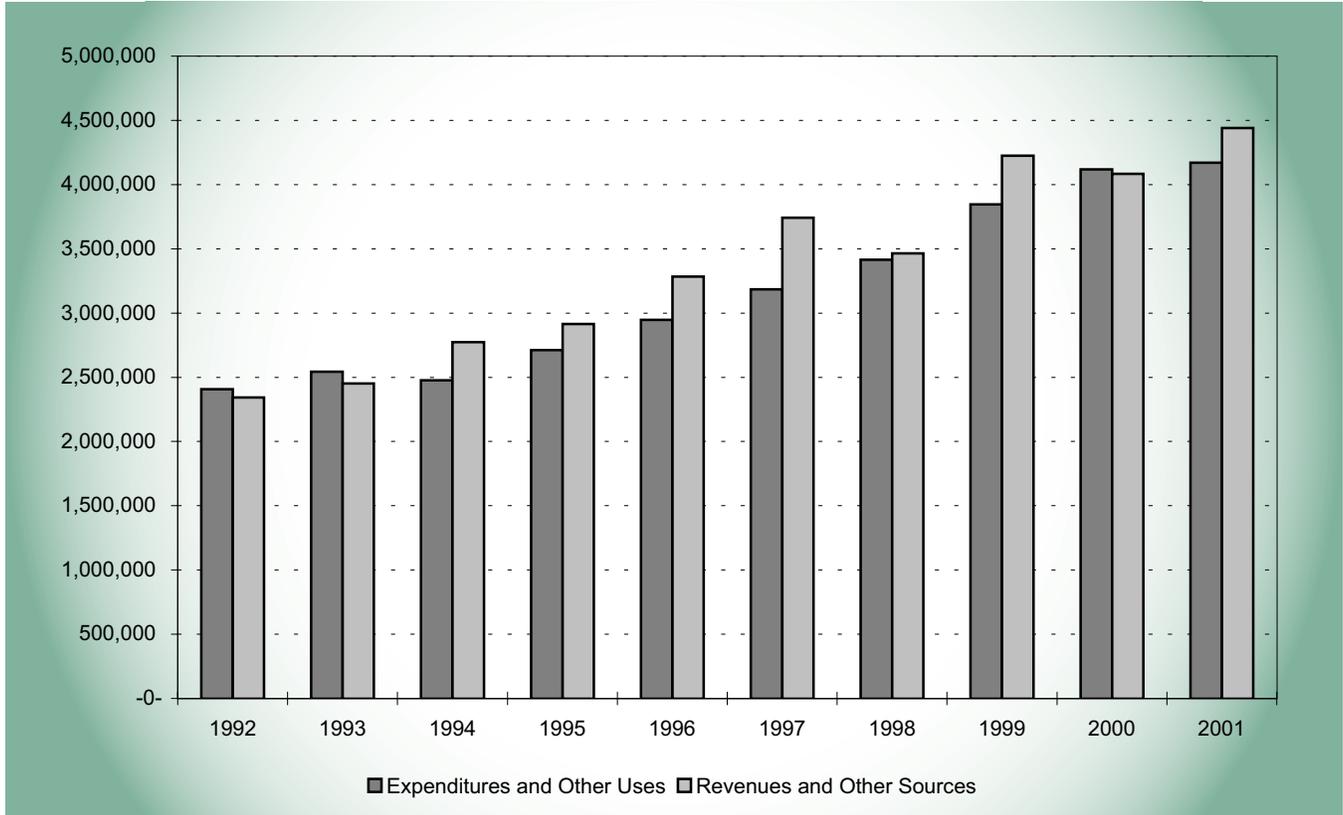
Table II

|   | 1992                | 1993                | 1994                | 1995                | 1996                | 1997                | 1998                | 1999                | 2000                | 2001                |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| <b>Revenues:</b>                              |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Gaming taxes                                  | \$ 426,621          | \$ 453,084          | \$ 490,166          | \$ 517,524          | \$ 566,834          | \$ 566,079          | \$ 586,186          | \$ 635,264          | \$ 707,300          | \$ 724,981          |
| Sales taxes                                   | 310,770             | 343,604             | 402,548             | 446,504             | 502,960             | 554,891             | 581,991             | 645,560             | 672,473             | 714,249             |
| Intergovernmental                             | 562,120             | 645,228             | 709,128             | 836,557             | 877,735             | 908,806             | 950,533             | 1,036,944           | 1,084,235           | 1,187,155           |
| Other taxes                                   | 574,685             | 661,839             | 648,390             | 694,031             | 729,808             | 772,563             | 815,270             | 862,477             | 949,538             | 960,301             |
| Licenses, fees and<br>permits                 | 148,567             | 164,741             | 166,094             | 175,139             | 185,375             | 198,622             | 204,653             | 222,274             | 237,798             | 241,940             |
| Charges for service<br>and sales              | 28,440              | 29,579              | 39,657              | 39,751              | 41,458              | 44,885              | 50,427              | 55,298              | 52,378              | 53,049              |
| Interest, investment<br>income                | 64,100              | 56,959              | 45,572              | 68,387              | 91,595              | 113,061             | 164,843             | 164,919             | 159,220             | 185,299             |
| Other   | 44,601              | 60,125              | 48,797              | 43,159              | 42,699              | 52,396              | 47,932              | 45,855              | 120,877             | 108,086             |
| <b>Other Resources:</b>                       |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Net proceeds from<br>debt financing           | 180,216             | 32,006              | 218,632             | 90,093              | 239,531             | 522,685             | 26,674              | 551,221             | 93,211              | 256,473             |
| Net operating transfers                       | 3,740               | 3,816               | 4,153               | 3,274               | 4,829               | 3,549               | 5,990               | 3,525               | 5,303               | 7,766               |
| Other   | 67                  | 56                  | 149                 | 162                 | 357                 | 3,226               | 31,196              | 450                 | 531                 | 870                 |
| <b>Total revenues and<br/>other resources</b> | <b>\$ 2,343,927</b> | <b>\$ 2,451,037</b> | <b>\$ 2,773,286</b> | <b>\$ 2,914,581</b> | <b>\$ 3,283,181</b> | <b>\$ 3,740,763</b> | <b>\$ 3,465,695</b> | <b>\$ 4,223,787</b> | <b>\$ 4,082,864</b> | <b>\$ 4,440,169</b> |

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

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

*General Governmental Expenditures and Other Uses Compared with  
General Governmental Revenues and Other Resources*



*General Fund Expenditures and Unreserved Fund Balance*

Table III

| <u>Fiscal Year<br/>Ended June 30</u> | <u>General Fund<br/>Expenditures</u> | <u>Unreserved General<br/>Fund Balance</u> | <u>"Rainy Day" (1)<br/>Fund Balance</u> |
|--------------------------------------|--------------------------------------|--|---|
| 1992                                 | \$ 1,382,077                         | \$ 583                                     | \$ -                                    |
| 1993                                 | 1,386,788                            | 32,732                                     | -                                       |
| 1994                                 | 1,418,582                            | 39,616                                     | 18,057                                  |
| 1995                                 | 1,578,382                            | (26,809)                                   | 100,000                                 |
| 1996                                 | 1,792,460                            | 10,107                                     | 123,392                                 |
| 1997                                 | 1,869,807                            | (9,360)                                    | 128,867                                 |
| 1998                                 | 2,097,300                            | (89,509)                                   | 128,867                                 |
| 1999                                 | 2,215,598                            | (68,511)                                   | 128,867                                 |
| 2000                                 | 2,410,399                            | (46,803)                                   | 147,096                                 |
| 2001                                 | 2,550,207                            | (101,012)                                  | 136,341                                 |

(1) The 1991 Legislature, and as amended in 2001, established a fiscal emergency (rainy day) fund that is funded with 40% of the unrestricted balance of the state general fund, after attaining certain reserves.

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

State Collected Gaming Taxes and Sales Taxes

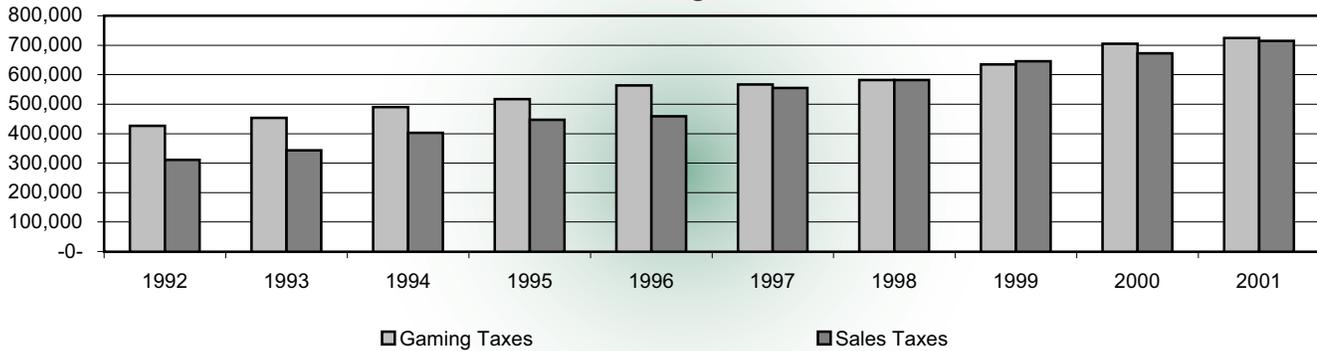
Table IV

| Fiscal Year Ended June 30 | Gaming Taxes                  |                                |                          | Sales Taxes         |                          |                             |   |
|---------------------------|-------------------------------|--------------------------------|--------------------------|---------------------|--------------------------|-----------------------------|---|
|                           | Gross Taxable Gaming Revenues | State Collections Gaming Taxes | State Share Gaming Taxes | Gross Taxable Sales | Gross Sales Tax Revenues | State General Fund Revenues | Sales Taxes Collected for Local Governments |
| 1992                      | \$ 5,570,752                  | \$ 428,934                     | \$ 426,621               | \$ 14,437,144       | \$ 942,850               | \$ 310,770                  | \$ 632,080                                  |
| 1993                      | 5,871,840                     | 455,182                        | 453,084                  | 15,665,903          | 1,071,886                | 343,604                     | 728,282                                     |
| 1994                      | 6,397,278                     | 498,709                        | 490,166                  | 18,215,224          | 1,245,720                | 402,548                     | 842,788                                     |
| 1995                      | 6,821,022                     | 522,848                        | 517,524                  | 20,075,579          | 1,374,636                | 446,504                     | 928,132                                     |
| 1996                      | 7,240,837                     | 565,921                        | 563,198                  | 22,222,771          | 1,541,703                | 458,336                     | 1,083,367                                   |
| 1997                      | 7,300,149                     | 569,962                        | 567,341                  | 24,408,114          | 1,696,634                | 554,891                     | 1,192,259                                   |
| 1998                      | 7,577,394                     | 584,048                        | 581,423                  | 25,360,551          | 1,771,936                | 581,991                     | 1,246,825                                   |
| 1999                      | 8,133,799                     | 637,903                        | 635,288                  | 28,039,912          | 1,973,968                | 645,560                     | 1,393,773                                   |
| 2000 (1)                  | 9,015,244                     | 707,610                        | 704,893                  | 29,815,517          | 2,149,120                | 672,473                     | 1,472,225                                   |
| 2001                      | 9,220,209                     | 727,104                        | 724,310                  | 31,527,164          | 2,259,365                | 714,249                     | 1,549,528                                   |

(1) Revised in 2001

Sources: Nevada Gaming Control Board, State Department of Taxation

State Share of Gaming and Sales Taxes



Average Combined Property Tax Rates and State Levy

Table V

| Fiscal Year Ended June 30 | Tax Rates Per \$100 of Assessed Value |               |                   |                     |                  |                      |
|---------------------------|---------------------------------------|---------------|-------------------|---------------------|------------------|----------------------|
|                           | Clark County                          | Washoe County | 15 Other Counties | Average County Rate | State Gov't Rate | State Gov't Tax Levy |
| 1993                      | 2.7719                                | 3.2389        | 2.5884            | 2.8277              | 0.1440           | 34,979,018           |
| 1994                      | 2.8043                                | 3.2863        | 2.5919            | 2.8550              | 0.1500           | 39,199,474           |
| 1995                      | 2.8111                                | 3.3265        | 2.5942            | 2.8661              | 0.1500           | 42,442,059           |
| 1996                      | 2.7813                                | 3.4140        | 2.5355            | 2.8505              | 0.1500           | 46,653,503           |
| 1997                      | 2.7881                                | 3.3545        | 2.5926            | 2.8580              | 0.1500           | 51,138,611           |
| 1998                      | 2.9106                                | 3.3675        | 2.6272            | 2.9443              | 0.1500           | 55,970,796           |
| 1999                      | 2.9404                                | 3.4032        | 2.6249            | 2.9716              | 0.1500           | 61,221,755           |
| 2000                      | 2.8274                                | 3.4455        | 2.6676            | 3.0042              | 0.1500           | 68,826,505           |
| 2001                      | 3.0181                                | 3.4278        | 2.6519            | 3.0339              | 0.1500           | 74,608,661           |
| 2002                      | 3.0334                                | 3.4724        | 2.6715            | 3.0563              | 0.1500           | 79,404,732           |

Source: Department of Taxation

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

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

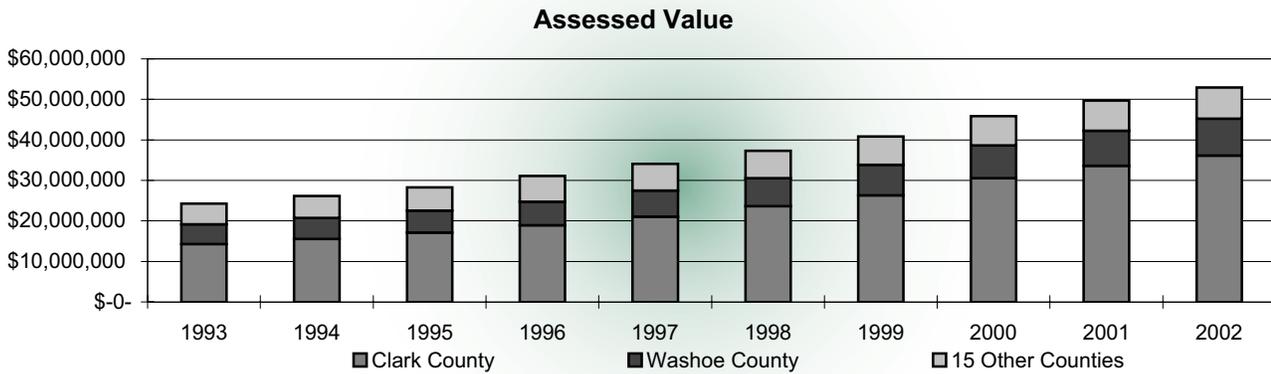
Assessed Value of Taxable Property

Table VI

| Fiscal Year Ended June 30 | Assessed Value (1) |               |                   |               | Market Value  |
|---------------------------|--------------------|---------------|-------------------|---------------|---------------|
|                           | Clark County       | Washoe County | 15 Other Counties | Total State   | Total State   |
| 1993                      | \$ 14,267,549      | \$ 4,908,661  | \$ 5,114,774      | \$ 24,290,984 | \$ 69,402,811 |
| 1994                      | 15,574,486         | 5,179,851     | 5,378,646         | 26,132,983    | 74,665,666    |
| 1995                      | 17,107,695         | 5,440,391     | 5,746,620         | 28,294,706    | 80,842,017    |
| 1996                      | 18,909,831         | 5,863,539     | 6,328,966         | 31,102,336    | 88,863,817    |
| 1997                      | 21,023,607         | 6,482,287     | 6,586,513         | 34,092,407    | 97,406,877    |
| 1998                      | 23,599,895         | 6,948,776     | 6,765,193         | 37,313,864    | 106,611,040   |
| 1999                      | 26,347,735         | 7,500,857     | 6,965,912         | 40,814,504    | 116,612,869   |
| 2000                      | 30,539,106         | 8,085,546     | 7,269,325         | 45,893,977    | 131,125,648   |
| 2001                      | 33,616,437         | 8,624,387     | 7,508,424         | 49,749,248    | 142,140,708   |
| 2002                      | 36,163,445         | 9,096,698     | 7,683,594         | 52,943,737    | 151,267,821   |

Source: Department of Taxation

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



Ten Largest Taxable Property Owners

Table VII

|                                      | Assessed Valuation  | Percentage of Total Assessed Valuation |
|--------------------------------------|---------------------|--|
| M.G.M. Mirage (Las Vegas)            | \$ 1,374,732        | 2.56 %                                 |
| Park Place Entertainment (Las Vegas) | 874,039             | 1.63                                   |
| Mandalay Resort Group (Las Vegas)    | 850,502             | 1.58                                   |
| Nevada Power Company                 | 646,463             | 1.20                                   |
| Sierra Pacific Power Company         | 480,927             | 0.89                                   |
| F.S. Rouse Co. (Hughes) (Las Vegas)  | 329,853             | 0.61                                   |
| Newmont Gold Company (Elko, Eureka)  | 312,335             | 0.58                                   |
| Venetian Casino Resort (Las Vegas)   | 310,451             | 0.58                                   |
| Harrah's Club (Las Vegas)            | 272,066             | 0.51                                   |
| Aladdin Gaming (Las Vegas)           | 261,510             | 0.49                                   |
| <b>Totals</b>                        | <b>\$ 5,712,878</b> | <b>10.63 %</b>                         |

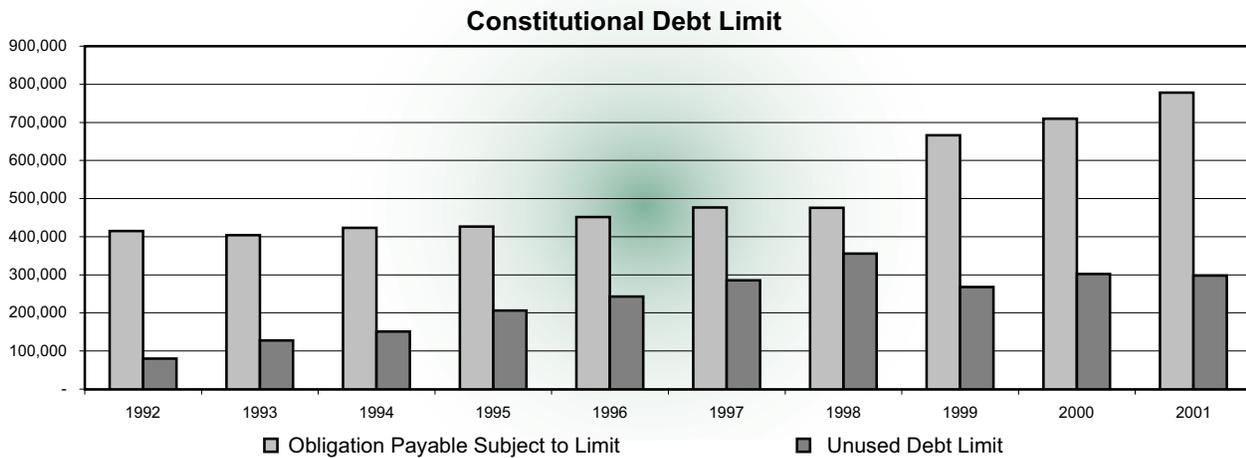
Source: Department of Taxation

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

Constitutional Debt Limit

Table VIII

| Fiscal Year Ended June 30 | 2% Assessed Valuation | Obligation Payable Subject to Limit | Unused Debt Limit |
|---------------------------|-----------------------|-------------------------------------|-------------------|
| 1992                      | \$ 494,964            | \$ 415,050                          | \$ 79,914         |
| 1993                      | 531,426               | 404,005                             | 127,421           |
| 1994                      | 574,717               | 423,278                             | 151,439           |
| 1995                      | 632,795               | 426,613                             | 206,182           |
| 1996                      | 694,581               | 451,567                             | 243,014           |
| 1997                      | 762,212               | 476,979                             | 285,233           |
| 1998                      | 831,746               | 476,050                             | 355,696           |
| 1999                      | 934,106               | 666,234                             | 267,872           |
| 2000                      | 1,011,490             | 709,490                             | 302,000           |
| 2001                      | 1,075,731             | 777,902                             | 297,829           |



Computation of Legal Debt Margin at June 30, 2001:

|   |              |               |
|---|--------------|---------------|
| Assessed value of taxable property at June 30, 2001 (1) |              | \$ 53,786,544 |
| Debt limitation (2% of assessed value)                  |              | 1,075,731     |
| Total general and special obligation bonded debt        | \$ 2,340,381 |               |
| Leases  | 28,222       |               |
| Certificates of Participation                           | 15,000       |               |
| Less obligation exempt from debt margin:                |              |               |
| Municipal bond bank bonds                               | (1,104,930)  |               |
| Protection of natural resources bonds                   | (500,771)    |               |
| Debt subject to debt limitation                         |              | 777,902       |
| Legal debt margin at June 30, 2001                      |              | \$ 297,829    |

(1) Assessed value includes redevelopment assessed value of \$842,806

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

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

Table IX

| Year<br>Ended<br>June 30 | Principal | Interest,<br>Fiscal<br>Charges (1) | Total Debt<br>Service (2) | Total General<br>Expenditures (3) | Debt Service<br>Expenditures<br>to General<br>Expenditures % |
|--------------------------|-----------|------------------------------------|---------------------------|-----------------------------------|--|
| 1992                     | \$ 19,991 | \$ 35,075                          | \$ 55,066                 | \$ 2,406,833                      | 2.29   |
| 1993                     | 19,630    | 43,827                             | 63,457                    | 2,542,665                         | 2.50   |
| 1994                     | 26,195    | 33,159                             | 59,354                    | 2,477,622                         | 2.40   |
| 1995                     | 28,260    | 41,887                             | 70,147                    | 2,711,886                         | 2.59   |
| 1996                     | 47,015    | 55,128                             | 102,143                   | 2,947,797                         | 3.47   |
| 1997                     | 47,575    | 74,341                             | 121,916                   | 3,183,638                         | 3.83   |
| 1998                     | 52,405    | 79,831                             | 132,236                   | 3,415,230                         | 3.87   |
| 1999                     | 56,115    | 109,468                            | 165,583                   | 3,845,591                         | 4.31   |
| 2000                     | 66,741    | 109,214                            | 175,955                   | 4,119,027                         | 4.27   |
| 2001                     | 74,655    | 114,485                            | 189,140                   | 4,169,255                         | 4.54   |

(1) Excludes advance refunding escrow expenditures.

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

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

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

Table X

| Year<br>Ended<br>June 30 | Population | Assessed<br>Value (1) | Gross<br>Bonded<br>Debt (2) | Less Debt<br>Service<br>Fund | Debt Payable<br>From Fees and<br>Enterprise Fund<br>Revenues (3) | Net<br>Bonded<br>Debt | Net Bonded Debt<br>to Assessed<br>Value % | Net Bonded<br>Debt Per<br>Capita |
|--------------------------|------------|-----------------------|-----------------------------|------------------------------|--|-----------------------|---|----------------------------------|
| 1992                     | 1,344      | \$ 24,290,984         | \$ 826,230                  | \$ 14,202                    | \$ 387,351   | \$ 424,677            | 1.75                                      | 316                              |
| 1993                     | 1,399      | 26,132,983            | 703,450                     | 19,349                       | 278,820  | 405,281               | 1.55                                      | 290                              |
| 1994                     | 1,493      | 28,294,706            | 820,906                     | 20,331                       | 353,256  | 447,319               | 1.58                                      | 300                              |
| 1995                     | 1,582      | 31,102,336            | 1,026,766                   | 22,420                       | 560,375  | 443,971               | 1.43                                      | 281                              |
| 1996                     | 1,638      | 34,092,407            | 1,234,716                   | 26,279                       | 716,970  | 491,467               | 1.44                                      | 300                              |
| 1997                     | 1,741      | 37,313,864            | 1,692,296                   | 29,207                       | 1,142,180  | 520,909               | 1.40                                      | 299                              |
| 1998                     | 1,875      | 40,814,504            | 1,731,135                   | 30,553                       | 1,210,757  | 489,825               | 1.20                                      | 261                              |
| 1999                     | 1,962      | 45,893,977            | 2,210,319                   | 31,565                       | 1,578,895  | 599,859               | 1.31                                      | 306                              |
| 2000                     | 2,059      | 49,749,248            | 2,261,376                   | 36,519                       | 1,573,840  | 651,017               | 1.31                                      | 316                              |
| 2001                     | 2,148      | 52,943,737            | 2,340,381                   | 37,497                       | 1,581,075  | 721,809               | 1.36                                      | 336                              |

(1) Excludes redevelopment agency valuations.

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

(3) Includes University General Obligation Bonds paid from gaming taxes, Muni Bond Bank Bonds paid by local governments, Colorado River General Obligation Bonds paid by user fees and Water Pollution General Obligation Bonds paid by users' interest payments.

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

## Highway Improvement Revenue (Motor Vehicle Fuel Tax) Bond Coverage

Table XI

| Fiscal Year<br>Ended June 30 | Gross<br>Resources | Uses           | Net Resources<br>Available for<br>Debt Service | Debt Service Requirements (1) |          |           | Coverage % |
|------------------------------|--------------------|----------------|--|-------------------------------|----------|-----------|------------|
|                              |                    |                |  | Principal                     | Interest | Total     |            |
| 1992                         | \$ 314,156 (2)     | \$ 296,363 (3) | \$ 17,793                                      | \$ 14,760                     | \$ 2,145 | \$ 16,905 | 1.05       |
| 1993                         | 332,174            | 319,761        | 12,413   | 16,220                        | 3,115    | 19,335    | 0.64       |
| 1994                         | 425,828            | 409,671        | 16,157   | 12,720                        | 2,327    | 15,047    | 1.07       |
| 1995                         | 499,343            | 440,711        | 58,632   | 30,420                        | 5,440    | 35,860    | 1.64       |
| 1996                         | 463,447            | 413,941        | 49,506   | 30,420                        | 4,929    | 35,349    | 1.40       |
| 1997                         | 464,737            | 395,415        | 69,322   | 24,420                        | 3,409    | 27,829    | 2.49       |
| 1998                         | 474,138            | 426,550        | 47,588   | 17,700                        | 2,080    | 19,780    | 2.41       |
| 1999                         | 557,153            | 550,982        | 6,171  | 17,700                        | 1,239    | 18,939    | 0.33       |
| 2000                         | 619,552            | 661,622        | (42,070)                                       | -0-                           | -0-      | -0-       | n/a        |
| 2001                         | 621,525            | 613,581        | 7,944  | -0-                           | 2,254    | 2,254     | 3.52       |

## Mortgage Revenue Bond Coverage (Housing Division Revenues)

Table XII

| Fiscal Year<br>Ended June 30 | Gross<br>Resources | Uses         | Net Resources<br>Available for<br>Debt Service | Debt Service Requirements (1) |           |            | Coverage % |
|------------------------------|--------------------|--------------|--|-------------------------------|-----------|------------|------------|
|                              |                    |              |  | Principal                     | Interest  | Total      |            |
| 1992                         | \$ 161,282 (4)     | \$ 5,448 (3) | \$ 155,834                                     | \$ 114,858                    | \$ 57,556 | \$ 172,414 | 0.90       |
| 1993                         | 168,152            | 8,597        | 159,555  | 87,617                        | 51,135    | 138,752    | 1.15       |
| 1994                         | 213,621            | 7,512        | 206,109  | 178,892                       | 38,327    | 217,219    | 0.95       |
| 1995                         | 84,281             | 7,511        | 76,770   | 56,462                        | 37,327    | 93,789     | 0.82       |
| 1996                         | 112,896            | 8,280        | 104,616  | 82,256                        | 43,156    | 125,412    | 0.83       |
| 1997                         | 120,652            | 8,356        | 112,296  | 72,936                        | 48,761    | 121,697    | 0.92       |
| 1998                         | 148,101            | 8,519        | 139,582  | 17,827                        | 54,115    | 71,942     | 1.94       |
| 1999                         | 183,441            | 9,552        | 173,889  | 79,680                        | 58,154    | 137,834    | 1.26       |
| 2000                         | 123,773            | 9,014        | 114,759  | 105,187                       | 63,406    | 168,593    | 0.68       |
| 2001                         | 167,700            | 9,315        | 158,385  | 69,511                        | 65,749    | 135,260    | 1.17       |

## Colorado River Commission General Obligation/Revenue Bonded Debt Coverage

Table XIII

| Fiscal Year<br>Ended June 30 | Gross<br>Resources | Uses         | Net Resources<br>Available for<br>Debt Service | Debt Service Requirements (1) |          |          | Coverage % |
|------------------------------|--------------------|--------------|--|-------------------------------|----------|----------|------------|
|                              |                    |              |  | Principal                     | Interest | Total    |            |
| 1992                         | \$ 10,986 (5)      | \$ 4,388 (3) | \$ 6,598                                       | \$ 2,170                      | \$ 4,302 | \$ 6,472 | 1.02       |
| 1993                         | 11,915             | 4,411        | 7,504  | 3,020                         | 4,514    | 7,534    | 1.00       |
| 1994                         | 12,273             | 5,551        | 6,722  | 3,028                         | 3,951    | 6,979    | 0.96       |
| 1995                         | 14,947             | 7,021        | 7,926  | 3,367                         | 5,068    | 8,435    | 0.94       |
| 1996                         | 19,030             | 10,591       | 8,439  | 3,120                         | 6,707    | 9,827    | 0.86       |
| 1997                         | 54,149 (6)         | 15,620       | 38,529   | 3,625                         | 12,136   | 15,761   | 2.44       |
| 1998                         | 55,501 (6)         | 15,575       | 39,926   | 5,840                         | 11,860   | 17,700   | 2.26       |
| 1999                         | 49,917 (6)         | 22,522       | 27,395   | 6,570                         | 11,649   | 18,219   | 1.50       |
| 2000                         | 65,643 (6)         | 25,957       | 39,686   | 6,905                         | 11,326   | 18,231   | 2.18       |
| 2001                         | 64,393 (6)         | 24,219       | 40,174   | 7,265                         | 10,983   | 18,248   | 2.20       |

(1) Principal requirements represent principal outlays.

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

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

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

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

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

(Unaudited)

Disposable Per Capita Income

Table XIV

| Calendar Year | United States | California | Nevada   | Nevada's Per Capita as % of U.S. Per Capita | Nevada's Per Capita Rank |
|---------------|---------------|------------|----------|---|--------------------------|
| 1970          | \$ 3,484      | \$ 4,131   | \$ 4,425 | 127%  | 5                        |
| 1980          | 8,424         | 9,876      | 9,714    | 115   | 5                        |
| 1990          | 16,642        | 18,313     | 17,443   | 105   | 15                       |
| 1991          | 17,161        | 18,615     | 17,941   | 105   | 13                       |
| 1992          | 18,034        | 19,390     | 18,866   | 105   | 14                       |
| 1993          | 18,551        | 19,571     | 19,386   | 105   | 8                        |
| 1994          | 19,241        | 19,929     | 20,350   | 106   | 8                        |
| 1995          | 20,189        | 20,970     | 21,065   | 104   | 10                       |
| 1996          | 20,979        | 21,760     | 21,805   | 104   | 9                        |
| 1997          | 21,908        | 22,674     | 22,742   | 104   | 11                       |
| 1998          | 22,424        | 23,119     | 22,959   | 102   | 14                       |
| 1999          | 24,297        | 25,100     | 26,205   | 108   | 9                        |
| 2000          | 25,090        | 26,808     | 26,105   | 104   | 14                       |

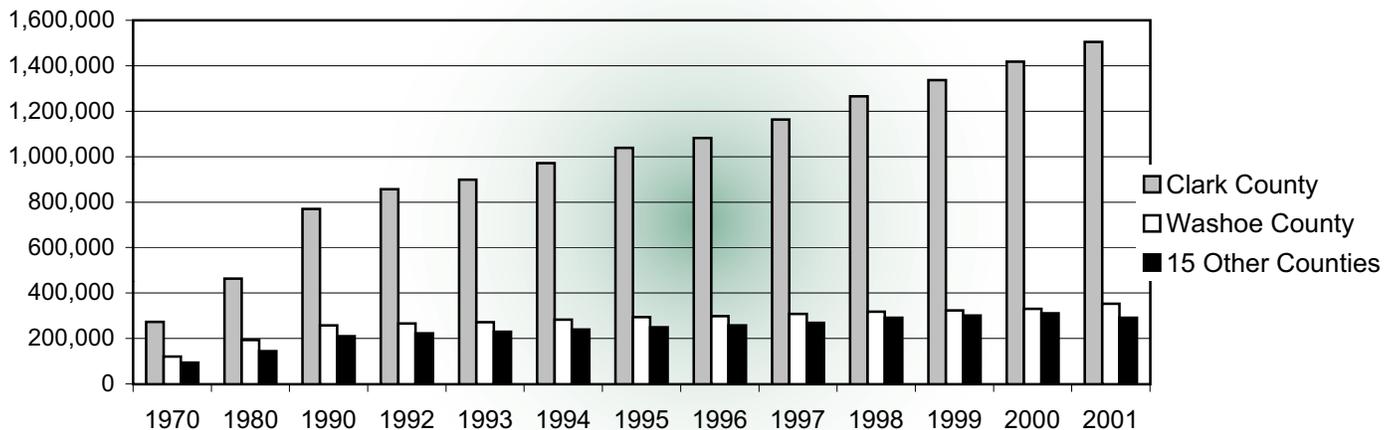
Source: Survey of Current Business, published by U.S. Department of Commerce

Population

Table XV

| Year | Clark County | Washoe County | 15 Other Counties | Total State |
|------|--------------|---------------|-------------------|-------------|
| 1970 | 273,288      | 121,068       | 94,382            | 488,738     |
| 1980 | 463,087      | 193,623       | 143,798           | 800,508     |
| 1990 | 770,280      | 257,120       | 209,500           | 1,236,900   |
| 1992 | 856,350      | 265,660       | 221,930           | 1,343,940   |
| 1993 | 898,020      | 271,770       | 228,970           | 1,398,760   |
| 1994 | 971,680      | 282,630       | 238,690           | 1,493,000   |
| 1995 | 1,038,180    | 294,290       | 249,810           | 1,582,280   |
| 1996 | 1,082,667    | 298,356       | 256,992           | 1,638,015   |
| 1997 | 1,163,207    | 308,579       | 269,111           | 1,740,897   |
| 1998 | 1,265,590    | 318,050       | 291,120           | 1,874,760   |
| 1999 | 1,337,400    | 322,810       | 301,460           | 1,961,670   |
| 2000 | 1,418,719    | 330,005       | 310,709           | 2,059,433   |
| 2001 | 1,504,768    | 352,298       | 290,594           | 2,147,660   |

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



For the Last Ten Fiscal Years (Unaudited)

Public School Enrollment

Table XVI

|          | Fall Enrollment |                    |         |          |        |            |         |
|----------|-----------------|--------------------|---------|----------|--------|------------|---------|
|          | Grades          |                    |         | Counties |        |            |         |
|          | Primary (K - 6) | Secondary (7 - 12) | Total   | Clark    | Washoe | All Others | Total   |
| 1992     | 131,469         | 91,377             | 222,846 | 136,188  | 42,061 | 44,597     | 222,846 |
| 1993     | 138,829         | 96,971             | 235,800 | 145,327  | 43,715 | 46,758     | 235,800 |
| 1994     | 146,949         | 103,798            | 250,747 | 156,348  | 45,752 | 48,647     | 250,747 |
| 1995     | 155,492         | 109,549            | 265,041 | 166,788  | 47,572 | 50,681     | 265,041 |
| 1996     | 164,654         | 117,477            | 282,131 | 179,106  | 49,671 | 53,354     | 282,131 |
| 1997     | 173,618         | 123,003            | 296,621 | 190,822  | 51,205 | 54,594     | 296,621 |
| 1998     | 181,612         | 129,451            | 311,063 | 203,777  | 52,652 | 54,634     | 311,063 |
| 1999     | 189,755         | 135,855            | 325,610 | 217,526  | 54,508 | 53,576     | 325,610 |
| 2000 (1) | 198,142         | 142,564            | 340,706 | 231,655  | 56,268 | 52,783     | 340,706 |
| 2001     | 198,804         | 144,233            | 343,037 | 232,017  | 58,395 | 52,625     | 343,037 |

(1) Revised in 2001

Source: Nevada Department of Education - Clark County figures for fall 2001 are preliminary

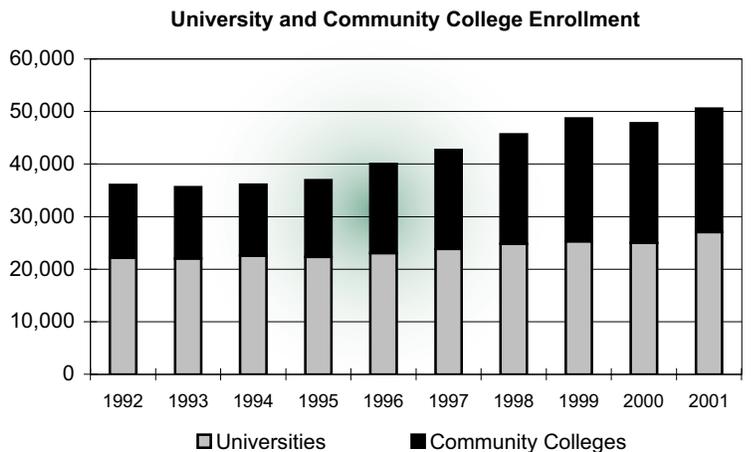
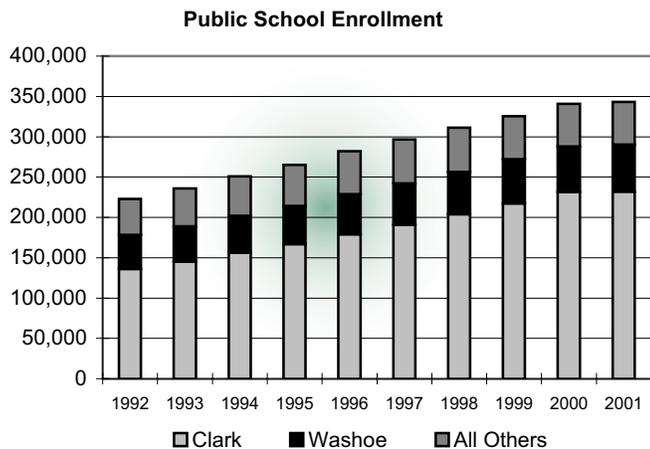
University and Community College Enrollment

Table XVII

|          | Full Time Equivalent Students at Fall Enrollment |           |          |                         |             |                 |                |          |        |
|----------|--|-----------|----------|-------------------------|-------------|-----------------|----------------|----------|--------|
|          | Universities                                     |           |          | Community Colleges (CC) |             |                 |                |          | Total  |
|          | Reno   | Las Vegas | Subtotal | Southern Nevada         | Great Basin | Truckee Meadows | Western Nevada | Subtotal |        |
| 1992     | 9,212  | 12,944    | 22,156   | 7,426                   | 933         | 3,718           | 1,765          | 13,842   | 35,998 |
| 1993     | 9,155  | 12,885    | 22,040   | 7,137                   | 906         | 3,726           | 1,810          | 13,579   | 35,619 |
| 1994     | 9,392  | 13,211    | 22,603   | 7,111                   | 933         | 3,594           | 1,847          | 13,485   | 36,088 |
| 1995     | 9,161  | 13,166    | 22,327   | 8,599                   | 878         | 3,451           | 1,682          | 14,610   | 36,937 |
| 1996     | 9,383  | 13,661    | 23,044   | 10,245                  | 1,010       | 3,848           | 1,869          | 16,972   | 40,016 |
| 1997     | 9,397  | 14,447    | 23,844   | 11,380                  | 1,146       | 4,377           | 1,955          | 18,858   | 42,702 |
| 1998     | 9,488  | 15,318    | 24,806   | 13,135                  | 1,132       | 4,560           | 2,013          | 20,840   | 45,646 |
| 1999     | 9,881  | 15,428    | 25,309   | 15,215                  | 1,252       | 4,867           | 2,045          | 23,379   | 48,688 |
| 2000 (1) | 9,898  | 15,093    | 24,991   | 14,410                  | 1,322       | 5,032           | 2,037          | 22,801   | 47,792 |
| 2001     | 10,804   | 16,232    | 27,036   | 15,266                  | 1,208       | 4,889           | 2,128          | 23,491   | 50,527 |

(1) Revised in 2001

Source: University and Community College System of Nevada



## Average Annual Employment

Table XVIII

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

| Fiscal Year<br>Ended June 30 | Labor Force Statistics      |              |                        |  | Industrial Base Statistics (2) |                    |                       |
|------------------------------|-----------------------------|--------------|------------------------|--|--------------------------------|--------------------|-----------------------|
|                              | Total Nevada<br>Labor Force | Unemployment | Unemployment<br>Rate % | U.S. Average<br>Unemployment<br>Rate % | Total Non-<br>Agriculture      | Goods<br>Producing | Services<br>Producing |
| 1992                         | 715.0                       | 47.0         | 6.6                    | 7.4                                    | 638.7                          | 78.2               | 560.5                 |
| 1993                         | 746.0                       | 54.0         | 7.2                    | 6.8                                    | 670.0                          | 88.0               | 582.0                 |
| 1994                         | 779.0                       | 48.0         | 6.2                    | 6.1                                    | 736.7                          | 100.9              | 635.8                 |
| 1995                         | 800.9                       | 43.2         | 5.4                    | 5.6                                    | 789.1                          | 111.8              | 677.3                 |
| 1996                         | 844.1                       | 45.7         | 5.4                    | 5.4                                    | 842.5                          | 128.0              | 714.5                 |
| 1997                         | 890.2                       | 40.7         | 4.6                    | 5.0                                    | 885.8                          | 137.1              | 748.7                 |
| 1998                         | 919.9                       | 39.6         | 4.3                    | 4.5                                    | 924.4                          | 140.1              | 784.3                 |
| 1999                         | 941.6                       | 41.9         | 4.4                    | 4.2                                    | 985.1                          | 144.9              | 840.2                 |
| 2000 (3)                     | 986.1                       | 40.0         | 4.1                    | 4.0                                    | 1,028.7                        | 143.1              | 885.6                 |
| 2001 (1)                     | 1,020.6                     | 47.9         | 4.7                    | 4.5                                    | 1,060.8                        | 146.5              | 914.3                 |

Source: Nevada Department of Employment, Training and Rehabilitation

(1) Average through August 2001

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

(3) Revised in 2001

## Revenues Collected from Counties

Table XIX

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

| County:   | 1992             | 1993             | 1994             | 1995             | 1996             | 1997             | 1998             | 1999              | 2000              | 2001              |
|---|------------------|------------------|------------------|------------------|------------------|------------------|------------------|-------------------|-------------------|-------------------|
| Carson City                                       | \$ 1,305         | \$ 1,387         | \$ 1,477         | \$ 1,436         | \$ 1,696         | \$ 1,676         | \$ 1,785         | \$ 2,076          | \$ 2,340          | \$ 2,416          |
| Churchill   | 549              | 610              | 677              | 697              | 684              | 756              | 750              | 874               | 892               | 824               |
| Clark   | 30,150           | 29,663           | 40,953           | 40,644           | 45,462           | 49,796           | 53,698           | 70,399            | 82,802            | 92,243            |
| Douglas   | 1,858            | 2,066            | 2,259            | 2,313            | 2,541            | 2,728            | 2,766            | 3,176             | 3,542             | 3,730             |
| Elko  | 1,443            | 1,467            | 1,672            | 1,833            | 1,814            | 2,073            | 1,975            | 2,099             | 2,199             | 2,411             |
| Esmeralda   | 94               | 110              | 123              | 118              | 119              | 107              | 175              | 225               | 170               | 196               |
| Eureka  | 587              | 616              | 785              | 900              | 1,020            | 986              | 899              | 933               | 827               | 906               |
| Humboldt  | 636              | 638              | 728              | 799              | 869              | 1,028            | 1,100            | 1,292             | 1,227             | 1,196             |
| Lander  | 308              | 334              | 331              | 337              | 359              | 400              | 414              | 458               | 496               | 497               |
| Lincoln   | 132              | 154              | 168              | 173              | 198              | 260              | 228              | 244               | 244               | 284               |
| Lyon  | 610              | 1,048            | 843              | 910              | 940              | 1,072            | 1,188            | 1,454             | 1,666             | 1,724             |
| Mineral   | 177              | 209              | 211              | 240              | 269              | 309              | 314              | 225               | 207               | 496               |
| Nye   | 875              | 911              | 924              | 922              | 1,062            | 1,273            | 1,296            | 1,559             | 1,949             | 2,131             |
| Pershing  | 217              | 238              | 244              | 241              | 259              | 272              | 289              | 339               | 336               | 293               |
| Storey  | 91               | 110              | 109              | 122              | 129              | 142              | 253              | 242               | 220               | 246               |
| Washoe  | 9,943            | 10,883           | 11,783           | 12,561           | 13,385           | 14,550           | 13,256           | 19,398            | 21,589            | 22,346            |
| White Pine  | 253              | 239              | 281              | 255              | 405              | 391              | 332              | 369               | 374               | 330               |
| <b>Total revenues collected<br/>from counties</b> | <b>\$ 49,228</b> | <b>\$ 50,683</b> | <b>\$ 63,568</b> | <b>\$ 64,501</b> | <b>\$ 71,211</b> | <b>\$ 77,819</b> | <b>\$ 80,718</b> | <b>\$ 105,362</b> | <b>\$ 121,080</b> | <b>\$ 132,269</b> |

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

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

The Honorable Kathy Augustine  
State Controller

We have audited the general purpose financial statements of the State of Nevada (the State), as of and for the year ended June 30, 2001, and have issued our report thereon dated December 14, 2001. 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. As described in our report dated December 14, 2001, portions of the audit of the general purpose financial statements were performed by other auditors, whose reports were furnished to us.

Compliance

As part of obtaining reasonable assurance about whether the State's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of general purpose financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *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 opinion on the general purpose financial statements and not to provide assurance 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 over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Nevada Legislature and management of the State. It is not intended to be and should not be used by anyone other than these specified parties.

*Kafoury, Armstrong & Co.*

Reno, Nevada  
December 14, 2001

*Our thanks and appreciation  
to the following for their help and cooperation:*

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