

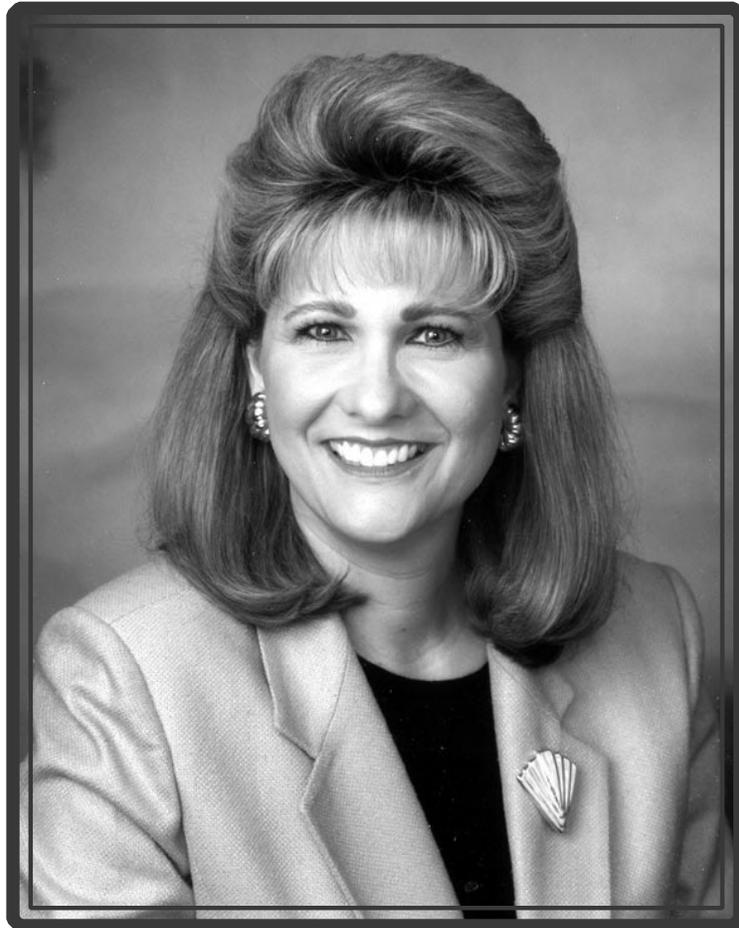
State of Nevada

Comprehensive Annual Financial Report

For the Fiscal Year
Ended June 30, 2004

Kathy Augustine
State Controller

Kathy Augustine State Controller



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

Ms. Augustine was sworn in as Nevada's first female State Controller on January 4, 1999 and was elected to her second term in November 2002. 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 Popular and Comprehensive Annual Financial Reports, pays employee salaries, processes claims against the state and administers the State's debt collection program.

Comprehensive Annual Financial Report

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State of Nevada
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Kathy Augustine
State Controller

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December 13, 2004

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

In accordance with Nevada Revised Statutes (NRS) 227.110 and the State Accounting Procedures Law (NRS 353.291 through 353.3245), I am pleased to present the State of Nevada Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2004. This is the third CAFR prepared in conformance with the requirements of Governmental Accounting Standards Board (GASB) Statement No. 34. The objective of this statement is to provide a clear picture of the government as a single, unified entity as well as providing traditional fund based financial statements.

Introduction to the Report

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

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

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

The independent audit of the financial statements of the State of Nevada is part of a broader, federally mandated Single Audit designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and

compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the financial statements. This report can be found in the Compliance Section of the CAFR, as well as in the State of Nevada's separately issued Single Audit Report.

Internal Control Structure: The State of Nevada has established a comprehensive internal control framework that is designed both to safeguard the government's assets against loss from unauthorized use or theft and to properly record and adequately document transactions in order to compile information for the presentation of the State's financial statements in conformity with GAAP. Since the cost of internal controls should not outweigh their benefits, the State's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement.

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

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

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

Profile of Government

Background: The State of Nevada was admitted to the Union in 1864. Nevada is located just east of the State of California and is bordered by four other states. Approximately 87 percent of our 110,540 square miles of valleys and north-south mountain ranges are owned and managed by the federal government.

The State's economy and tax base are dependent upon the interrelated gaming and tourism industries, as well as upon federal activities, mining, warehousing, manufacturing and agriculture. Over the past decade, Nevada has experienced one of the fastest population growth rates in the nation. The 2000 census showed a 62 percent increase over 1990 with over 2.3 million residents now calling Nevada home.

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

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

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

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

Financial Information

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

Economic Outlook: The national economy should continue to move ahead at a moderate pace. In fact, Global Insight, a nationally and internationally known forecasting firm under contract with the State of Nevada is forecasting real GDP growth of approximately 3 percent in each of the next several years. A major concern continues to be the ability of the economy to generate employment opportunities. Global Insight expects little improvement over recent results, with annual job growth of approximately 1 percent over the next several years.

Against this backdrop, perhaps best characterized as a modest expansion in the national economy, expectations are for Nevada to continue on the rebound, and to continue so at a pace in excess of national norms. In the absence of any external surprises or shocks, there is no reason to believe that Nevada's pace of economic expansion should decelerate anytime soon. Over the next five years, Global Insight expects Nevada's results, measured by job and personal income growth, to be among the best in the nation.

The State of Nevada Budget Office is forecasting continued expansion in gaming activity, with underlying growth of 4 percent to 5 percent annually through the next biennium. Already, in the early months of FY 2005, we are seeing some signs of easing, following the rapid growth during the final half of FY 2004. Certainly, a key development will be the extent to which the recent uptick in visitor numbers can be maintained. Here, we look for underlying growth of approximately 3 percent annually.

Expansion continues to unfold in the Las Vegas market. Several existing properties have added capacity, or are in the process of doing so. The Wynn Las Vegas property is on schedule to open in mid-2005. In addition, the dining, entertainment, and retail sectors continue to grow and evolve, providing additional incentives for individuals to visit the Silver State.

Major Initiatives

Since Governor Kenny C. Guinn's overwhelming reelection in 2002, he and his administration have continued to pursue several major initiatives that were central to his *State of the State Addresses* in 1999, 2001, and 2003. Facing the continuing challenges of constricted revenue streams and anticipated budget deficits and spent-down reserves, the Governor acted aggressively to spearhead the restructuring of the State's tax system to provide a stable means to support major programs.

Education: Governor Guinn has continually focused on addressing the chronic underfunding of the State's K-12 educational system, which has experienced a student population increase of nearly 70 percent since 1990. Measures passed in 2003 anticipated an enrollment growth rate of 3.6 percent in each year of the 2003-2005 biennium. A 4.75 percent cost-of-living adjustment for local school district employees and an increase in the statewide average per-pupil support, from the current \$3,987 to \$4,424, was authorized over the biennium. However, Nevada's per pupil spending still ranks below the national average. Increased funding was also authorized in the areas of special education, remedial education, class-size management, early literacy intervention and professional development, textbook and educational materials, special teacher compensation and bonuses, and adult education. The State's combined appropriation for primary and secondary education over the 2003-2005 biennium rose to more than \$1.7 billion, which represents an increase of 31 percent. During the 19th Special Session, the State adopted provisions that will implement the requirements of the federal "No Child Left Behind Act" of 2001, which requires each state to have a single, statewide system of accountability and which also revises the teacher licensure provisions of the Nevada Education Reform Act.

Higher Education: Governor Guinn is very proud of the success of the Millennium Scholarship, a program that he proposed and received approval of in 1999. To date, this important educational program, which encourages Nevada's youth to obtain their higher education within the State, continues to work well and has directly benefited more than 32,000 Nevada students. In 2003, the eligibility requirements for the Millennium Scholarship program were revised, increasing the grade point average recipients are required to achieve in order to qualify for and remain in the program. In addition, the transfer of credit hours among institutions for subsequent degree programs within the system was improved. During the 2003-2005 biennium, Nevada's University and Community College System will receive approximately \$980 million in State funding. To improve the delivery of higher education in Nevada, the system was made subject to notable scrutiny. Five separate performance audits were authorized and conducted by the Legislative Auditor during the interim to assess the system's statewide programs; investment practices; the validity and reliability of its enrollment data; capital construction bidding practices and projects; and other administration costs, including athletic programs and travel.

Health and Human Services: Another very successful program, initiated by the Governor Guinn in 1999, is Nevada's Senior Rx program. In 2003, Nevada's Senior Rx prescription program was expanded by increasing and indexing the allowable maximum household income for couples, from \$21,500 to \$28,660, which allows some additional low income seniors to qualify for this important program. Funding was also increased to provide assistance for 12,000 enrollees by the end of June 2005, up from the previous limit of 7,500. It is anticipated that by the end of 2004 the number of enrollees will approach 10,000.

In addition, Governor Guinn continued to support other important social programs, including measures to keep people with mental illness out of over crowded emergency rooms, hospitals, and jails. Funding was approved to build on the strides made by the State's first special court to deal with mentally ill offenders in Washoe County. The Program for Assertive Community Treatment (PACT) was expanded in Las Vegas, along with the establishment of a 24-7 emergency crisis team to work with hospitals and law enforcement to address mental health issues. A new 150-bed psychiatric hospital facility is under construction in Las Vegas, which should relieve pressure on the community's existing emergency rooms and mental health system. The hospital is scheduled to open by early 2006.

The transition of child welfare management from State oversight to the county level was continued in Washoe County (Northern Nevada) and approved for Clark County (Southern Nevada). Funding included in the plan will provide uniform foster care rates and reduce caseloads for caseworkers.

Elderly and disabled citizens will benefit directly from the expansion of community and home-based programs that are aimed at keeping them independent and in their homes and communities, rather

than in institutions, thus saving substantial public and private resources. Enhancement of other group care and Medicaid waiver programs for some of our most vulnerable citizens were passed to ensure that affected residents will be able to retain their autonomy as long as possible. In addition, the newly created Office of Disability Services now provides a much-needed focal point within State government where the disabled and their families can be better served and which involves those consumers in all levels of policy and decision making that potentially impact their lives.

Transportation: During his administration, the Governor requested and received authorization for approximately \$200 million in new transportation funds to meet pressing infrastructure needs and jump start highway construction projects throughout the State. Further, \$335 million in additional bonding authority was requested and approved in the last biennial budget, of which \$189 million will be sold during the biennium. These funds are being used to complete “super” projects, including the U.S. 95 widening in Las Vegas, the I-215/Beltway Interchange in Henderson, the approaches to the Hoover Dam, the I-580 Reno-Carson Freeway Extension, and the Carson Bypass, which will pump about \$1 billion into the State’s economy, create approximately 42,000 new jobs, and ease horrific traffic problems in the State’s more populated areas. An additional \$400 million in bonds have been authorized since the 2003 legislative session and will be issued prior to 2008. Maintaining a good transportation infrastructure is key to enhancing Nevada’s “business-friendly” reputation.

Tax Structure: In the wake of making the painful budget cuts, cutting back authorized programs, and receiving the recommendations generated by the Governor’s Task Force on Tax Policy, which was created by the 2001 Legislature, the focus of Governor Guinn’s attention became even more centered on revising Nevada’s inadequate tax system. Taking a page from “A Fiscal Agenda for Nevada,” the report generated in 1990 following the legislatively approved study by Price Waterhouse and the Urban Institute, Governor Guinn proceeded to work with task force members, legislators, and other stakeholders to adopt a broad-based business tax system that would support the long term needs of Nevada’s rapidly growing population and protect its most vulnerable citizens. Nevada ranks at, or near the bottom, in many quality of life measures. Governor Guinn proposed Nevada’s citizens invest in improving those statistics. Ultimately, taxes were increased using a wide range of sources, including replacing the per employee business tax with a payroll tax. Today, due to Nevada’s continued strong economic recovery, it is anticipated that an estimated \$140 million year-end surplus will allow the Governor to support replenishment of the State’s “Rainy Day” fund during the 2005 legislative session.

Yucca Mountain: Nevada continues its fight against the use of Yucca Mountain as an underground repository for high-level, radioactive waste. The State has filed legal actions that assert the U.S. government violated Nevada’s rights under the U.S. Constitution when it singled out Yucca Mountain as the national repository over the veto of Governor Guinn. The suits also outline negative impacts on the environment, public health, transportation systems, and water supplies, which are of utmost concern to the State and its citizens. On July 9, 2004 the United States court of Appeals for the District of Columbia (DC Circuit) issued the most significant decision relative to the Yucca Mountain project to date. In what can only be characterized as a stunning victory for the State of Nevada and other project opponents, the DC Circuit invalidated the radiation protection standard for the proposed high-level nuclear waste repository. The court’s invalidation of the radiation standard is expected to significantly delay the filing of the U.S. Department of Energy (DOE) licensing application and could, ultimately, make licensure of the project impossible. The decision also vindicates Nevada’s long held position that the science underlying the standard established by the U.S. Environmental Protection Agency is “unabashedly” inadequate and inconsistent with the congressionally mandated recommendations of the National Academy of Sciences. As part of its sweeping decision, the DC Circuit also invalidated the licensing rule of the Nuclear Regulatory Commission (NRC) and opened the door for Nevada to litigate aspects of the Yucca Mountain environmental impact statement in an NRC licensing proceeding.

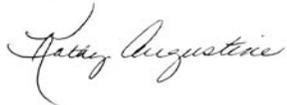
Other Information

GFOA Certificate of Achievement: The GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to the State of Nevada for its CAFR for the fiscal year ended June 30, 2003. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both GAAP and applicable legal requirements. A copy of the GFOA Certificate of Achievement is included in the Introductory section of the CAFR.

A Certificate of Achievement is valid for a one year period only. We believe our current CAFR 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.

Acknowledgments and Conclusion: This report shows the commitment of the Nevada State Controller's Office staff and myself to inform and clearly demonstrate the financial condition of our State to our citizenry and the financial community. Considerable effort and cooperation has been exhibited by all State agencies, the Legislative, and the Judicial Branches of government. Without their efforts, this financial report could not have been produced. I extend my sincere appreciation to the leaders in our State for their stewardship, especially John P. Comeaux, Director, and William D. Anderson, Economist, Department of Administration, for their contribution of the Major Initiatives and Economic 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



Kenny Guinn
Governor



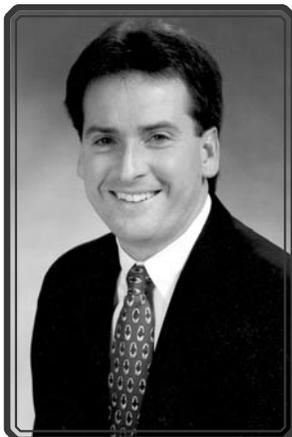
Dean Heller
Secretary of State



Lorraine Hunt
Lieutenant Governor



Kathy Augustine
Controller

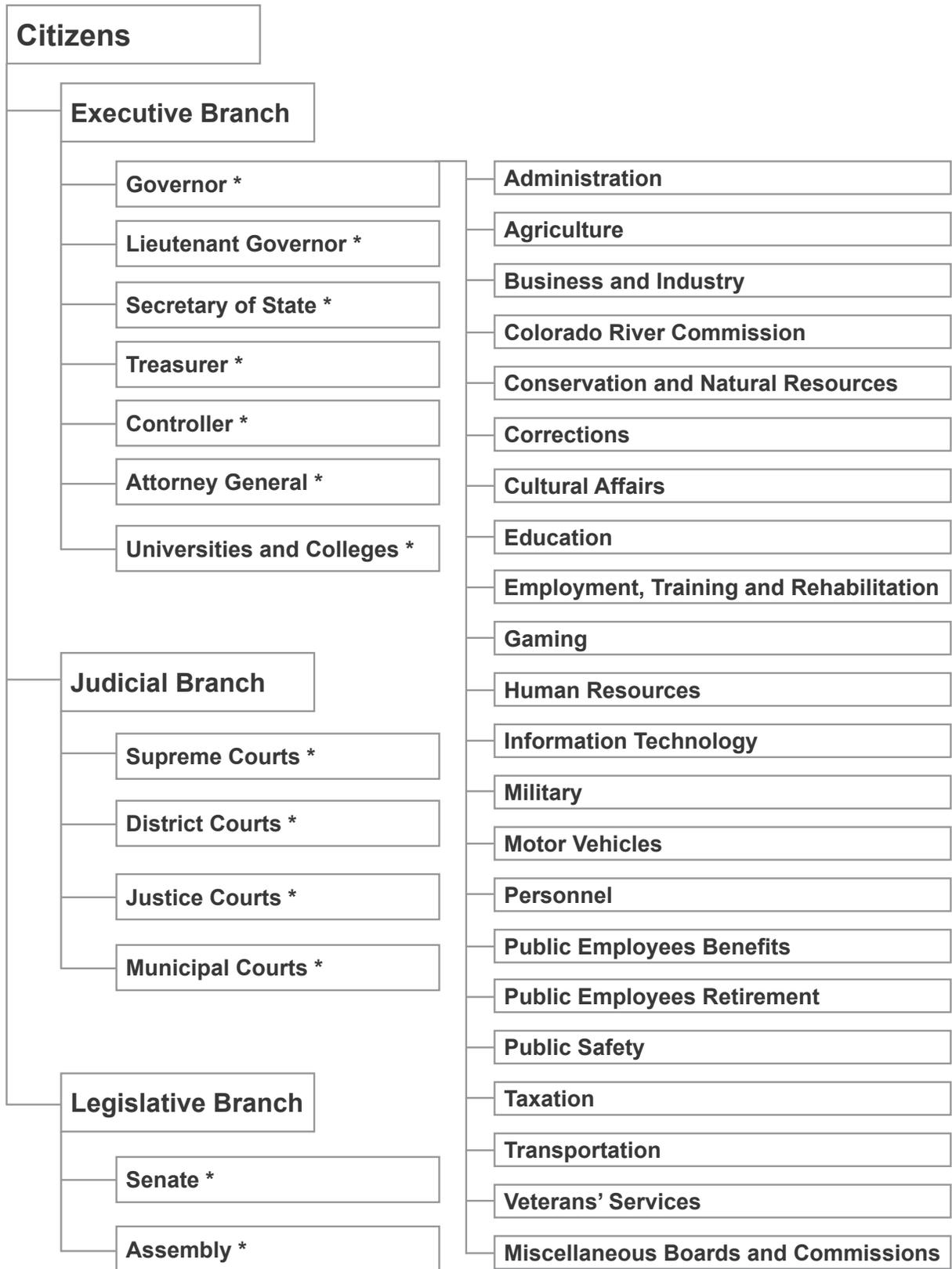


Brian Krolicki
Treasurer



Brian Sandoval
Attorney General

Organizational Chart



* Elected Officials

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, 2003

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.



Nancy L. Zjelke

President

Jeffrey R. Emer

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 financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Nevada, as of and for the year ended June 30, 2004, which collectively comprise the State's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the State of Nevada's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit:

Government-Wide Financial Statements

- the financial statements of the Housing Division, which represent 55.8 percent of the assets and 13.1 percent of the revenues of the business-type activities;
- the financial statements of the University and Community College System of Nevada and the Colorado River Commission, both of which are discretely presented component units.

Fund Financial Statements

- the financial statements of the Housing Division Enterprise Fund;
- the financial statements of the Self-Insurance and Insurance Premiums Internal Service Funds, which in the aggregate represent less than one percent of the assets and 5.2 percent of the revenues and additions of the aggregate remaining fund information;
- the financial statements of the Pension Trust Funds, which in the aggregate represent 88.8 percent of the assets and 59.7 percent of the revenues and additions of the aggregate remaining fund information.

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Nevada, as of June 30, 2004, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2004 on our consideration of the State of Nevada's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management's discussion and analysis on pages 19 through 30, the budgetary comparison schedule, the notes to required supplementary information-budgetary reporting, the schedule of funding progress and the schedule of infrastructure condition and maintenance data, collectively on pages 93 through 97, are not required parts of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We and the other auditors have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

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

Kafoury, Armstrong & Co.

Reno, Nevada
December 10, 2004

MANAGEMENT'S DISCUSSION AND ANALYSIS

State of Nevada management provides this discussion and analysis of the State of Nevada's Comprehensive Annual Financial Report (CAFR) for readers of the State's financial statements. This narrative overview and analysis of the financial activities of the State of Nevada is for the fiscal year ended June 30, 2004. We encourage readers to consider this information in conjunction with the additional information furnished in the letter of transmittal.

Highlights

Government-wide:

Net Assets – The assets of the State exceeded its liabilities at the close of the fiscal year ended June 30, 2004 by \$4.658 billion (reported as *net assets*). Of the \$4.658 billion in net assets, \$1.306 billion was restricted and not available to meet the State's general obligations.

Changes in Net Assets – The State's total net assets increased by \$352 million in fiscal year 2004. Net assets of governmental activities increased by \$332 million (a 9.5 per cent increase) and net assets of the business-type activities increased by \$20 million (a 2.5 per cent increase).

Fund-level:

At the close of the fiscal year, the State's governmental funds reported a combined ending fund balance of \$2.19 billion, an increase of \$367 million from the prior year, attributable primarily to the addition and increase of taxes in the General Fund by the passage of Senate Bill 8, which was signed into law by the Governor on July 22, 2003. Of this amount, \$1.2 billion represents the *unreserved fund balance*.

The State's enterprise funds reported combined ending net assets of \$832.7 million, an increase of \$19.6 million from the prior year, attributable primarily to the Water Projects Loans fund. Of this amount, \$7.8 million represents the *unrestricted net assets*.

The State's fiduciary funds reported combined ending net assets of \$16.7 billion, an increase of \$2 million from the prior year, attributable primarily to the Pension Trust Funds.

Long-term Debt (government-wide):

The State's long-term debt obligations increased by \$172.9 million (a 4.8 per cent increase) during the current fiscal year.

Overview of the Financial Statements

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

Government-wide Financial Statements:

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

The government-wide financial statements include the following two statements:

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

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

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

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

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

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

Fund Financial Statements:

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

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

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

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

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

Notes to the Financial Statements:

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

Required Supplementary Information:

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

Other Supplementary Information:

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

Government-wide Financial Analysis

The State's overall financial position and operations for the fiscal years ended June 30, 2004 and 2003 for the primary government are summarized in the following statements based on the information included in the government-wide financial statements.

	State of Nevada's Net Assets-Primary Government (expressed in thousands)						Total Change 2004-2003
	Governmental Activities		Business-type Activities		Total		
	2004	2003	2004	2003	2004	2003	
Assets							
Current and other assets	\$ 4,263,722	\$ 3,716,849	\$ 2,034,013	\$ 2,138,846	\$ 6,297,735	\$ 5,855,695	\$ 442,040
Net capital assets	4,226,180	4,018,876	3,131	3,153	4,229,311	4,022,029	207,282
Total assets	8,489,902	7,735,725	2,037,144	2,141,999	10,527,046	9,877,724	649,322
Liabilities							
Current liabilities	1,985,268	1,881,999	109,327	88,523	2,094,595	1,970,522	124,073
Long-term liabilities	2,680,382	2,361,382	1,094,466	1,240,542	3,774,848	3,601,924	172,924
Total liabilities	4,665,650	4,243,381	1,203,793	1,329,065	5,869,443	5,572,446	296,997
Net Assets							
Invested in capital assets, net							
of related debt	3,493,458	3,222,052	3,047	3,059	3,496,505	3,225,111	271,394
Restricted	484,164	432,125	821,829	801,846	1,305,993	1,233,971	72,022
Unrestricted (deficit)	(153,370)	(161,833)	8,475	8,029	(144,895)	(153,804)	8,909
Total net assets	\$ 3,824,252	\$ 3,492,344	\$ 833,351	\$ 812,934	\$ 4,657,603	\$ 4,305,278	\$ 352,325

Net Assets:

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The State's combined net assets (governmental and business-type activities) totaled \$4.658 billion at the end of 2004, compared with \$4.305 billion at the end of the previous year.

The largest portion of the State's net assets (\$3.497 billion or 75 %) reflects its investment in capital assets such as land, buildings, improvements other than buildings, equipment, construction in progress, infrastructure and rights-of-way, less any related debt still outstanding that was used to acquire those assets. The State uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the State's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the State's net assets (\$1.306 billion or 28 %) represents resources that are subject to external restrictions on how they may be used. The unrestricted balance is a *negative* \$144.9 million because the State issues general obligation bonds for discretely presented component units, the University System and Colorado River Commission (paid by Southern Nevada Water Authority), for which there are no offsetting assets included in the financial statements of the primary government.

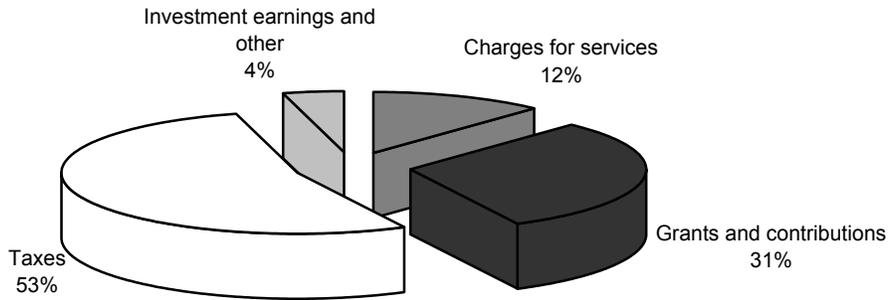
At the end of the current fiscal year, the State is able to report positive balances in two of the three categories of net assets, both for the governmental activities and for the government as a whole. For the business-type activities, the State is able to report positive balances in all three categories.

Changes in State of Nevada's Net Assets-Primary Government (expressed in thousands)							
	Governmental Activities		Business-type Activities		Total		Total Change
	2004	2003	2004	2003	2004	2003	2004-2003
Revenues							
Program revenues							
Charges for services	\$ 638,152	\$ 564,694	\$ 99,807	\$ 97,216	\$ 737,959	\$ 661,910	\$ 76,049
Operating grants and contributions	1,638,073	1,499,849	98,469	131,771	1,736,542	1,631,620	104,922
Capital grants and contributions	9,320	8,535	-	-	9,320	8,535	785
General revenues							
Sales and use taxes	855,687	760,891	-	-	855,687	760,891	94,796
Gaming taxes	834,791	735,652	-	-	834,791	735,652	99,139
Fuel taxes	269,131	253,951	-	-	269,131	253,951	15,180
Property taxes	116,841	95,808	-	-	116,841	95,808	21,033
Other taxes	794,078	445,162	273,357	250,325	1,067,435	695,487	371,948
Investment earnings	10,996	26,712	-	-	10,996	26,712	(15,716)
Other	205,597	181,267	-	-	205,597	181,267	24,330
Total Revenues	5,372,666	4,572,521	471,633	479,312	5,844,299	5,051,833	792,466
Expenses							
General government	194,518	195,351	-	-	194,518	195,351	(833)
Health and social services	1,809,947	1,749,723	-	-	1,809,947	1,749,723	60,224
Education and support services	1,690,849	1,459,802	-	-	1,690,849	1,459,802	231,047
Law, justice and public safety	464,004	432,066	-	-	464,004	432,066	31,938
Regulation of business	83,518	79,396	-	-	83,518	79,396	4,122
Transportation	469,068	384,247	-	-	469,068	384,247	84,821
Recreation and resource development	106,339	103,306	-	-	106,339	103,306	3,033
Intergovernmental - grant & revenue sharing	139,330	124,489	-	-	139,330	124,489	14,841
Interest on long-term debt	130,902	112,096	-	-	130,902	112,096	18,806
Unallocated depreciation	1,315	1,152	-	-	1,315	1,152	163
Unemployment insurance	-	-	334,065	377,395	334,065	377,395	(43,330)
Housing	-	-	60,250	71,927	60,250	71,927	(11,677)
Water loans	-	-	5,856	4,715	5,856	4,715	1,141
Workers' compensation and safety	-	-	20,685	19,274	20,685	19,274	1,411
Other	-	-	13,021	13,134	13,021	13,134	(113)
Total Expenses	5,089,790	4,641,628	433,877	486,445	5,523,667	5,128,073	395,594
Excess (deficiency) in net assets before contributions to permanent funds, special items and transfers	282,876	(69,107)	37,756	(7,133)	320,632	(76,240)	396,872
Contributions to permanent fund	31,693	15,952	-	-	31,693	15,952	15,741
Special item - Gain on sale of right-of-way	-	8,485	-	-	-	8,485	(8,485)
Transfers	17,339	16,791	(17,339)	(16,791)	-	-	-
Change in net assets	331,908	(27,879)	20,417	(23,924)	352,325	(51,803)	404,128
Net assets - beginning of year	3,492,344	3,520,223	812,934	836,858	4,305,278	4,357,081	(51,803)
Net assets - end of year	\$ 3,824,252	\$ 3,492,344	\$ 833,351	\$ 812,934	\$ 4,657,603	\$ 4,305,278	\$ 352,325

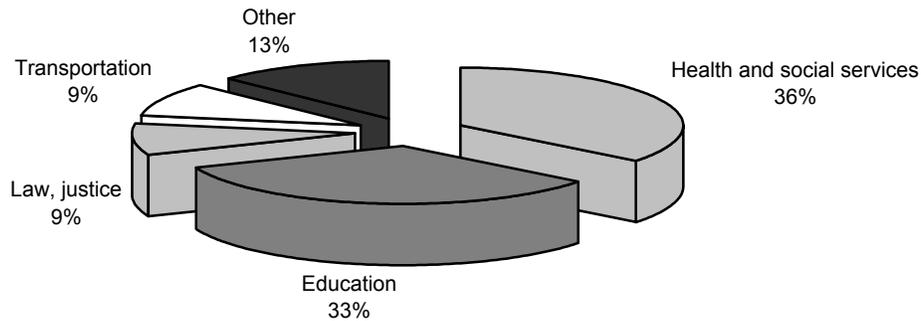
Changes in Net Assets:

Governmental activities –The net assets increased by \$352.3 million or 8.2%. Approximately 53 % of the total revenue came from taxes, while 31% was in the form of grants and contributions (including federal aid). Charges for various goods and services provided 12 per cent of the total revenues (see chart below). The State's governmental activities expenses cover a range of services and the largest expenses were for health and social services (36%) and education (33%) (see chart below). In 2004, governmental activities expenses exceeded program revenues, resulting in the use of \$2.8 billion in general revenues, which were generated to support the government.

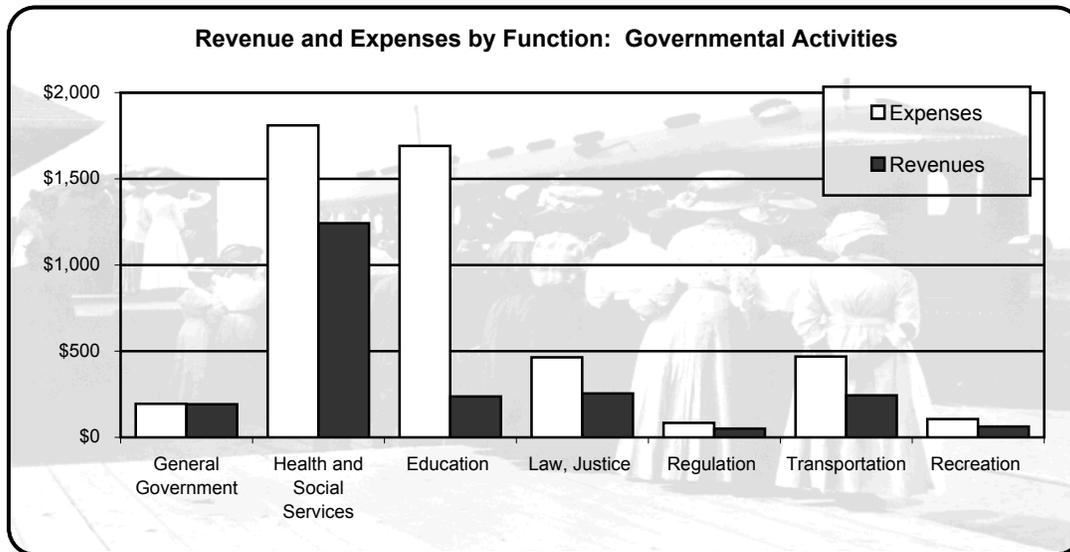
The following chart depicts the governmental activities revenues for the fiscal year:



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

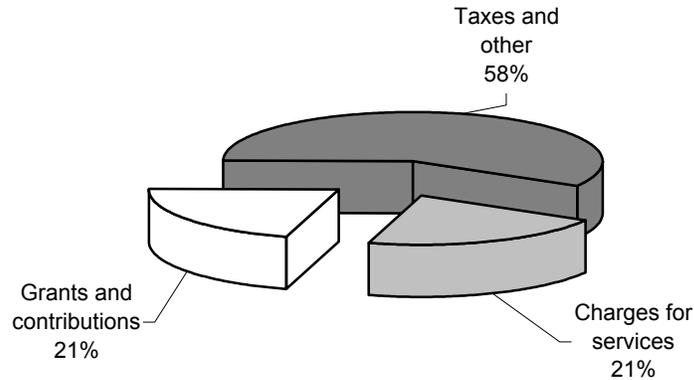


The following chart depicts the total program revenues and expenses for each function of governmental activities (expressed in millions):

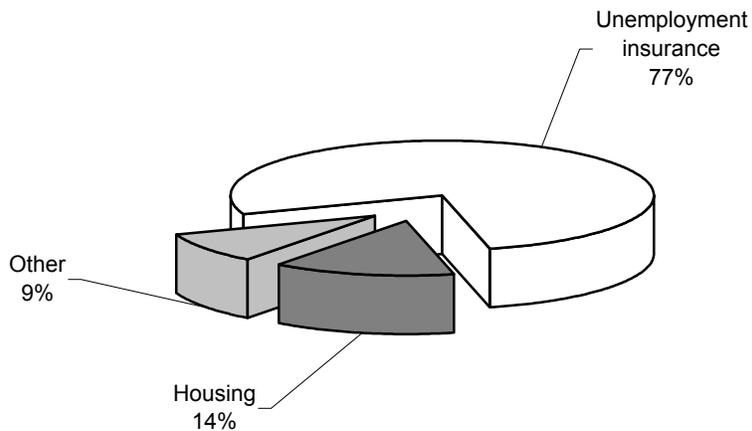


Business-type activities –The net assets increased by \$20.4 million or 2.5%. Approximately 58% of the total revenue came from taxes and other sources, while 21% was in the form of grants and contributions (including federal aid). Charges for various goods and services provided 21% of the total revenues (see chart below). The State’s business-type activities expenses cover a range of services. The largest expenses were for unemployment compensation (77%) and housing (14%) (see chart below). In 2004, business-type activities expenses exceeded program revenues, resulting in the use of \$270 million in general revenues generated by and restricted to the Unemployment Compensation Fund.

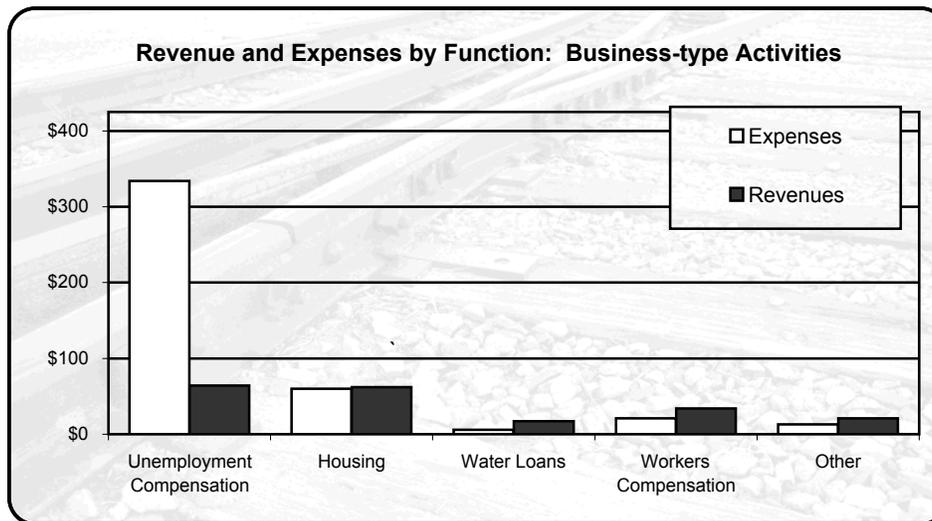
The following chart depicts the business-type activities revenues for the fiscal year:



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



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



In conclusion, the State government’s overall financial position improved over the past fiscal year, with a \$331.9 million increase in the net assets of the governmental activities caused primarily by new taxes and increasing certain tax rates and a \$20.4 million dollar increase in the net assets of the business-type activities, caused primarily by the decrease of claims expense in the Unemployment Compensation Fund. The economic information presented later in this discussion and analysis provides insight into the conditions of the State that have caused this to occur.

Financial Analysis of the State's Funds

Governmental Funds:

As of the end of the current fiscal year, the State's governmental funds reported combined ending fund balances of \$2.19 billion, an increase of \$367 million in comparison with the prior year. Approximately 54% of this total amount constitutes unreserved fund balance, which is available for spending in the coming year. The remainder of fund balance is reserved to indicate it is not available for new spending because it has already been committed to liquidate contracts and purchase orders of the prior fiscal year, to pay debt service, to be held in permanent trust funds or for a variety of other purposes. The major governmental funds are discussed individually below:

The General Fund is the chief operating fund of the State. At the end of the current fiscal year, the total General Fund balance was \$342.1 million, of which a negative \$6.3 million was unreserved. The fund balance increased by \$232.6 million during the current fiscal year, which is a 212.4% increase from the prior year. This increase was due primarily to the passage of Senate Bill 8 of the 20th special session, which was signed into law by the Governor on July 22, 2003. This measure represented the largest tax increase in history, raising tax rates on the existing cigarette, liquor, gaming and business license taxes as well as new levies on payroll, real estate and entertainment.

The following schedule presents a summary of revenues of the General Fund for the fiscal years ended June 30, 2004 and 2003 (expressed in thousands). Other financing sources are not included.

General Fund Revenues						
<i>(Expressed in thousands)</i>						
	2004		2003		Increase (Decrease)	
	Amount	Percent	Amount	Percent	Amount	Percent
Gaming taxes, fees and licenses	\$ 819,380	19.6%	\$ 720,115	20.8%	\$ 99,265	13.8%
Sales taxes	858,867	20.5%	756,962	21.8%	101,905	13.5%
Intergovernmental	1,509,627	36.1%	1,390,467	40.1%	119,160	8.6%
Other taxes	730,374	17.5%	388,777	11.3%	341,597	87.9%
Licenses, fees and permits	165,754	4.0%	118,012	3.4%	47,742	40.5%
Sales and charges for services	47,316	1.1%	35,695	1.0%	11,621	32.6%
Interest and investment income	8,646	0.2%	18,558	0.5%	(9,912)	-53.4%
Other revenues	40,739	1.0%	37,115	1.1%	3,624	9.8%
Total revenues	\$ 4,180,703	100.0%	\$ 3,465,701	100.0%	\$ 715,002	20.6%

The total General Fund revenues increased 20.6%. The largest increase in revenue source was \$341.6 million or 87.9% in other taxes. The new modified business tax increased revenue by \$161.6 million; new real property transfer tax increased revenue by \$88 million; an increase in cigarette tax added \$62.8 million and an increase in insurance premium tax added \$20.2 million. The 53.4% decrease in interest and investment income was due primarily to decreases in interest rates for short-term investments.

The following schedule presents a summary of expenditures by function of the General Fund for the fiscal years ended June 30, 2004 and 2003 (expressed in thousands). Other financing uses are not included.

General Fund Expenditures						
<i>(Expressed in thousands)</i>						
	2004		2003		Increase (Decrease)	
	Amount	Percent	Amount	Percent	Amount	Percent
General government	\$ 79,060	2.0%	\$ 50,976	1.4%	\$ 28,084	55.1%
Health and social services	1,746,659	43.6%	1,648,928	45.6%	97,731	5.9%
Education and support services	1,597,448	39.9%	1,401,311	38.8%	196,137	14.0%
Law, justice and public safety	308,115	7.7%	288,368	8.0%	19,747	6.8%
Regulation of business	67,632	1.7%	60,820	1.7%	6,812	11.2%
Recreation, resource development	92,602	2.3%	81,061	2.2%	11,541	14.2%
Intergovernmental	110,382	2.8%	82,531	2.3%	27,851	33.7%
Debt service	1,397	0.0%	496	0.0%	901	181.7%
Total expenditures	\$ 4,003,295	100.0%	\$ 3,614,491	100.0%	\$ 388,804	10.8%

The total General Fund expenditures increased 10.8%. Expenditures for education and support services increased over \$196.1 million or 14.0%. Payments made to the University System increased by \$123 million; \$70.3 million to Clark County School District; and \$11.2 million to Washoe County School District.

The State Highway Fund is a special revenue fund used to account for the maintenance, regulation and construction of public highways and is funded through vehicle fuel taxes, federal funds, other charges and bond revenue. The fund balance increased \$29.3 million during the current fiscal year, which is a 14.6% increase from the prior year. Increased use of federal funds and a \$176.2 million sale of general obligation bonds increased the funding for transportation projects. The unreserved fund balance is a *negative* \$87.5 million.

The Municipal Bond Bank Fund is a special revenue fund used to account for revenues and expenditures associated with buying local government bonds with proceeds of State general obligation bonds. The fund balance decreased by \$17.1 million during the current fiscal year, which is a 1.6% decrease from the prior year. This decrease is due to transfers to the Consolidated Bond Interest and Redemption Fund.

The Consolidated Bond Interest and Redemption Fund is a debt service fund used to accumulate monies for the payment of leases and principal and interest on general obligation bonds of the State. The fund balance increased by \$10.3 million during the current fiscal year, which is a 21.1% increase from the prior year. The increase was due primarily to the increase in property taxes as property values increased.

The Stabilize the Operations of State Government Fund (also known as the "Rainy Day" fund) is a special revenue fund used to account for funds set aside according to Nevada Revised Statutes (NRS) 353.288 to be expended only if actual revenues for the biennium fall short by 5% or more from anticipated revenues, or if the Legislature and the Governor declare a fiscal emergency. Net transfers of \$8.9 million added the Disaster Relief Account to this fund per Nevada Revised Statutes (NRS) 353.2735. The General Fund transfer of \$70.6 million based on the annual deposit of state revenue calculation brings the fund balance to \$81.5 million.

Proprietary Funds:

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

Enterprise Funds – There are three *major* enterprise funds: Housing Division Fund, Unemployment Compensation Fund and Water Projects Loans Fund. The combined net assets of the three major funds comprise 96% of the total combined net assets of all enterprise funds. Combined net assets of enterprise funds increased by \$19.6 million in 2004. The major enterprise funds are discussed below:

The Housing Division Fund provides low interest loans to first-time homebuyers with low or moderate household incomes. The net assets increased by \$1.2 million during the current fiscal year, although the results of operations were down 60% from last year. There was a decline in income primarily attributable to a drop in investment income and a decrease in mortgages yielding more than 6%.

The Unemployment Compensation Fund accounts for the payment of unemployment compensation benefits to unemployed State citizens. The net assets increased by \$3 million during the current fiscal year, which is a 0.6% increase from the prior year. The economy has improved, reducing unemployment claims paid this year by 12% compared to the previous year. The State received federal Reed Act distributions of \$69 million in FY02, of which \$15 million has been designated to build an Administration building in Las Vegas.

The Water Projects Loans Fund issues loans to governmental, as well as, private entities for two programs: safe drinking water and water pollution control. The federal EPA matches the State's bond proceeds to make loans to governmental entities; only federal funds are loaned to private entities. Total revenues exceeded expenses and transfers by \$10.9 million during the current fiscal year, for a final fund balance of \$139 million.

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

in following years to offset gains and losses. Because these are allocations of costs to other funds, they are not included separately in the government-wide financial statements but are eliminated and reclassified as either governmental activities or business-type activities. In 2004, these funds showed a net income of \$61.9 million, for a final fund balance of \$23 million. The two largest funds are:

The Self-Insurance Fund accounts for group health, life and disability insurance for State employees and retirees and certain other public employees. The fund had a net gain of \$46.5 million for the year that changed the fund balance from a deficit of \$15 million to a positive \$31.5 million. This year's gain was accomplished with a 10% increase in premium income versus an almost 18% decrease in claims expense.

The Insurance Premiums Fund accounts for general, civil (tort), auto and property casualty liabilities of State agencies. The deficit decreased by \$13.9 million during fiscal year 2004, to a total deficit of \$28.8 million. This year's gain was accomplished with a 69% increase in premium income versus an almost 69% decrease in claims expense. Nevada Revised Statute 331.187 provides that if money in the Fund is insufficient to pay a tort claim, the claim is to be paid from the reserve for statutory contingency account.

Analysis of General Fund Budget Variations

In FY04 the State's tourism and gaming based economy began to experience a reversal of the economic downturn from FY03 when the General Fund revenue shortfall was \$289 million. The General Fund shortfall of revenues and other sources decreased in FY04 to \$181 million or 3.4% less than the final budget.

The increase in the General Fund expenditures and other uses budget from original to final was \$1.3 billion. Some of the increase was due to \$34 million in balances carried forward from the prior fiscal year. Other differences were due to the original budget consisting only of budgets subject to the General Appropriations Act. Many budgets are not part of this original budget and are added later. Some of these revisions included: \$950 million to the education category for the Distributive School Account; \$57 million in federal grants for scholarships, to improve student achievement, improve the quality of the teaching force, enhancement of reading skills, aid children with disabilities, and support the development of additional assessments and standards required by the Federal Elementary and Secondary Education Act; \$98 million to the human services category for increased Medicaid and welfare costs; \$31 million to establish a bond reserve fund for the general obligation bonds issued for the protection of natural resources; and \$68 million to the public safety category for emergency management, flood relief and homeland security.

Capital Assets and Debt Administration

Capital Assets:

The State's capital assets for its governmental and business-type activities as of June 30, 2004, amount to \$4.8 billion, net of accumulated depreciation of \$578 million, leaving a net book value of \$4.2 billion. This investment in capital assets includes land, buildings, improvements other than buildings, equipment, infrastructure, rights-of-way, construction in progress, and software costs. Infrastructure assets are items that are normally immovable, such as roads and bridges.

As allowed by GASB Statement No. 34, the State has adopted an alternative process for recording depreciation expense on selected infrastructure assets. Under this alternative method, referred to as the modified approach, the State expenses certain maintenance and preservation costs and does not report depreciation expense on infrastructure. Utilization of this approach requires the State to: 1) commit to maintaining and preserving affected assets at or above a condition level established by the State; 2) maintain an inventory of the assets and perform periodic condition assessments to ensure that the condition level is being maintained; and 3) make annual estimates of the amounts that must be expended to maintain and preserve assets at the predetermined condition levels. To monitor the condition of the roadways the State uses the International Roughness Index (IRI). The State has set a policy that it will maintain a certain percentage of each category of its roadways with an IRI of less than 80 and will also maintain its bridges so that not more than 10% are structurally deficient or functionally obsolete. The Department of Transportation conducts a biennial condition assessment of roadways and bridges. Based on the 2003 and 2001 assessments, the State has met the requirement of the modified approach, as follows:

Condition Level of the Roadways

Percentage of roadways with an IRI of less than 80

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

Condition Level of the Bridges

Percentage of substandard bridges

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

The estimated amount necessary to maintain and preserve infrastructure assets at target condition levels exceeded the actual amounts of expense incurred for fiscal year 2004 by \$49.8 million. Even though actual spending for maintenance and preservation of infrastructure assets fell below estimated, condition levels are expected to continue to meet or exceed the target condition levels, as the most recent condition assessment indicates that the State already exceeds the established benchmarks in all categories. See the Schedule of Infrastructure Condition and Maintenance Data for more detailed information about the State's infrastructure.

To keep pace with the demands of a growing population and economy, the State also has a substantial capital projects program. The following is a summary of major projects in progress during 2004 (expressed in millions):

	Expended by	
	June 30, 2004	Total Budget
Nevada Highway Patrol Office Building, Las Vegas	\$ 7.7	\$ 15.2
150-Bed Psychiatric Hospital, Las Vegas	0.8	32.2
Hatchery Refurbishment, Phase I	1.3	3.1
Conservation and Natural Resources Building, Carson City	2.8	21.0
DETR New Office Building, Las Vegas	0.6	16.0
High Desert Prison, Phase III, Indian Springs	7.8	12.3
Rehab Southern Nevada Correctional Center	4.1	4.2
Natural Resources and Wild Life	3.3	9.7

The total increase in the State's capital assets for the primary government for the current fiscal year was \$481.7 million or about 11.4% in terms of net book value. This increase included current expenditures to purchase capital assets and completed projects from construction in progress. Depreciation charges for the year totaled \$72.6 million.

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

Debt Administration:

As of year-end, the State had \$3.775 billion in long-term debt outstanding, compared to \$3.602 billion last year, an increase of \$172.9 million or 4.8% during the current fiscal year. The key factor in this increase was the net addition of special obligation bonds of \$154.8 for highway improvement.

The most current bond ratings from Fitch, Standard and Poor's and Moody's Investor Service were AA+, AA and Aa2, respectively. These ratings reflect a good economic base and sound financial management. The Constitution of the State limits the aggregate principal amount of the general obligation debt to 2% of the total reported assessed property value of the State.

New bonds issued during the 2004 fiscal year were (expressed in thousands):

Special Obligation Highway Improvement Revenue	07/01/2003	\$ 176,435
General Obligation Water Refunding	07/01/2003C	21,515
General Obligation University System Refunding	07/01/2003D	20,435
General Obligation Open Space, Parks and Cultural Resources	07/01/2003E	61,210
General Obligation Open Space, Parks and Natural Resources	07/01/2003F	31,310
General Obligation Capital Improvement, Cultural Affairs and Refunding	10/01/2003A	92,380
General Obligation Natural Resources and Refunding	10/01/2003B	19,800
General Obligation Water Pollution Control Revolving Fund Matching	11/01/2003G	2,665
General Obligation Water Pollution Control Revolving Fund Leveraged	11/01/2003H	63,500
General Obligation Nevada Municipal Bond Bank Project	11/01/2003I	35,465
General Obligation Safe Drinking Water Act Revolving Fund Matching	11/01/2003J	3,300
Housing Multi-unit L'Octaine	12/17/2003	4,120
Housing Multi-unit Whittell Pointe II	12/18/2003	7,500
Housing Multi-unit Zephyr Pointe	12/18/2003	15,160
Housing Multi-unit Glenbrook Terrace	02/26/2004	18,000
Housing Multi-unit Roman Villas	04/02/2004	10,380

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

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

Economic Condition and Outlook

The strength and resiliency of Nevada's economy remains evident. Nearly every measure of activity suggests that the State is turning in a solid economic performance, both in absolute and relative terms. This is not something new. Nevada has been a national leader throughout recent memory. Between 1990 and 2003, population and job growth in Nevada was more than triple that for the nation as a whole and personal income growth was nearly twice the national average. These impressive results were maintained as 2004 unfolded.

In FY04, the State's General Fund revenue trends benefited from the strength of Nevada's economy. In addition, a variety of new and expanded revenue sources adopted by the 2003 Legislature helped push collections forward. These new revenue sources were deemed necessary in light of the State's unprecedented growth over the past several years. Compared to fiscal year 1990, General Fund revenue had increased 125% by FY03. While this is an impressive showing, at least on the surface, State revenues were struggling to keep pace with the rapid growth in Nevada's population (the State has led the nation in population growth for seventeen consecutive years) and the associated service demands and with inflation.

Nevada's showing over the past year has been helped by a strengthening national economy. Among other things, the improved U.S. economy fueled the appetite for both business and leisure travel, following the economic slowdown earlier in the decade.

Visitor Volume:

Nevada's tourism-based economy is driven by visitor volume. While FY04 got off to a moderately strong start, with Las Vegas visitor totals rising at a 3% annual rate through December, results during the second half of the year were even more impressive. Over the January to June period, visitor growth more than doubled, to more than 6%. Some of this growth was the result of relatively easy comparisons to the spring of 2003, when considerable uncertainty on the international front held down visitor numbers. Still, gains were recorded in each month during FY04, which was the longest stretch of positive news in the post-September 11, 2001 period.

Labor Markets:

Nationally, the labor market has struggled to show appreciable improvement. During the second half of the fiscal year, job growth in Nevada approached 4.5%, while the nation as a whole barely exceeded 1% growth. As a result, by the end of FY04 Nevada's unemployment rate, at 4.4%, was 1.4% below the national average.

Personal Income:

During FY04, personal income in Nevada expanded at an 8% rate. Nationwide growth was only 4.6%. Again Nevada's relative economic strength is evident.

Taxable Sales:

The State's largest General Fund revenue source is the sales tax. Here, too, the FY04 results are impressive, as a 12% taxable sales gain from the previous year was recorded, double the increase recorded in FY03. Sales in eating and drinking establishments represent the largest sales category. In FY04, driven by improving visitor trends, eating and drinking sales turning in a solid gain of 10.6%. The State's second largest sales category, auto sales, has held up remarkably well in recent years. The FY03 gain of 8.1% was followed by a 13.9% increase in FY04, spurred on by attractive financing packages.

Gaming Win:

Fueled by an improved economy and solid visitor numbers, gaming activity turned in a solid FY04, largely on the strength of a strong second half of the year. For the year, gaming win was up 6.3%, helped by a gain in excess of 10% during the final six months of the year. Win growth for slots roughly doubled in the second half of the year, while game and table results surged ahead at a 12% rate in the second half of the year, to offset a decline during the previous six months.

It appears Nevada is on solid ground heading in to FY05. While a return to the extremely strong growth of the 1990's is not likely, economic trends in Nevada are still expected to be quite impressive, both in absolute terms and relative to the rest of the nation. These results should help fuel General Fund revenue growth. However, with nearly non-stop growth characterizing much of Nevada's recent past and expectations for continued growth in the future, the demand for public services will increase as well.

Requests for Information

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

Statement of Net Assets

June 30, 2004 (Expressed in Thousands)

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Colorado River Commission	University System
Assets					
Cash and pooled investments	\$ 1,175,862	\$ 568,721	\$ 1,744,583	\$ 12,104	\$ 143,993
Investments	1,206,985	467,398	1,674,383	-	579,030
Collateral on loaned securities	666,680	70,523	737,203	9,235	-
Internal balances	98	(98)	-	-	-
Due from the State of Nevada	-	-	-	59	57,484
Accounts receivable	85,131	755	85,886	5,996	98,880
Taxes/assessments receivable	623,925	90,462	714,387	-	-
Intergovernmental receivables	419,791	642	420,433	-	31,326
Accrued interest and dividends	19,711	8,514	28,225	71	-
Mortgages receivable	-	674,549	674,549	-	-
Notes/loans receivable	880	29,854	30,734	-	11,434
Other receivables	3,708	-	3,708	-	22,971
Inventory	11,923	1,336	13,259	-	5,460
Prepaid expenses	44,991	28	45,019	41,164	-
Deferred charges	4,037	5,935	9,972	-	-
<i>Restricted assets:</i>					
Cash	-	-	-	4,476	2,376
Noncash	-	110,906	110,906	-	-
Other assets	-	4,488	4,488	-	11,568
<i>Capital assets:</i>					
Land, infrastructure and construction in progress	3,342,740	559	3,343,299	8,181	180,833
Other capital assets, net	883,440	2,572	886,012	60,837	975,350
Total assets	8,489,902	2,037,144	10,527,046	142,123	2,120,705
Liabilities					
Accounts payable	606,674	19,209	625,883	6,914	23,101
Accrued payroll and related liabilities	57,153	1,019	58,172	-	20,702
Intergovernmental payables	95,320	228	95,548	-	7,586
Interest payable	31,466	13,199	44,665	-	6,118
Due to component unit	57,523	20	57,543	-	-
Contracts/retentions payable	38,754	-	38,754	-	-
Obligations under securities lending	666,680	70,523	737,203	9,235	-
Deferred revenues	348,887	5,088	348,975	-	35,623
Reserve for losses	56,791	-	56,791	-	-
Other liabilities	31,020	41	31,061	4,036	9,911

Long-term liabilities:					
<i>Portion due or payable within one year:</i>					
Obligations under capital leases	2,420	-	2,420	-	2,019
Compensated absences	50,932	861	51,793	-	22,197
Bonds payable	127,601	25,741	153,342	1,225	9,874
Certificates of participation payable	690	-	690	-	-
Arbitrage rebate liability	-	13	13	-	-
<i>Portion due or payable after one year:</i>					
Obligations under capital leases	5,816	-	5,816	-	13,355
Compensated absences	29,063	514	29,577	241	10,216
Bonds payable	2,429,849	1,067,337	3,497,186	111,587	276,365
Certificates of participation payable	33,965	-	33,965	-	-
Arbitrage rebate liability	46	-	46	-	-
Total liabilities	4,665,650	1,203,793	5,869,443	133,238	437,067
Net Assets					
Invested in capital assets, net of related debt	3,493,458	3,047	3,496,505	107	916,876
Restricted for:					
Unemployment compensation	-	515,003	515,003	-	-
Security of outstanding obligations	-	144,317	144,317	-	-
Workers compensation	-	23,248	23,248	-	-
Capital projects	800	-	800	-	164,853
Debt service	13,891	-	13,891	-	2,108
Education and support services	1,063	-	1,063	-	-
Transportation	222,372	-	222,372	-	-
Recreation and resource development	30,248	139,133	169,381	-	-
Law, justice and public safety	3,541	-	3,541	-	-
Health and social services	35,784	-	35,784	-	-
Regulation of business	8,233	128	8,361	-	-
Municipal securities	25,633	-	25,633	-	-
Scholarships	-	-	-	-	222,885
Loans	-	-	-	-	4,706
Operations and maintenance	-	-	-	1,421	-
Funds held as permanent investments:					
Nonexpendable	142,577	-	142,577	-	156,282
Expendable	22	-	22	-	-
Unrestricted (deficit)	(153,370)	8,475	(144,895)	7,357	215,928
Total net assets	\$ 3,824,252	\$ 833,351	\$ 4,657,603	\$ 8,885	\$ 1,683,638

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

Statement of Activities

For the Fiscal Year Ended June 30, 2004 (Expressed in Thousands)

	Program Revenues				Net (Expenses) Revenues and Changes in Net Assets				
	Primary Government				Component Units				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	Colorado River Commission	University System
Functions/Programs									
Primary Government									
Governmental activities:									
General government	\$ 194,518	\$ 181,530	\$ 10,653	\$ 71	\$ (2,264)	\$ -	\$ (2,264)	\$ -	\$ -
Health and social services	1,809,947	127,743	1,114,621	-	(567,583)	-	(567,583)	-	-
Education and support services	1,690,849	2,869	234,987	-	(1,452,993)	-	(1,452,993)	-	-
Law, justice and public safety	464,004	214,363	36,794	4,547	(208,300)	-	(208,300)	-	-
Regulation of business	83,518	48,807	1,870	-	(32,841)	-	(32,841)	-	-
Transportation	469,068	25,058	214,920	3,620	(225,470)	-	(225,470)	-	-
Recreation and resource development	106,339	37,782	24,228	1,082	(43,247)	-	(43,247)	-	-
Intergovernmental - grants and revenue sharing	139,330	-	-	-	(139,330)	-	(139,330)	-	-
Interest on long-term debt	130,902	-	-	-	(130,902)	-	(130,902)	-	-
Unallocated depreciation	1,315	-	-	-	(1,315)	-	(1,315)	-	-
Total governmental activities	5,089,790	638,152	1,638,073	9,320	(2,804,245)	-	(2,804,245)	-	-
Business-type activities:									
Unemployment insurance	334,065	-	63,747	-	-	(270,318)	(270,318)	-	-
Housing	60,250	41,183	20,449	-	-	1,382	1,382	-	-
Water loans	5,856	5,526	11,843	-	-	11,513	11,513	-	-
Workers' compensation and safety	20,685	32,385	2,240	-	-	13,940	13,940	-	-
Other	13,021	20,713	190	-	-	7,882	7,882	-	-
Total business-type activities	433,877	99,807	98,469	-	-	(235,601)	(235,601)	-	-
Total primary government	5,523,667	737,959	1,736,542	9,320	(2,804,245)	(235,601)	(3,039,846)	-	-
Component Units									
Colorado River Commission	143,229	142,747	-	-	-	-	-	(482)	-
University System	1,101,800	339,375	301,641	10,553	-	-	-	-	(450,231)
Total component units	\$ 1,245,029	\$ 482,122	\$ 301,641	\$ 10,553	-	-	-	(482)	(450,231)

General revenues:									
Taxes:									
Sales and use	787,423	-	-	787,423	-	-	-	-	-
Gaming	798,148	-	-	798,148	-	-	-	-	-
Fuel	3,168	-	-	3,168	-	-	-	-	-
Other	732,615	-	-	732,615	-	-	-	-	-
Restricted for unemployment compensation:									
Other taxes	-	273,357	-	273,357	-	-	-	-	-
Restricted for educational purposes:									
Sales and use taxes	68,264	-	-	68,264	-	-	-	-	-
Gaming taxes	36,643	-	-	36,643	-	-	-	-	-
Restricted for debt service purposes:									
Property taxes	110,227	-	-	110,227	-	-	-	-	-
Fuel taxes	41,784	-	-	41,784	-	-	-	-	-
Other	76,149	-	-	76,149	-	-	-	-	-
Restricted for recreation and resource development purposes:									
Other taxes	25,071	-	-	25,071	-	-	-	-	-
Restricted for health and social services purposes:									
Property taxes	6,614	-	-	6,614	-	-	-	-	-
Other taxes	35,906	-	-	35,906	-	-	-	-	-
Restricted for transportation purposes:									
Fuel taxes	224,179	-	-	224,179	-	-	-	-	-
Restricted for regulation purposes:									
Other taxes	486	-	-	486	-	-	-	-	-
Contributions to permanent funds	31,693	-	-	31,693	-	-	-	10,511	-
Tobacco settlement income	57,633	-	-	57,633	-	-	-	-	-
Unrestricted investment earnings	10,996	-	-	10,996	-	-	336	69,807	-
Fiscal relief revenues	33,976	-	-	33,976	-	-	-	-	-
Gain on sale of assets	302	-	-	302	-	-	-	-	-
Other general revenues	37,537	-	-	37,537	-	-	23	-	-
Payments from State of Nevada	-	-	-	-	-	-	-	-	539,796
Transfers	17,339	(17,339)	-	-	-	-	-	-	-
Total general revenues and transfers	3,136,153	256,018	-	3,392,171	359	-	620,114	-	-
Change in net assets	331,908	20,417	-	352,325	(123)	-	169,883	-	-
Net assets - beginning (as restated)	3,492,344	812,934	-	4,305,278	9,008	-	1,513,755	-	-
Net assets - ending	\$ 3,824,252	\$ 833,351	\$ 4,657,603	\$ 8,885	\$ 1,683,638	\$ -	\$ -	\$ -	\$ -

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

Balance Sheet Governmental Funds

June 30, 2004

	General Fund	State Highway	Municipal Bond Bank
Assets			
<i>Cash and pooled investments:</i>			
Cash with treasurer	\$ 385,789,566	\$ 248,021,601	\$ 2,383,079
Cash in custody of other officials	2,082,954	174,173	-
Investments	20,774,558	-	1,054,415,000
Collateral on loaned securities	313,040,255	142,869,925	8,657,015
<i>Receivables:</i>			
Accounts receivable	56,908,570	4,726,977	-
Taxes receivable	580,395,471	40,433,049	-
Intergovernmental receivables	190,963,756	32,126,164	-
Accrued interest and dividends	8,521,280	-	10,156,865
Notes/loans receivable	661,554	-	-
Other receivables	34,534	-	-
Due from other funds	20,862,086	5,162,599	12,735
Due from fiduciary funds	99,401	-	-
Due from component unit	10,782,925	-	-
Inventory	-	10,072,078	-
Advances to other funds	14,508,955	11,070	-
Advances to fiduciary funds	3,673,590	-	-
Prepaid items	44,350,785	5,721	-
Total assets	\$ 1,653,450,240	\$ 483,603,357	\$ 1,075,624,694
Liabilities and Fund Balances			
<i>Accounts payable and accruals:</i>			
Accounts payable	\$ 176,960,288	\$ 36,057,501	\$ -
Accrued payroll and related liabilities	39,759,414	11,529,983	-
Intergovernmental payables	89,244,402	3,441,432	-
Interest payable	-	-	-
Contracts/retentions payable	-	19,321,893	-
Obligations under securities lending	313,040,255	142,869,925	8,657,015
Due to other funds	95,004,558	24,227,319	2,327,482
Due to fiduciary funds	366,197,462	1,891,920	-
Due to component unit	7,526,357	380,341	-
Advances from general fund	-	-	-
Deferred revenues	194,480,818	13,017,094	10,155,422
Bonds payable	-	-	-
<i>Other liabilities:</i>			
Other	29,127,590	1,056,985	-
Total liabilities	1,311,341,144	253,794,393	21,139,919
Fund balances:			
<i>Reserved:</i>			
Encumbrances and contracts	3,328,323	307,243,429	-
Inventories	-	10,072,078	-
Advances	18,182,545	11,070	-
Balances forward	281,858,506	-	-
Permanent fund principal	-	-	-
Fiscal emergency	-	-	-
Debt service	-	-	-
Other	45,012,339	5,721	-
Unreserved	(6,272,617)	(87,523,334)	1,054,484,775
<i>Unreserved, reported in nonmajor:</i>			
Special revenue funds	-	-	-
Capital project funds	-	-	-
Permanent funds	-	-	-
Total fund balances	342,109,096	229,808,964	1,054,484,775
Total liabilities and fund balances	\$ 1,653,450,240	\$ 483,603,357	\$ 1,075,624,694

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

Consolidated Bond Interest and Redemption	Stabilize the Operations of State Government	Other Governmental Funds	Total Governmental Funds
\$ 66,699,930	\$ 10,736,333	\$ 357,670,975	\$ 1,071,301,484
-	-	29,237,197	31,494,324
-	-	131,795,344	1,206,984,902
77,513,193	4,762,187	85,644,781	632,487,356
-	-	22,493,303	84,128,850
-	-	3,095,795	623,924,315
178,949,094	-	7,108,509	409,147,523
-	-	1,032,721	19,710,866
-	-	63,988	725,542
-	-	274	34,808
4,541,353	70,780,938	37,175,827	138,535,538
-	-	241,761	341,162
7,960,000	-	70,312	18,813,237
-	-	1,212,973	11,285,051
3,056,201	-	-	17,576,226
-	-	-	3,673,590
-	-	29,182	44,385,688
<u>\$ 338,719,771</u>	<u>\$ 86,279,458</u>	<u>\$ 676,872,942</u>	<u>\$ 4,314,550,462</u>
\$ 23,377	\$ -	\$ 22,434,579	\$ 235,475,745
-	-	4,004,754	55,294,151
-	-	2,631,128	95,316,962
5,393,533	-	-	5,393,533
-	-	19,432,496	38,754,389
77,513,193	4,762,187	85,644,781	632,487,356
1,343	-	23,385,541	144,946,243
-	-	9,367	368,098,749
353,123	-	69,107,185	77,367,006
-	-	750,000	750,000
186,344,634	6,536	23,020,321	427,024,825
10,085,000	-	-	10,085,000
-	-	835,316	31,019,891
<u>279,714,203</u>	<u>4,768,723</u>	<u>251,255,468</u>	<u>2,122,013,850</u>
-	-	45,674,177	356,245,929
-	-	1,212,973	11,285,051
3,056,201	-	-	21,249,816
-	-	-	281,858,506
-	-	142,577,450	142,577,450
-	71,950,806	-	71,950,806
55,949,367	-	13,891,073	69,840,440
-	-	93,170	45,111,230
-	9,559,929	-	970,248,753
-	-	180,275,729	180,275,729
-	-	41,870,510	41,870,510
-	-	22,392	22,392
<u>59,005,568</u>	<u>81,510,735</u>	<u>425,617,474</u>	<u>2,192,536,612</u>
<u>\$ 338,719,771</u>	<u>\$ 86,279,458</u>	<u>\$ 676,872,942</u>	<u>\$ 4,314,550,462</u>

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

State
of
Nevada

June 30, 2004

Total fund balances - governmental funds \$ 2,192,536,612

Amounts reported for governmental activities in the Statement of Net Assets are different because:

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

Land	510,475,710	
Infrastructure assets	2,777,985,347	
Buildings	932,881,229	
Improvements other than buildings	80,695,913	
Furniture and equipment	358,581,481	
Construction in progress	52,288,378	
Accumulated depreciation	<u>(516,702,244)</u>	
Total capital assets		4,196,205,814

Some of the State's revenues will be collected after year-end but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds. 83,188,227

A portion of the interest accrued on bonds payable (not reported in the funds) is due from local governments. 10,225,371

Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets. 24,741,080

The deferred loss on early retirement of debt is reported as a deferred charge on the statement of net assets and is amortized over the original remaining life of the old debt, or the life of the new debt, whichever is less. 433,849

Certain bond costs are reported as a deferred charge on the statement of net assets and are amortized over the life of the debt. 3,603,226

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

Bonds payable	(2,544,177,713)	
Accrued interest on bonds	(26,072,318)	
Arbitrage rebate liability	(46,318)	
Certificates of participation	(34,655,000)	
Capital leases	(4,508,112)	
Compensated absences	<u>(77,222,981)</u>	
Total long-term liabilities		<u>(2,686,682,442)</u>

Net assets of governmental activities **\$ 3,824,251,737**

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

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

For the Fiscal Year Ended June 30, 2004

	General Fund	State Highway	Municipal Bond Bank	Consolidated Bond Interest and Redemption
Revenues				
Gaming taxes, fees, licenses	\$ 819,380,313	\$ -	\$ -	\$ -
Sales taxes	858,866,587	-	-	-
Intergovernmental	1,509,626,817	232,892,887	-	19,569,871
Other taxes	730,374,471	241,092,288	-	110,226,810
Licenses, fees and permits	165,754,055	151,234,330	-	-
Sales and charges for services	47,316,458	15,146,370	-	-
Interest and investment income	8,645,858	6,556,568	57,149,195	240,364
Tobacco settlement income	-	-	-	-
<i>Other:</i>				
Fines	-	-	-	-
Land sales	-	-	-	-
Other	40,738,552	4,035,304	-	-
Total revenues	4,180,703,111	650,957,747	57,149,195	130,037,045
Expenditures				
<i>Current:</i>				
General government	79,059,483	2,621,895	12,336	787,659
Health and social services	1,746,658,981	-	-	-
Education and support services	1,597,448,328	-	-	353,123
Law, justice and public safety	308,115,016	129,391,160	-	-
Regulation of business	67,631,581	-	500	-
Transportation	-	674,837,021	-	-
Recreation and resource development	92,602,269	-	-	-
Intergovernmental	110,382,152	5,801,315	-	-
Capital outlay	-	-	-	-
<i>Debt service:</i>				
Principal	470,165	663,098	-	92,510,000
Interest, fiscal charges	74,444	104,650	-	115,805,800
Debt issuance costs	833,722	1,143,780	-	951,605
Advance escrow payment	-	-	-	761,570
Arbitrage payments	19,000	-	-	542,900
Total expenditures	4,003,295,141	814,562,919	12,836	211,712,657
Excess (deficiency) of revenues over expenditures	177,407,970	(163,605,172)	57,136,359	(81,675,612)
Other Financing Sources (Uses)				
Capital leases	840,861	-	-	-
Sale of general obligation bonds	94,774,541	176,169,246	10,279,988	885,512
Premium on general obligation bonds	6,160,442	22,871,083	-	2,098,590
Sale of certificates of participation	-	-	-	-
Premium on certificates of participation	-	-	-	-
Sale of capital assets	53,464	-	-	-
Sale of general obligation refunding bonds	-	-	25,185,012	55,605,989
Payment to refunded bond agent	-	-	(26,588,728)	(57,648,242)
Transfers in	91,586,975	2,999,679	-	91,681,063
Transfers out	(138,236,475)	(9,124,498)	(83,079,028)	(679,535)
Total other financing sources (uses)	55,179,808	192,915,510	(74,202,756)	91,943,377
Net change in fund balances	232,587,778	29,310,338	(17,066,397)	10,267,765
Fund balances, July 1	109,521,318	200,498,626	1,071,551,172	48,737,803
Fund balances, June 30	\$ 342,109,096	\$ 229,808,964	\$ 1,054,484,775	\$ 59,005,568

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

Stabilize the Operations of State Government	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 15,410,821	\$ 834,791,134
-	-	858,866,587
-	63,633,188	1,825,722,763
-	96,409,024	1,178,102,593
-	27,249,351	344,237,736
-	13,709,994	76,172,822
248,817	1,162,140	74,002,942
-	38,299,907	38,299,907
-	4,235,029	4,235,029
-	27,413,017	27,413,017
-	3,379,552	48,153,408
<u>248,817</u>	<u>290,902,023</u>	<u>5,309,997,938</u>
74,713	38,612,584	121,168,670
-	75,415,316	1,822,074,297
-	93,067,159	1,690,868,610
-	13,449,852	450,956,028
-	18,764,142	86,396,223
-	-	674,837,021
-	20,478,487	113,080,756
-	23,146,092	139,329,559
-	43,473,054	43,473,054
-	21,825,112	115,468,375
-	11,754,866	127,739,760
-	886,447	3,815,554
-	-	761,570
-	-	561,900
<u>74,713</u>	<u>360,873,111</u>	<u>5,390,531,377</u>
<u>174,104</u>	<u>(69,971,088)</u>	<u>(80,533,439)</u>
-	232,399	1,073,260
-	93,592,379	375,701,666
-	4,097,716	35,227,831
-	21,550,000	21,550,000
-	554,876	554,876
-	678,094	731,558
-	-	80,791,001
-	-	(84,236,970)
80,028,387	75,522,969	341,819,073
(32,726)	(94,497,372)	(325,649,634)
<u>79,995,661</u>	<u>101,731,061</u>	<u>447,562,661</u>
80,169,765	31,759,973	367,029,222
1,340,970	393,857,501	1,825,507,390
<u>\$ 81,510,735</u>	<u>\$ 425,617,474</u>	<u>\$ 2,192,536,612</u>

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

State
of
Nevada

June 30, 2004

Net change in fund balances - total governmental funds		\$ 367,029,222
Amounts reported for governmental activities in the Statement of Activities are different because:		
Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, the amounts are:		
Capital outlay	273,824,486	
Depreciation expense	<u>(66,139,077)</u>	
Excess of capital outlay over depreciation expense		207,685,409
Bond proceeds provide current financial resources to governmental funds; however, issuing debt increases long-term liabilities in the statement of net assets. In the current period, proceeds were received from:		
Bonds issued	(375,701,666)	
Refunding bonds issued	(80,791,001)	
Certificates of participation issued	(21,550,000)	
Premiums on debt issued	<u>(35,227,831)</u>	
Total bond proceeds		(513,270,498)
Some capital additions were financed through capital leases. In the governmental funds, a capital lease arrangement is considered a source of financing, but in the statement of net assets, the lease obligation is reported as a liability.		
		(1,073,260)
Repayment of long-term debt is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. In the current year, these amounts consist of:		
Bond principal retirement	113,337,653	
Certificates of participation retirement	660,000	
Capital lease payments	1,283,375	
Payments to the bond refunding agent	<u>84,236,970</u>	
Total long-term debt repayment		199,517,998
Internal service funds are used to charge the costs of certain activities to individual funds. The net revenue (loss) of the internal service funds is reported with governmental activities.		
		61,140,663
Because some revenues will not be collected for several months after the State's fiscal year end, they are not considered "available" revenues and are deferred in the governmental funds. Deferred revenues increased by this amount this year.		
		11,068,954
In the statement of activities, the gain or loss on the sale of assets is reported, whereas in the governmental funds, only the proceeds from the sale increase financial resources. Thus, the the change in net assets differs from the change in fund balance by the cost of the asset sold.		
		(840,315)
In the statement of activities, bond issuance costs are deferred and amortized over the life of the bonds, whereas in governmental funds the entire expenditure is recognized.		
		3,817,588
Amortization of bond issuance costs is reported as an expense for the statement of activities.		
		(214,362)
Amortization of deferred loss on early retirement of debt is reported as an expense for the statement of activities.		
		(2,477,618)
Amortization of bond premiums is reported as a reduction of interest expense for the statement of activities.		
		2,591,658
Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:		
Net decrease in accrued interest	(1,869,728)	
Increase in compensated absences	(1,727,003)	
Increase in arbitrage liability	528,927	
Total additional expenditures	<u>(3,067,804)</u>	
Change in net assets of governmental activities		<u>\$ 331,907,635</u>

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

Statement of Net Assets Proprietary Funds

June 30, 2004

	Enterprise Funds					Internal Service Funds
	Housing Division	Unemployment Compensation	Water Projects Loans	Other Enterprise Funds	Total	
Assets						
Current assets:						
<i>Cash and pooled investments:</i>						
Cash with treasurer	\$ 231,646	\$ -	\$ 101,297,350	\$ 32,762,463	\$ 134,291,459	\$71,920,306
Cash in custody of other officials	54,431	434,153,771	-	221,306	434,429,508	1,145,998
Investments	85,993,875	-	-	-	85,993,875	-
Collateral on loaned securities	-	-	56,434,003	14,088,350	70,522,353	34,192,794
<i>Receivables:</i>						
Accounts receivable	-	-	-	746,583	746,583	660,344
Assessments receivable	-	90,462,231	-	-	90,462,231	-
Intergovernmental receivables	-	-	242,444	399,303	641,747	417,850
Accrued interest and dividends	5,930,010	-	2,214,709	109,138	8,253,857	-
Due from other funds	595	-	440,207	1,667,161	2,107,963	10,336,524
Due from fiduciary funds	-	-	-	9,355	9,355	1,032
Due from component unit	-	-	-	9,650	9,650	1,034,591
Inventory	-	-	-	1,336,394	1,336,394	637,734
Prepaid expenses	-	-	-	27,850	27,850	605,405
<i>Restricted assets:</i>						
Investments	78,754,162	-	-	-	78,754,162	-
Total current assets	170,964,719	524,616,002	160,628,713	51,377,553	907,586,987	120,952,578
Noncurrent assets:						
Investments	250,118,944	-	131,284,908	-	381,403,852	-
<i>Receivables:</i>						
Mortgages receivable	674,549,496	-	-	-	674,549,496	-
Accrued interest and dividends	-	-	-	260,166	260,166	-
Notes/loans receivable	-	-	28,111,778	1,741,898	29,853,676	154,400
Deferred charges	4,427,414	-	1,507,879	-	5,935,293	-
<i>Restricted assets:</i>						
Noncash	32,151,372	-	-	-	32,151,372	-
Other assets	4,488,318	-	-	-	4,488,318	-
<i>Capital assets:</i>						
Land	-	-	-	559,251	559,251	130,954
Buildings	-	-	-	3,377,508	3,377,508	9,643,738
Improvements other than buildings	-	-	-	630,647	630,647	713,667
Furniture and equipment	342,544	-	52,583	4,416,704	4,811,831	57,448,726
Construction in progress	-	-	-	-	-	1,860,004
Less accumulated depreciation	(300,472)	-	(17,237)	(5,930,752)	(6,248,461)	(49,628,652)
Software costs, net	-	-	-	-	-	9,806,103
Total noncurrent assets	965,777,616	-	160,939,911	5,055,422	1,131,772,949	30,128,940
Total assets	1,136,742,335	524,616,002	321,568,624	56,432,975	2,039,359,936	151,081,518

Enterprise Funds

	Housing Division	Unemployment Compensation	Water Projects Loans	Other Enterprise Funds	Total	Internal Service Funds
Liabilities						
Current liabilities:						
<i>Accounts payable and accruals:</i>						
Accounts payable	8,427,221	9,613,126	56,583	1,030,954	19,127,884	4,996,340
Accrued payroll and related liabilities	127,263	-	16,351	875,068	1,018,682	1,859,296
Interest payable	10,852,871	-	2,346,569	-	13,199,440	-
Intergovernmental payables	-	-	-	228,077	228,077	2,659
Obligations under securities lending	-	-	56,434,003	14,088,350	70,522,353	34,192,794
Due to other funds	5,517	-	495,447	2,260,643	2,761,607	3,272,175
Due to fiduciary funds	-	-	-	82,027	82,027	7,225
Due to component unit	-	-	29,019	764	29,783	3,879
Deferred revenues	-	-	-	5,087,528	5,087,528	49,988
Other liabilities	-	-	-	41,030	41,030	-
<i>Short-term portion of long-term liabilities:</i>						
Compensated absences	101,709	-	11,595	747,397	860,701	1,772,464
Bonds payable	21,936,000	-	3,805,000	-	25,741,000	-
Obligations under capital leases	-	-	-	-	-	855,334
Arbitrage rebate liability	-	-	13,232	-	13,232	-
Total current liabilities	41,450,581	9,613,126	63,207,799	24,441,838	138,713,344	47,012,154
Noncurrent liabilities:						
Advances from funds	-	-	-	83,760	83,760	16,742,466
Reserve for losses	-	-	-	-	-	56,791,085
Compensated absences	102,852	-	7,180	404,127	514,159	999,383
Bonds payable	948,151,000	-	119,185,712	-	1,067,336,712	3,187,381
Obligations under capital leases	-	-	-	-	-	2,872,199
Total noncurrent liabilities	948,253,852	-	119,192,892	487,887	1,067,934,631	80,592,514
Total liabilities	989,704,433	9,613,126	182,400,691	24,929,725	1,206,647,975	127,604,668
Net Assets						
Invested in capital assets, net of related debt	42,072	-	35,346	2,969,598	3,047,016	9,333,340
<i>Restricted for:</i>						
Unemployment compensation	-	515,002,876	-	-	515,002,876	-
Security of outstanding obligations	144,317,478	-	-	-	144,317,478	-
Workers' compensation	-	-	-	23,248,067	23,248,067	-
Revolving loans	-	-	139,132,587	-	139,132,587	-
Regulation of business	-	-	-	127,984	127,984	-
Unrestricted	2,678,352	-	-	5,157,601	7,835,953	14,143,510
Total net assets	\$ 147,037,902	\$ 515,002,876	\$ 139,167,933	\$ 31,503,250	832,711,961	\$23,476,850

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

Net assets of business-type activities \$ 639,461
\$ 833,351,422

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

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

State
of
Nevada

For the Fiscal Year Ended June 30, 2004

Enterprise Funds						
	Housing Division	Unemployment Compensation	Water Projects Loans	Other Enterprise Funds	Total	Internal Service Funds
Operating Revenues						
Net premium income	\$ -	\$ -	\$ -	\$ -	\$ -	\$224,310,574
Sales	-	-	-	6,527,519	6,527,519	4,395,911
Assessments	-	273,357,573	-	29,543,963	302,901,536	-
Charges for services	-	-	-	9,965,485	9,965,485	45,514,269
Rental income	-	-	-	168,020	168,020	17,876,467
Interest income on loans/notes	37,275,644	-	5,525,582	105,097	42,906,323	-
Interest and investment income	18,234,485	24,733,818	-	-	42,968,303	-
From federal agencies	2,214,134	39,013,340	10,144,523	-	51,371,997	-
Licenses, fees and permits	-	-	-	3,426,763	3,426,763	-
Contributions	-	-	-	5,506	5,506	-
Other	3,906,997	-	636	3,361,401	7,269,034	2,128,448
Total operating revenues	61,631,260	337,104,731	15,670,741	53,103,754	467,510,486	294,225,669
Operating Expenses						
Salaries and benefits	1,877,402	-	242,153	15,439,896	17,559,451	31,419,565
Operating	3,953,873	-	660,675	10,373,041	14,987,589	34,471,427
Administrative expense	-	-	-	35,877	35,877	-
Claims expense	-	332,985,819	-	5,404,077	338,389,896	125,436,976
Interest on bonds payable	50,034,291	-	-	-	50,034,291	-
Materials or supplies used	-	-	-	2,623,109	2,623,109	1,988,734
Servicers' fees	905,523	-	-	-	905,523	-
Depreciation	24,673	-	10,738	346,824	382,235	4,573,901
Amortization	-	-	-	-	-	1,532,381
Bond issuance costs amortization	3,555,927	-	141,431	-	3,697,358	-
Insurance premiums	-	-	-	-	-	34,413,689
Total operating expenses	60,351,689	332,985,819	1,054,997	34,222,824	428,615,329	233,836,673
Operating income (loss)	1,279,571	4,118,912	14,615,744	18,880,930	38,895,157	60,388,996
Nonoperating Revenues (Expenses)						
Interest and investment income	-	-	1,698,865	281,711	1,980,576	752,650
Interest expense	-	-	(4,838,736)	(173,272)	(5,012,008)	(329,120)
Federal grants	-	-	-	2,143,122	2,143,122	-
Reed Act expenses	-	(1,078,921)	-	-	(1,078,921)	-
Gain (loss) on disposal of assets	-	-	-	(9,065)	(9,065)	(37,560)
Arbitrage rebate	-	-	34,020	-	34,020	-
Total nonoperating revenues (expenses)	-	(1,078,921)	(3,105,851)	2,242,496	(1,942,276)	385,970
Income (loss) before transfers	1,279,571	3,039,991	11,509,893	21,123,426	36,952,881	60,774,966
Transfers						
Transfers in	-	-	679,535	1,071,042	1,750,577	1,508,483
Transfers out	(42,499)	-	(1,277,451)	(17,769,595)	(19,089,545)	(338,954)
Change in net assets	1,237,072	3,039,991	10,911,977	4,424,873	19,613,913	61,944,495
Net assets (deficit), July 1	145,800,830	511,962,885	128,255,956	27,078,377		(38,467,645)
Net assets, June 30	\$147,037,902	\$ 515,002,876	\$139,167,933	\$ 31,503,250		\$ 23,476,850

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

Change in net assets of business-type activities

803,833
20,417,746

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

Statement of Cash Flows Proprietary Funds

For the Fiscal Year Ended June 30, 2004

	Enterprise Funds					Internal Service Funds
	Housing Division	Unemployment Compensation	Water Projects Loans	Other Enterprise Funds	Totals	
Cash flows from operating activities						
Receipts from customers and users	\$ 2,272,298	\$ 304,171,047	\$ -	\$ 49,717,991	\$ 356,161,336	\$ 13,695,217
Receipts for interfund services provided	217,204	1,221,333	6,604	3,321,032	4,766,173	210,945,138
Receipts from component units	-	-	629	10,771	11,400	67,972,139
Receipts of principal on loans/notes	273,656,074	-	6,264,864	408,513	280,329,451	-
Receipts of interest on loans/notes	39,365,382	-	4,961,864	120,112	44,447,358	-
Receipts of grants	-	-	11,690,268	-	11,690,268	-
Payments to suppliers, other governments and beneficiaries	(1,483,769)	(335,481,433)	(590,624)	(15,030,669)	(352,586,495)	(199,595,557)
Payments to employees	(1,877,402)	-	(220,808)	(15,248,257)	(17,346,467)	(30,202,125)
Payments for interfund services used	(575,535)	-	(31,189)	(3,266,377)	(3,873,101)	(8,114,369)
Payments to component units	(9,684)	-	(207,371)	(282,519)	(499,574)	(78,635)
Purchase of loans and notes	(125,119,488)	-	(19,965,335)	(175,246)	(145,260,069)	-
Net cash provided by (used for) operating activities	186,445,080	(30,089,053)	1,908,902	19,575,351	177,840,280	54,621,808
Cash flows from noncapital financing activities						
Grant receipts	-	-	-	2,052,190	2,052,190	-
Proceeds from sale of bonds	83,605,000	-	70,803,198	-	154,408,198	-
Transfers from other funds	2,214,134	-	679,535	819,262	3,712,931	145,488
Principal paid on noncapital debt	(297,681,000)	-	(3,345,000)	-	(301,026,000)	-
Interest paid on noncapital debt	(52,916,029)	-	(3,247,858)	-	(56,163,887)	-
Transfers to other funds	(42,499)	-	(1,126,432)	(17,414,087)	(18,583,018)	(2,543,504)
Other noncapital financing activities	(2,275,070)	(1,078,921)	-	198,000	(3,155,991)	109
Net cash provided by (used for) noncapital financing activities	(267,095,464)	(1,078,921)	63,763,443	(14,344,635)	(218,755,577)	(2,397,907)
Cash flows from capital and related financing activities						
Proceeds from sale of capital assets	-	-	-	-	-	126,710
Purchase of capital assets	-	-	(8,636)	(304,985)	(313,621)	(1,692,257)
Principal paid on capital debt	-	-	-	(10,512)	(10,512)	(3,452,371)
Interest paid on capital debt	-	-	-	-	-	(179,234)
Net cash provided by (used for) capital and related financing activities	-	-	(8,636)	(315,497)	(324,133)	(5,197,152)
Cash flows from investing activities						
Proceeds from sale of investments	545,649,475	-	-	-	545,649,475	-
Purchase of investments	(484,583,766)	-	-	-	(484,583,766)	-
Interest and dividends received	19,689,924	24,733,818	1,088,870	290,894	45,803,506	467,741
Net cash provided by (used for) investing activities	80,755,633	24,733,818	1,088,870	290,894	106,869,215	467,741
Net increase (decrease) in cash	105,249	(6,434,156)	66,752,579	5,206,113	65,629,785	47,494,490
Cash and cash equivalents, July 1	180,828	440,587,927	34,544,771	27,777,656	503,091,182	25,571,814
Cash and cash equivalents, June 30	\$ 286,077	\$ 434,153,771	\$101,297,350	\$ 32,983,769	\$ 568,720,967	\$ 73,066,304

	Enterprise Funds					Internal Service Funds
	Housing Division	Unemployment Compensation	Water Projects Loans	Other Enterprise Funds	Totals	
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities						
Operating income (loss)	\$ 1,279,571	\$ 4,118,912	\$ 14,615,744	\$ 18,880,930	\$ 38,895,157	\$ 60,388,996
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities						
Depreciation	24,673	-	10,738	346,824	382,235	4,573,901
Amortization	-	-	-	-	-	1,532,381
Bond issuance costs amortization	3,555,927	-	141,431	-	3,697,358	-
Income on investments	(18,234,485)	(24,733,818)	-	-	(42,968,303)	-
Interest on bonds payable	50,034,291	-	-	-	50,034,291	-
Decrease (increase) in loans and notes receivable	148,311,003	-	(13,289,358)	221,182	135,242,827	-
Decrease (increase) in accrued interest and receivables	1,172,414	(6,978,533)	1,797,671	156,860	(3,851,588)	(1,650,779)
Decrease (increase) in inventory, deferred charges, other assets	-	-	(531,792)	102,433	(429,359)	(1,574,149)
Increase (decrease) in accounts payable, accruals, other liabilities	301,686	(2,495,614)	(835,425)	(132,878)	(3,162,231)	(8,648,542)
Other adjustments	-	-	(107)	-	(107)	-
Total adjustments	185,165,509	(34,207,965)	(12,706,842)	694,421	138,945,123	(5,767,188)
Net cash provided by (used for) operating activities	\$ 186,445,080	\$ (30,089,053)	\$ 1,908,902	\$ 19,575,351	\$ 177,840,280	\$ 54,621,808
Noncash investing, capital and financing activities						
Property leased, accrued or acquired	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,963,362
Construction completed or in progress	-	-	-	-	-	994,947
Interest/dividends on investments accrued	-	-	2,521,920	89,899	2,611,819	177,979
Change in fair value of investments	692,875	-	(308,207)	(284,741)	99,927	97,397

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

Statement of Fiduciary Net Assets
Fiduciary Funds

State
of
Nevada

June 30, 2004

	<u>Pension Trust Funds</u>	<u>Investment Trust Funds</u>	<u>Private-Purpose Trust Funds</u>	<u>Agency Funds</u>
Assets				
<i>Cash and pooled investments:</i>				
Cash with treasurer	\$ -	\$ 10,234	\$ 3,151,860	\$ 90,065,294
Cash in custody of other officials	308,240,235	-	-	82,462,173
<i>Investments:</i>				
Investments	-	629,318,862	63,174,264	103,520,817
Fixed income securities	5,020,704,617	-	-	-
Marketable equity securities	6,792,145,139	-	-	-
International securities	3,236,055,118	-	-	-
Mortgage loans	54,307	-	-	-
Real estate	990,503,124	-	-	-
Alternative investments	154,938,930	-	-	-
Collateral on loaned securities	1,510,984,488	55,033,517	27,217	2,924,989
<i>Receivables:</i>				
Accounts receivable	-	-	6,426	-
Accrued interest and dividends	79,068,820	2,641,140	291,413	-
Taxes receivable	-	-	-	11,072,193
Trades pending settlement	376,100,436	-	-	-
Intergovernmental receivables	55,740,731	-	91,568	-
Other receivables	-	-	-	37,093,180
Due from other funds	1,171,884	-	233,605	366,782,512
Due from fiduciary funds	10,706,043	-	-	12,072,599
Other assets	743,335	-	-	-
Furniture and equipment	24,158,482	-	-	-
Accumulated depreciation	(18,119,629)	-	-	-
Total assets	<u>18,543,196,060</u>	<u>687,003,753</u>	<u>66,976,353</u>	<u>705,993,757</u>
Liabilities				
<i>Accounts payable and accruals:</i>				
Accounts payable	8,408,095	-	32,976	-
Accrued payroll and related liabilities	-	-	14,239	4,430
Intergovernmental payables	-	448,904	3,594	451,353,231
Trades pending settlement	993,899,810	-	-	-
Obligations under securities lending	1,510,984,488	55,033,517	27,217	2,924,989
Due to other funds	462	11,200	339,887	-
Due to fiduciary funds	-	-	18,289	22,760,353
Due to component units	-	-	9,680	-
Advance from general fund	-	-	3,673,590	-
<i>Other liabilities:</i>				
Deposits	-	-	-	219,497,027
Other liabilities	62,587	-	-	9,453,727
Total liabilities	<u>2,513,355,442</u>	<u>55,493,621</u>	<u>4,119,472</u>	<u>705,993,757</u>
Net Assets				
<i>Held in trust for:</i>				
Employees' pension benefits	16,029,840,618	-	-	-
Individuals, organizations and other governments	-	631,510,132	62,856,881	-
Total net assets	<u>\$ 16,029,840,618</u>	<u>\$ 631,510,132</u>	<u>\$ 62,856,881</u>	<u>\$ -</u>

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

Statement of Changes in Fiduciary Net Assets
Fiduciary Funds

State
of
Nevada

For the Fiscal Year Ended June 30, 2004

	<u>Pension Trust Funds</u>	<u>Investment Trust Funds</u>	<u>Private-Purpose Trust Funds</u>
Additions			
<i>Contributions:</i>			
Employer	\$ 811,800,511	\$ -	\$ -
Plan members	61,113,887	-	-
Participants	-	-	23,541,257
Repayment and purchase of service	43,892,932	-	-
Total contributions	<u>916,807,330</u>	<u>-</u>	<u>23,541,257</u>
<i>Investment income:</i>			
Net increase (decrease) in fair value of investments	1,252,921,466	(5,603,294)	4,454,982
Interest, dividends	388,408,647	10,659,112	1,881,516
Securities lending income	19,040,124	810,947	4,375
Other	81,211,461	-	-
	<u>1,741,581,698</u>	<u>5,866,765</u>	<u>6,340,873</u>
Less investment expense:			
Cost of securities lending	(13,990,481)	(771,620)	(3,882)
Other	(24,890,558)	(243,628)	-
Net investment income	<u>1,702,700,659</u>	<u>4,851,517</u>	<u>6,336,991</u>
<i>Other:</i>			
Investment from local governments	-	1,089,919,472	-
Reinvestment from interest income	-	5,308,889	-
Sales and charges for services	-	-	19,622
Other	2,127,562	-	63,000
Total other	<u>2,127,562</u>	<u>1,095,228,361</u>	<u>82,622</u>
Total additions	<u>2,621,635,551</u>	<u>1,100,079,878</u>	<u>29,960,870</u>
Deductions			
Principal redeemed	-	1,023,864,472	-
Benefit payments	659,773,123	-	13,590,896
Refunds	12,116,351	-	650,988
Dividends to investors	-	5,678,407	-
Administrative expense	9,882,005	31,205	501,278
Total deductions	<u>681,771,479</u>	<u>1,029,574,084</u>	<u>14,743,162</u>
Change in net assets	1,939,864,072	70,505,794	15,217,708
Net assets, July 1	14,089,976,546	561,004,338	47,639,173
Net assets, June 30	<u>\$ 16,029,840,618</u>	<u>\$ 631,510,132</u>	<u>\$ 62,856,881</u>

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

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Note 1 - Summary of Significant Accounting Policies

A. Reporting Entity

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

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

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

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

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

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

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

The *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. Because the University System has a separate governing body and does not provide services entirely or almost entirely to the primary government, it is presented discretely in the financial statements.

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

(Note 1 Continued)

services to citizens through the distribution and sale of electric power. As CRC has a separate governing body and does not provide services entirely or almost entirely to the primary government, it is presented discretely in the financial statements.

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

*Public Employees' Retirement System
Carson City, NV*

*Legislators' Retirement System
Carson City, NV*

*Judicial Retirement System
Carson City, NV*

*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. Government-Wide and Fund Financial Statements

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

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

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

Restricted net assets result when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors, and the like, or imposed by law through constitutional provisions or enabling legislation.

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

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

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

(Note 1 Continued)

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

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

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

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

Governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when susceptible to accrual, that is, when they become both measurable and available. "Measurable" means the amount of the transaction can be determined, and "available" means collectible within the current period or soon thereafter. The State considers revenues as available if they are collected within 60 days after year-end. Those revenues susceptible to accrual are gaming revenues, sales taxes, other taxes as described in Note 12, interest revenue and charges for services. Fines and permit revenues are not susceptible to accrual because they are generally not measurable until received in cash.

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

prepaids are reported using the consumption method.

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

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

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

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

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

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

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

The *Stabilize the Operations of State Government Fund*, commonly referred to as the "Rainy Day Fund", accounts for funds appropriated by the Legislature to be expended only if actual revenues for the biennium fall short by 5% or more from anticipated revenues or the Legislature and Governor declare that a fiscal emergency exists.

(Note 1 Continued)

The State reports the following major enterprise funds:

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

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

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

Additionally, the State reports the following fund types:

Governmental Fund Types:

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

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

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

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

Proprietary Fund Types:

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

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

internal service funds are included with governmental activities.

Fiduciary Fund Types:

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

Private Purpose Trust Funds - report resources of all other trust arrangements in which principal and income benefit individuals, private organizations, or other governments. Examples include higher education tuition trust and prisoners' personal property.

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

D. Assets, Liabilities and Net Assets/Fund Balance

Cash and Pooled Investments - The State Treasurer manages a cash pool where all temporary surplus cash is invested. These investments are reported on the Statement of Net Assets and Balance Sheet as cash and pooled investments. Earnings from these pooled investments are credited to the General Fund and certain other funds that have specific statutory authority to receive a prorated share based on daily cash balances. Also included in this category is cash held by departments in petty cash funds and in bank accounts outside the Treasurer's cash management pool. The operations and investments of the cash pool are described in Note 3.

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

Investments - Investments are stated at fair value. Fair value is defined as the price at which an asset passes from a willing seller to a willing buyer. It is assumed that both buyer and seller are rational and have a reasonable knowledge of 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

(Note 1 Continued)

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 and Nevada Enhanced Savings Term are investment trust funds as defined in Governmental Accounting Standards Board Statement No. 31. The investments in these funds are subject to the general limitation of section 355.170 of Nevada Revised Statutes. Security transactions are accounted for on the trade date (the date the order to buy or sell is executed). Interest income is determined on an accrual basis with discounts earned and premiums paid being amortized. Realized gains and losses, if any, on sales of securities are calculated using the amortized cost basis at the date of sale. The fair value of the position in the pool is the same as the value of the pool shares. Wells Fargo Trust Operations is the custodian and transfer agent for both investment trust funds.

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

Investments are categorized and discussed further in Note 3.

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

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

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

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

- 1) Services rendered and employee benefit contributions are accounted for as revenues, expenditures/expenses in the funds involved.
- 2) Operating appropriations and subsidies are accounted for as transfers in the funds involved.

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

Inventories - Inventories are stated at cost on the first-in, first-out basis. Inventory in the State Highway Fund, a special revenue fund, consists of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are consumed. On the governmental funds Balance Sheet, 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.

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

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

Capital Assets and Depreciation - An inventory of State-owned land, buildings and equipment was developed in 1985. All capital assets are recorded in the Statement of Net Assets at historical cost or estimated historical cost, based on acquisition of comparable property or agency records, if actual historical cost is not available. Donated capital assets are stated at appraised fair 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. The government defines capital assets as assets with a unit cost of \$5,000 or more for furniture and equipment, or \$100,000 or more for buildings and improvements, and an estimated useful life in excess of one year.

(Note 1 Continued)

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

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

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

Compensated Absences - Compensated absences are accounted for in accordance with GASB Statement No. 16, Accounting for Compensated Absences, which requires that a liability for compensated absences relating to services already rendered and that are not contingent on a specified event be accrued as employees earn the rights to the benefits. Compensated absences relating to future services or that are contingent on a specified event will be accounted for in the period those services are rendered or those events take place. Proprietary fund types report accrued compensated absences as liabilities in the appropriate funds. Governmental funds report compensated absences expected to be liquidated with expendable available financial resources as an expenditure and a fund liability in the fund financial statements. On the Statement of Net Assets, the total accrued compensated absences for both Proprietary and Governmental fund types is reported. Fiduciary funds are not included in the Statement of Net Assets.

Deferred Revenues - Deferred revenues in the General Fund consist primarily of refundable gaming taxes and fees and nonexchange transactions for which the revenue is measurable but not available. Deferred revenue in the debt service funds consists primarily of amounts due from other governments to retire long-term debt.

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

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

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

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

The nature of reserved and designated fund balances is explained below:

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

"Inventory" indicates consumable supplies held in stock by governmental fund types.

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

"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

(Note 1 Continued)

and public safety; regulation of business; transportation or recreation and resource development purposes.

“Permanent fund principal” indicates assets reserved for the purpose of the permanent fund.

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

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

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

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

E. Intergovernmental Assistance Programs

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

Note 2 - Budgetary and Legal Compliance**Budgetary Process and Control**

The Governor must submit his proposed budget for the Executive Branch to the State Legislature not later than the 14th day before 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 \$25,443,024 were made in the 2004 fiscal year. Unencumbered appropriations lapse at the end of each fiscal year, unless specific authority to carry forward is granted in the Appropriations Act. Unexpended authorized resources under the Authorized Expenditures Act are carried forward for expenditure in the next fiscal period.

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

- 1) Cash placed in petty cash funds or outside bank accounts is considered expended for budgetary purposes.
- 2) Advances to other funds are considered expenditures. Repayments of such advances are considered revenues.
- 3) Certain prepaid/deferred assets are considered expended for budgetary purposes. Inventory is an expenditure for budgetary purposes. Certain deferred revenue is considered revenue for budgetary purposes.
- 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.

(Note 2 Continued)

6) Encumbrances for goods or services not received by fiscal year end are considered an expenditure of the current period, if received and paid within 45 days.

The Budgetary Comparison Schedule is presented as Required Supplementary Information (RSI)

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

Note 3 -Deposits and Investments

A. Summary of Deposit and Investment Balances

Following is a reconciliation of the State and its component units' deposit and investment balances as of June 30, 2004 (expressed in thousands):

	Primary Government	Fiduciary Funds	Total Primary Government and Fiduciary Funds	Component Units	Total Reporting Entity
Cash and pooled investments	\$ 1,744,583	\$ 483,930	\$ 2,228,513	\$ 156,097	\$ 2,384,610
Investments	1,674,383	16,990,415	18,664,798	579,030	19,243,828
Collateral on loaned securities	737,203	1,568,970	2,306,173	9,235	2,315,408
Restricted assets (Note 6)	110,906	-	110,906	6,852	117,758
Total	\$ 4,267,075	\$ 19,043,315	\$ 23,310,390	\$ 751,214	\$ 24,061,604
Carrying amount of deposits			\$ 523,822	\$ 146,370	\$ 670,192
Total investments			22,786,568	604,844	23,391,412
Total			\$ 23,310,390	\$ 751,214	\$ 24,061,604

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, 2004, deposits were held in various institutions throughout the State as follows (expressed in thousands):

	<u>Carrying Value</u>	<u>Bank Balance</u>
Primary government and fiduciary funds:		
Insured or collateralized with securities held by the State or by an agent of the State in State's name	\$ 51,122	\$ 59,566
Deposits in the U.S. Treasury investment pool in the name of the State	434,154	434,154
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	<u>38,546</u>	<u>171,971</u>
Total primary government and fiduciary funds	<u>523,822</u>	<u>665,691</u>
Component units:		
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	<u>146,370</u>	<u>146,370</u>
Total component units	<u>146,370</u>	<u>146,370</u>
Total deposits reporting entity	<u>\$ 670,192</u>	<u>\$ 812,061</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 Net Assets/Fund Balance.

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 2004, the State entered into certain derivative transactions. These transactions included foreign exchange forward contracts, exchange traded fixed income futures and options, asset backed securities and mortgage backed securities. These transactions are designed to stabilize investment cash flows, to reduce foreign exchange risk, 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 State.

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, 2004. 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 as to Risk	Fair Value
	1	2	3		
Primary government and fiduciary funds:					
Equity securities	\$ 6,817,615	\$ -	\$ -	\$ -	\$ 6,817,615
Fixed income securities	5,345,682	-	-	-	5,345,682
International investments	3,246,270	-	-	-	3,246,270
Municipal bonds	1,208,614	-	-	-	1,208,614
U.S. Government securities	945,663	-	196,172	-	1,141,835
Commercial paper	517,524	-	-	-	517,524
Asset backed securities	209,969	-	-	-	209,969
Repurchase agreements	185,802	-	-	-	185,802
Negotiable certificates of deposit	179,640	-	-	-	179,640
Other short term investments	346	-	161,818	-	162,164
Investment agreements	-	-	89,029	-	89,029
	<u>18,657,125</u>	<u>-</u>	<u>447,019</u>	<u>-</u>	<u>19,104,144</u>
Mortgage loans				54	54
Other investments				155,137	155,137
Real estate				990,503	990,503
				<u>1,145,694</u>	<u>1,145,694</u>
Investments held by broker-dealers under securities loans:					
Equity securities				623,584	623,584
Fixed income securities				53,075	53,075
International investments				92,666	92,666
U.S. Government securities				1,485,171	1,485,171
				<u>2,254,496</u>	<u>2,254,496</u>
Investments held by agents in mutual funds					
				<u>282,234</u>	<u>282,234</u>
Total primary government and fiduciary funds	<u>18,657,125</u>	<u>-</u>	<u>447,019</u>	<u>3,682,424</u>	<u>22,786,568</u>
Component units:					
Equity securities	-	-	26,045	-	26,045
Fixed income securities	3,824	-	1,216	-	5,040
U. S. Government securities	3,416	-	429	-	3,845
Commercial paper	4,519	-	-	-	4,519
Asset backed securities	2,044	-	-	-	2,044
Repurchase agreements	888	-	-	-	888
Negotiable certificates of deposit	1,541	-	-	-	1,541
Other short term investments	3	-	9,336	-	9,339
	<u>16,235</u>	<u>-</u>	<u>37,026</u>	<u>-</u>	<u>53,261</u>
Investments in partnerships				<u>109,210</u>	<u>109,210</u>
Investments held by broker-dealers under securities loans:					
U.S. Government securities				<u>8,999</u>	<u>8,999</u>
Investments held by agents in mutual funds					
				<u>288,954</u>	<u>288,954</u>
Investments held by discretely presented component units of the University System					
				<u>144,420</u>	<u>144,420</u>
Total component units	<u>16,235</u>	<u>-</u>	<u>37,026</u>	<u>551,583</u>	<u>604,844</u>
Total investments reporting entity	<u>\$ 18,673,360</u>	<u>\$ -</u>	<u>\$ 484,045</u>	<u>\$ 4,234,007</u>	<u>\$ 23,391,412</u>

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

(Note 3 Continued)

D. Securities Lending

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

Securities on loan as of June 30, 2004 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, 2004 (excluding PERS) is \$785,337,075. Securities loaned consist of U.S. Government securities. The fair value of the collateral received in securities lending arrangements (excluding PERS) of \$804,422,797 is reported in the Statement of Net Assets and the Statement of Fiduciary Net Assets as an asset with a related liability which represents total collateral at June 30, 2004. Such collateral consists of cash, commercial paper, repurchase agreements, asset backed securities, negotiable CDs and fixed income securities. The total collateral received is in excess of the fair value of the investments held by brokers/dealers under the securities lending agreement. The State incurred

costs of \$9,162,432 relating to securities lending transactions. These costs are included as general government expenditures for governmental funds, as interest expense for proprietary fund types, and as cost of securities lending on the statement of changes in fiduciary net assets for the fiduciary 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. Government securities, corporate fixed income and equity securities and international securities. Collateral received is made up of corporate fixed income and equity securities, international securities and U.S. Government securities. Collateral received must equal at least 102% of the market value of the underlying security and is marked to market daily.

Securities on loan as of June 30, 2004 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. The securities lending agent is authorized to invest collateral only in high quality, short-term investment vehicles in accordance with PERS' Investment Objectives and Policies. The maturities of the investments made with cash collateral generally match the maturities of the securities loaned.

The fair value of securities on loan at June 30, 2004 is \$1,478,158,525. The fair value of the cash collateral received in securities lending arrangements of \$1,510,984,488 is reported on the Statement of Fiduciary Net Assets as an asset with a related liability. At June 30, 2004, PERS has collateral with a fair value of \$1,518,701,461 consisting of cash, cash equivalents, corporate fixed income securities and U.S. Government securities in excess of the market value of investments held by brokers/dealers under a securities lending agreement. PERS incurred costs of \$13,990,481 relating to securities lending transactions.

Note 4 - Receivables

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

	<u>Governmental Funds</u>	<u>University System</u>
As shown on financial statements:		
Intergovernmental receivables	\$ 409,147	\$ 31,326
Notes/loans receivable	726	11,434
Total	<u>\$ 409,873</u>	<u>\$ 42,760</u>
Classified:		
Current portion	\$ 235,214	\$ 33,699
Noncurrent portion:		
Intergovernmental receivables	174,091	-
Notes/loans receivable	568	9,061
Total noncurrent portion	<u>174,659</u>	<u>9,061</u>
Total	<u>\$ 409,873</u>	<u>\$ 42,760</u>

Not included in the receivable balances are amounts considered to be uncollectible. \$56 million of taxes receivable in the governmental funds are estimated to be uncollectible, of which \$19.6 million are from businesses filing bankruptcy. Uncollectible accounts receivable in the governmental funds total \$27.7 million. The proprietary funds have \$30.7 million in uncollectible accounts receivable of which \$14.9 million is from unemployment contributions and benefit overpayments.

Note 5 - Interfund Transactions

A. Interfund Advances

A summary of interfund advances at June 30, 2004, follows (expressed in thousands):

	<u>Advances From</u>			
	<u>Major Funds</u>			<u>Total</u>
	<u>General</u>	<u>State Highway</u>	<u>Consolidated Bond Interest and Redemption</u>	
Advances To				
Nonmajor governmental	\$ 750	\$ -	\$ -	\$ 750
Nonmajor enterprise	84	-	-	84
Internal service	13,675	11	3,056	16,742
Total other funds	14,509	11	3,056	17,576
Fiduciary	3,674	-	-	3,674
Total	<u>\$ 18,183</u>	<u>\$ 11</u>	<u>\$ 3,056</u>	<u>\$ 21,250</u>

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

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

(Note 5 Continued)

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

A summary of due from and due to other funds and component units at June 30, 2004, is shown below (expressed in thousands):

	Due To						Total Governmental
	Major Governmental Funds				Nonmajor Governmental	Total Governmental	
Due From	General	State Highway	Municipal Bond Bank	Cons Bond Interest and Redemption			Stabilize the Operations of State Gov't
Major Governmental Funds:							
General	\$ -	\$ 4,949	\$ 13	\$ 777	\$ 70,781	\$ 10,962	\$ 87,482
State Highway	645	-	-	-	-	23,113	23,758
Municipal Bond Bank	5	-	-	2,322	-	-	2,327
Consolidated Bond Interest and Redemption	-	-	-	-	-	-	-
Nonmajor governmental	14,921	109	-	1,142	-	3,060	19,232
Total Governmental	15,571	5,058	13	4,241	70,781	37,135	132,799
Major Enterprise Funds:							
Housing Division	-	-	-	-	-	-	-
Water Projects Loans	495	-	-	-	-	-	495
Nonmajor enterprise	2,184	6	-	-	-	3	2,193
Total Enterprise	2,679	6	-	-	-	3	2,688
Internal Service	2,611	99	-	300	-	38	3,048
Total other funds	\$ 20,861	\$ 5,163	\$ 13	\$ 4,541	\$ 70,781	\$ 37,176	\$ 138,535
Fiduciary	\$ 99	\$ -	\$ -	\$ -	\$ -	\$ 242	\$ 341
Component Units:							
University System	\$ 10,780	\$ -	\$ -	\$ 7,960	\$ -	\$ 70	\$ 18,810
Colorado River Commission	3	-	-	-	-	-	3
Total Component Units	\$ 10,783	\$ -	\$ -	\$ 7,960	\$ -	\$ 70	\$ 18,813

	Due To						Fiduciary
	Major Enterprise Funds			Total Enterprise	Internal Service	Total Other Funds	
Due From	Housing Division	Water Projects Loans	Nonmajor Enterprise				
Major Governmental Funds:							
General	\$ 1	\$ 440	\$ 1,448	\$ 1,889	\$ 5,634	\$ 95,005	\$ 366,198
State Highway	-	-	36	36	433	24,227	1,892
Municipal Bond Bank	-	-	-	-	-	2,327	-
Consolidated Bond Interest and Redemption	-	-	-	-	1	1	-
Nonmajor governmental	-	-	162	162	3,992	23,386	9
Total Governmental	1	440	1,646	2,087	10,060	144,946	368,099
Major Enterprise Funds:							
Housing Division	-	-	-	-	6	6	-
Water Projects Loans	-	-	-	-	-	495	-
Nonmajor enterprise	-	-	3	3	65	2,261	82
Total Enterprise	-	-	3	3	71	2,762	82
Internal Service	-	-	18	18	206	3,272	7
Total other funds	\$ 1	\$ 440	\$ 1,667	\$ 2,108	\$ 10,337	\$ 150,980	\$ 368,188
Fiduciary	\$ -	\$ -	\$ 9	\$ 9	\$ 1	\$ 351	\$ 22,779
Component Units:							
University System	\$ -	\$ -	\$ 8	\$ 8	\$ 1,027	\$ 19,845	\$ -
Colorado River Commission	-	-	2	2	8	13	-
Total Component Units	\$ -	\$ -	\$ 10	\$ 10	\$ 1,035	\$ 19,858	\$ -

(Note 5 Continued)

The general purpose for transfers is to move monies from funds required by statute to collect them to the funds required by statute or budget to expend them, and to move monies collected for debt service purposes to the debt service fund required to make the payment. An exception was a transfer from the General Fund of \$70.6 million to the Stabilize the Operations of State Government ("Rainy Day") fund. The transfer is triggered when the General Fund unrestricted fund balance reaches a certain level as defined by statute.

In addition, the Nevada Legislature approved appropriations for the support of the University System, a component unit. Payments to the University System of \$499,026,000 are reported as education and support service expenses in the Statement of Activities and as education and support service expenditures in the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds. A corresponding amount is reported as general revenue of the University System in the Statement of Activities.

Note 6 - Restricted Assets

Various debt service, operation and maintenance, capital improvement and construction (acquisition) funding requirements of bond covenants, and trust indentures are recorded as restricted assets on the Statement of Net Assets. The components of restricted assets at June 30, 2004 are as follows (expressed in thousands):

	<u>Business-Type Activities</u>	<u>Total Primary Government</u>	<u>Component Units</u>
Restricted:			
Cash	\$ -	\$ -	\$ 6,852
Investments	110,906	110,906	-
Total	<u>\$ 110,906</u>	<u>\$ 110,906</u>	<u>\$ 6,852</u>
Restricted for:			
Debt service	\$ -	\$ -	\$ 707
Debt service reserve	110,906	110,906	-
Construction reserve	-	-	4,116
Other and all purpose reserve	-	-	2,029
Total	<u>\$ 110,906</u>	<u>\$ 110,906</u>	<u>\$ 6,852</u>

Note 7 - Capital Assets

Capital asset activity of the primary government for the year ended June 30, 2004, was as follows (expressed in thousands):

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
<i>Capital assets, not being depreciated</i>				
Land	\$ 100,607	\$ 6,853	\$ -	\$ 107,460
Construction in progress	200,952	53,465	(200,268)	54,149
Infrastructure	2,598,382	179,603	-	2,777,985
Rights-of-way	383,529	19,896	(279)	403,146
Total capital assets, not being depreciated	<u>3,283,470</u>	<u>259,817</u>	<u>(200,547)</u>	<u>3,342,740</u>
<i>Capital assets, being depreciated/amortized</i>				
Buildings	780,465	162,060	-	942,525
Improvements other than buildings	77,517	3,906	(14)	81,409
Furniture and equipment	332,261	30,129	(15,790)	346,600
Software costs	59,595	25,159	-	84,754
Total capital assets, being depreciated/amortized	<u>1,249,838</u>	<u>221,254</u>	<u>(15,804)</u>	<u>1,455,288</u>
<i>Less accumulated depreciation /amortization for:</i>				
Buildings	(206,664)	(26,912)	-	(233,576)
Improvements other than buildings	(36,152)	(3,538)	14	(39,676)
Furniture and equipment	(242,996)	(28,054)	14,815	(256,235)
Software costs	(28,620)	(13,741)	-	(42,361)
Total accumulated depreciation/amortization	<u>(514,432)</u>	<u>(72,245)</u>	<u>14,829</u>	<u>(571,848)</u>
Total capital assets, being depreciated/amortized, net	<u>735,406</u>	<u>149,009</u>	<u>(975)</u>	<u>883,440</u>
Governmental activities capital assets, net	<u>\$ 4,018,876</u>	<u>\$ 408,826</u>	<u>\$ (201,522)</u>	<u>\$ 4,226,180</u>
Business-type activities:				
<i>Capital assets, not being depreciated</i>				
Land	\$ 435	\$ 124	\$ -	\$ 559
Construction in progress	304	-	(304)	-
Total capital assets, not being depreciated	<u>739</u>	<u>124</u>	<u>(304)</u>	<u>559</u>
<i>Capital assets, being depreciated</i>				
Buildings	2,978	399	-	3,377
Improvements other than buildings	631	-	-	631
Furniture and equipment	4,836	133	(157)	4,812
Total capital assets, being depreciated	<u>8,445</u>	<u>532</u>	<u>(157)</u>	<u>8,820</u>
<i>Less accumulated depreciation for:</i>				
Buildings	(1,746)	(82)	-	(1,828)
Improvements other than buildings	(476)	(9)	-	(485)
Furniture and equipment	(3,809)	(291)	165	(3,935)
Total accumulated depreciation	<u>(6,031)</u>	<u>(382)</u>	<u>165</u>	<u>(6,248)</u>
Total capital assets, being depreciated, net	<u>2,414</u>	<u>150</u>	<u>8</u>	<u>2,572</u>
Business-type activities capital assets, net	<u>\$ 3,153</u>	<u>\$ 274</u>	<u>\$ (296)</u>	<u>\$ 3,131</u>

(Note 7 Continued)

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

Governmental activities:	
General government	\$ 12,078
Education, support services	1,242
Health, social services	9,016
Law, justice, public safety	24,790
Recreation, resource development	5,171
Transportation	11,938
Regulation of business	589
Unallocated	1,315
Depreciation and amortization on capital assets held by the State's internal service funds is charged to the various functions based on their use of the assets	6,106
Total depreciation/amortization expense - governmental activities	\$ 72,245
Business-type activities:	
Enterprise	382
Total depreciation expense - business-type activities	\$ 382

Capital asset activity of the University System for the year ended June 30, 2004, was as follows (expressed in thousands):

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
University System:				
Capital assets, not being depreciated				
Construction in progress	\$ 62,625	\$ 102,636	\$ (48,424)	\$ 116,837
Land	49,199	9,397	-	58,596
Collections	4,835	602	(37)	5,400
Total capital assets, not being depreciated	<u>116,659</u>	<u>112,635</u>	<u>(48,461)</u>	<u>180,833</u>
Capital assets, being depreciated				
Buildings	1,106,002	65,231	-	1,171,233
Land and improvements	72,222	3,688	-	75,910
Machinery and equipment	208,470	32,050	(18,706)	221,814
Library books and media	81,178	4,885	(2,341)	83,722
Total capital assets, being depreciated	<u>1,467,872</u>	<u>105,854</u>	<u>(21,047)</u>	<u>1,552,679</u>
Less accumulated depreciation for:				
Buildings	(290,768)	(28,045)	-	(318,813)
Land and improvements	(47,166)	(4,042)	-	(51,208)
Machinery and equipment	(133,465)	(20,017)	15,533	(137,949)
Library books and media	(65,015)	(6,685)	2,341	(69,359)
Total accumulated depreciation	<u>(536,414)</u>	<u>(58,789)</u>	<u>17,874</u>	<u>(577,329)</u>
Total capital assets, being depreciated, net	<u>931,458</u>	<u>47,065</u>	<u>(3,173)</u>	<u>975,350</u>
University System activity capital assets, net	\$ 1,048,117	\$ 159,700	\$ (51,634)	\$ 1,156,183

Note 8 - Long - Term Obligations

A. Bonds Payable

The State issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds and special obligation bonds are direct obligations and pledge the full faith and credit of the State. General obligation bonds and special obligation bonds of the primary government outstanding at June 30, 2004 are comprised of the following (expressed in thousands):

	<u>Interest Rates</u>	<u>Original Amount</u>	<u>Principal Outstanding</u>
Governmental activities:			
<i>General obligation bonds:</i>			
Subject to Constitutional Debt Limitation	2.0-6.5%	\$ 1,221,760	\$ 907,570
Exempt from Constitutional Debt Limitation	1.60-8.5%	2,037,331	1,378,979
<i>Special obligation bonds:</i>			
Exempt from Constitutional Debt Limitation- Highway Improvement Revenue Bonds	4.5-6.0%	276,435	238,265
Subtotal		<u>3,535,526</u>	<u>2,524,814</u>
<i>Issuance premiums</i>		35,228	32,636
Governmental activities bonds payable		<u>3,570,754</u>	<u>2,557,450</u>
Business-type activities:			
<i>General obligation bonds:</i>			
Exempt from Constitutional Debt Limitation	2.6-9.65%	2,180,397	1,093,078
Business-type activities bonds payable		<u>2,180,397</u>	<u>1,093,078</u>
Total bonds payable		<u>\$ 5,751,151</u>	<u>\$ 3,650,528</u>

B. Changes in Long-Term Liabilities

The following is a summary of changes in long-term obligations of the primary government for the fiscal year ended June 30, 2004 (expressed in thousands):

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Bonds payable:					
General obligation bonds	\$ 2,178,218	\$ 282,796	\$ (174,465)	\$ 2,286,549	\$ 102,521
Special obligation bonds	83,505	176,435	(21,675)	238,265	22,095
Subtotal	<u>2,261,723</u>	<u>459,231</u>	<u>(196,140)</u>	<u>2,524,814</u>	<u>124,616</u>
Issuance premiums	-	35,228	(2,592)	32,636	2,985
Total bonds payable	<u>2,261,723</u>	<u>494,459</u>	<u>(198,732)</u>	<u>2,557,450</u>	<u>127,601</u>
Obligations under capital leases	7,152	3,037	(1,953)	8,236	2,420
Compensated absences obligations	78,167	95,845	(94,017)	79,995	50,932
Arbitrage rebate liability	575	-	(529)	46	-
Certificates of participation	13,765	21,550	(660)	34,655	690
Governmental activities long-term obligations	<u>\$ 2,361,382</u>	<u>\$ 614,891</u>	<u>\$ (295,891)</u>	<u>\$ 2,680,382</u>	<u>\$ 181,643</u>
Business-type activities:					
Bonds payable	\$ 1,239,128	\$ 155,081	\$ (301,131)	\$ 1,093,078	\$ 25,741
Compensated absences obligations	1,367	1,624	(1,616)	1,375	861
Arbitrage rebate liability	47	-	(34)	13	13
Business-type activities long-term obligations	<u>\$ 1,240,542</u>	<u>\$ 156,705</u>	<u>\$ (302,781)</u>	<u>\$ 1,094,466</u>	<u>\$ 26,615</u>

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

C. Debt Service Requirements for Bonds

Debt service requirements (principal and interest) for all long-term bonds and notes outstanding at June 30, 2004, of the primary government are summarized in the table following (expressed in thousands):

(Note 8 Continued)

Year Ended June 30	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2005	\$ 124,616	\$ 124,829	\$ 25,741	\$ 50,729
2006	140,395	118,581	19,721	49,828
2007	149,007	116,177	23,008	48,837
2008	157,956	110,705	28,213	47,608
2009	165,995	98,070	24,263	46,058
2010-2014	751,510	370,749	140,484	210,278
2015-2019	489,180	210,414	172,541	168,437
2020-2024	348,050	101,222	218,966	112,088
2025-2029	198,105	21,367	170,420	60,849
2030-2034	-	-	148,061	23,618
2035-2039	-	-	121,030	810
2040-2044	-	-	630	23
Total	\$ 2,524,814	\$ 1,272,114	\$ 1,093,078	\$ 819,163

Debt service requirements for all capital leases and installment purchases are presented in Section I of this note. No debt service requirements are presented for compensated absences obligations since the repayment dates are unknown.

D. Constitutional Debt Limitations

Section 3, Article 9, of the State Constitution (as amended) limits the aggregate principal amount of the State's public debt to two percent (2%) of the assessed valuation of the State. Exempt from this limitation are debts authorized by the Legislature that are incurred for the protection and preservation of, or for obtaining the benefits of, any property or natural resources within the State. At June 30, 2004, the debt limitation and its unused portion are computed as follows (expressed in thousands):

Debt limitation (2% of total assessed valuation)	\$ 1,408,688
Less: Bonds and leases payable as of June 30, 2004, subject to limitation	(925,183)
Remaining debt capacity	<u>\$ 483,505</u>

E. Nevada Municipal Bond Bank

General obligation bonds have been issued through the Nevada Municipal Bond Bank, a special revenue fund, as authorized by NRS 350A. These bonds are subject to statutory limitation of \$1.8 billion and are exempt from the Constitutional Debt Limitation. Proceeds from the bonds are used to purchase validly issued general obligation bonds of the State's local governments to finance projects related to natural resources. The State anticipates that the debt service revenue it receives from the participating local governments will be sufficient to pay the debt service requirements of the State bonds as they become due. Forty-one projects were funded through the Nevada Municipal Bond Bank as of June 30, 2004, and total investments in local governments amounted to \$1,054,415,000.

F. Refunded Debt and Redemptions

On October 21, 2003 the State issued General Obligation (Limited Tax) Capital Improvement, Cultural Affairs and Refunding Bonds, Series October 1, 2003A to advance refund \$6,740,000 of the General Obligation (Limited Tax) Improvement and Refunding, Series August 1, 1993A.

On October 21, 2003 the State issued General Obligation (Limited Tax) Natural Resources and Refunding Bonds, Series October 1, 2003B to advance refund \$7,185,000 of the General Obligation (Limited Tax) Natural Resources and Refunding Bonds, Series August 1, 1993B.

On September 17, 2003 the State issued General Obligation (Limited Tax) (Revenue Supported) Water Refunding Bonds, Series July 1, 2003C to advance refund \$23,125,000 of the Colorado River Commission General Obligation (Limited Tax) (Revenue Supported) Refunding Bonds, Series November 1, 1993.

On September 17, 2003 the State issued General Obligation (Limited Tax) University System Refunding (Revenue Supported), Series July 1, 2003D to advance refund \$20,030,000 of the General Obligation (Limited Tax) University Refunding Bonds (Revenue Supported), Series November 1, 1993.

On November 25, 2003 the State issued General Obligation (Limited Tax) Nevada Municipal Bond Bank Project R-7 and R-8, Series July 1, 2003I to advance refund \$25,535,000 of The Nevada Municipal Bond Bank Project No. R-5, Series December 1, 1993A; Project No. 43, 44 and 45, Series December 1, 1994; Project No. 47 and 48, Series July 1, 1995; Project No. 53, 54, 55 and 56, Series July 1, 1996B and Board of Finance Water Projects 1 and 2 Water Refunding Bonds, Series December 1, 1993B.

(Note 8 Continued)

The reacquisition price exceeded the carrying amount of the old debt by \$1,621,970. This amount is being reported as a deferred charge and amortized over the remaining life of the refunded debt, which is shorter than the life of the new debt. The State completed the refunding to decrease its total debt service payments by \$6,408,385 and to obtain an economic gain or present value gain of \$5,669,292.

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, 2004 is \$465,006,000.

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

At June 30, 2004, the amount available to service debt in the Consolidated Bond Interest and Redemption debt service fund is \$55,949,367. At June 30, 2004, the amount available to service debt in the Highway Revenue Bonds debt service fund is \$13,891,073. At June 30, 2004, the amount available to service the debt in the Municipal Bond Bank special revenue fund is \$1,054,484,775. At June 30, 2004, the amount available to service the Water Project Bonds in the Water Projects Loans proprietary fund is \$139,132,587.

The amount to be provided by other governments of \$178,285,000 is due from the Southern Nevada Water Authority (SNWA). Until January 1, 1996 the Colorado River Commission (CRC), a component unit responsible for managing Nevada's interest in the water and power resources available from the Colorado River, operated the Southern Nevada Water System (SNWS). In accordance with Chapter 393 of the 1995 Legislature, certain rights, powers, duties and liabilities of SNWS were transferred from the State and CRC to the SNWA effective January 1, 1996. These rights, powers, duties and liabilities included, but were not limited to, the State of Nevada general obligation bonds, the existing water user contracts, the Service Contract between CRC and the Las Vegas Valley Water District, and all other contracts related to the SNWS including contracts for capital improvement. Accordingly, the State records the general obligation bonds previously reported in CRC and an associated amount to be provided by other governments in the Government-wide Financial Statements.

H. Bond Indenture Provisions

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

I. Capital Leases

The State has entered into various agreements for the lease of equipment. Assets acquired under such leases at June 30, 2004, have a historical cost of \$12,834,000 with accumulated depreciation of \$4,071,000.

For all capital leases of the primary government, the gross minimum lease payments and the present value of the net minimum lease payments as of June 30, 2004 follow (expressed in thousands):

Year Ending June 30	Governmental Activities
2005	\$ 2,777
2006	2,188
2007	1,879
2008	1,077
2009	489
2010-2014	758
Total minimum lease payments	9,168
Less: amount representing interest	(932)
Obligations under capital leases	<u>\$ 8,236</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, 2004. The liability as of June 30, 2004, and changes for the fiscal year then ended is presented in Section B of this note.

K. Certificates of Participation

In fiscal year 1999, the Nevada Real Property Corporation, a blended component unit, issued \$15,000,000 of general obligation certificates of participation to finance the acquisition, construction, installation and equipping of a secured juvenile treatment facility. Under the certificates of participation financing arrangements, the State is required to make payments from general (ad

(Note 8 Continued)

valorem) taxes in the Consolidated Bond Interest and Redemption debt service fund that approximate the interest and principal payments made by trustees to certificate holders.

In fiscal year 2004, the Nevada Real Property Corporation issued \$21,550,000 of Lease Revenue Certificates of Participation to finance the construction of an office building in Carson City (near the State capitol buildings). Under the lease revenue certificates of participation financing arrangements, the certificates are not general obligations of the State and are not backed by the faith and credit or the taxing power of the State. The State's obligation to pay base rent and make other payments to the trustee under the financing lease is subject to appropriation by the State. However, the payment of principal and interest on the 2004 certificates is being guaranteed by an insurance policy.

The following schedule presents future certificates of participation payments as of June 30, 2004 (expressed in thousands):

Year Ended June 30	Principal	Interest
2005	\$ 690	\$ 1,574
2006	720	1,564
2007	755	1,533
2008	785	1,500
2009	820	1,465
2010-2014	5,205	6,707
2015-2019	6,745	5,277
2020-2024	4,485	4,163
2025-2029	7,930	2,858
2030-2034	6,520	647
Total	\$ 34,655	\$ 27,288

L. Conduit Debt Obligations

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

As of June 30, 2004, there are sixteen series of Industrial Revenue Bonds outstanding, with an aggregate principal amount payable of \$792,467,133.

M. Component Unit Obligations

University System - Bonds, notes and capital leases payable by the University System at June 30, 2004 and the changes for the year then ended, consist of the following (expressed in thousands):

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds and notes payable	\$ 255,145	\$ 42,133	\$ (15,024)	\$ 282,254	\$ 8,973
Capital leases	10,424	7,442	(2,845)	15,021	1,851
Total	<u>\$ 265,569</u>	<u>\$ 49,575</u>	<u>\$ (17,869)</u>	297,275	10,824
Discretely presented component units of the University System:					
Bonds and notes payable				3,985	901
Capital leases				353	168
Total				<u>\$ 301,613</u>	<u>\$ 11,893</u>

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

(Note 8 Continued)

The following table presents annual principal and interest payments for bonds and notes payable outstanding at June 30, 2004 (expressed in thousands):

Year Ended June 30	Principal	Interest
2005	\$ 8,973	\$ 13,496
2006	10,812	12,949
2007	12,073	12,563
2008	12,215	11,952
2009	11,008	11,428
2010-2014	59,254	49,002
2015-2019	51,921	35,891
2020-2024	41,803	22,442
2025-2029	38,292	12,763
2030-2034	35,903	3,152
Total	\$ 282,254	\$ 185,638

Accrued compensated absences payable by the University System at June 30, 2004 are \$32,413,000.

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):

Year Ended June 30	Amount
2005	\$ 2,584
2006	2,582
2007	2,032
2008	1,819
2009	1,792
2010-2014	6,566
2015-2019	966
Total minimum lease payments	18,341
Less: amount representing interest	(3,320)
Obligations under capital leases	<u>\$ 15,021</u>

At June 30, 2004 debt in the amount of \$235,000 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 – Bonds payable, net of premiums/discounts, by the Colorado River Commission (CRC) at June 30, 2004 and the changes for the year then ended, consist of the following (expressed in thousands):

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable	\$ 113,899	-	\$ (1,087)	\$ 112,812	\$ 1,225

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

Year Ended June 30	Principal	Interest
2005	\$ 1,225	\$ 6,128
2006	1,420	6,059
2007	1,620	5,978
2008	1,705	5,875
2009	5,055	5,668
2010-2014	29,750	23,768
2015-2019	34,280	14,728
2020-2024	17,960	8,128
2025-2029	18,922	2,703
2030	875	25
Total	\$ 112,812	\$ 79,060

Accrued compensated absences payable by CRC at June 30, 2004 are \$241,041.

Note 9 - Pensions and Other Employee Benefits

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

A. PERS

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

Benefits, as required by statute, are determined by the number of years of accredited service at the time of retirement and the member's highest average compensation in any 36 consecutive months. Benefit payments to which participants may be entitled under the plan include pension benefits, disability benefits and death benefits. Monthly benefit allowances for regular members are computed at 2.5% of average compensation for each accredited year of service prior to July 1, 2001. For service earned after July 1, 2001, this multiplier is 2.67% of average compensation. Regular members are eligible for retirement at age 65 with 5 years of service, at age 60 with 10 years of service or at any age with 30 years of service. Police and firemen are eligible for retirement at age 65 with 5 years of accredited police or fire service, at age 55 with 10 years of accredited police or fire service, at age 50 with 20 years of accredited police or fire service, or at any age with 25 years of accredited service. A member who retired on or after July 1, 1977, or is an active member whose effective date of membership is before July 1, 1985, is entitled to a benefit of up to 90% of average compensation with 36 or more years of service. Regular members and police and firemen become fully vested as to benefits upon completion of 5 years of service.

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

Funding Policy - PERS' basic funding policy provides for periodic contributions at a level pattern of cost as a percentage 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, 2004, were as follows:

	Funding	GASB	Statutory
	Basis	Disclosure	Rate
	Basis	Basis	Rate
Regular employees:			
Employer-pay plan	20.07%	20.66%	20.25%
Employee/employer plan	10.51%	10.81%	10.50%
Police and Fire employees:			
Employer-pay plan	32.60%	35.00%	28.50%
Employee/employer plan	16.68%	17.88%	14.75%

(Note 9 Continued)

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

	2004			2003			2002		
	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	\$ 44,455	\$ 107,807	\$ 152,262	\$ 40,908	\$ 99,984	\$ 140,892	\$ 39,227	\$ 94,966	\$ 134,193
Component Units:									
Colorado River Commission	142	283	425	126	246	372	110	206	316
University System	8,038	20,093	28,131	7,149	17,937	25,086	6,452	16,587	23,039
Total component units	8,180	20,376	28,556	7,275	18,183	25,458	6,562	16,793	23,355
Total reporting entity	\$ 52,635	\$ 128,183	\$ 180,818	\$ 48,183	\$ 118,167	\$ 166,350	\$ 45,789	\$ 111,759	\$ 157,548
Contributions as % of covered payroll	6%	16%	22%	6%	15%	21%	6%	15%	21%
Contributions as % of total contributions of all participating entities of \$912,778, \$808,869 and \$759,356	6%	14%	20%	6%	15%	21%	6%	14%	20%

Required Supplementary Information - Schedules of funding progress and employer contributions are presented in the PERS June 30, 2004, comprehensive annual financial report. PERS' financial report may be obtained from the Public Employees' Retirement System, 693 West Nye Lane, Carson City, Nevada 89703.

B. LRS

Plan Description - All State Legislators are members in the Legislators' Retirement System (LRS), a defined benefit, single-employer public employees' retirement system established in 1967 by the Nevada Legislature. LRS is legislated by and functions in accordance with State laws established by the Nevada Legislature. Benefits, as required by statute, are determined by the number of years of accredited service at the time of retirement. Service years include the entire election term whether or not the Legislature is in session. Benefit payments to which participants may be entitled under the plan include pension benefits and death benefits. Monthly benefit allowances are \$25 for each year of service up to thirty years. Contributions and investment earnings provide benefits under the system. Legislators become fully vested as to benefits at age 60 with 8 years of service before July 1, 1985, or at age 60 with 10 years of service after July 1, 1985.

Funding Policy - The Legislator contribution of 15% of compensation is paid by the Legislator only when the

Legislature is in session, as required by statute. The Legislature holds sessions every two years. Prior to 1985, the employee contributions were matched by the employer. The 1985 Legislators' Retirement Act includes NRS 218.2387(2) which states, "The Director of the Legislative Counsel Bureau shall pay to the Board from the Legislative Fund an amount as the contribution of the State of Nevada as employer which is actuarially determined to be sufficient to provide the System with enough money to pay all benefits for which the System will be liable." The Legislature appropriated \$353,016 for fiscal years 2003 and 2004, which is the required biennial State contribution as determined by the actuary. This amount was paid by the State of Nevada to the Legislative fund during fiscal 2003. \$176,508 (half) was recognized as employer contribution in each of the fiscal years ended June 30, 2003 and 2004. Employee contributions of \$69,030 were received in fiscal year 2003, for fiscal years 2003 and 2004. Of the total employee contributions, \$35,100 was recorded as an employee contribution in fiscal year 2003 and \$33,930 was recorded for the year ended June 30, 2004.

Actuarial Information - Actuarial valuations of the LRS are prepared every two years to determine State contributions required to fund the system on an actuarial basis. Actuarial methods and significant assumptions used in the January 1, 2003, actuarial valuation include the following:

(Note 9 Continued)

<i>Actuarial Cost Method:</i>	Entry age normal cost
<i>Amortization Method:</i>	Level dollar closed
<i>Remaining Amortization Period:</i>	22 years
<i>Asset Valuation Method:</i>	Five year smoothed market
<i>Actuarial Assumptions:</i>	
<i>(Includes Inflation at 3.5% per year)</i>	
<i>Investment yield</i>	8%
<i>Projected salary increases</i>	None
<i>Retirement Age for Active Members:</i>	Earlier of age 63 with at least 10 years of service or any age with 24 years of service.
<i>Assumed Mortality Rate:</i>	1983 Group Annuity Mortality Table
<i>Cost of Living (Post-Retirement) Increases:</i>	2% after 3 years of receiving benefits 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

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
6/30/2002	\$ 173	\$ 173	100%	\$ -
6/30/2003	177	177	100%	-
6/30/2004	177	177	100%	-

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

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

C. JRS

Plan Description - The Judicial Retirement System of Nevada (JRS) is a single-employer public employees defined benefit retirement system established in July 2001 by the Nevada Legislature to provide a reasonable base income to justices of the Supreme Court and district judges at retirement. The JRS is legislated by and functions in accordance with laws established by the Nevada Legislature. The JRS was established to provide benefits in the event of retirement, disability, or death of justices of the Supreme Court and district judges, funded on an actuarial reserve basis. The JRS began with initial funding from the State of Nevada on July 20, 2001, and became effective on January 1, 2003.

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

Option 1: Benefits, as required by statute, are determined by the number of years of accredited service at the time of retirement and the member's highest average compensation in any 36 consecutive months. Benefit payments to which participants may be entitled under the plan include pension benefits, disability benefits and death benefits.

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

(Note 9 Continued)

Contributions and Funding - Beginning January 1, 2003, the State of Nevada, as employer, shall submit the percentage of compensation determined by the actuary to pay the normal costs and administrative expenses of the JRS. Beginning July 1, 2003, and annually thereafter, the State of Nevada, as employer, will pay to the JRS an amount on the unfunded liability which is actuarially determined to be sufficient to enable the JRS to pay all benefits for which the JRS is liable.

The actuarial valuation at January 1, 2004 determined the annual required contribution for the year ended June 30, 2004, using the entry-age-normal cost method for salary related benefits and the level dollar closed method for non-salary related benefits. The annual required contribution for the year ended June 30, 2004 was \$3,077,895; actual contributions made were \$3,279,008.

Actuarial Information - Actuarial valuations of the JRS are prepared annually on a calendar year basis. Significant actuarial assumptions used in the January 1, 2004 valuation include the following:

<i>Actuarial Cost Method:</i>	Entry age normal cost
<i>Amortization Method:</i>	Level dollar closed
<i>Remaining Amortization Period:</i>	33 years
<i>Asset Valuation Method:</i>	Equal to market value
<i>Actuarial Assumptions:</i>	
<i>(Includes Inflation at 3.5% per year)</i>	
<i>Investment yield</i>	8%
<i>Projected salary increases</i>	3% per year Longevity increases of 2% per year after four years
<i>Retirement Age for Active Members:</i>	Earlier of age 65 with five years of service, at age 60 with 10 years or at any age with 30 years of service
<i>Assumed Mortality Rate:</i>	1983 Group Annuity Mortality Table
<i>Cost of Living (Post-Retirement) Increases:</i>	2% after 3 years of receiving benefits 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

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

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

D. Post-Retirement Insurance Benefits

Employees of the State, who meet the eligibility requirements for retirement as outlined in sections A through C of this note and at the time of retirement are participants in the program, have the option upon retirement to continue group insurance. NAC 287.530 establishes this benefit upon the retiree. NRS 287.046 establishes a subsidy to pay an amount toward the cost of the premium or contribution for the persons retired from the State. Retirees assume any portion of the premium not covered by the State. The Public Employees' Benefits Program administers these insurance benefits. For the year ended June 30, 2004, there were 5,797 retirees covered at a cost of \$19,013,031, which represents 70% of total costs. The State allocates funds for payment of post retirement insurance benefits as a percentage of budgeted payroll to all State agencies. The cost of the employer contribution is recognized in the year the costs are charged. No unused funds are carried forward to the next fiscal year.

Note 10 - Risk Management

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

Interfund premiums are reported as interfund services provided and used. All State funds participate in the insurance program. Changes in the claims liabilities during the past two fiscal years were as follows (expressed in thousands):

	Self Insurance Fund	Insurance Premiums Fund
Balance, June 30, 2002	\$ 24,882	\$ 38,336
Claims and changes in estimates	146,566	16,823
Claim payments	<u>(151,096)</u>	<u>(8,379)</u>
Balance, June 30, 2003	20,352	46,780
Claims and changes in estimates	120,887	5,279
Claim payments	(122,030)	(12,526)
Other - deposit and loss fund adjustments	-	(1,951)
Balance June 30, 2004	<u>\$ 19,209</u>	<u>\$ 37,582</u>

These liabilities are recorded in accordance with GASB Statement No. 10. This statement requires that a liability for claims be reported if information received before the issuance of the financial statements indicates it is probable a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. These liabilities include incremental claims adjustment costs. A reserve for losses has been established in both funds to account for these liabilities and is included in the liability section of the Statement of Net Assets.

There was a significant reduction in insurance coverage for excess liability insurance. For the year ended June 30, 2004, excess liability insurance was purchased for claims in excess of \$2,000,000, compared to \$1,000,000 in the prior year, and the maximum coverage per incident decreased from \$10,000,000 to \$5,000,000.

There are several pending lawsuits or unresolved disputes involving the State or its representatives at June 30, 2004. 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.

A. Self-Insurance Fund

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

participating public employers within the State. All public employers in the State are eligible to participate in the activities of the Self-Insurance Fund and currently, in addition to the State, there are fourteen public employers whose employees are covered under the plan. Additionally, all retirees of public employers are eligible to join the program subsequent to their retirement. Public employers are required to subsidize their retirees who participate in the plan in the same manner the State subsidizes its retirees. Currently, eighty-five public employers are billed for retiree subsidies. The Self-Insurance 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 is self-insured for medical, dental, vision, mental health and substance abuse benefits and assumes all risk for claims incurred by plan participants. Fully insured HMO products are also offered. Accidental death and dismemberment, travel accident, long-term disability and life insurance benefits are fully insured by outside carriers. For the self-insured benefits, fund rate-setting policies have been established after consultation with an actuary. The participating public employers, with the exception of the State, are not subject to supplemental assessment in the event of deficiencies.

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

(Note 10 Continued)

B. Insurance Premiums Fund

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

Under the retrospectively rated contracts with Employers Insurance Company of Nevada (EICON) for the workers' compensation portion of the Fund, each calendar year through 2000 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. Each plan year is subject to five premium determinations, at which point, based on loss experience, there is either an amount due to or from EICON. The first determination is 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 EICON mutually agree; the cost to close a plan year includes a charge for incurred but not reported claims. Plan year 2000 is still open as of June 30, 2004 and is subject to additional premiums based on the loss experience of the plan. A liability in the amount of \$835,340 as of June 30, 2004 has been accrued as an estimate for 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. For the 2000 plan year, the maximum premium is \$12,711,971 and during the year ended June 30, 2004, \$2,666,217 was paid toward the outstanding amount due to EICON based on the retrospective determination for plan years 1999 and 2000. For the period beginning January 1, 2001 and for each calendar year thereafter the Fund purchased a high deductible policy with loss retentions of \$750,000, \$1,000,000, \$2,000,000 and \$2,500,000 per incident for calendar years 2001, 2002, 2003 and 2004 respectively. Liabilities in the amount of \$20,781,804 as of June 30, 2004 were determined using standard actuarial techniques as estimates for the incurred but not reported losses and allocated loss adjustment expenses under the plan, adjusted for a non-working escrow deposit on-hand and for a loss fund on-hand, both with the insurer, as of June 30, 2004.

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

coverage is first provided by the reserve for statutory contingency account and would then revert to the General Fund.

The Fund is fully self-insured for general, civil and vehicle liability. The fund is also self-insured for comprehensive and collision loss to automobiles, self-insured to \$500,000 for property loss with commercial insurance purchased to cover the excess above this amount, and commercially insured for losses to boilers and machinery and certain other risks. The fund also purchases excess liability insurance for claims in excess of \$2,000,000 with coverage up to a maximum of \$5,000,000 per incident.

At June 30, 2004, incurred but not reported claims liability for general, civil and auto liability insurance is based upon standard actuarial techniques, which take into account financial data, loss experience of other self-insurance programs and the insurance industry, and the development of known claims, estimates of the cost of reported claims, incurred but not reported claims, and allocated loss adjustment expenses. The incurred but not reported claims liability for property casualty insurance is based upon the estimated cost to replace damaged property. Incurred but not reported claims liabilities are included in the reserve for losses.

The State is contingently liable for the cost of Post Retirement Heart Disease benefits payable under the Nevada Occupational Disease Act. Any fireman or police officer that satisfies the five-year employment period requirement under this act is eligible for coverage under Workers' Compensation for heart disease. A range of estimated losses from \$6,176,900 to \$18,763,900 has been determined using standard actuarial techniques. Due to the high degree of uncertainty surrounding this coverage and the fact that no such claims are known to have been incurred as of June 30, 2004, no accrual for these losses is included in the reserve for losses.

At June 30, 2004 total liabilities exceeded total assets by \$28,836,461. According to figures derived from actuarial estimates, the Fund is liable for approximately \$28,800,000 as of June 30, 2004 in potential claims settlements, which have yet to be funded through premium contributions. As Nevada Revised Statute 331.187 provides that if money in the Fund is insufficient to pay a tort claim, the claim is to be paid from the reserve for statutory contingency account, and, as management assesses premiums to cover current claims payments, management believes that this provides the opportunity for the Fund to satisfy these liabilities.

Note 11 - Fund Balances

A. Individual Fund Deficits

Enterprise Fund

Nevada Magazine - The Nevada Magazine shows an increase in net assets of \$457,017 for the fiscal year ended June 30, 2004, resulting in net liabilities (negative net assets) of \$292,019 at June 30, 2004.

Internal Service Funds

Insurance Premiums - The Insurance Premiums Fund allocates the cost of fidelity insurance, property insurance and workers' compensation insurance to State agencies. The fund recorded an increase in net assets of \$13,939,397 for the year ended June 30, 2004, resulting in net liabilities (negative net assets) of \$28,836,461 at June 30, 2004.

Personnel - The Personnel Fund accounts for the cost of administering the State personnel system. The fund recorded an increase in net assets of \$181,725 for the year ended June 30, 2004, resulting in net liabilities (negative net assets) of \$321,920 at June 30, 2004.

B. Governmental Fund Balances

Governmental fund balances, reserved for other at June 30, 2004, are explained as follows (expressed in thousands):

	General	State Highway	Other Governmental	Total
Fund balances, reserved for other:				
Reserved for prepaid items	\$ 44,351	\$ 6	\$ 29	\$ 44,386
Reserved for noncurrent receivables - notes	661	-	64	725
Total fund balances, reserved for other	\$ 45,012	\$ 6	\$ 93	\$ 45,111

Note 12 - Principal Tax Revenues

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

The Nevada Tax Commission was created under NRS 360.010 and is the taxing and collecting authority for most non-gaming taxes.

The following are the primary non-gaming tax revenues:

Sales and Use Taxes are imposed at a minimum rate of 6.5%, with county and local option up to an additional 1.0% 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 24.805 cents per gallon on gasoline and gasohol sales. 17.65 cents of the tax goes to the State Highway Fund, .75 cents goes to the Clean-up Petroleum Discharge Fund, .55 cents goes to the General Fund and the remainder to the counties.

The counties have an option to levy up to an additional 9 cents per gallon.

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: Modified Business Tax, Cigarette Tax, Controlled Substance Tax, Estate Tax, Jet Fuel, Liquor Tax, Live Entertainment Tax (non-gaming establishments), Lodging Tax, Motor Carrier Fees, Motor Vehicle Registration Fees, Net Proceeds of Minerals Tax, Property Tax, Special Drug Manufacturing Tax, Short-Term Lessor Fees and Tire Tax.

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

Percentage Fees are the largest of several State levies on

(Note 12 Continued)

gaming. They are based upon gross revenue and are collected monthly. The fee is applied on a graduated basis at the following monthly rates:

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

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

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

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

Note 13 - Works of Art and Historical Treasures

The State possesses certain works of art, historical treasures and similar assets that are not included with the capital assets shown in Note 7. The Lost City Museum in Overton maintains three galleries of exhibits dealing with Prehistoric Anasazi Pueblo sites and artifacts. In Reno, The Nevada Historical Society exhibits and maintains a large number of historical collections preserving the cultural heritage of Nevada. These collections are divided into four sections: library, manuscripts, photographs, and museum. The Nevada State Museum in Carson City collects, preserves and documents three general types of collections: anthropology, history and natural history as it relates to Nevada and the Great Basin. The Nevada State Museum and Historical Society of Las Vegas emphasizes Southern Nevada and its relationship to the Mojave Desert in its major collections of transportation, mining and tourism artifacts, manuscripts and photographs. The Nevada State Railroad Museum, which is located

in Carson City, collects and preserves historic rolling stock and locomotives as well as artifacts, photographs and memorabilia relating to Nevada's railroads. The East Ely Depot Museum, located at the former site of the Nevada Northern Railroad, exhibits artifacts, documents and photographs of early Eastern Nevada railroading, mining and industry.

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

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

Note 14 - Commitments and Contingencies

A. Primary Government

Bonds - In 1989 the State issued \$14,755,000 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, 2004, is \$1,555,000.

Lawsuits - The State Attorney General's Office reported that the State of Nevada or its officers and employees were parties to numerous lawsuits, in addition to those described below. In view of the financial condition of

the State, the State Attorney General is of the opinion that the State's financial condition will not be materially affected by this litigation, based on information known at this time.

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

(Note 14 Continued)

accordance with NRS 41. Building and contents are insured on a blanket replacement cost basis for all risk except certain specified exclusions.

The State and/or its officers and employees are parties to a number of lawsuits filed under the federal civil rights statutes. However, the State is statutorily required to indemnify its officers and employees held liable in damages for acts or omissions on the part of its officers and employees occurring in the course of their public employment. Several claims may thus be filed against the State based on alleged civil rights violations by its officers and employees. Since the statutory limit of liability (discussed above) does not apply in federal civil rights cases, the potential liability of the State is not ascertainable at the present time. Currently, the State is involved in several actions alleging federal civil rights violations that could result in substantial liability to the State.

PERS - The Public Employees' Retirement System (PERS) has entered into investment funding commitments as of June 30, 2004. For alternative investments, PERS has committed to fund \$203.8 million at some future date. Alternative investments consist of acquisitions, industry consolidations, subordinated debt instruments, special situations, and venture capital.

Leases - The State is obligated by leases for buildings and equipment accounted for as operating leases. Operating leases do not give rise to property rights as capital leases do. Therefore, the results of the lease agreements are not reflected in the Statement of Net Assets. Primary government lease expense for the year ended June 30, 2004 amounted to \$27,490,995. The following is the primary government's schedule of future minimum rental payments required under operating leases that have initial or remaining noncancelable lease terms in excess of one year as of June 30, 2004 (expressed in thousands):

<u>For the Year Ended June 30</u>	<u>Amount</u>
2005	\$ 21,690
2006	16,640
2007	9,832
2008	7,389
2009	4,317
2010-2014	6,373
2015-2019	8
2020-2023	6
Total	<u><u>\$ 66,255</u></u>

Federal Grants - The State receives significant financial assistance from the federal government in the form of grants and entitlements, which are generally conditioned upon compliance with terms and conditions of the grant agreements and applicable federal regulations, including the expenditure of the resources for eligible purposes. Substantially all grants are subject to financial and compliance audits by federal agencies. Any disallowance as a result of these audits could become a liability of the State. As of June 30, 2004, the State is unable to estimate the amount, if any, of expenditures that may be disallowed, although the State expects such amounts, if any, to be immaterial.

Rebate Arbitrage - The Tax Reform Act of 1986 imposes a rebate requirement with respect to some bonds issued by the State. Under this requirement, an amount equal to the sum of (a) the excess of the aggregate amount earned on all investments (other than certain specified exceptions) over the amount that would have been earned if all investments were invested at a rate equal to the yield on the bonds, and (b) any income earned on the excess described in (a), is required to be rebated to the U.S. Treasury, in order for the interest on the bonds to be excluded from gross income for federal income tax purposes. Rebateable arbitrage is computed as of each installment computation date. The present value of the rebateable arbitrage is \$59,000 and has been recorded as a liability in the Statement of Net Assets at June 30, 2004. Future calculations might result in different rebateable arbitrage amounts.

Construction commitments - As of June 30, 2004, the Nevada Department of Transportation had total contractual commitments of approximately \$307.9 million for construction of various highway projects. Other major non-highway construction commitments for the primary government's budgeted capital projects funds total \$49.3 million.

B. Discretely Presented Component Units

University System - As of June 30, 2004, the University and Community College System of Nevada (UCCSN), a component unit, had entered into various investment agreements with private equity partnerships. Under the terms of certain of these investment agreements, UCCSN is obligated to make additional investments in these private equity partnerships of \$13,913,000.

UCCSN is a defendant or co-defendant in legal actions. Based on present knowledge and advice of legal counsel,

(Note 14 Continued)

UCCSN management believes any ultimate liability in these matters, in excess of insurance coverage, will not materially affect the net assets, changes in net assets or cash flows of the UCCSN.

Colorado River Commission - As of June 30, 2004, management estimates that the remaining commitment for construction of phase II of the power transmission system will not exceed \$1,700,000. This commitment is being financed by limited tax, revenue supported general obligation bonds of the State of Nevada.

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

The Commission has the option to make a termination payment to the various counterparties to cancel its obligation under the contract and then buy and/or sell electrical power on the open market. The Commission entered into termination agreements to terminate various forward energy purchase contracts and has paid a total of \$49,371,600 to be charged against payable to customers.

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

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

However, three forward contracts contain terms favorable to the Commission, in which failure of the counterparties to provide and/or buy energy from the Commission would result in losses to the Commission of approximately \$680,000.

As a result of the Commission's contracts to purchase energy in effect as of year-end, management estimates that the Commission may be obligated to purchase energy at approximately \$1.5 million above forecasted market prices at the specified delivery dates in the contracts.

As a result of the Commission's contracts to sell energy in effect at year-end, management estimates that the Commission may be obligated to sell energy at approximately \$3.2 million below forecasted market prices at the specified delivery dates in the contracts.

Management's estimate of forward contract exposure was developed with the assistance of an outside consultant (the Consultant), specializing in such forecasting. Forward contracts were "marked-to-market" by applying the forecasted forward monthly prices to the monthly quantities associated with each forward contract. The Consultant developed the forward price curves (see the following paragraph) and valued the forward contracts relative to the market as of June 30, 2004. Forward volatilities and interest rates were considered in the valuation process.

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

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

Ongoing litigation between the Commission and one of its power customers (the Customer) was settled in the current fiscal year. Effective January 1, 2003, all

(Note 14 Continued)

contracts for the purchase of hydropower between the Commission and the Customer were terminated, with the understanding that the Customer would assign its interests in the hydropower contracts to the Southern Nevada Water Authority (SNWA), who agreed to pay the Commission \$53,000,000, to be recognized as revenue by the Commission as hydropower is supplied to the SNWA. The SNWA also agreed to assume any and all liability related to the forward energy purchase contracts that were in place between the Commission and the Customer at the time the settlement agreement was reached.

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

Note 15 - Subsequent Events**Primary Government**

Bonds - The following bonds were sold after June 30, 2004:

General Obligation Bonds - \$127,955,000 Series 2004A, General Obligation (Limited Tax) Capital Improvement, Cultural Affairs and Refunding Bonds, due in annual installments ranging from \$3,870,000 to \$14,125,000 due on August 1, 2005 through 2022, plus interest ranging from 4.00% to 6.00% payable semi-annually on February 1st and August 1st. The Series 2004A maturing on and after August 15, 2015 will be subject to optional redemption on and after August 1, 2014. The Series 2004A Bonds are subject to the Constitutional Debt Limit.

\$40,705,000 Series 2004B General Obligation (Limited Tax), Natural Resources and Refunding Bonds, due in annual installments ranging from \$1,260,000 to \$5,090,000 due on August 1, 2005 through 2024, plus interest ranging from 3.00% to 5.00%, payable semi-annually on February 1st and August 1st, commencing February 1, 2004. The Series 2004B Bonds maturing on and after August 1, 2015 will be subject to optional redemption on or after August 1, 2014. The Series 2004B Bonds are not subject to the Constitutional Debt Limit.

Revenue Bonds - \$173,345,000 Series 2004, Highway Improvement Revenue (Motor Vehicle Fuel Tax)

Bonds, due in annual installments ranging from \$7,455,000 to \$15,515,000 due on December 1, 2004 through 2019, plus interest ranging from 5.00% to 5.50% payable semi-annually on June 1st and December 1st. The Series 2004 Bonds maturing on or after December 1, 2015 will be subject to optional redemption on or after December 1, 2014.

Certificates of Participation - \$22,435,000, Lease Revenue Certificates of Participation (Casa Grande Project), Series 2004B due in annual installments ranging from \$230,000 to \$1,850,000 due on April 1, 2007 through 2032, plus interest ranging from 3.00% to 5.00% payable on April 1st and October 1st of each year, commencing April 1, 2005. The Series 2004B Certificates will be subject to prepayment prior to maturity, at the option of the State, on or after October 1, 2014.

Discretely Presented Component Unit

University and Community College System of Nevada - In September 2004, the System issued Universities Revenue Bonds, Series 2004B of \$10 million. The bonds bear interest from 3% to 4.75% and mature on various dates from 2008 to 2029. The proceeds from the bonds will be used to fund the construction of a new 42,000 square foot building to be located in Las Vegas, Nevada. The building will be primarily used as a life-long learning center for the Clark County office of the University of Nevada Cooperative Extension.

Note 16 - Accounting Changes and Restatements

The Governmental Accounting Standards Board (GASB) issued Statement No. 39, Determining Whether Certain Organizations are Component Units, effective for years beginning July 1, 2003. Effective July 1, 2003, the University and Community College System of Nevada adopted Statement No. 39 which requires the University System's legally separate campus foundations and medical school practice plans to be

presented discretely in the University System's financial statements. The State aggregates the University System and its component units for financial reporting purposes. Beginning net assets of the University System have been restated to reflect an increase of \$175,172,000 for its discretely presented component units.

Budgetary Comparison Schedule General Fund and Major Special Revenue Funds

For the Fiscal Year Ended June 30, 2004 (Expressed in Thousands)

	General Fund				Highway Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget	Original Budget	Final Budget	Actual	Variance with Final Budget
Sources of Financial Resources								
Fund balances, July 1	\$ 282,679	\$ 282,679	\$ 282,679	\$ -	\$ 412,971	\$ 412,971	\$ 412,971	\$ -
Revenues:								
Sales taxes	722,902	728,392	790,603	62,211	-	-	-	-
Gaming taxes, fees, licenses	706,290	791,041	803,843	12,802	-	-	-	-
Intergovernmental	1,192,284	1,499,533	1,270,783	(228,750)	202,349	207,081	217,402	10,321
Other taxes	361,464	717,898	802,106	84,208	272,594	274,231	282,877	8,646
Sales, charges for services	164,172	169,545	160,812	(8,733)	19,157	20,107	15,342	(4,765)
Licenses, fees and permits	318,613	370,476	324,298	(46,178)	146,621	148,912	150,133	1,221
Interest	10,659	12,515	7,795	(4,720)	10,022	10,022	7,644	(2,378)
Other	201,599	217,327	184,624	(32,703)	15,529	16,196	22,075	5,879
Other financing sources:								
Proceeds from sale of bonds	76,430	109,612	100,101	(9,511)	135,000	135,000	-	(135,000)
Transfers	180,932	294,906	284,108	(10,798)	13,358	29,458	28,532	(926)
Reversions from other funds	-	-	1,414	1,414	-	-	-	-
Total sources	4,218,024	5,193,924	5,013,166	(180,758)	1,227,601	1,253,978	1,136,976	(117,002)
Uses of Financial Resources								
Expenditures and encumbrances:								
Constitutional agencies	169,442	117,726	93,012	24,714	-	-	-	-
Finance and administration	76,438	84,549	79,354	5,195	-	-	-	-
Education	908,069	1,951,944	1,785,137	166,807	-	-	-	-
Human services	1,917,588	2,057,193	1,919,785	137,408	-	-	-	-
Commerce and industry	109,101	130,863	87,154	43,709	-	-	-	-
Public safety	299,008	388,485	281,273	107,212	155,391	164,547	146,225	18,322
Infrastructure	260,653	319,500	116,562	202,938	810,996	788,170	676,424	111,746
Special purpose agencies	6,437	7,640	6,701	939	-	-	-	-
Other financing uses:								
Transfers to other funds	55,605	57,555	57,612	(57)	46,945	75,561	75,561	-
Reversions to other funds	-	-	2,472	(2,472)	-	-	827	(827)
Refunds	-	-	-	-	-	-	-	-
Projected reversions	(46,964)	(46,964)	-	(46,964)	-	-	-	-
Total uses	3,755,377	5,068,491	4,429,062	639,429	1,013,332	1,028,278	899,037	129,241
Fund balances, June 30	\$ 462,647	\$ 125,433	\$ 584,104	\$ 458,671	\$ 214,269	\$ 225,700	\$ 237,939	\$ 12,239

Municipal Bond Bank				Stabilize the Operations of State Government			
Original Budget	Final Budget	Actual	Variance with Final Budget	Original Budget	Final Budget	Actual	Variance with Final Budget
\$ 3	\$ 3	\$ 3	\$ -	\$ 1,341	\$ 1,341	\$ 1,341	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
82,277	82,450	82,449	(1)	-	151	151	-
-	581	505	(76)	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	9,419	9,419	-
-	-	-	-	-	-	-	-
<u>82,280</u>	<u>83,034</u>	<u>82,957</u>	<u>(77)</u>	<u>1,341</u>	<u>10,911</u>	<u>10,911</u>	<u>-</u>
-	-	-	-	-	-	15	(15)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
3	3	1	2	-	-	-	-
-	-	-	-	751	885	37	848
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
82,277	83,031	82,938	93	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>82,280</u>	<u>83,034</u>	<u>82,939</u>	<u>95</u>	<u>751</u>	<u>885</u>	<u>52</u>	<u>833</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18</u>	<u>\$ 18</u>	<u>\$ 590</u>	<u>\$ 10,026</u>	<u>\$ 10,859</u>	<u>\$ 833</u>

For the Fiscal Year Ended June 30, 2004

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

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

supplemental appropriations are required before the additional resources can be spent.

Generally Accepted Accounting Principles (GAAP) require that the final legal budget be reflected in the “final budget” column. Therefore, updated revenue estimates available for appropriations as of September 15 are reported instead of the amounts disclosed in the original budget. The September 15, 2004 date is used because this is the date for which the Legislative Interim Finance Committee affected the last changes to the fiscal year ended June 30, 2004 budget as permitted by NRS 353.220.

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

	<u>General Fund</u>	<u>State Highway</u>	<u>Municipal Bond Bank</u>	<u>Stabilize the Operations of State Government</u>
Fund balances (budgetary basis) June 30, 2004	\$ 584,104	\$ 237,939	\$ 18	\$ 10,859
Adjustments:				
<i>Basis differences:</i>				
Petty cash or outside bank accounts	2,083	174	-	-
Investments not recorded on the budgetary basis	20,775	-	1,054,415	-
Accrual of certain other receivables	59,873	2,037	-	70,629
Inventory	-	10,072	-	-
Advances to other funds	20,178	11	-	-
Deferred charges and other assets	1,230	6	-	-
Accrual of certain accounts payable and other liabilities	(199,799)	(22,266)	-	-
Accrual of longevity pay	(1,303)	(176)	-	-
Deferred revenues	(149,845)	(20)	-	-
Encumbrances	3,328	1,566	-	-
Other	1,485	466	52	23
Fund balances (GAAP basis) June 30, 2004	<u>\$ 342,109</u>	<u>\$ 229,809</u>	<u>\$ 1,054,485</u>	<u>\$ 81,511</u>

Total fund balance on the budgetary basis in the General Fund at June 30, 2004, 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)	\$ 584,104
Restricted funds	<u>(292,649)</u>
Unrestricted fund balance (budgetary basis)	<u><u>\$ 291,455</u></u>

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

For the Fiscal Year Ended June 30, 2004

Legislator's Retirement System (LRS)

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

Valuation Date	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
1/1/1999	\$ 5,075	\$ 3,527	\$ 1,548	70%	\$ 491	315%
1/1/2001	5,399	3,812	1,587	71%	476	333%
1/1/2003	5,642	4,060	1,582	72%	484	327%

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

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

Judicial Retirement System (JRS)

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

Valuation Date	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
1/1/2003*	\$ 29,291	\$ 5,002	\$ 24,289	17%	\$ 4,347	559%
1/1/2004	38,737	14,833	23,904	38%	6,823	350%

*The required supplementary information is shown for two years only as the System became effective January 1, 2003, at which time an initial actuarial valuation was performed.

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.

For the Fiscal Year Ended June 30, 2004

The State has adopted the modified approach for reporting infrastructure assets. Under this approach, the State expenses certain maintenance and preservation costs and does not report depreciation expense. Assets accounted for under the modified approach include approximately 5,400 centerline miles of roads and approximately 1,000 bridges.

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

Condition Level of the Roadways

Percentage of roadways with an IRI of less than 80

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

Condition Level of the Bridges

Percentage of substandard bridges

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

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

Maintenance and Preservation Costs
(Expressed in Thousands)

	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
Estimated	\$338,180	\$324,525	\$255,575	\$94,194	\$97,038
Actual	\$288,315	\$306,149	\$135,898	\$75,080	\$91,615

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

Nonmajor Governmental Funds

Nonmajor Special Revenue Funds

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

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

Regulatory Accounts for receipts and expenditures related to enforcement of regulations on manufactured housing (NRS 489.491), enforcement of regulations pursuant to dairy products (NRS 584.053), legal judgments against real estate licensees (NRS 645.842), regulation of transportation services (NRS 706.1516), regulation of public utilities (NRS 703.147), and regulation of taxicabs (NRS 706.8825).

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

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

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

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

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

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

Tobacco Settlement Accounts for proceeds from settlement agreements with and civil actions against manufacturers of tobacco products, forty percent of which is allocated to the Millennium Scholarship fund for the purpose of increasing the number of State residents who enroll in and attend a university or community college of the 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).

Gift Accounts for gifts and grants received by the Commission for the Preservation of Wild Horses (NRS 504.450), the Department of Conservation and Natural Resources (NRS 232.070), the State Board of Education (NRS 385.095), the State Library and Archives (NRS 378.090), the Division of State Parks (NRS 407.075), the Rehabilitation Division of the Department of Employment, Training and Rehabilitation (NRS 232.960), and the Department of Human Resources (NRS 232.355).

Natural Resources Accounts for grants to publicly owned water systems for water conservation and capital improvements (NRS 349.984).

Miscellaneous Accounts for receipts and expenditures related to compensation of victims of crime (NRS 217.260); fees related to private investigators and recoveries for unfair trade practices (NRS 228.096); prosecution of racketeering (NRS 207.415); the office of advocate for customers of public utilities (NRS 228.310); and administration of capital improvement projects (NRS 341.146). It also accounts for appropriations and interest income for support of museums and history (NRS 381.0064); private money received by the Division of Museums and History for the Dedicated Trust Fund (NRS 381.0031); loans for farm projects (NRS 561.405); and fees collected from owners of mobile home parks to provide mobile home lot rent assistance to low-income mobile home owners (NRS 118B.215). Furthermore, it accounts for receipts and expenditures related to assisting counties with the institutional care of the medically indigent (NRS 428.470); and the residual activity for disaster relief grants and loans to state agencies and local governments (NRS 353.2735, amended by SB 8, Sec. 164.14 of the 20th Special Session).

Nonmajor Debt Service Fund

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

Nonmajor Capital Projects Funds

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

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

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

Capital Improvement Program - University System Accounts for capital improvement projects for the 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 Corrections (NRS 341.146).

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

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

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

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

Nonmajor Permanent Funds

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

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

Combining Balance Sheet
Nonmajor Governmental Funds

State
of
Nevada

June 30, 2004

	Special Revenue Funds	Highway Revenue Bonds Debt Service	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
Assets					
<i>Cash and pooled investments:</i>					
Cash with treasurer	\$ 203,111,830	\$ 13,891,073	\$ 132,869,926	\$ 7,798,146	\$ 357,670,975
Cash in custody of other officials	819,232	-	22,418,173	5,999,792	29,237,197
Investments	1,089,716	-	-	130,705,628	131,795,344
Collateral on loaned securities	80,045,926	-	1,254,450	4,344,405	85,644,781
<i>Receivables:</i>					
Accounts receivable	21,893,303	-	600,000	-	22,493,303
Taxes receivable	3,095,795	-	-	-	3,095,795
Intergovernmental receivables	6,382,149	-	386,386	339,974	7,108,509
Accrued interest and dividends	2,617	-	-	1,030,104	1,032,721
Notes/loans receivable	63,988	-	-	-	63,988
Other receivables	274	-	-	-	274
Due from other funds	11,583,199	-	25,541,019	51,609	37,175,827
Due from fiduciary funds	241,761	-	-	-	241,761
Due from component unit	70,312	-	-	-	70,312
Inventory	1,212,973	-	-	-	1,212,973
Prepaid items	29,182	-	-	-	29,182
Total assets	\$ 329,642,257	\$ 13,891,073	\$ 183,069,954	\$ 150,269,658	\$ 676,872,942
Liabilities and Fund Balances					
<i>Accounts payable and accruals:</i>					
Accounts payable	\$ 21,781,214	\$ -	\$ 653,365	\$ -	\$ 22,434,579
Accrued payroll and related liabilities	4,004,754	-	-	-	4,004,754
Intergovernmental payables	2,589,991	-	41,137	-	2,631,128
Contracts payable	191,454	-	13,139,910	-	13,331,364
Retentions payable	-	-	6,101,132	-	6,101,132
Obligations under securities lending	80,045,926	-	1,254,450	4,344,405	85,644,781
Due to other funds	15,441,746	-	5,308,547	2,635,248	23,385,541
Due to fiduciary funds	9,367	-	-	-	9,367
Due to component unit	319,682	-	68,787,503	-	69,107,185
Advances from general fund	-	-	750,000	-	750,000
Deferred revenues	22,968,564	-	1,723	50,034	23,020,321
Other liabilities	-	-	-	835,316	835,316
Total liabilities	147,352,698	-	96,037,767	7,865,003	251,255,468
Fund balances:					
<i>Reserved for:</i>					
Encumbrances and contracts	512,500	-	45,161,677	-	45,674,177
Inventories	1,212,973	-	-	-	1,212,973
Funds held as permanent investments	195,187	-	-	142,382,263	142,577,450
Debt service	-	13,891,073	-	-	13,891,073
Other	93,170	-	-	-	93,170
<i>Unreserved:</i>					
<i>Designated:</i>					
Principal preservation	706,878	-	-	-	706,878
Approved capital projects	10,417,796	-	41,870,510	-	52,288,306
Other	14,256,102	-	-	-	14,256,102
Undesignated	154,894,953	-	-	22,392	154,917,345
Total fund balances	182,289,559	13,891,073	87,032,187	142,404,655	425,617,474
Total liabilities and fund balances	\$ 329,642,257	\$ 13,891,073	\$ 183,069,954	\$ 150,269,658	\$ 676,872,942

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

State
of
Nevada

For the Fiscal Year Ended June 30, 2004

	Special Revenue Funds	Highway Revenue Bonds Debt Service	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
Revenues					
Gaming taxes, fees, licenses	\$ 15,410,821	\$ -	\$ -	\$ -	\$ 15,410,821
Intergovernmental	58,850,113	-	4,783,075	-	63,633,188
Other taxes	54,624,635	41,784,389	-	-	96,409,024
Licenses, fees and permits	27,249,351	-	-	-	27,249,351
Sales and charges for services	13,707,630	-	2,364	-	13,709,994
Interest and investment income	945,720	-	37,714	178,706	1,162,140
Tobacco settlement income	38,299,907	-	-	-	38,299,907
<i>Other:</i>					
Fines	-	-	-	4,235,029	4,235,029
Land sales	-	-	-	27,413,017	27,413,017
Other	3,271,496	-	96,900	11,156	3,379,552
Total revenues	212,359,673	41,784,389	4,920,053	31,837,908	290,902,023
Expenditures					
<i>Current:</i>					
General government	38,490,130	-	27,870	94,584	38,612,584
Health and social services	75,415,316	-	-	-	75,415,316
Education and support services	32,287,541	-	60,779,618	-	93,067,159
Law, justice and public safety	13,449,852	-	-	-	13,449,852
Regulation of business	18,764,142	-	-	-	18,764,142
Recreation, resource development	20,478,487	-	-	-	20,478,487
Intergovernmental	23,146,092	-	-	-	23,146,092
Capital outlay	-	-	43,473,054	-	43,473,054
<i>Debt service:</i>					
Principal	150,112	21,675,000	-	-	21,825,112
Interest, fiscal charges	42,948	11,711,918	-	-	11,754,866
Debt issuance costs	-	-	886,447	-	886,447
Total expenditures	222,224,620	33,386,918	105,166,989	94,584	360,873,111
Excess (deficiency) of revenues over expenditures	(9,864,947)	8,397,471	(100,246,936)	31,743,324	(69,971,088)
Other Financing Sources (Uses)					
Capital leases	232,399	-	-	-	232,399
Sale of general obligation bonds	9,948,641	-	83,643,738	-	93,592,379
Premium on general obligation bonds	-	-	4,097,716	-	4,097,716
Sale of certificates of participation	-	-	21,550,000	-	21,550,000
Premium on certificates of participation	-	-	554,876	-	554,876
Sale of capital assets	678,094	-	-	-	678,094
Transfers in	67,159,274	-	8,363,695	-	75,522,969
Transfers out	(88,900,356)	-	(5,457,310)	(139,706)	(94,497,372)
Total other financing sources (uses)	(10,881,948)	-	112,752,715	(139,706)	101,731,061
Net change in fund balances	(20,746,895)	8,397,471	12,505,779	31,603,618	31,759,973
Fund balances, July 1	203,036,454	5,493,602	74,526,408	110,801,037	393,857,501
Fund balances, June 30	\$ 182,289,559	\$ 13,891,073	\$ 87,032,187	\$ 142,404,655	\$ 425,617,474

June 30, 2004

	School Improvement	Employment Security	Regulatory	Legislative	Higher Education Capital Construction
Assets					
<i>Cash and pooled investments:</i>					
Cash with treasurer	\$ 776,312	\$ 13,498,789	\$ 10,513,760	\$ 4,024,563	\$ 10,249,987
Cash in custody of other officials	-	125	1,800	756,909	-
Investments	-	-	-	-	-
Collateral on loaned securities	432,490	8,069,541	1,200,064	-	-
<i>Receivables:</i>					
Accounts receivable	-	1,714,659	608,668	27,059	-
Taxes receivable	-	2,821,571	-	-	-
Intergovernmental receivables	-	3,382,756	-	-	-
Accrued interest and dividends	-	-	-	-	-
Notes/loans receivable	-	-	-	-	-
Other receivables	-	-	-	-	-
Due from other funds	941,822	69,980	47,072	116,206	7,402,933
Due from fiduciary funds	-	-	-	-	-
Due from component unit	-	165	-	-	-
Inventory	-	-	-	654,432	-
Prepaid items	-	-	-	29,182	-
Total assets	\$ 2,150,624	\$ 29,557,586	\$ 12,371,364	\$ 5,608,351	\$ 17,652,920
Liabilities and Fund Balances					
<i>Accounts payable and accruals:</i>					
Accounts payable	\$ -	\$ 1,661,424	\$ 196,244	\$ 260,080	\$ 4,637
Accrued payroll and related liabilities	-	1,515,751	829,670	949,743	-
Intergovernmental payables	-	126,437	32	-	-
Contracts/retentions payable	-	-	-	51,454	-
Obligations under securities lending	432,490	8,069,541	1,200,064	-	-
Due to other funds	1,686,219	476,434	249,695	15,361	7,853,123
Due to fiduciary funds	-	505	1,494	-	-
Due to component unit	-	75,293	22,500	-	-
Deferred revenues	7,539	1,350,417	1,636,399	300	-
Total liabilities	2,126,248	13,275,802	4,136,098	1,276,938	7,857,760
Fund balances:					
<i>Reserved for:</i>					
Encumbrances and contracts	-	40,098	93,556	167,865	-
Inventories	-	-	-	654,432	-
Funds held as permanent investments	-	-	-	-	-
Other	-	-	-	29,182	-
<i>Unreserved:</i>					
<i>Designated:</i>					
Principal preservation	-	-	-	-	-
Approved capital projects	-	10,417,796	-	-	-
Other	-	-	-	1,311,134	-
Undesignated	24,376	5,823,890	8,141,710	2,168,800	9,795,160
Total fund balances	24,376	16,281,784	8,235,266	4,331,413	9,795,160
Total liabilities and fund balances	\$ 2,150,624	\$ 29,557,586	\$ 12,371,364	\$ 5,608,351	\$ 17,652,920

Cleaning Up Petroleum Discharges	Hospital Care to Indigent Persons	Tourism Promotion	Offenders' Store	Tobacco Settlement	Contingency
\$ 7,569,163	\$ 8,833,794	\$ 5,133,113	\$ 3,322,423	\$ 74,688,275	\$ 16,328,234
-	-	-	-	-	-
-	-	-	-	-	-
4,216,837	4,919,169	467,634	3,544,321	41,609,276	-
-	-	-	88,931	19,342,616	-
-	274,224	-	-	-	-
-	75,000	2,487,167	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
25,290	55,544	5,254	28,293	502,881	2,243,963
-	-	-	221,445	48	-
-	-	-	-	70,147	-
-	-	-	401,225	-	-
-	-	-	-	-	-
<u>\$ 11,811,290</u>	<u>\$ 14,157,731</u>	<u>\$ 8,093,168</u>	<u>\$ 7,606,638</u>	<u>\$ 136,213,243</u>	<u>\$ 18,572,197</u>
\$ 158,305	\$ 3,954	\$ 917,518	\$ 487,432	\$ 368,453	\$ 260,919
482	-	98,285	190,015	32,675	-
5,180	-	467,804	-	148,280	-
-	-	-	-	-	140,000
4,216,837	4,919,169	467,634	3,544,321	41,609,276	-
98,206	-	144,284	331,710	2,919,955	483,412
-	-	1,338	4,345	10	-
-	-	-	-	113,142	-
4,179	10,912	931	204,336	19,390,127	-
<u>4,483,189</u>	<u>4,934,035</u>	<u>2,097,794</u>	<u>4,762,159</u>	<u>64,581,918</u>	<u>884,331</u>
-	-	202,242	1,089	7,650	-
-	-	-	401,225	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	12,944,968
7,328,101	9,223,696	5,793,132	2,442,165	71,623,675	4,742,898
<u>7,328,101</u>	<u>9,223,696</u>	<u>5,995,374</u>	<u>2,844,479</u>	<u>71,631,325</u>	<u>17,687,866</u>
<u>\$ 11,811,290</u>	<u>\$ 14,157,731</u>	<u>\$ 8,093,168</u>	<u>\$ 7,606,638</u>	<u>\$ 136,213,243</u>	<u>\$ 18,572,197</u>

June 30, 2004

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	Care of Sites for Radioactive Waste Disposal	Gift	Natural Resources	Miscellaneous	Total Nonmajor Special Revenue Funds
Assets					
<i>Cash and pooled investments:</i>					
Cash with treasurer	\$ 11,332,990	\$ 4,446,555	\$ 10,947,255	\$ 21,446,617	\$ 203,111,830
Cash in custody of other officials	-	5,739	-	54,659	819,232
Investments	-	311,040	-	778,676	1,089,716
Collateral on loaned securities	6,313,693	2,418,356	6,098,797	755,748	80,045,926
<i>Receivables:</i>					
Accounts receivable	46,610	-	-	64,760	21,893,303
Taxes receivable	-	-	-	-	3,095,795
Intergovernmental receivables	-	113,556	-	323,670	6,382,149
Accrued interest and dividends	-	1,920	-	697	2,617
Notes/loans receivable	-	-	-	63,988	63,988
Other receivables	-	274	-	-	274
Due from other funds	49,146	18,596	58,960	17,259	11,583,199
Due from fiduciary funds	-	-	-	20,268	241,761
Due from component unit	-	-	-	-	70,312
Inventory	-	-	-	157,316	1,212,973
Prepaid items	-	-	-	-	29,182
Total assets	\$ 17,742,439	\$ 7,316,036	\$ 17,105,012	\$ 23,683,658	\$ 329,642,257
Liabilities and Fund Balances					
<i>Accounts payable and accruals:</i>					
Accounts payable	\$ 253	\$ 36,716	\$ 166,243	\$ 17,259,036	\$ 21,781,214
Accrued payroll and related liabilities	-	4,493	-	383,640	4,004,754
Intergovernmental payables	-	188,789	1,651,804	1,665	2,589,991
Contracts/retentions payable	-	-	-	-	191,454
Obligations under securities lending	6,313,693	2,418,356	6,098,797	755,748	80,045,926
Due to other funds	14,475	2,811	213,670	952,391	15,441,746
Due to fiduciary funds	-	-	-	1,675	9,367
Due to component unit	-	-	-	108,747	319,682
Deferred revenues	8,682	3,296	9,408	342,038	22,968,564
Total liabilities	6,337,103	2,654,461	8,139,922	19,804,940	147,352,698
Fund balances:					
<i>Reserved for:</i>					
Encumbrances and contracts	-	-	-	-	512,500
Inventories	-	-	-	157,316	1,212,973
Funds held as permanent investments	-	-	-	195,187	195,187
Other	-	-	-	63,988	93,170
<i>Unreserved:</i>					
<i>Designated:</i>					
Principal preservation	-	706,878	-	-	706,878
Approved capital projects	-	-	-	-	10,417,796
Other	-	-	-	-	14,256,102
Undesignated	11,405,336	3,954,697	8,965,090	3,462,227	154,894,953
Total fund balances	11,405,336	4,661,575	8,965,090	3,878,718	182,289,559
Total liabilities and fund balances	\$ 17,742,439	\$ 7,316,036	\$ 17,105,012	\$ 23,683,658	\$ 329,642,257

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

State
of
Nevada

For the Fiscal Year Ended June 30, 2004

	School Improvement	Employment Security	Regulatory	Legislative	Higher Education Capital Construction
Revenues					
Gaming taxes, fees, licenses	\$ -	\$ -	\$ -	\$ -	\$ 15,410,821
Intergovernmental	-	56,382,012	225,721	-	-
Other taxes	12,274,118	9,528,289	102,883	-	-
Licenses, fees and permits	-	343,530	16,559,203	-	-
Sales and charges for services	-	468,537	22,777	881,228	-
Interest and investment income	152,225	119,527	33,571	-	-
Tobacco settlement income	-	-	-	-	-
Other	-	1,098,110	461,243	180,448	-
Total revenues	12,426,343	67,940,005	17,405,398	1,061,676	15,410,821
Expenditures					
<i>Current:</i>					
General government	40,884	92,345	11,602	25,740,461	-
Health and social services	-	59,795,629	-	-	-
Education and support services	-	-	-	-	5,000,000
Law, justice and public safety	-	-	-	-	-
Regulation of business	-	-	18,408,296	-	-
Recreation, resource development	-	-	-	-	-
Intergovernmental	-	-	-	-	-
<i>Debt service:</i>					
Principal	-	34,865	15,268	99,979	-
Interest	-	2,144	1,312	38,867	625
Total expenditures	40,884	59,924,983	18,436,478	25,879,307	5,000,625
Excess (deficiency) of revenues over expenditures	12,385,459	8,015,022	(1,031,080)	(24,817,631)	10,410,196
Other Financing Sources (Uses)					
Capital leases	-	-	-	232,399	-
Sale of general obligation bonds	-	-	-	-	-
Sale of capital assets	-	675,629	2,465	-	-
Transfers in	-	392,332	2,226,989	24,819,918	-
Transfers out	(12,386,219)	(8,820,207)	(915,606)	-	(12,877,694)
Total other financing sources (uses)	(12,386,219)	(7,752,246)	1,313,848	25,052,317	(12,877,694)
Net change in fund balances	(760)	262,776	282,768	234,686	(2,467,498)
Fund balances, July 1	25,136	16,019,008	7,952,498	4,096,727	12,262,658
Fund balances, June 30	\$ 24,376	\$ 16,281,784	\$ 8,235,266	\$ 4,331,413	\$ 9,795,160

Cleaning Up Petroleum Discharges	Hospital Care to Indigent Persons	Tourism Promotion	Offenders' Store	Tobacco Settlement	Contingency	Care of Sites for Radioactive Waste Disposal
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	99,100	-	148,280	-	-	-
11,747,550	6,614,293	12,378,246	-	-	-	-
420,900	-	88,907	-	-	-	132,771
-	-	-	11,554,239	-	-	-
55,115	92,684	35,192	43,703	182,661	-	90,527
-	-	-	-	38,299,907	-	-
-	-	307	20,912	11,386	-	-
<u>12,223,565</u>	<u>6,806,077</u>	<u>12,502,652</u>	<u>11,767,134</u>	<u>38,493,954</u>	<u>-</u>	<u>223,298</u>
25,238	82,219	-	32,734	846,104	1,452,519	73,788
-	3,070,706	-	-	12,397,734	-	59,915
-	-	-	-	26,634,599	-	-
-	-	-	9,662,504	-	-	-
-	-	-	-	-	-	-
6,107,333	-	10,049,514	-	-	-	-
311,804	6,181,689	-	-	1,485,734	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>6,444,375</u>	<u>9,334,614</u>	<u>10,049,514</u>	<u>9,695,238</u>	<u>41,364,171</u>	<u>1,452,519</u>	<u>133,703</u>
<u>5,779,190</u>	<u>(2,528,537)</u>	<u>2,453,138</u>	<u>2,071,896</u>	<u>(2,870,217)</u>	<u>(1,452,519)</u>	<u>89,595</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	6,836	254,300	38,235,232	-
(775,152)	-	(1,109,208)	(1,214,589)	(15,033,839)	(25,443,024)	(168,872)
<u>(775,152)</u>	<u>-</u>	<u>(1,109,208)</u>	<u>(1,207,753)</u>	<u>(14,779,539)</u>	<u>12,792,208</u>	<u>(168,872)</u>
5,004,038	(2,528,537)	1,343,930	864,143	(17,649,756)	11,339,689	(79,277)
2,324,063	11,752,233	4,651,444	1,980,336	89,281,081	6,348,177	11,484,613
<u>\$ 7,328,101</u>	<u>\$ 9,223,696</u>	<u>\$ 5,995,374</u>	<u>\$ 2,844,479</u>	<u>\$ 71,631,325</u>	<u>\$ 17,687,866</u>	<u>\$ 11,405,336</u>

	Gift	Natural Resources	Miscellaneous	Total Nonmajor Special Revenue Funds
Revenues				
Gaming taxes, fees, licenses	\$ -	\$ -	\$ -	\$ 15,410,821
Intergovernmental	-	-	1,995,000	58,850,113
Other taxes	-	-	1,979,256	54,624,635
Licenses, fees and permits	1,318,017	-	8,386,023	27,249,351
Sales and charges for services	1,319	-	779,530	13,707,630
Interest and investment income	96,581	40,540	3,394	945,720
Tobacco settlement income	-	-	-	38,299,907
Other	162,880	-	1,336,210	3,271,496
Total revenues	1,578,797	40,540	14,479,413	212,359,673
Expenditures				
<i>Current:</i>				
General government	20,772	109,376	9,962,088	38,490,130
Health and social services	91,332	-	-	75,415,316
Education and support services	35,794	-	617,148	32,287,541
Law, justice and public safety	-	-	3,787,348	13,449,852
Regulation of business	-	-	355,846	18,764,142
Recreation, resource development	161,746	4,159,894	-	20,478,487
Intergovernmental	721,796	14,415,503	29,566	23,146,092
<i>Debt service:</i>				
Principal	-	-	-	150,112
Interest	-	-	-	42,948
Total expenditures	1,031,440	18,684,773	14,751,996	222,224,620
Excess (deficiency) of revenues over expenditures	547,357	(18,644,233)	(272,583)	(9,864,947)
Other Financing Sources (Uses)				
Capital leases	-	-	-	232,399
Sale of general obligation bonds	-	9,948,641	-	9,948,641
Sale of capital assets	-	-	-	678,094
Transfers in	27,315	-	1,196,352	67,159,274
Transfers out	(30,482)	(761,434)	(9,364,030)	(88,900,356)
Total other financing sources (uses)	(3,167)	9,187,207	(8,167,678)	(10,881,948)
Net change in fund balances	544,190	(9,457,026)	(8,440,261)	(20,746,895)
Fund balances, July 1	4,117,385	18,422,116	12,318,979	203,036,454
Fund balances, June 30	\$ 4,661,575	\$ 8,965,090	\$ 3,878,718	\$ 182,289,559

June 30, 2004

Capital Projects Funds

	Parks Capital Project Construction	CIP Motor Vehicle	CIP Human Resources	CIP University System	CIP General State Gov't	CIP Prison System
Assets						
<i>Cash and pooled investments:</i>						
Cash with treasurer	\$ 710,057	\$ 5,046,034	\$ 12,063,442	\$ 77,154,881	\$ 22,687,058	\$ 10,364,036
Cash in custody of other officials	-	-	-	-	-	-
Investments	-	-	-	-	-	-
Collateral on loaned securities	-	-	-	-	-	-
<i>Receivables:</i>						
Accounts receivable	-	-	-	600,000	-	-
Intergovernmental receivables	10,808	-	-	-	-	-
Accrued interest and dividends	-	-	-	-	-	-
Due from other funds	134,073	21,869,754	-	2,500,000	657,828	-
Total assets	\$ 854,938	\$ 26,915,788	\$ 12,063,442	\$ 80,254,881	\$ 23,344,886	\$ 10,364,036
Liabilities and Fund Balances						
<i>Accounts payable and accruals:</i>						
Accounts payable	\$ 2,673	\$ 1,181	\$ 2,426	\$ 36,287	\$ 285,728	\$ 31,630
Intergovernmental payables	-	100	-	40,496	141	-
Contracts payable	108,238	2,812,725	293,024	7,252,202	540,934	1,496,482
Retentions payable	40,261	701,143	16,807	3,987,644	329,556	675,092
Obligations under securities lending	-	-	-	-	-	-
Due to other funds	630	-	87,961	150,749	4,741,737	70,388
Due to component units	-	-	-	68,787,503	-	-
Deferred revenues	-	-	-	-	-	-
Advances from general fund	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-
Total liabilities	151,802	3,515,149	400,218	80,254,881	5,898,096	2,273,592
Fund balances:						
<i>Reserved:</i>						
Encumbrances and contracts	530,733	5,201,519	994,889	-	17,446,790	4,425,936
Permanent fund principal	-	-	-	-	-	-
<i>Unreserved:</i>						
Designated for approved capital projects	172,403	18,199,120	10,668,335	-	-	3,664,508
Undesignated	-	-	-	-	-	-
Total fund balances	703,136	23,400,639	11,663,224	-	17,446,790	8,090,444
Total liabilities and fund balances	\$ 854,938	\$ 26,915,788	\$ 12,063,442	\$ 80,254,881	\$ 23,344,886	\$ 10,364,036

Capital Projects Funds					Permanent Funds		
CIP Military	CIP Wildlife	CIP Assist School Districts	CIP Miscellaneous	Total	Permanent School Fund	Henry Wood Christmas Fund	Total
\$ 1,758,023	\$ 656,173	\$ 2,251,720	\$ 178,502	\$ 132,869,926	\$ 7,745,940	\$ 52,206	\$ 7,798,146
-	-	-	22,418,173	22,418,173	5,999,792	-	5,999,792
-	-	-	-	-	130,705,628	-	130,705,628
-	-	1,254,450	-	1,254,450	4,315,321	29,084	4,344,405
-	-	-	-	600,000	-	-	-
375,578	-	-	-	386,386	339,974	-	339,974
-	-	-	-	-	1,030,104	-	1,030,104
316,150	-	9,754	53,460	25,541,019	51,383	226	51,609
<u>\$ 2,449,751</u>	<u>\$ 656,173</u>	<u>\$ 3,515,924</u>	<u>\$ 22,650,135</u>	<u>\$ 183,069,954</u>	<u>\$ 150,188,142</u>	<u>\$ 81,516</u>	<u>\$ 150,269,658</u>
\$ 19,705	\$ 1,327	\$ 10	\$ 272,398	\$ 653,365	\$ -	\$ -	\$ -
-	-	-	400	41,137	-	-	-
346,538	-	-	289,767	13,139,910	-	-	-
120,179	-	-	230,450	6,101,132	-	-	-
-	-	1,254,450	-	1,254,450	4,315,321	29,084	4,344,405
257,082	-	-	-	5,308,547	2,635,248	-	2,635,248
-	-	-	-	68,787,503	-	-	-
-	-	1,723	-	1,723	49,994	40	50,034
750,000	-	-	-	750,000	-	-	-
-	-	-	-	-	835,316	-	835,316
<u>1,493,504</u>	<u>1,327</u>	<u>1,256,183</u>	<u>793,015</u>	<u>96,037,767</u>	<u>7,835,879</u>	<u>29,124</u>	<u>7,865,003</u>
32,406	15,866	170,796	16,342,742	45,161,677	-	-	-
-	-	-	-	-	142,352,263	30,000	142,382,263
923,841	638,980	2,088,945	5,514,378	41,870,510	-	-	-
-	-	-	-	-	-	22,392	22,392
<u>956,247</u>	<u>654,846</u>	<u>2,259,741</u>	<u>21,857,120</u>	<u>87,032,187</u>	<u>142,352,263</u>	<u>52,392</u>	<u>142,404,655</u>
<u>\$ 2,449,751</u>	<u>\$ 656,173</u>	<u>\$ 3,515,924</u>	<u>\$ 22,650,135</u>	<u>\$ 183,069,954</u>	<u>\$ 150,188,142</u>	<u>\$ 81,516</u>	<u>\$ 150,269,658</u>

For the Fiscal Year Ended June 30, 2004

Capital Projects Funds						
	Parks Capital Project Construction	CIP Motor Vehicle	CIP Human Resources	CIP University System	CIP General State Gov't	CIP Prison System
Revenues						
Intergovernmental	\$ 236,306	\$ -	\$ -	\$ -	\$ -	\$ -
Sales and charges for services	-	-	-	-	2,364	-
Interest and investment income	716	-	-	-	-	-
<i>Other:</i>						
Fines	-	-	-	-	-	-
Land sales	-	-	-	-	-	-
Other	79,848	-	-	-	16,895	-
Total revenues	316,870	-	-	-	19,259	-
Expenditures						
<i>Current:</i>						
General government	-	-	-	-	-	-
Education and support services	-	-	-	60,725,092	-	-
Capital outlay	441,955	12,464,379	1,543,419	-	8,946,657	11,249,631
<i>Debt service:</i>						
Debt issuance costs	-	-	-	299,702	-	-
Total expenditures	441,955	12,464,379	1,543,419	61,024,794	8,946,657	11,249,631
Excess (deficiency) of revenues over expenditures	(125,085)	(12,464,379)	(1,543,419)	(61,024,794)	(8,927,398)	(11,249,631)
Other Financing Sources (Uses)						
Sale of general obligation bonds	-	571,175	10,260,233	56,927,078	12,720,344	2,724,779
Premium on general obligation bonds	-	-	-	4,097,716	-	-
Sale of certificates of participation	-	-	-	-	-	-
Premium on certificates of participation	-	-	-	-	-	-
Transfers in	75,168	3,244,384	-	-	794,634	-
Transfers out	-	-	(87,961)	-	(5,048,279)	(63,988)
Total other financing sources (uses)	75,168	3,815,559	10,172,272	61,024,794	8,466,699	2,660,791
Net change in fund balances	(49,917)	(8,648,820)	8,628,853	-	(460,699)	(8,588,840)
Fund balances, July 1	753,053	32,049,459	3,034,371	-	17,907,489	16,679,284
Fund balances, June 30	\$ 703,136	\$ 23,400,639	\$ 11,663,224	\$ -	\$ 17,446,790	\$ 8,090,444

Capital Projects Funds					Permanent Funds		
CIP Military	CIP Wildlife	CIP Assist School Districts	CIP Miscellaneous	Total	Permanent School Fund	Henry Wood Christmas Fund	Total
\$ 4,546,769	\$ -	\$ -	\$ -	\$ 4,783,075	\$ -	\$ -	\$ -
-	-	-	-	2,364	-	-	-
-	-	16,911	20,087	37,714	178,303	403	178,706
-	-	-	-	-	4,235,029	-	4,235,029
-	-	-	-	-	27,413,017	-	27,413,017
157	-	-	-	96,900	11,156	-	11,156
<u>4,546,926</u>	<u>-</u>	<u>16,911</u>	<u>20,087</u>	<u>4,920,053</u>	<u>31,837,505</u>	<u>403</u>	<u>31,837,908</u>
-	-	14,928	12,942	27,870	94,244	340	94,584
-	-	54,526	-	60,779,618	-	-	-
4,496,750	1,001,338	-	3,328,925	43,473,054	-	-	-
-	-	-	586,745	886,447	-	-	-
<u>4,496,750</u>	<u>1,001,338</u>	<u>69,454</u>	<u>3,928,612</u>	<u>105,166,989</u>	<u>94,244</u>	<u>340</u>	<u>94,584</u>
50,176	(1,001,338)	(52,543)	(3,908,525)	(100,246,936)	31,743,261	63	31,743,324
440,129	-	-	-	83,643,738	-	-	-
-	-	-	-	4,097,716	-	-	-
-	-	-	21,550,000	21,550,000	-	-	-
-	-	-	554,876	554,876	-	-	-
-	588,990	-	3,660,519	8,363,695	-	-	-
<u>(257,082)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,457,310)</u>	<u>(139,706)</u>	<u>-</u>	<u>(139,706)</u>
183,047	588,990	-	25,765,395	112,752,715	(139,706)	-	(139,706)
233,223	(412,348)	(52,543)	21,856,870	12,505,779	31,603,555	63	31,603,618
723,024	1,067,194	2,312,284	250	74,526,408	110,748,708	52,329	110,801,037
<u>\$ 956,247</u>	<u>\$ 654,846</u>	<u>\$ 2,259,741</u>	<u>\$ 21,857,120</u>	<u>\$ 87,032,187</u>	<u>\$ 142,352,263</u>	<u>\$ 52,392</u>	<u>\$ 142,404,655</u>

Nonmajor Enterprise Funds

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

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

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

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

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

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

WICHE Student Loans Accounts for loans and stipends to students in professional and graduate programs where such education is not available from an institution within the State (NRS 397.063).

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).

June 30, 2004

	Workers' Compensation and Safety	Insurance Examination	Gaming Investigative	Forestry Nurseries
Assets				
Current assets:				
<i>Cash and pooled investments:</i>				
Cash with treasurer	\$ 24,178,375	\$ 510,059	\$ 6,184,872	\$ 274,172
Cash in custody of other officials	300	-	220,408	100
Collateral on loaned securities	13,423,137	-	-	-
<i>Receivables:</i>				
Accounts receivable	-	487	107,288	4,310
Intergovernmental receivables	132,066	-	-	14,485
Accrued interest and dividends	-	-	-	-
Due from other funds	1,234,461	44	14,177	47,625
Due from fiduciary funds	-	-	-	-
Due from component unit	-	-	-	-
Inventory	-	-	-	110,597
Prepaid expenses	-	-	1,197	-
Total current assets	38,968,339	510,590	6,527,942	451,289
Noncurrent assets:				
<i>Receivables:</i>				
Accrued interest and dividends	-	-	-	-
Notes/loans receivable	-	-	-	-
<i>Capital assets:</i>				
Land	-	-	-	-
Buildings	-	-	-	-
Improvements other than buildings	-	-	-	-
Furniture and equipment	1,863,975	-	-	89,457
Less accumulated depreciation	(1,447,278)	-	-	(73,765)
Total noncurrent assets	416,697	-	-	15,692
Total assets	39,385,036	510,590	6,527,942	466,981
Liabilities				
Current liabilities:				
<i>Accounts payable and accruals:</i>				
Accounts payable	535,832	80,485	133,529	17,078
Accrued payroll and related liabilities	716,954	-	-	11,566
Intergovernmental payables	127,115	-	292	-
Obligations under securities lending	13,423,137	-	-	-
Due to other funds	50,488	304,121	1,602,676	32,303
Due to fiduciary funds	24	-	-	1,183
Due to component unit	-	-	-	-
Deferred revenues	-	-	4,539,445	-
Other liabilities	-	-	-	-
<i>Short-term portion of long-term liabilities:</i>				
Compensated absences	590,511	-	-	14,866
Total current liabilities	15,444,061	384,606	6,275,942	76,996
Noncurrent liabilities:				
Advances from general fund	-	-	-	-
Compensated absences	276,211	-	-	11,971
Total noncurrent liabilities	276,211	-	-	11,971
Total liabilities	15,720,272	384,606	6,275,942	88,967
Net Assets				
Invested in capital assets, net of related debt	416,697	-	-	15,692
Restricted for workers' compensation	23,248,067	-	-	-
Restricted for regulation of business	-	125,984	2,000	-
Unrestricted (deficit)	-	-	250,000	362,322
Total net assets	\$ 23,664,764	\$ 125,984	\$ 252,000	\$ 378,014

<u>Prison Industry</u>	<u>Nevada Magazine</u>	<u>WICHE Student Loans</u>	<u>Marlette Lake Water System</u>	<u>Total</u>
\$ 1,211,012	\$ 40,269	\$ 204,362	\$ 159,342	\$ 32,762,463
-	498	-	-	221,306
665,213	-	-	-	14,088,350
424,567	195,039	-	14,892	746,583
164,642	-	-	88,110	399,303
-	-	109,138	-	109,138
219,306	114,989	-	36,559	1,667,161
9,355	-	-	-	9,355
7,325	-	-	2,325	9,650
1,194,826	30,971	-	-	1,336,394
-	26,653	-	-	27,850
<u>3,896,246</u>	<u>408,419</u>	<u>313,500</u>	<u>301,228</u>	<u>51,377,553</u>
-	-	260,166	-	260,166
-	-	1,741,898	-	1,741,898
144,579	-	-	414,672	559,251
2,878,895	-	-	498,613	3,377,508
-	-	-	630,647	630,647
974,646	10,394	-	1,478,232	4,416,704
<u>(2,283,517)</u>	<u>(10,394)</u>	<u>-</u>	<u>(2,115,798)</u>	<u>(5,930,752)</u>
<u>1,714,603</u>	<u>-</u>	<u>2,002,064</u>	<u>906,366</u>	<u>5,055,422</u>
<u>5,610,849</u>	<u>408,419</u>	<u>2,315,564</u>	<u>1,207,594</u>	<u>56,432,975</u>
115,613	136,146	-	12,271	1,030,954
99,769	34,821	-	11,958	875,068
7,565	-	-	93,105	228,077
665,213	-	-	-	14,088,350
36,054	8,052	204,359	22,590	2,260,643
80,814	-	-	6	82,027
-	412	-	352	764
104,727	443,356	-	-	5,087,528
39,930	-	-	1,100	41,030
98,825	34,141	-	9,054	747,397
<u>1,248,510</u>	<u>656,928</u>	<u>204,359</u>	<u>150,436</u>	<u>24,441,838</u>
-	-	-	83,760	83,760
67,624	43,510	-	4,811	404,127
67,624	43,510	-	88,571	487,887
<u>1,316,134</u>	<u>700,438</u>	<u>204,359</u>	<u>239,007</u>	<u>24,929,725</u>
1,714,603	-	-	822,606	2,969,598
-	-	-	-	23,248,067
-	-	-	-	127,984
2,580,112	(292,019)	2,111,205	145,981	5,157,601
<u>\$ 4,294,715</u>	<u>\$ (292,019)</u>	<u>\$ 2,111,205</u>	<u>\$ 968,587</u>	<u>\$ 31,503,250</u>

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

State
of
Nevada

For the Fiscal Year Ended June 30, 2004

	Workers' Compensation and Safety	Insurance Examination	Gaming Investigative	Forestry Nurseries
Operating Revenues				
Sales	\$ -	\$ -	\$ -	\$ 259,367
Assessments	29,543,963	-	-	-
Charges for services	2,681	-	8,743,226	-
Rental income	-	-	-	-
Interest income on loans	-	-	-	-
Licenses, fees and permits	273,914	3,152,849	-	-
Contributions	-	-	-	-
Other	2,564,226	-	-	3,086
Total operating revenues	32,384,784	3,152,849	8,743,226	262,453
Operating Expenses				
Salaries and benefits	12,805,045	-	-	168,231
Operating	2,546,492	2,401,242	1,118,292	75,032
Administrative costs	30,000	5,877	-	-
Claims expense	5,404,077	-	-	-
Materials or supplies used	-	-	-	127,334
Depreciation	181,482	-	-	2,002
Total operating expenses	20,967,096	2,407,119	1,118,292	372,599
Operating income (loss)	11,417,688	745,730	7,624,934	(110,146)
Nonoperating Revenues (Expenses)				
Interest and investment income	278,338	-	-	-
Interest expense	(165,287)	-	-	-
Federal grants	1,962,369	-	-	180,753
Gain (loss) on disposal/sale of assets	(9,065)	-	-	-
Total nonoperating revenues (expenses)	2,066,355	-	-	180,753
Income (loss) before transfers	13,484,043	745,730	7,624,934	70,607
Transfers				
Transfers in	-	-	16,160	46,301
Transfers out	(9,279,872)	(705,278)	(7,641,094)	(143,351)
Change in net assets	4,204,171	40,452	-	(26,443)
Net assets, July 1	19,460,593	85,532	252,000	404,457
Net assets, June 30	\$ 23,664,764	\$ 125,984	\$ 252,000	\$ 378,014

<u>Prison Industry</u>	<u>Nevada Magazine</u>	<u>WICHE Student Loans</u>	<u>Marlette Lake Water System</u>	<u>Total</u>
\$ 4,134,269	\$ 1,601,548	\$ -	\$ 532,335	\$ 6,527,519
-	-	-	-	29,543,963
557,381	662,197	-	-	9,965,485
154,820	-	-	13,200	168,020
-	-	105,097	-	105,097
-	-	-	-	3,426,763
5,506	-	-	-	5,506
785,653	5,960	1,156	1,320	3,361,401
<u>5,637,629</u>	<u>2,269,705</u>	<u>106,253</u>	<u>546,855</u>	<u>53,103,754</u>
1,692,623	644,389	-	129,608	15,439,896
2,199,703	565,075	1,205,197	262,008	10,373,041
-	-	-	-	35,877
-	-	-	-	5,404,077
1,746,718	749,057	-	-	2,623,109
117,433	-	-	45,907	346,824
<u>5,756,477</u>	<u>1,958,521</u>	<u>1,205,197</u>	<u>437,523</u>	<u>34,222,824</u>
<u>(118,848)</u>	<u>311,184</u>	<u>(1,098,944)</u>	<u>109,332</u>	<u>18,880,930</u>
3,373	-	-	-	281,711
(7,985)	-	-	-	(173,272)
-	-	-	-	2,143,122
-	-	-	-	(9,065)
<u>(4,612)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,242,496</u>
<u>(123,460)</u>	<u>311,184</u>	<u>(1,098,944)</u>	<u>109,332</u>	<u>21,123,426</u>
-	145,833	862,748	-	1,071,042
-	-	-	-	(17,769,595)
<u>(123,460)</u>	<u>457,017</u>	<u>(236,196)</u>	<u>109,332</u>	<u>4,424,873</u>
4,418,175	(749,036)	2,347,401	859,255	27,078,377
<u>\$ 4,294,715</u>	<u>\$ (292,019)</u>	<u>\$ 2,111,205</u>	<u>\$ 968,587</u>	<u>\$ 31,503,250</u>

For the Fiscal Year Ended June 30, 2004

	Workers' Compensation and Safety	Insurance Examination	Gaming Investigative	Forestry Nurseries
Cash flows from operating activities				
Receipts from customers and users	\$ 32,646,885	\$ 3,231,693	\$ 9,056,203	\$ 189,884
Receipts for interfund services provided	98,996	-	-	67,899
Receipts from component units	-	-	-	-
Receipts of principal on loans and notes	-	-	-	-
Receipts of interest on loans and notes	-	-	-	-
Payments to suppliers, other governments and beneficiaries	(7,227,771)	(2,373,473)	(1,062,791)	(129,108)
Payments to employees	(12,690,014)	-	-	(184,275)
Payments for interfund services used	(890,484)	(119,626)	(69,080)	(36,620)
Payments to component units	(92)	-	-	-
Purchase of loans and notes	-	-	-	-
Net cash provided by (used for) operating activities	<u>11,937,520</u>	<u>738,594</u>	<u>7,924,332</u>	<u>(92,220)</u>
Cash flows from noncapital financing activities				
Grant receipts	1,830,303	-	-	221,887
Transfers from other funds	-	-	13,665	6,974
Transfers to other funds	(9,431,140)	(723,221)	(7,145,063)	(114,663)
Other noncapital financing activities	-	-	-	-
Net cash provided by (used for) noncapital financing activities	<u>(7,600,837)</u>	<u>(723,221)</u>	<u>(7,131,398)</u>	<u>114,198</u>
Cash flows from capital and related financing activities				
Purchase of capital assets	-	-	-	-
Principal paid on capital debt	-	-	-	-
Net cash provided by (used for) capital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash flows from investing activities				
Interest and dividends received	286,019	-	-	-
Net cash provided by (used for) investing activities	<u>286,019</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net increase (decrease) in cash	4,622,702	15,373	792,934	21,978
Cash and cash equivalents, July 1	19,555,973	494,686	5,612,346	252,294
Cash and cash equivalents, June 30	<u>\$ 24,178,675</u>	<u>\$ 510,059</u>	<u>\$ 6,405,280</u>	<u>\$ 274,272</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities				
Operating income (loss)	\$ 11,417,688	\$ 745,730	\$ 7,624,934	\$ (110,146)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities				
Depreciation	181,482	-	-	2,002
Decrease (increase) in loans and notes receivable	-	-	-	-
Decrease (increase) in accrued interest and receivables	361,097	78,844	(15,649)	(4,670)
Decrease (increase) in inventory, deferred charges, other assets	(21,330)	-	-	35,547
Increase (decrease) in accounts payable, accruals, other liabilities	(1,417)	(85,980)	315,047	(14,953)
Total adjustments	<u>519,832</u>	<u>(7,136)</u>	<u>299,398</u>	<u>17,926</u>
Net cash provided by (used for) operating activities	<u>\$ 11,937,520</u>	<u>\$ 738,594</u>	<u>\$ 7,924,332</u>	<u>\$ (92,220)</u>
Noncash investing, capital and financing activities				
Interest/dividends on investments accrued	\$ 86,229	\$ -	\$ -	\$ -
Change in fair value of investments	(261,885)	-	-	-

Prison Industry	Nevada Magazine	WICHE Student Loans	Marlette Lake Water System	Total
\$ 3,316,833	\$ 1,052,634	\$ 1,156	\$ 222,703	\$ 49,717,991
2,327,332	603,089	-	223,716	3,321,032
9,137	-	1,634	-	10,771
-	-	408,513	-	408,513
-	-	120,112	-	120,112
(2,174,548)	(975,746)	(939,018)	(148,214)	(15,030,669)
(1,610,215)	(647,475)	-	(116,278)	(15,248,257)
(1,917,284)	(186,284)	-	(46,999)	(3,266,377)
-	(2,088)	(278,264)	(2,075)	(282,519)
-	-	(175,246)	-	(175,246)
<u>(48,745)</u>	<u>(155,870)</u>	<u>(861,113)</u>	<u>132,853</u>	<u>19,575,351</u>
-	-	-	-	2,052,190
-	125,000	673,623	-	819,262
-	-	-	-	(17,414,087)
-	-	198,000	-	198,000
<u>-</u>	<u>125,000</u>	<u>871,623</u>	<u>-</u>	<u>(14,344,635)</u>
(304,985)	-	-	-	(304,985)
-	-	-	(10,512)	(10,512)
<u>(304,985)</u>	<u>-</u>	<u>-</u>	<u>(10,512)</u>	<u>(315,497)</u>
4,875	-	-	-	290,894
<u>4,875</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>290,894</u>
(348,855)	(30,870)	10,510	122,341	5,206,113
1,559,867	71,637	193,852	37,001	27,777,656
<u>\$ 1,211,012</u>	<u>\$ 40,767</u>	<u>\$ 204,362</u>	<u>\$ 159,342</u>	<u>\$ 32,983,769</u>
\$ (118,848)	\$ 311,184	\$ (1,098,944)	\$ 109,332	\$ 18,880,930
117,433	-	-	45,907	346,824
-	-	221,182	-	221,182
(70,911)	(175,386)	16,649	(33,114)	156,860
89,036	15,467	-	(16,287)	102,433
(65,455)	(307,135)	-	27,015	(132,878)
<u>70,103</u>	<u>(467,054)</u>	<u>237,831</u>	<u>23,521</u>	<u>694,421</u>
<u>\$ (48,745)</u>	<u>\$ (155,870)</u>	<u>\$ (861,113)</u>	<u>\$ 132,853</u>	<u>\$ 19,575,351</u>
\$ 3,670	\$ -	\$ -	\$ -	\$ 89,899
(22,856)	-	-	-	(284,741)

Internal Service Funds

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

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

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

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

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

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

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

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

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

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

June 30, 2004

	Self-Insurance	Buildings and Grounds	Motor Pool	Communications
Assets				
Current assets:				
<i>Cash and pooled investments:</i>				
Cash with treasurer	\$ 47,720,006	\$ 4,347,211	\$ 959,761	\$ 152,338
Cash in custody of other officials	1,145,798	-	-	-
Collateral on loaned securities	34,192,794	-	-	-
<i>Receivables:</i>				
Accounts receivable	541,282	18,375	3,684	177
Intergovernmental receivables	263,510	-	1,491	4,571
Due from other funds	1,939,363	284,774	355,925	570,618
Due from fiduciary funds	-	-	49	741
Due from component unit	909,200	-	18,080	445
Inventory	-	-	-	-
Prepaid expenses	62,743	-	-	-
Total current assets	86,774,696	4,650,360	1,338,990	728,890
Noncurrent assets:				
Notes receivable	-	-	-	-
<i>Capital assets:</i>				
Land	-	20,400	-	-
Buildings	-	2,268,068	1,037,144	-
Improvements other than buildings	-	291,216	-	422,451
Furniture and equipment	1,110,707	612,284	12,396,543	854,458
Construction in progress	-	-	-	-
Less accumulated depreciation	(1,068,412)	(1,749,229)	(9,739,310)	(575,401)
Software costs, net	-	-	-	-
Total noncurrent assets	42,295	1,442,739	3,694,377	701,508
Total assets	86,816,991	6,093,099	5,033,367	1,430,398
Liabilities				
Current liabilities:				
<i>Accounts payable and accruals:</i>				
Accounts payable	1,606,382	633,073	129,380	21,206
Accrued payroll and related liabilities	100,248	272,476	37,913	79,239
Intergovernmental payables	-	2,659	-	-
Obligations under securities lending	34,192,794	-	-	-
Due to other funds	17,627	239,451	144,464	55,760
Due to fiduciary funds	-	4,056	818	-
Due to component unit	-	-	-	-
Deferred revenues	49,988	-	-	-
<i>Short-term portion of long-term liabilities:</i>				
Compensated absences	76,113	279,549	45,573	41,058
Obligations under capital leases	-	-	-	-
Total current liabilities	36,043,152	1,431,264	358,148	197,263
Noncurrent liabilities:				
<i>Advances:</i>				
Advances from general fund	-	875,877	195,457	253,475
Advances from special revenue fund	-	-	11,070	-
Advances from debt service fund	-	-	-	-
Reserve for losses	19,209,246	-	-	-
Compensated absences	25,960	185,134	27,752	14,581
Bonds payable	-	-	-	-
Obligations under capital leases	-	-	-	-
Total noncurrent liabilities	19,235,206	1,061,011	234,279	268,056
Total liabilities	55,278,358	2,492,275	592,427	465,319
Net Assets				
Invested in capital assets, net of related debt	42,295	631,628	3,434,439	426,911
Unrestricted (deficit)	31,496,338	2,969,196	1,006,501	538,168
Total net assets	\$ 31,538,633	\$ 3,600,824	\$ 4,440,940	\$ 965,079

<u>Insurance Premiums</u>	<u>Administrative Services</u>	<u>Personnel</u>	<u>Purchasing</u>	<u>Information Services</u>	<u>Printing</u>	<u>Total</u>
\$ 9,721,081	\$ 247,469	\$ 1,706,335	\$ 387,048	\$ 5,470,664	\$ 1,208,393	\$ 71,920,306
-	-	-	-	200	-	1,145,998
-	-	-	-	-	-	34,192,794
10,200	-	2,205	44,932	35,387	4,102	660,344
-	-	-	59,278	-	89,000	417,850
129,445	43,421	105,234	29,637	5,999,092	879,015	10,336,524
-	-	-	-	242	-	1,032
95,318	-	3,978	4,381	3,142	47	1,034,591
-	-	-	413,233	16,203	208,298	637,734
542,662	-	-	-	-	-	605,405
<u>10,498,706</u>	<u>290,890</u>	<u>1,817,752</u>	<u>938,509</u>	<u>11,524,930</u>	<u>2,388,855</u>	<u>120,952,578</u>
154,400	-	-	-	-	-	154,400
-	-	-	95,554	15,000	-	130,954
-	-	-	140,000	5,252,501	946,025	9,643,738
-	-	-	-	-	-	713,667
30,787	57,576	322,299	438,014	38,635,962	2,990,096	57,448,726
-	-	-	-	1,677,362	182,642	1,860,004
(28,832)	(41,104)	(287,883)	(526,469)	(32,476,666)	(3,135,346)	(49,628,652)
-	-	9,806,103	-	-	-	9,806,103
<u>156,355</u>	<u>16,472</u>	<u>9,840,519</u>	<u>147,099</u>	<u>13,104,159</u>	<u>983,417</u>	<u>30,128,940</u>
<u>10,655,061</u>	<u>307,362</u>	<u>11,658,271</u>	<u>1,085,608</u>	<u>24,629,089</u>	<u>3,372,272</u>	<u>151,081,518</u>
1,790,946	782	84,831	55,959	641,165	32,616	4,996,340
36,547	59,846	314,204	91,689	820,009	47,125	1,859,296
-	-	-	-	-	-	2,659
-	-	-	-	-	-	34,192,794
32,231	757	1,553,675	115,976	1,078,598	33,636	3,272,175
54	-	496	-	1,801	-	7,225
2,756	-	1,123	-	-	-	3,879
-	-	-	-	-	-	49,988
31,872	44,012	279,221	92,107	807,619	75,340	1,772,464
-	-	-	-	787,400	67,934	855,334
<u>1,894,406</u>	<u>105,397</u>	<u>2,233,550</u>	<u>355,731</u>	<u>4,136,592</u>	<u>256,651</u>	<u>47,012,154</u>
-	-	9,579,003	219,416	2,551,967	-	13,675,195
-	-	-	-	-	-	11,070
-	-	-	-	3,056,201	-	3,056,201
37,581,839	-	-	-	-	-	56,791,085
15,277	25,907	167,638	70,519	416,844	49,771	999,383
-	-	-	-	3,187,381	-	3,187,381
-	-	-	-	2,726,801	145,398	2,872,199
<u>37,597,116</u>	<u>25,907</u>	<u>9,746,641</u>	<u>289,935</u>	<u>11,939,194</u>	<u>195,169</u>	<u>80,592,514</u>
<u>39,491,522</u>	<u>131,304</u>	<u>11,980,191</u>	<u>645,666</u>	<u>16,075,786</u>	<u>451,820</u>	<u>127,604,668</u>
1,955	16,472	-	91,098	3,918,457	770,085	9,333,340
(28,838,416)	159,586	(321,920)	348,844	4,634,846	2,150,367	14,143,510
<u>\$ (28,836,461)</u>	<u>\$ 176,058</u>	<u>\$ (321,920)</u>	<u>\$ 439,942</u>	<u>\$ 8,553,303</u>	<u>\$ 2,920,452</u>	<u>\$ 23,476,850</u>

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

State
of
Nevada

For the Fiscal Year Ended June 30, 2004

	Self-Insurance	Buildings and Grounds	Motor Pool	Communications
Operating Revenues				
Net premium income	\$ 198,198,711	\$ -	\$ -	\$ -
Sales	-	-	13,230	-
Charges for services	-	1,020,262	-	6,494,264
Rental income	-	13,782,177	3,623,137	-
Other	1,984,423	6,529	12,750	-
Total operating revenues	200,183,134	14,808,968	3,649,117	6,494,264
Operating Expenses				
Salaries and benefits	1,587,826	4,537,608	716,252	954,855
Operating	2,495,984	8,463,229	1,328,044	5,486,653
Claims expense	120,157,320	-	-	-
Materials or supplies used	-	-	428,704	-
Depreciation	49,750	76,208	1,392,652	87,721
Amortization	-	-	-	-
Insurance premiums	29,948,901	-	-	-
Total operating expenses	154,239,781	13,077,045	3,865,652	6,529,229
Operating income (loss)	45,943,353	1,731,923	(216,535)	(34,965)
Nonoperating Revenues (Expenses)				
Interest and investment income	752,650	-	-	-
Interest expense	(150,015)	-	-	(1,280)
Gain (loss) on disposal of assets	-	(6,856)	(18,595)	(5,672)
Total nonoperating revenues (expenses)	602,635	(6,856)	(18,595)	(6,952)
Income (loss) before transfers	46,545,988	1,725,067	(235,130)	(41,917)
Transfers				
Transfers in	-	147,478	-	-
Transfers out	-	(88,954)	-	-
Change in net assets	46,545,988	1,783,591	(235,130)	(41,917)
Net assets, July 1	(15,007,355)	1,817,233	4,676,070	1,006,996
Net assets, June 30	\$ 31,538,633	\$ 3,600,824	\$ 4,440,940	\$ 965,079

Insurance Premiums	Administrative Services	Personnel	Purchasing	Information Services	Printing	Total
\$ 26,111,863	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 224,310,574
-	-	-	892,269	-	3,490,412	4,395,911
-	1,227,831	9,833,600	2,094,057	24,844,255	-	45,514,269
-	-	-	3,626	467,527	-	17,876,467
24,015	-	28,132	72,599	-	-	2,128,448
<u>26,135,878</u>	<u>1,227,831</u>	<u>9,861,732</u>	<u>3,062,551</u>	<u>25,311,782</u>	<u>3,490,412</u>	<u>294,225,669</u>
618,817	1,031,024	5,232,135	1,626,152	13,546,246	1,568,650	31,419,565
1,581,128	288,472	2,900,187	734,002	10,572,364	621,364	34,471,427
5,279,656	-	-	-	-	-	125,436,976
-	-	-	715,448	-	844,582	1,988,734
2,092	5,156	15,304	11,522	2,654,884	278,612	4,573,901
-	-	1,532,381	-	-	-	1,532,381
4,464,788	-	-	-	-	-	34,413,689
<u>11,946,481</u>	<u>1,324,652</u>	<u>9,680,007</u>	<u>3,087,124</u>	<u>26,773,494</u>	<u>3,313,208</u>	<u>233,836,673</u>
<u>14,189,397</u>	<u>(96,821)</u>	<u>181,725</u>	<u>(24,573)</u>	<u>(1,461,712)</u>	<u>177,204</u>	<u>60,388,996</u>
-	-	-	-	-	-	752,650
-	-	-	(10,494)	(151,240)	(16,091)	(329,120)
-	-	-	1,700	(4,724)	(3,413)	(37,560)
-	-	-	(8,794)	(155,964)	(19,504)	385,970
<u>14,189,397</u>	<u>(96,821)</u>	<u>181,725</u>	<u>(33,367)</u>	<u>(1,617,676)</u>	<u>157,700</u>	<u>60,774,966</u>
-	-	-	-	30,524	1,330,481	1,508,483
(250,000)	-	-	-	-	-	(338,954)
<u>13,939,397</u>	<u>(96,821)</u>	<u>181,725</u>	<u>(33,367)</u>	<u>(1,587,152)</u>	<u>1,488,181</u>	<u>61,944,495</u>
<u>(42,775,858)</u>	<u>272,879</u>	<u>(503,645)</u>	<u>473,309</u>	<u>10,140,455</u>	<u>1,432,271</u>	<u>(38,467,645)</u>
<u>\$ (28,836,461)</u>	<u>\$ 176,058</u>	<u>\$ (321,920)</u>	<u>\$ 439,942</u>	<u>\$ 8,553,303</u>	<u>\$ 2,920,452</u>	<u>\$ 23,476,850</u>

For the Fiscal Year Ended June 30, 2004

	Self- Insurance	Buildings and Grounds	Motor Pool	Communications
Cash flows from operating activities				
Receipts from customers and users	\$ 12,703,551	\$ 131,974	\$ 27,709	\$ 89,416
Receipts for interfund services provided	119,069,734	14,554,659	3,482,191	6,249,775
Receipts from component units	66,028,470	-	121,281	7,493
Payments to suppliers, other governments and beneficiaries	(153,120,110)	(7,549,200)	(1,217,715)	(5,246,121)
Payments to employees	(1,378,692)	(4,269,868)	(691,029)	(906,114)
Payments for interfund services used	(637,353)	(915,233)	(589,753)	(300,256)
Payments to component units	-	(24)	(119)	-
Net cash provided by (used for) operating activities	<u>42,665,600</u>	<u>1,952,308</u>	<u>1,132,565</u>	<u>(105,807)</u>
Cash flows from noncapital financing activities				
Transfers from other funds	12,193	133,295	-	-
Transfers to other funds	-	(46,497)	(70,063)	-
Other noncapital financing activities	-	-	109	-
Net cash provided by (used for) noncapital financing activities	<u>12,193</u>	<u>86,798</u>	<u>(69,954)</u>	<u>-</u>
Cash flows from capital and related financing activities				
Proceeds from sale of capital assets	-	-	125,010	-
Purchase of capital assets	(14,172)	(6,358)	(1,648,509)	-
Principal paid on capital debt	-	(97,420)	(53,411)	(58,544)
Interest paid on capital debt	-	-	-	(1,280)
Net cash provided by (used for) capital and related financing activities	<u>(14,172)</u>	<u>(103,778)</u>	<u>(1,576,910)</u>	<u>(59,824)</u>
Cash flows from investing activities				
Interest and dividends received	467,741	-	-	-
Net cash provided by (used for) investing activities	<u>467,741</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net increase (decrease) in cash	43,131,362	1,935,328	(514,299)	(165,631)
Cash and cash equivalents, July 1	5,734,442	2,411,883	1,474,060	317,969
Cash and cash equivalents, June 30	<u>\$ 48,865,804</u>	<u>\$ 4,347,211</u>	<u>\$ 959,761</u>	<u>\$ 152,338</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities				
Operating income (loss)	\$ 45,943,353	\$ 1,731,923	\$ (216,535)	\$ (34,965)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities				
Depreciation	49,750	76,208	1,392,652	87,721
Amortization	-	-	-	-
Decrease (increase) in accrued interest and receivables	(2,413,982)	(122,335)	(17,936)	(147,580)
Decrease (increase) in inventory, deferred charges, other assets	(61,718)	-	-	-
Increase (decrease) in accounts payable, accruals, other liabilities	(851,803)	266,512	(25,616)	(10,983)
Total adjustments	<u>(3,277,753)</u>	<u>220,385</u>	<u>1,349,100</u>	<u>(70,842)</u>
Net cash provided by (used for) operating activities	<u>\$ 42,665,600</u>	<u>\$ 1,952,308</u>	<u>\$ 1,132,565</u>	<u>\$ (105,807)</u>
Noncash investing, capital and financing activities				
Property and intangible assets leased, accrued or acquired	\$ -	\$ -	\$ -	\$ -
Construction completed or in progress	-	-	-	-
Interest/dividends on investments accrued	177,979	-	-	-
Change in fair value of investments	97,397	-	-	-

Insurance Premiums	Administrative Services	Personnel	Purchasing	Information Services	Printing	Total
\$ 6,553	\$ -	\$ 6,160	\$ 119,623	\$ 503,784	\$ 106,447	\$ 13,695,217
25,034,970	1,184,410	8,933,636	3,344,767	25,706,734	3,384,262	210,945,138
984,490	-	815,603	13,356	-	1,446	67,972,139
(18,680,259)	(8,307)	(1,112,684)	(868,133)	(10,345,103)	(1,447,925)	(199,595,557)
(577,995)	(988,990)	(5,035,959)	(1,522,846)	(13,378,818)	(1,451,814)	(30,202,125)
(248,193)	(325,200)	(2,032,209)	(1,141,607)	(1,783,065)	(141,500)	(8,114,369)
(13,973)	-	(1,444)	-	(62,127)	(948)	(78,635)
<u>6,505,593</u>	<u>(138,087)</u>	<u>1,573,103</u>	<u>(54,840)</u>	<u>641,405</u>	<u>449,968</u>	<u>54,621,808</u>
-	-	-	-	-	-	145,488
(375,000)	-	-	(30,504)	(2,021,440)	-	(2,543,504)
-	-	-	-	-	-	109
<u>(375,000)</u>	<u>-</u>	<u>-</u>	<u>(30,504)</u>	<u>(2,021,440)</u>	<u>-</u>	<u>(2,397,907)</u>
-	-	-	1,700	-	-	126,710
-	(7,459)	(10,554)	-	-	(5,205)	(1,692,257)
-	-	(1,441,807)	(16,722)	(1,728,893)	(55,574)	(3,452,371)
-	-	-	(10,494)	(151,240)	(16,220)	(179,234)
<u>-</u>	<u>(7,459)</u>	<u>(1,452,361)</u>	<u>(25,516)</u>	<u>(1,880,133)</u>	<u>(76,999)</u>	<u>(5,197,152)</u>
-	-	-	-	-	-	467,741
-	-	-	-	-	-	467,741
6,130,593	(145,546)	120,742	(110,860)	(3,260,168)	372,969	47,494,490
3,590,488	393,015	1,585,593	497,908	8,731,032	835,424	25,571,814
<u>\$ 9,721,081</u>	<u>\$ 247,469</u>	<u>\$ 1,706,335</u>	<u>\$ 387,048</u>	<u>\$ 5,470,864</u>	<u>\$ 1,208,393</u>	<u>\$ 73,066,304</u>
<u>\$ 14,189,397</u>	<u>\$ (96,821)</u>	<u>\$ 181,725</u>	<u>\$ (24,573)</u>	<u>\$ (1,461,712)</u>	<u>\$ 177,204</u>	<u>\$ 60,388,996</u>
2,092	5,156	15,304	11,522	2,654,884	278,612	4,573,901
-	-	1,532,381	-	-	-	1,532,381
(114,865)	(43,421)	(106,333)	415,195	898,736	1,742	(1,650,779)
560,308	-	-	(73,953)	(2,008,812)	10,026	(1,574,149)
(8,131,339)	(3,001)	(49,974)	(383,031)	558,309	(17,616)	(8,648,542)
<u>(7,683,804)</u>	<u>(41,266)</u>	<u>1,391,378</u>	<u>(30,267)</u>	<u>2,103,117</u>	<u>272,764</u>	<u>(5,767,188)</u>
<u>\$ 6,505,593</u>	<u>\$ (138,087)</u>	<u>\$ 1,573,103</u>	<u>\$ (54,840)</u>	<u>\$ 641,405</u>	<u>\$ 449,968</u>	<u>\$ 54,621,808</u>
\$ -	\$ -	\$ -	\$ -	\$ 1,912,197	\$ 51,165	\$ 1,963,362
-	-	-	-	865,674	129,273	994,947
-	-	-	-	-	-	177,979
-	-	-	-	-	-	97,397

Fiduciary Funds

Pension Trust

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

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

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

Investment Trust

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

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

Private-Purpose Trust

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).

Prisoners' Personal Property Accounts for personal property held in trust for prisoners pending their release (NRS 209.241).

Agency

Intergovernmental Accounts for taxes and fees, such as sales and use, property tax and motor vehicle privilege tax, collected by the Department of Taxation on behalf of local governments (NRS 353.254).

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

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

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

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

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

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

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

June 30, 2004

Pension Trust Funds

	Public Employees' Retirement	Legislators' Retirement	Judicial Retirement	Total
Assets				
<i>Cash and pooled investments:</i>				
Cash with treasurer	\$ -	\$ -	\$ -	\$ -
Cash in custody of other officials	308,139,868	14,456	85,911	308,240,235
<i>Investments:</i>				
Investments	-	-	-	-
Fixed income securities	5,012,020,852	1,808,991	6,874,774	5,020,704,617
Marketable equity securities	6,781,380,863	2,259,381	8,504,895	6,792,145,139
International securities	3,236,055,118	-	-	3,236,055,118
Mortgage loans	54,307	-	-	54,307
Real estate	990,503,124	-	-	990,503,124
Alternative investments	154,938,930	-	-	154,938,930
Collateral on loaned securities	1,510,984,488	-	-	1,510,984,488
<i>Receivables:</i>				
Accounts receivable	-	-	-	-
Accrued interest and dividends	79,004,109	11,971	52,740	79,068,820
Trades pending settlement	375,987,937	48,165	64,334	376,100,436
Intergovernmental receivables	55,600,199	-	140,532	55,740,731
Due from other funds	1,171,884	-	-	1,171,884
Due from fiduciary funds	10,706,043	-	-	10,706,043
Other assets	743,335	-	-	743,335
Furniture and equipment	24,158,482	-	-	24,158,482
Accumulated depreciation	(18,119,629)	-	-	(18,119,629)
Total assets	18,523,329,910	4,142,964	15,723,186	18,543,196,060
Liabilities				
<i>Accounts payable and accruals:</i>				
Accounts payable	8,406,156	440	1,499	8,408,095
Intergovernmental payables	-	-	-	-
Trades pending settlement	993,752,123	39,406	108,281	993,899,810
Obligations under securities lending	1,510,984,488	-	-	1,510,984,488
Due to other funds	462	-	-	462
Due to fiduciary funds	-	-	-	-
Due to component units	-	-	-	-
Advances from general fund	-	-	-	-
Other liabilities	-	62,587	-	62,587
Total liabilities	2,513,143,229	102,433	109,780	2,513,355,442
Net Assets				
<i>Held in trust for:</i>				
Employees' pension benefits	16,010,186,681	4,040,531	15,613,406	16,029,840,618
Individuals, organizations and other governments	-	-	-	-
Total net assets	\$ 16,010,186,681	\$ 4,040,531	\$ 15,613,406	\$ 16,029,840,618

Investment Trust Funds			Private-Purpose Trust Funds		
Local Government Investment Pool	Nevada Enhanced Savings Term	Total	Higher Education Tuition Trust	Prisoners' Personal Property	Total
\$ 837	\$ 9,397	\$ 10,234	\$ 105,028	\$ 3,046,832	\$ 3,151,860
-	-	-	-	-	-
471,992,605	157,326,257	629,318,862	63,174,264	-	63,174,264
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
55,033,517	-	55,033,517	27,217	-	27,217
-	-	-	2,537	3,889	6,426
1,847,560	793,580	2,641,140	291,413	-	291,413
-	-	-	-	-	-
-	-	-	-	91,568	91,568
-	-	-	1,961	231,644	233,605
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>528,874,519</u>	<u>158,129,234</u>	<u>687,003,753</u>	<u>63,602,420</u>	<u>3,373,933</u>	<u>66,976,353</u>
-	-	-	26,774	20,441	47,215
448,904	-	448,904	-	3,594	3,594
-	-	-	-	-	-
55,033,517	-	55,033,517	27,217	-	27,217
1,803	9,397	11,200	14,180	325,707	339,887
-	-	-	-	18,289	18,289
-	-	-	9,680	-	9,680
-	-	-	3,673,590	-	3,673,590
-	-	-	-	-	-
<u>55,484,224</u>	<u>9,397</u>	<u>55,493,621</u>	<u>3,751,441</u>	<u>368,031</u>	<u>4,119,472</u>
-	-	-	-	-	-
473,390,295	158,119,837	631,510,132	59,850,979	3,005,902	62,856,881
<u>\$ 473,390,295</u>	<u>\$ 158,119,837</u>	<u>\$ 631,510,132</u>	<u>\$ 59,850,979</u>	<u>\$ 3,005,902</u>	<u>\$ 62,856,881</u>

Combining Statement of Changes in Fiduciary Net Assets
Pension Trust, Investment Trust and Private-Purpose Trust Funds

State
of
Nevada

For the Fiscal Year Ended June 30, 2004

	Pension Trust Funds			
	Public Employees' Retirement	Legislators' Retirement	Judicial Retirement	Total
Additions				
<i>Contributions:</i>				
Employer	\$ 808,344,995	\$ 176,508	\$ 3,279,008	\$ 811,800,511
Plan members	61,079,957	33,930	-	61,113,887
Participants	-	-	-	-
Repayment and purchase of service	43,353,216	-	539,716	43,892,932
Total contributions	912,778,168	210,438	3,818,724	916,807,330
<i>Investment income:</i>				
Net increase (decrease) in fair value of investments	1,251,451,013	327,875	1,142,578	1,252,921,466
Interest, dividends	388,033,498	84,174	290,975	388,408,647
Securities lending income	19,040,124	-	-	19,040,124
Other	81,211,461	-	-	81,211,461
	1,739,736,096	412,049	1,433,553	1,741,581,698
Less investment expense:				
Cost of securities lending	(13,990,481)	-	-	(13,990,481)
Other	(24,884,697)	(924)	(4,937)	(24,890,558)
Net investment income	1,700,860,918	411,125	1,428,616	1,702,700,659
<i>Other:</i>				
Investment from local governments	-	-	-	-
Reinvestment from interest income	-	-	-	-
Sales and charges for services	-	-	-	-
Other	2,086,298	36,126	5,138	2,127,562
Total other	2,086,298	36,126	5,138	2,127,562
Total additions	2,615,725,384	657,689	5,252,478	2,621,635,551
Deductions				
Principal redeemed	-	-	-	-
Benefit payments	657,622,497	378,197	1,772,429	659,773,123
Refunds	12,116,351	-	-	12,116,351
Dividends to investors	-	-	-	-
Administrative expense	9,794,537	33,048	54,420	9,882,005
Total deductions	679,533,385	411,245	1,826,849	681,771,479
Change in net assets	1,936,191,999	246,444	3,425,629	1,939,864,072
Net assets, July 1	14,073,994,682	3,794,087	12,187,777	14,089,976,546
Net assets, June 30	\$ 16,010,186,681	\$ 4,040,531	\$ 15,613,406	\$ 16,029,840,618

Investment Trust Funds			Private-Purpose Trust Funds		
Local Government Investment Pool	Nevada Enhanced Savings Term	Total	Higher Education Tuition Trust	Prisoners' Personal Property	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	10,177,410	13,363,847	23,541,257
-	-	-	-	-	-
-	-	-	10,177,410	13,363,847	23,541,257
(1,096,210)	(4,507,084)	(5,603,294)	4,454,982	-	4,454,982
5,668,856	4,990,256	10,659,112	1,881,516	-	1,881,516
810,947	-	810,947	4,375	-	4,375
-	-	-	-	-	-
5,383,593	483,172	5,866,765	6,340,873	-	6,340,873
(771,620)	-	(771,620)	(3,882)	-	(3,882)
-	(243,628)	(243,628)	-	-	-
4,611,973	239,544	4,851,517	6,336,991	-	6,336,991
989,919,472	100,000,000	1,089,919,472	-	-	-
5,308,889	-	5,308,889	-	-	-
-	-	-	19,622	-	19,622
-	-	-	63,000	-	63,000
995,228,361	100,000,000	1,095,228,361	82,622	-	82,622
999,840,334	100,239,544	1,100,079,878	16,597,023	13,363,847	29,960,870
1,023,864,472	-	1,023,864,472	-	-	-
-	-	-	489,321	13,101,575	13,590,896
-	-	-	650,988	-	650,988
5,678,407	-	5,678,407	-	-	-
28,805	2,400	31,205	500,560	718	501,278
1,029,571,684	2,400	1,029,574,084	1,640,869	13,102,293	14,743,162
(29,731,350)	100,237,144	70,505,794	14,956,154	261,554	15,217,708
503,121,645	57,882,693	561,004,338	44,894,825	2,744,348	47,639,173
\$ 473,390,295	\$ 158,119,837	\$ 631,510,132	\$ 59,850,979	\$ 3,005,902	\$ 62,856,881

June 30, 2004

	<u>Intergovernmental</u>	<u>State Agency Fund for Bonds</u>	<u>Motor Vehicle</u>	<u>Child Support Disbursement</u>
Assets				
<i>Cash and pooled investments:</i>				
Cash with treasurer	\$ 18,746,498	\$ 33,881,181	\$ 20,990,635	\$ -
Cash in custody of other officials	-	76,145,115	2,687,240	3,629,818
Investments	-	103,520,817	-	-
Collateral on loaned securities	1,208,600	-	-	-
<i>Receivables:</i>				
Taxes receivable	11,072,193	-	-	-
Other receivables	-	-	37,051,425	-
Due from other funds	364,338,247	1,539,673	821,219	-
Due from fiduciary funds	12,054,310	-	-	676
Total assets	<u>\$ 407,419,848</u>	<u>\$ 215,086,786</u>	<u>\$ 61,550,519</u>	<u>\$ 3,630,494</u>
Liabilities				
<i>Accounts payable and accruals:</i>				
Accrued payroll and related liabilities	\$ -	\$ -	\$ -	\$ -
Intergovernmental payables	406,211,248	-	45,047,680	-
Obligations under securities lending	1,208,600	-	-	-
Due to fiduciary funds	-	-	12,054,310	-
<i>Other liabilities:</i>				
Deposits	-	215,048,498	4,448,529	-
Other liabilities	-	38,288	-	3,630,494
Total liabilities	<u>\$ 407,419,848</u>	<u>\$ 215,086,786</u>	<u>\$ 61,550,519</u>	<u>\$ 3,630,494</u>

<u>Child Welfare Trust</u>	<u>Restitution Trust</u>	<u>Veterans Custodial</u>	<u>State Payroll</u>	<u>Total</u>
\$ 998,653	\$ 3,156,859	\$ 1,575,781	\$ 10,715,687	\$ 90,065,294
-	-	-	-	82,462,173
-	-	-	-	103,520,817
838,510	-	877,879	-	2,924,989
-	-	-	-	11,072,193
41,755	-	-	-	37,093,180
6,562	1,773	6,705	68,333	366,782,512
-	17,613	-	-	12,072,599
<u>\$ 1,885,480</u>	<u>\$ 3,176,245</u>	<u>\$ 2,460,365</u>	<u>\$ 10,784,020</u>	<u>\$ 705,993,757</u>
\$ -	\$ -	\$ -	\$ 4,430	\$ 4,430
94,303	-	-	-	451,353,231
838,510	-	877,879	-	2,924,989
-	-	-	10,706,043	22,760,353
-	-	-	-	219,497,027
952,667	3,176,245	1,582,486	73,547	9,453,727
<u>\$ 1,885,480</u>	<u>\$ 3,176,245</u>	<u>\$ 2,460,365</u>	<u>\$ 10,784,020</u>	<u>\$ 705,993,757</u>

Combining Statement of Changes in Assets and Liabilities Agency Funds

State
of
Nevada

For the Fiscal Year Ended June 30, 2004

	Balance July 1, 2003	Additions	Deletions	Balance June 30, 2004
Intergovernmental				
Assets				
Cash with treasurer	\$ 6,894,806	\$ 2,310,380,144	\$ 2,298,528,452	\$ 18,746,498
Collateral on loaned securities	1,738,791	1,208,600	1,738,791	1,208,600
Taxes receivable	8,371,491	43,322,124	40,621,422	11,072,193
Intergovernmental receivables	7,365,268	-	7,365,268	-
Due from other funds	302,813,963	364,338,247	302,813,963	364,338,247
Due from fiduciary funds	10,363,810	12,054,310	10,363,810	12,054,310
Total assets	\$ 337,548,129	\$ 2,731,303,425	\$ 2,661,431,706	\$ 407,419,848
Liabilities				
Intergovernmental payables	\$ 335,809,338	\$ 2,767,351,741	\$ 2,696,949,831	\$ 406,211,248
Obligations under securities lending	1,738,791	1,208,600	1,738,791	1,208,600
Total liabilities	\$ 337,548,129	\$ 2,768,560,341	\$ 2,698,688,622	\$ 407,419,848
State Agency Fund for Bonds				
Assets				
Cash with treasurer	\$ 30,310,356	\$ 16,298,908	\$ 12,728,083	\$ 33,881,181
Cash in custody of other officials	68,118,031	20,576,171	12,549,087	76,145,115
Investments	93,293,233	33,385,924	23,158,340	103,520,817
Due from other funds	1,306,496	1,539,673	1,306,496	1,539,673
Total assets	\$ 193,028,116	\$ 71,800,676	\$ 49,742,006	\$ 215,086,786
Liabilities				
Deposits	\$ 192,990,982	\$ 68,524,520	\$ 46,467,004	\$ 215,048,498
Other liabilities	37,134	1,511	357	38,288
Total liabilities	\$ 193,028,116	\$ 68,526,031	\$ 46,467,361	\$ 215,086,786
Motor Vehicle				
Assets				
Cash with treasurer	\$ 23,800,993	\$ 1,000,435,598	\$ 1,003,245,956	\$ 20,990,635
Cash in custody of other officials	2,577,240	112,000	2,000	2,687,240
Other receivables	33,261,589	76,978,069	73,188,233	37,051,425
Due from other funds	1,412,767	779,554	1,371,102	821,219
Total assets	\$ 61,052,589	\$ 1,078,305,221	\$ 1,077,807,291	\$ 61,550,519
Liabilities				
Intergovernmental payables	\$ 46,082,029	\$ 1,102,128,100	\$ 1,103,162,449	\$ 45,047,680
Due to fiduciary funds	10,363,810	12,071,214	10,380,714	12,054,310
Deposits	3,994,865	1,445,114	991,450	4,448,529
Other liabilities	611,885	1,882,637	2,494,522	-
Total liabilities	\$ 61,052,589	\$ 1,117,527,065	\$ 1,117,029,135	\$ 61,550,519
Child Support Disbursement				
Assets				
Cash in custody of other officials	\$ 3,350,122	\$ 132,745,165	\$ 132,465,469	\$ 3,629,818
Other receivables	31,405	-	31,405	-
Due from other funds	43,595	-	43,595	-
Due from fiduciary funds	668	676	668	676
Total assets	\$ 3,425,790	\$ 132,745,841	\$ 132,541,137	\$ 3,630,494
Liabilities				
Other liabilities	\$ 3,425,790	\$ 133,652,196	\$ 133,447,492	\$ 3,630,494
Total liabilities	\$ 3,425,790	\$ 133,652,196	\$ 133,447,492	\$ 3,630,494
Child Welfare Trust				
Assets				
Cash with treasurer	\$ 1,512,524	\$ 1,040,820	\$ 1,554,691	\$ 998,653
Collateral on loaned securities	1,231,999	838,510	1,231,999	838,510
Other receivables	21,673	41,755	21,673	41,755
Due from other funds	14,522	6,562	14,522	6,562
Total assets	\$ 2,780,718	\$ 1,927,647	\$ 2,822,885	\$ 1,885,480
Liabilities				
Intergovernmental payables	\$ 72,675	\$ 94,303	\$ 72,675	\$ 94,303
Obligations under securities lending	1,231,999	838,510	1,231,999	838,510
Other liabilities	1,476,044	1,079,870	1,603,247	952,667
Total liabilities	\$ 2,780,718	\$ 2,012,683	\$ 2,907,921	\$ 1,885,480

	Balance July 1, 2003	Additions	Deletions	Balance June 30, 2004
Restitution Trust				
Assets				
Cash with treasurer	\$ 2,883,903	\$ 4,231,437	\$ 3,958,481	\$ 3,156,859
Due from other funds	1,444	1,773	1,444	1,773
Due from fiduciary funds	8,850	17,613	8,850	17,613
Total assets	\$ 2,894,197	\$ 4,250,823	\$ 3,968,775	\$ 3,176,245
Liabilities				
Other liabilities	\$ 2,894,197	\$ 4,209,109	\$ 3,927,061	\$ 3,176,245
Total liabilities	\$ 2,894,197	\$ 4,209,109	\$ 3,927,061	\$ 3,176,245
Veterans Custodial				
Assets				
Cash with treasurer	\$ 1,582,855	\$ 1,242,440	\$ 1,249,514	\$ 1,575,781
Collateral on loaned securities	1,290,521	877,879	1,290,521	877,879
Due from other funds	15,035	6,705	15,035	6,705
Total assets	\$ 2,888,411	\$ 2,127,024	\$ 2,555,070	\$ 2,460,365
Liabilities				
Obligations under securities lending	\$ 1,290,521	\$ 877,879	\$ 1,290,521	\$ 877,879
Other liabilities	1,597,890	1,319,299	1,334,703	1,582,486
Total liabilities	\$ 2,888,411	\$ 2,197,178	\$ 2,625,224	\$ 2,460,365
State Payroll				
Assets				
Cash with treasurer	\$ 9,629,292	\$ 390,775,111	\$ 389,688,716	\$ 10,715,687
Other receivables	1,117	155	1,272	-
Due from other funds	17,607	68,333	17,607	68,333
Total assets	\$ 9,648,016	\$ 390,843,599	\$ 389,707,595	\$ 10,784,020
Liabilities				
Accrued payroll and related liabilities	\$ 13,499	\$ 244,158,441	\$ 244,167,510	\$ 4,430
Due to fiduciary funds	9,560,949	148,673,935	147,528,841	10,706,043
Other liabilities	73,568	-	21	73,547
Total liabilities	\$ 9,648,016	\$ 392,832,376	\$ 391,696,372	\$ 10,784,020
Totals - All Agency Funds				
Assets				
Cash with treasurer	\$ 76,614,729	\$ 3,724,404,458	\$ 3,710,953,893	\$ 90,065,294
Cash in custody of other officials	74,045,393	153,433,336	145,016,556	82,462,173
Investments	93,293,233	33,385,924	23,158,340	103,520,817
Collateral on loaned securities	4,261,311	2,924,989	4,261,311	2,924,989
Taxes receivable	8,371,491	43,322,124	40,621,422	11,072,193
Intergovernmental receivables	7,365,268	-	7,365,268	-
Other receivables	33,315,784	77,019,979	73,242,583	37,093,180
Due from other funds	305,625,429	366,740,847	305,583,764	366,782,512
Due from fiduciary funds	10,373,328	12,072,599	10,373,328	12,072,599
Total assets	\$ 613,265,966	\$ 4,413,304,256	\$ 4,320,576,465	\$ 705,993,757
Liabilities				
Accrued payroll and related liabilities	\$ 13,499	\$ 244,158,441	\$ 244,167,510	\$ 4,430
Intergovernmental payables	381,964,042	3,869,574,144	3,800,184,955	451,353,231
Obligations under securities lending	4,261,311	2,924,989	4,261,311	2,924,989
Due to fiduciary funds	19,924,759	160,745,149	157,909,555	22,760,353
Deposits	196,985,847	69,969,634	47,458,454	219,497,027
Other liabilities	10,116,508	142,144,622	142,807,403	9,453,727
Total liabilities	\$ 613,265,966	\$ 4,489,516,979	\$ 4,396,789,188	\$ 705,993,757

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

For the Fiscal Year Ended June 30, 2004

	Final Budget	Actual	Variance
	\$ -	\$ 3,280,654	\$ (3,280,654)
General Fund Unbudgeted Activity			
Constitutional Agencies			
Executive Branch			
Office of the Governor	2,798,680	2,464,390	334,290
Mansion Maintenance	275,544	231,978	43,566
Office of Consumer Health Assistance	952,243	697,551	254,692
Nevada Protection Account	1,554,899	1,032,045	522,854
Clark County Flood Relief	15,926,127	2,680,236	13,245,891
Washington Office	267,079	267,079	-
Ethics Commission	346,963	346,919	44
High Level Nuclear Waste	5,767,545	4,997,645	769,900
Lieutenant Governor	496,040	477,630	18,410
Extradition Coordinator	670,950	663,231	7,719
Attorney General Admin Account	20,535,136	19,377,522	1,157,614
Special Fund	2,131,901	1,042,218	1,089,683
AG Workers Compensation Fraud	2,550,367	2,174,732	375,635
Crime Prevention	239,765	225,674	14,091
AG Medicaid Fraud	2,170,133	1,603,704	566,429
Council For Prosecuting Attorneys	225,142	175,402	49,740
Victims of Domestic Violence	3,468,355	1,579,515	1,888,840
Insurance Fraud	1,191,801	903,713	288,088
Secretary of State	10,396,816	9,290,340	1,106,476
HAVA Election Account	5,087,430	3,015,978	2,071,452
Investigations & Enforcements	4,735,656	4,071,956	663,700
Special Services - Secretary of State	5,840,276	3,431,283	2,408,993
State Treasurer	2,022,008	1,749,128	272,880
Silicosis & Disabled Pensions	3,854,653	118,975	3,735,678
Nevada College Savings Trust	447,297	199,389	247,908
Unclaimed Property	794,581	722,757	71,824
Controller General Account	3,895,043	3,606,855	288,188
Judicial Branch			
Admin Office of the Courts	1,881,098	1,315,939	565,159
Divison of Planning & Analysis	706,494	475,487	231,007
Uniform System of Judicial Rec	1,902,601	837,734	1,064,867
Judicial Education	1,079,754	548,821	530,933
District Judges Salary	11,524,036	11,319,872	204,164
District Judge/Surviving Spouse Pension	1,459,900	1,459,900	-
District Judges Travel	375,921	178,565	197,356
Supreme Court	9,733,874	9,269,615	464,259
Supreme Court Rural Drug Court	3,140,276	1,535,196	1,605,080
Retired Justice Duty Fund	594,720	283,144	311,576
Judicial Selection	13,498	13,073	425
Law Library Gift Fund	116,128	7,247	108,881
Law Library	1,408,275	1,382,358	25,917
Judicial Discipline	490,153	442,317	47,836
	<u>133,069,158</u>	<u>96,217,113</u>	<u>36,852,045</u>
Finance & Administration			
Administration			
Construction Education Account	277,970	95,280	182,690
Deferred Compensation	220,905	119,604	101,301
Commission For Women	1,504	-	1,504
Special Appropriations	5,040,711	5,040,711	-
Information Technology Improvement	901,816	842,391	59,425
Information Technology Projects	5,477,480	5,049,859	427,621
Budget and Planning	3,085,067	2,940,190	144,877
Division of Internal Audit	1,935,441	1,710,017	225,424
Graffiti Reward Fund	3,393	-	3,393
Merit Award Board	5,000	3,848	1,152
Controlled Substance Grants	8,796	-	8,796
Clear Creek Youth Center	235,071	82,857	152,214
Commodity Food Program	7,833,706	6,122,683	1,711,023
Roof Maintenance Reserve	819,871	11,925	807,946
Public Works Division	3,485,326	3,422,718	62,608

	Final Budget	Actual	Variance
School Plan Checking	\$ 230,527	\$ 165,143	\$ 65,384
Hearing & Appeals	4,159,969	4,017,792	142,177
State Claims	3,981,643	2,920,147	1,061,496
Emergency Fund	398,534	-	398,534
Statutory Contingency	1,760,090	995,490	764,600
Retired Employee Group Insurance	20,306,891	20,306,891	-
Taxation			
Department of Taxation	21,222,268	19,846,458	1,375,810
Senior Citizen Property Tax Rebate	4,442,917	4,118,920	323,997
Personnel			
Unemployment Compensation Fund	1,499,432	976,787	522,645
	<u>87,334,328</u>	<u>78,789,711</u>	<u>8,544,617</u>
Education			
Education			
Drug Abuse Education	3,415,880	2,499,770	916,110
Student Incentive Grants	542,335	539,775	2,560
Distributive School Account	952,904,399	892,063,012	60,841,387
School Health Education - AIDS	305,495	261,852	43,643
Education State Programs	2,623,232	2,502,591	120,641
Occupational Education	8,765,193	8,327,088	438,105
School to Careers	3,520,505	1,158,274	2,362,231
Gear Up Scholarship Trust	5,451,807	-	5,451,807
Continuing Education	4,796,491	4,574,133	222,358
Proficiency Testing	3,874,859	3,869,892	4,967
Other State Education Programs	17,783,819	17,689,325	94,494
Education Technology Trust	17,981	-	17,981
Teacher Education & Licensing	1,375,910	1,009,718	366,192
Discretionary Grants	4,743,657	2,558,691	2,184,966
Discretionary Grants - Restricted	28,650,060	20,804,836	7,845,224
IASA-Title I Grants	73,772,497	52,060,955	21,711,542
IASA-Title II & Title VI Grant	32,769,103	21,990,189	10,778,914
Individuals with Disabilities (IDEA)	62,789,654	55,021,827	7,767,827
NDE Staffing Services	422,358	288,058	134,300
Education Support Services	2,325,596	2,038,414	287,182
Child Nutrition	56,104,954	53,773,209	2,331,745
Commission on Postsecondary Education	353,787	341,838	11,949
Student Indemnification Account	255,622	27,407	228,215
Museums, Library & Arts			
Museums, Library & Arts Administration	1,066,713	769,808	296,905
Lost City Museum	414,262	385,200	29,062
LV Springs Preserve Museum Dev	35,000,000	3,144,231	31,855,769
Nevada Historical Society	717,625	698,001	19,624
State Museum, Carson City	1,715,446	1,659,333	56,113
Museums And History	311,068	229,891	81,177
State Museum, Las Vegas	1,022,436	979,955	42,481
State Railroad Museums	1,510,060	1,392,971	117,089
Archives	669,889	651,568	18,321
Records Management/Micrographics	729,837	572,217	157,620
Nevada State Library	6,237,053	4,609,025	1,628,028
Nevada State Library-Literacy	237,430	218,638	18,792
Nevada State Library - CLAN	770,729	433,029	337,700
Nevada Council on the Arts	2,170,282	2,091,402	78,880
Cultural Resource Program	3,256,472	1,749,534	1,506,938
Historic Preservation	1,872,769	1,114,654	758,115
Comstock Historic District	103,898	96,136	7,762
Comstock Historical District Gifts	52	-	52
University & Community College System			
UNS - Special Projects	19,509,917	17,026,522	2,483,395
Education for Dependent Children	17,973	14,837	3,136
University of Nevada - Reno	145,728,367	143,811,446	1,916,921
School of Medical Sciences	23,370,030	23,313,089	56,941
Intercollegiate Athletics UNR	2,555,677	2,554,872	805
Statewide Programs - UNR	6,544,591	6,544,591	-
University System Administration	3,626,986	3,626,986	-

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

For the Fiscal Year Ended June 30, 2004

Page 3 of 8

	Final Budget	Actual	Variance
University of Nevada Las Vegas	\$ 182,718,287	\$ 182,462,534	\$ 255,753
Intercollegiate Athletics University	2,590,538	2,590,538	-
Agricultural Experimental Station	8,290,235	8,290,233	2
Cooperative Extension Station	8,563,423	8,374,657	188,766
System Computing Center	21,770,220	21,759,812	10,408
UNLV Law School	9,478,928	9,447,933	30,995
National Direct Student Loan	49,504	49,504	-
University Press	728,214	728,214	-
Statewide Programs - UNLV	1,012,042	1,012,042	-
UNLV Dental School	8,626,084	8,626,084	-
Business Center North	2,050,631	2,050,631	-
Business Center South	1,718,516	1,718,516	-
Collegiate License Plate Account	167,335	167,164	171
NV State College at Henderson	3,700,050	3,661,777	38,273
So Nevada Community College	96,046,779	95,768,308	278,471
Laboratory & Research	2,313,213	2,224,312	88,901
No Nevada Community College	13,940,348	13,930,374	9,974
Desert Research Institute	5,896,093	5,859,249	36,844
Western Nevada Community College	19,048,906	18,936,498	112,408
Truckee Meadows Community College	36,185,371	36,123,520	61,851
WICHE Administration			
WICHE Administration	324,557	266,872	57,685
	1,951,944,030	1,785,137,562	166,806,468
Human Resources			
Human Resources			
Human Resources - Administration	3,391,192	1,837,600	1,553,592
Grants Management Unit	32,271,880	29,847,802	2,424,078
DHR - BCBS Settlement	300,000	225,000	75,000
State and Community Collaboration	5,004,273	4,364,484	639,789
Aging Services			
Senior Sevices Program	9,896,213	6,919,385	2,976,828
Aging Services	13,937,087	13,001,167	935,920
Homemaker	2,913,797	2,800,638	113,159
Health Care Financing Division			
Intergovernmental Transfer Program	79,284,144	74,751,559	4,532,585
Health Care Financing & Policy	6,653,573	5,683,676	969,897
Increase Quality of Nursing Care	14,741,852	11,949,642	2,792,210
Nevada Check-Up Program	31,484,481	30,170,622	1,313,859
Nevada Medicaid	1,053,967,088	1,042,942,912	11,024,176
Health			
Radiological Health	1,463,715	1,031,525	432,190
Cancer Control Registry	1,675,509	956,784	718,725
Alcoholism & Drug Rehabilitation	21,026,502	18,151,046	2,875,456
Vital Statistics	1,240,413	975,757	264,656
Consumer Protection	4,317,265	3,624,941	692,324
Env Public Health Tracking System	551,866	502,604	49,262
Special Children's Clinic	14,383,856	12,134,570	2,249,286
Immunization Program	5,009,572	4,920,505	89,067
WIC Food Supplement	38,283,243	37,414,021	869,222
Sexually Transmitted Disease Control	13,096,172	12,018,199	1,077,973
Health Facilities	7,357,129	4,636,457	2,720,672
Health Facilities-Admin Penalty	210,226	-	210,226
Health Alert Network	18,467,256	13,752,351	4,714,905
Communicable Disease Control	5,649,636	5,215,361	434,275
Maternal Child Health Services	6,786,094	5,538,190	1,247,904
Office of State Health Administration	3,629,961	3,520,698	109,263
Community Health Services	3,607,380	2,833,719	773,661
Emergency Medical Services	817,704	754,220	63,484
Tax on Liquor Program Account	1,176,788	807,309	369,479
Welfare			
Welfare Administration	25,011,618	22,518,876	2,492,742
Temp Assistance for Needy Families	61,583,769	46,489,523	15,094,246
Assistance to Aged and Blind	6,304,261	6,203,059	101,202
Welfare Field Services	54,642,034	50,752,037	3,889,997

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Child Support Enforcement Program	\$ 9,826,161	\$ 8,103,251	\$ 1,722,910
Collection and Distribution Account	21,909,410	19,548,185	2,361,225
Child Care Assist & Development	34,393,593	27,009,201	7,384,392
Energy Assistance - Welfare	17,066,582	9,565,455	7,501,127
Mental Hygiene/Mental Retardation			
Southern MH/MR Food Service	1,289,960	1,144,375	145,585
So NV Adult Mental Health Service	54,886,305	49,249,520	5,636,785
Nevada Mental Health Institute	24,394,574	22,946,042	1,448,532
Mental Health Information System	685,835	572,215	113,620
Family Preservation Program	944,719	943,223	1,496
Rural NV Mental Retardation Services	8,033,850	7,549,167	484,683
Mental Hygiene-Mental Retardation	3,399,354	3,066,497	332,857
Desert Regional Center	45,972,319	43,374,196	2,598,123
No Nevada Mental Retardation	22,017,766	20,949,820	1,067,946
Facility for Mental Offender	5,633,590	5,530,916	102,674
Rural Clinics	10,554,560	10,013,438	541,122
Child & Family Services			
Community Juvenile Justice Program	2,845,614	2,108,248	737,366
Child Welfare Integration	48,179,509	41,154,621	7,024,888
UNITY/SACWIS	5,571,281	5,050,717	520,564
Children, Youth & Family Administration	19,031,701	16,199,788	2,831,913
Youth Alternative Placement	2,640,392	2,640,392	-
Juvenile Correction Facility	3,938,645	2,650,416	1,288,229
Child Care Services	1,094,021	1,022,228	71,793
Caliente Youth Center	5,836,268	5,492,470	343,798
Victims of Domestic Violence	4,337,080	3,254,587	1,082,493
Youth Community Services	27,715,778	24,333,355	3,382,423
Review of Death of Children	150,000	983	149,017
Nevada Youth Training Center	7,752,121	7,142,633	609,488
Juvenile Accountability Block	4,440,317	2,298,668	2,141,649
Youth Corrections Services	4,919,006	4,414,041	504,965
Child Abuse & Neglect	349,287	224,253	125,034
Farm Account-Youth Training Center	33,351	9,299	24,052
No NV Child & Adolescent Services	6,331,260	6,140,338	190,922
So NV Child & Adolescent Services	19,228,994	17,738,256	1,490,738
Employment, Training & Rehabilitation			
Developmental Disabilities	741,074	582,987	158,087
Blind Business Enterprise	2,706,964	821,212	1,885,752
Services to the Blind	4,834,674	3,552,753	1,281,921
Client Assistance Program	160,022	110,711	49,311
Vocational Rehabilitation	16,505,625	13,590,993	2,914,632
Community Based Services	10,710,396	8,984,919	1,725,477
Rehabilitation Administration	408,283	295,517	112,766
Disability Adjudication	10,054,687	9,033,074	1,021,613
Welfare to Work	368,337	368,335	2
Office of Equal Rights	1,683,012	1,623,605	59,407
DETR Admin Services	3,811,027	3,645,146	165,881
Research & Analysis	3,944,330	3,161,532	782,798
Information Development & Processing	6,891,259	6,410,400	480,859
Other Human Services			
Public Defender	2,538,579	2,420,047	118,532
Indian Commission	166,725	149,217	17,508
	<u>2,041,065,746</u>	<u>1,905,437,481</u>	<u>135,628,265</u>
Commerce and Industry			
Economic Development & Tourism			
Commission On Economic Development	4,969,645	4,321,003	648,642
Motion Pictures	853,877	814,807	39,070
Rural Community Development	8,258,343	5,238,909	3,019,434
Small Business & Procurement	622,177	478,729	143,448
Minerals			
Minerals	1,472,608	982,785	489,823
Bond Reclamation	3,273,523	178,232	3,095,291

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

State
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Nevada

For the Fiscal Year Ended June 30, 2004

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	Final Budget	Actual	Variance
Agriculture			
Nevada Beef Council	\$ 378,750	\$ 352,931	\$ 25,819
Gas Pollution Standards	613,262	511,484	101,778
Plant Industry	2,310,508	1,984,923	325,585
Grade & Cert Agricultural Production	544,222	290,494	253,728
Garlic & Onion Research Promotion	92,201	18,956	73,245
Agricultural Registration/Enforcement	1,768,127	1,097,788	670,339
Livestock Inspection	1,492,990	986,319	506,671
Marijuana Health Registry	1,033	-	1,033
Agriculture License Plates	27,757	10,500	17,257
Veterinary Medical Services	1,639,363	1,290,190	349,173
Weights & Measures	1,335,351	1,261,146	74,205
Insect Abatement	1,170,261	721,844	448,417
Agriculture Administration	1,072,735	948,090	124,645
Rangeland Resources Commission	264,071	123,143	140,928
Rangeland Morman Cricket	500,842	303,979	196,863
Predatory Animal/Rodent Control	1,078,532	854,936	223,596
Nevada Jr Livestock Show Board	34,991	34,457	534
Gaming Control			
Gaming Control Board	35,754,007	33,637,921	2,116,086
Gaming Control Federal Forfeiture	1,870,202	635,207	1,234,995
Gaming Control-Forfeiture Account	599,770	85,310	514,460
Federal Forfeiture Treasury	256,890	6,890	250,000
Gaming Commission	406,705	381,275	25,430
Business & Industry			
Business & Industry Administration	1,016,647	966,905	49,742
Industrial Development Bond	1,165,419	110,366	1,055,053
Insurance Regulation	5,639,048	5,398,052	240,996
Captive Insurers	163,847	53,152	110,695
Insurance Recovery	606,645	566,645	40,000
Insurance Education & Research	1,308,101	548,366	759,735
NAIC Fees	63,402	32,633	30,769
Insurance Cost Stabilization	294,174	197,973	96,201
Consumer Affairs Restitution	73,064	8,560	64,504
Consumer Affairs Recovery Acct	34,831	1,368	33,463
Consumer Affairs	1,346,094	1,243,859	102,235
Low Income Housing Trust Fund	20,865,449	3,722,661	17,142,788
DOE Weatherization	5,290,515	4,354,594	935,921
Gov Committee to Employ People with Disabilities	289,894	246,875	43,019
Employee Management Relations	167,299	167,273	26
Common Interest Communities	2,886,700	714,587	2,172,113
Real Estate	3,594,034	3,304,795	289,239
Athletic Commission	462,108	446,555	15,553
Labor Relations	1,330,977	1,264,246	66,731
Division of Mortgage Lending	3,601,000	1,408,139	2,192,861
Attorney For Injured Workers	3,001,846	2,575,433	426,413
Financial Institutions Investigation	1,244,269	773,595	470,674
Financial Institutions	3,941,563	1,661,401	2,280,162
Financial Institutions Audit	102,882	80,814	22,068
Petroleum Overcharge Rebate	450,140	72,421	377,719
Energy Conservation	1,592,790	863,041	729,749
	<u>133,195,481</u>	<u>88,336,557</u>	<u>44,858,924</u>
Public Safety			
Corrections			
Prison Medical Care	28,709,932	27,367,012	1,342,920
Corrections Administration	13,454,985	12,735,745	719,240
Correctional Programs	6,328,486	4,651,867	1,676,619
So Nevada Correctional Center	370,954	360,097	10,857
Warm Springs Correctional Center	6,263,546	5,841,458	422,088
No Nevada Correctional Center	18,782,070	18,533,182	248,888
Nevada State Prison	13,553,035	13,318,203	234,832
Stewart Conservation Camp	1,490,071	1,454,258	35,813
Pioche Conservation Camp	1,380,553	1,344,029	36,524

	Final Budget	Actual	Variance
Restitution Center - North	\$ 1,075,606	\$ 914,135	\$ 161,471
Indian Springs Conservation Camp	1,878,429	1,849,142	29,287
So Desert Correctional Center	16,451,660	15,717,139	734,521
Wells Conservation Camp	1,025,722	1,001,105	24,617
Humboldt Conservation Camp	1,063,259	1,044,226	19,033
Ely Conservation Camp	1,105,688	1,073,583	32,105
Jean Conservation Camp	1,440,675	1,397,452	43,223
Silver Springs Conservation Camp	1,120,929	1,056,156	64,773
Ely State Prison	21,920,473	21,804,191	116,282
Carlin Conservation Camp	1,098,355	1,065,400	32,955
Tonopah Conservation Camp	1,052,467	1,029,525	22,942
Lovelock Correctional Center	19,157,875	18,958,321	199,554
Southern Nevada Women's Prison	8,285,884	7,875,355	410,529
High Desert State Prison	31,458,201	26,518,766	4,939,435
Public Safety			
Peace Officers Standards & Training	1,550,851	1,283,579	267,272
NV Police Corps Program	908,299	368,708	539,591
FEMA #1153 Dr - NV	766,671	-	766,671
Emergency Management Division	77,928,427	17,091,828	60,836,599
Parole & Probation	34,309,614	32,036,689	2,272,925
Investigations	5,841,001	5,301,626	539,375
Narcotics Control	1,807,487	1,596,251	211,236
Parolee Loan Account	3,460	-	3,460
Training Division	970,504	947,713	22,791
Parole Board	1,262,054	1,213,119	48,935
Fire Marshal	3,388,065	3,010,332	377,733
Traffic Safety	5,003,475	2,511,044	2,492,431
Highway Safety Plan & Administration	2,319,211	1,395,142	924,069
Forfeitures	1,552,250	922,133	630,117
Justice Assistance Account	12,973,130	6,273,569	6,699,561
Criminal History Repository	12,174,665	9,782,138	2,392,527
Child Volunteer Background Checks Trust	4,103	2,745	1,358
PS Justice Grant	519,626	447,622	72,004
Dignitary Protection	685,796	650,865	34,931
Motor Vehicles			
Salvage/Wreckers/Body Shops	915,411	256,479	658,932
Motor Vehicle Pollution Control	9,205,412	6,589,447	2,615,965
	372,558,367	278,591,376	93,966,991
Infrastructure			
Conservation & Natural Resources			
State Environmental Commission	40,269	30,841	9,428
Natural Resources Administration	1,098,995	1,018,461	80,534
Water Resources Legal Cost	606,341	96,194	510,147
Tahoe Regional Planning Agency	8,591,506	1,676,140	6,915,366
Mining Cooperative Fund	129,747	100,000	29,747
Conservation Districts	359,656	352,912	6,744
Habitat Mitigation	836,817	52,932	783,885
Wildlife	25,825,759	21,448,413	4,377,346
Wildlife - Trout Management	15,257,264	764,840	14,492,424
Wildlife - Boating Program	5,764,025	4,329,921	1,434,104
Wildlife Heritage	3,864,548	81,138	3,783,410
Wildlife Obligated Reserve	4,421,241	1,347,511	3,073,730
Parks Federal Grant Programs	4,833,267	1,223,017	3,610,250
State Parks	10,753,832	9,149,707	1,604,125
Maintenance of State Parks	1,300,586	229,345	1,071,241
Coyote Springs Groundwater Basin	23,131	5,765	17,366
Flood Control Revenue Fund	252,717	-	252,717
USGS Co-op	1,469,826	904,047	565,779
Groundwater Recharge Projects	206,138	57,808	148,330
Water Right Surveyors	51,603	2,657	48,946
Well Driller's Licenses	74,108	33,729	40,379
Water Resources	5,081,721	4,801,205	280,516
State Engineer Revenue	95,169	74,414	20,755

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

State
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For the Fiscal Year Ended June 30, 2004

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	Final Budget	Actual	Variance
Little Humboldt River	\$ 175,974	\$ 13,864	\$ 162,110
Quinn River Distribution	24,320	2,535	21,785
Adjudication Emergency	16,000	366	15,634
Steptoe Valley Water Basin	18,284	3,933	14,351
Diamond Valley Ground Water	13,084	3,291	9,793
Colorado River Valley	25,799	-	25,799
Las Vegas Basin Water Dist	3,424,902	693,738	2,731,164
Muddy River Surface Water	25,027	8,279	16,748
Flood Repairs & Disaster Relief	50,000	-	50,000
Channel Clearance	63,656	24,649	39,007
Pahrnagat Lake	69,647	24,844	44,803
Pahrump Artesian Basin	63,026	16,326	46,700
Boulder Flat Ground Water	52,916	6,010	46,906
Mason Valley Ground Water	59,240	13,689	45,551
Humboldt Water District	312,788	154,381	158,407
Water District Revenue Fund	30,000	-	30,000
Smith Valley Artesian Basin	38,577	12,316	26,261
Currant Creek	5,729	24	5,705
Duckwater Creek	21,239	10,010	11,229
Paradise Valley Ground Water	18,677	5,220	13,457
Upper White River	15,371	172	15,199
Muddy River Springs	38,127	6,598	31,529
Kingston Creek	2,829	55	2,774
Warm Springs/Winnemucca Creek	38,603	2,120	36,483
Eagle Valley	47,689	11,173	36,516
Carson Valley Ground Water	51,189	14,960	36,229
Fish Lake Valley Artesian	14,509	4,913	9,596
Carico Creek	443	-	443
Lemmon Valley	71,323	6,039	65,284
Truckee Meadows/Sun Valley	97,404	31,946	65,458
Antelope Middle Reese River	22,980	1,593	21,387
Warm Springs Ground Water	26,320	1,756	24,564
Honey Lake Valley	17,917	493	17,424
Whirlwind Valley	11,436	132	11,304
Crescent Water Groundwater	11,988	720	11,268
Pumpnickel Valley	34	-	34
Clovers Area Groundwater	27,019	4,052	22,967
Cold Springs Valley	16,030	1,604	14,426
Imlay Ground Water	21,850	1,298	20,552
Kelly Creek Ground Water	29,736	4,376	25,360
Lower Reese River Valley	49,122	3,774	45,348
Maggie Creek	42,928	4,899	38,029
North Fork Ground Water	11,936	61	11,875
Pleasant Valley	8,489	1,376	7,113
Forestry	13,212,342	7,385,046	5,827,296
Forest Fire Suppression/Emergency Response	7,641,608	3,089,724	4,551,884
Forestry Honor Camps	10,812,274	6,979,827	3,832,447
Forestry Inter-Gov Agreements	10,086,622	7,432,368	2,654,254
Tahoe License Plates	1,932,144	320,965	1,611,179
Mt. Charleston License Plates	110,025	-	110,025
Nevada Tahoe Regional Planning	474	103	371
State Lands	1,646,802	1,381,816	264,986
State Lands Revolving Account	37,610	2,829	34,781
Tahoe Bond Sale	492,798	39,010	453,788
Tahoe Mitigation	2,046,758	517,939	1,528,819
Nevada Natural Heritage	693,776	586,821	106,955
AB9/Q1 Bonds	96,866,061	8,857,223	88,008,838
Storage Tank Management	784,989	-	784,989
Environmental Protection Administration	3,515,877	3,125,516	390,361
Chemical Hazard Prevention	626,943	305,094	321,849
Reclamation Surety Account	365,831	-	365,831
Air Quality Management Account	3,631,575	1,172,665	2,458,910
Air Quality	4,616,130	3,699,404	916,726
Bureau of Water	7,127,305	3,577,285	3,550,020

	Final Budget	Actual	Variance
Water Quality Planning	\$ 7,864,490	\$ 3,244,040	\$ 4,620,450
Waste Management & Fed Facilities	12,101,321	8,424,472	3,676,849
Mining Regulation/Reclamation	3,805,692	1,804,663	2,001,029
Interim Fluid Management Trust	2,100,211	194	2,100,017
Bureau - Federal Facilities	1,720,401	1,419,334	301,067
Hazardous Waste Management	22,397,408	4,154,398	18,243,010
Hazardous Waste - Beatty Site	6,958,748	-	6,958,748
Water Planning - Capital Improvement	183,557	163,457	20,100
	<u>319,502,195</u>	<u>116,562,775</u>	<u>202,939,420</u>
Special Purpose Agencies			
<i>Military</i>			
Veterans' Affairs	1,557,220	1,525,141	32,079
Veterans' Home Account	9,738,125	8,332,465	1,405,660
Veterans' Gifts And Donations	239,706	113,166	126,540
Veterans' Home Donation	56,628	10,944	45,684
Military	7,368,991	6,630,190	738,801
Adjutant General Construction	36,304	197	36,107
National Guard Benefits	104,572	9,610	94,962
<i>Civil Air Patrol</i>	130,000	61,032	68,968
	<u>19,231,546</u>	<u>16,682,745</u>	<u>2,548,801</u>
Appropriated Transfers to Other Funds			
Legislative Fund	24,312,006	24,312,006	-
Contingency Fund	30,410,907	30,410,907	-
Attorney General Fund - Consumer Advocate	1,218,040	1,218,040	-
Highway Fund	59,371	59,371	-
Healthy Nevada Fund	685,135	685,135	-
WICHE Loan and Stipend Fund	869,107	869,107	-
	<u>57,554,566</u>	<u>57,554,566</u>	<u>-</u>
Reversions to Other Funds			
Reversion to Highway Fund	-	2,249	(2,249)
Reversion to Workers Comp & Safety	-	1,102,363	(1,102,363)
Reversion to Tourism Promotion Fund	-	7,964	(7,964)
Reversion to Healthy Nevada Fund	-	-	-
Reversion to Human Resources Gift Fund	-	64	(64)
Reversion to Contingency Fund	30	1,359,319	(1,359,289)
	<u>30</u>	<u>2,471,959</u>	<u>(2,471,929)</u>
Projected Reversions			
	<u>(46,964,000)</u>	<u>-</u>	<u>(46,964,000)</u>
Total General Fund	<u>\$ 5,068,491,447</u>	<u>\$ 4,429,062,499</u>	<u>\$ 639,428,948</u>

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

For the Fiscal Year Ended June 30, 2004

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	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
State Highway			
Finance & Administration			
Unbudgeted Activity	\$ -	\$ 12,107	\$ (12,107)
Appropriations to Other Funds	33,600,019	33,600,019	-
Public Safety			
Transportation Administration	596,096,354	489,508,665	106,587,689
Bond Construction	192,073,559	186,800,167	5,273,392
Bicycle Safety Program	192,762	151,524	41,238
Motorcycle Safety Program	554,064	287,142	266,922
Director's Office - Public Safety	2,186,855	2,128,674	58,181
Internal Affairs	291,143	269,478	21,665
Records Search	9,453,580	8,744,831	708,749
Highway Patrol	54,430,008	50,782,672	3,647,336
Administrative Services	1,309,332	1,238,639	70,693
DMV Motor Vehicle Info Technology	8,785,838	7,609,996	1,175,842
Motor Carrier	3,917,404	3,775,544	141,860
PS Highway Safety Grants Account	2,827,958	2,106,241	721,717
Emergency Response Commission	1,583,110	697,149	885,961
Public Safety One Shots	1,290,113	-	1,290,113
Verification of Insurance	2,374,475	1,524,304	850,171
Hearings - DMV & PS	967,939	905,860	62,079
Public Safety Technology Division	5,642,857	4,892,689	750,168
DMV Field Services	39,052,826	33,946,594	5,106,232
Compliance Enforcement	3,018,882	2,809,906	208,976
Central Services	11,695,155	10,971,440	723,715
Management Services	2,367,770	2,274,733	93,037
Director's Office - DMV	3,651,211	3,450,519	200,692
Administrative Services	8,953,686	8,586,948	366,738
Debt Service Transfers			
Debt Service	41,960,925	41,960,925	-
Total	<u>1,028,277,825</u>	<u>899,036,766</u>	<u>129,241,059</u>
Municipal Bond Bank			
Constitutional Agencies			
Municipal Bond Bank Revenue	82,449,823	82,432,913	16,910
Commerce & Industry			
Water Projects Interest/Redemption	584,080	506,050	78,030
Total	<u>83,033,903</u>	<u>82,938,963</u>	<u>94,940</u>
Stabilize the Operations of State Government			
Constitutional Agencies			
Emergency Assistance	884,621	37,316	847,305
Stabilization of State Government	-	14,617	(14,617)
Total	<u>884,621</u>	<u>51,933</u>	<u>832,688</u>
School Improvement			
Special Projects			
School Improvement	16,525,566	12,386,219	4,139,347
Total	<u>16,525,566</u>	<u>12,386,219</u>	<u>4,139,347</u>
Employment Security			
Human Services			
Claimant Employment Program	15,080,812	9,374,208	5,706,604
Employment Security	68,134,944	57,188,277	10,946,667
Employment Security Special Fund	25,917,278	2,939,070	22,978,208
Total	<u>109,133,034</u>	<u>69,501,555</u>	<u>39,631,479</u>
Regulatory			
Commerce & Industry			
Manufactured Housing	1,483,113	993,046	490,067
Real Estate Education & Research	840,340	389,661	450,679
Real Estate Recovery	705,440	354,816	350,624
Mobile Home Parks	314,549	148,354	166,195
Mfg Housing-Education/Recovery	532,623	115,941	416,682
Regulatory Fund	16,121,068	8,880,234	7,240,834
Administrative Fines	45,200	45,200	-

	Final Budget	Actual	Variance
Transportation Services Authority	\$ 2,396,229	\$ 2,330,424	\$ 65,805
TSA Administrative Fines	453,341	199,554	253,787
Taxicab Authority	5,552,881	4,961,905	590,976
Dairy Commission	1,946,426	1,378,546	567,880
Total	30,391,210	19,797,681	10,593,529
Legislative			
Constitutional Agencies			
Nevada Legislative Interim	475,115	438,332	36,783
Legislative Counsel Bureau	28,648,126	24,947,641	3,700,485
Audit Contingency Account	192,050	192,050	-
Total	29,315,291	25,578,023	3,737,268
Higher Education Capital Construction			
Finance & Administration			
Higher Education Capital Construction	5,000,000	5,000,000	-
Higher Education Special Construction	30,000,000	10,378,319	19,621,681
Total	35,000,000	15,378,319	19,621,681
Cleaning Up Petroleum Discharges			
Petroleum Clean-Up Trust Fund	15,099,247	7,194,291	7,904,956
Total	15,099,247	7,194,291	7,904,956
Hospital Care to Indigent Persons			
Finance & Administration			
Supplemental Fund - Indigents	6,622,561	6,214,104	408,457
Indigent Accident Account	12,086,389	3,038,292	9,048,097
Total	18,708,950	9,252,396	9,456,554
Tourism Promotion			
Commerce & Industry			
Tourism Development	1,260,000	383,546	876,454
Commission on Tourism	14,635,501	12,129,875	2,505,626
Total	15,895,501	12,513,421	3,382,080
Offenders Store			
Public Safety			
Offenders' Store Fund	13,195,975	11,608,413	1,587,562
Inmate Welfare Account	3,629,300	2,709,526	919,774
Total	16,825,275	14,317,939	2,507,336
Tobacco Settlement			
Constitutional Agencies			
Millennium Scholarship Fund	44,566,133	26,950,514	17,615,619
Millennium Scholarship Administration	354,375	328,869	25,506
Trust Fund for Healthy Nevada	60,861,080	28,318,888	32,542,192
Trust Fund for Public Health	21,714,879	410,186	21,304,693
Human Services			
Healthy Nevada Fund	8,929,292	6,244,884	2,684,408
Public Health Tobacco Fund	538,872	410,186	128,686
Healthy Nevada Fund Administration	18,719,455	18,033,752	685,703
Total	155,684,086	80,697,279	74,986,807
Contingency			
Constitutional Agencies			
Interim Finance Committee	56,546,483	40,858,851	15,687,632
Total	56,546,483	40,858,851	15,687,632
Care of Sites for Radioactive Waste Disposal			
Human Services			
Radioactive Material Disposal	11,749,709	228,786	11,520,923
Total	11,749,709	228,786	11,520,923
Gift			
Education			
Education Gift Fund	18,637	500	18,137
Library & Archives Gift Fund	123,500	35,294	88,206
Human Services			
SNAMHUS Gift Fund	18,331	6,156	12,175

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

For the Fiscal Year Ended June 30, 2004

Page 3 of 3

	Final Budget	Actual	Variance
Settlement Funds	\$ 188,333	\$ 20,553	\$ 167,780
Health Division Gifts	61,586	1,149	60,437
Transition from Foster Care	2,703,586	760,883	1,942,703
Aging Services Gift	20,000	-	20,000
Summit View Commissary	11,265	1,172	10,093
Disability Services Gift	30	-	30
CBS Washoe Gift Fund	15,195	85	15,110
Indian Commission Gift Acct	9,950	-	9,950
Hospital Gift Fund	269,673	6,634	263,039
NNMRS Gift Fund	25,000	505	24,495
Blind Gift Fund	94,694	4,978	89,716
Welfare Gift Fund	9,887	-	9,887
Rehabilitation Gift Fund	5,453	-	5,453
Henry Woods Christmas Fund	7,728	-	7,728
Nevada Children's Gift Account	508,496	6,518	501,978
CYC Gift Fund	8,733	-	8,733
Youth Training Center Gift Fund	15,150	-	15,150
People with Disabilities	37,286	800	36,486
DRC Gift Fund	15,154	-	15,154
Infrastructure			
Heil Wild Horse Bequest	805,909	96,557	709,352
Park Gift & Grants	339,248	68,306	270,942
Total	5,312,824	1,010,090	4,302,734
Natural Resources			
Infrastructure			
Grants To Water Purveyors	11,460,070	10,588,825	871,245
Erosion Control Bond Q12	9,653,865	4,765,315	4,888,550
Protect Lake Tahoe	7,726,828	3,982,691	3,744,137
Total	28,840,763	19,336,831	9,503,932
Miscellaneous			
Constitutional Agencies			
Private Investigators Licensing Board	678,205	294,282	383,923
Renew Energy & Energy Conservation	184,994	73,049	111,945
Racketeering-Prosecution Account	125	-	125
Consumer Advocate	4,143,639	3,612,800	530,839
Unfair Trade Practices	259,328	47,632	211,696
Anatomical Gift Account	46,238	18,652	27,586
Commerce & Industry			
Lot Rent Trust Subsidy	400,724	357,039	43,685
Rural Rehabilitation Trust	234,959	28,470	206,489
Education			
Museums & History Trust Fund	333,252	-	333,252
Museums & History Board Trust	16,798	16,682	116
Museums Administrator Trust	38,254	11,033	27,221
Nevada Historical Society Trust	290,295	140,127	150,168
Nevada State Museum Trust	682,340	452,449	229,891
Nevada Railroad Museum Trust	320,503	190,512	129,991
Lost City Museum Trust	158,913	91,624	67,289
Las Vegas Museum and Trust	57,891	43,605	14,286
Finance & Administration			
Public Works Inspection	4,621,935	4,211,912	410,023
Public Works Retention Payment	200,000	18,844	181,156
Victims of Crime	6,167,867	5,805,792	362,075
Total	18,836,260	15,414,504	3,421,756
Total Special Revenue Funds	\$ 1,676,060,548	\$ 1,325,493,847	\$ 350,566,701

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

For the Fiscal Year Ended June 30, 2004

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
	School Improvement			Employment Security		
Fund balances, July 1	\$ -	\$ -	\$ -	\$ 15,913,324	\$ 15,913,324	\$ -
Revenues:						
Federal	-	-	-	77,756,015	56,382,112	(21,373,903)
Other taxes	16,125,566	12,274,118	(3,851,448)	-	-	-
Sales and charges for services	-	-	-	661,491	656,005	(5,486)
Licenses, fees and permits	-	-	-	404,653	343,530	(61,123)
Interest	400,000	112,101	(287,899)	604,310	260,055	(344,255)
Other	-	-	-	11,770,000	11,489,187	(280,813)
Other financing sources:						
Transfer from other funds	-	-	-	2,023,241	826,863	(1,196,378)
Total sources	<u>\$ 16,525,566</u>	<u>\$ 12,386,219</u>	<u>\$ (4,139,347)</u>	<u>\$ 109,133,034</u>	<u>\$ 85,871,076</u>	<u>\$ (23,261,958)</u>
	Regulatory			Legislative		
Fund balances, July 1	\$ 7,946,832	\$ 7,946,832	\$ -	\$ 3,301,226	\$ 3,301,226	\$ -
Revenues:						
Federal	197,114	225,721	28,607	-	-	-
Other taxes	9,164,250	8,678,083	(486,167)	-	-	-
Sales, charges for services	4,425,669	4,799,783	374,114	800,000	890,275	90,275
Licenses, fees and permits	3,148,663	3,206,611	57,948	-	-	-
Interest	66,290	32,248	(34,042)	-	-	-
Other	402,189	476,865	74,676	207,500	285,814	78,314
Other financing sources:						
Transfer from other funds	2,612,480	2,647,609	35,129	25,006,565	24,958,315	(48,250)
Total sources	<u>\$ 27,963,487</u>	<u>\$ 28,013,752</u>	<u>\$ 50,265</u>	<u>\$ 29,315,291</u>	<u>\$ 29,435,630</u>	<u>\$ 120,339</u>
	Higher Education Capital Construction			Cleaning Up Petroleum Discharges		
Fund balances, July 1	\$ 12,262,658	\$ 12,262,658	\$ -	\$ 2,248,920	\$ 2,248,920	\$ -
Revenues:						
Gaming taxes, fees, licenses	15,410,821	15,410,822	1	-	-	-
Other taxes	-	-	-	11,750,327	11,750,326	(1)
Sales, charges for services	-	-	-	-	-	-
Licenses, fees and permits	-	-	-	550,000	418,124	(131,876)
Interest	-	-	-	450,000	69,858	(380,142)
Other	-	-	-	100,000	1	(99,999)
Other financing sources:						
Proceeds from sale of bonds	-	-	-	-	-	-
Transfer from other funds	-	-	-	-	-	-
Total sources	<u>\$ 27,673,479</u>	<u>\$ 27,673,480</u>	<u>\$ 1</u>	<u>\$ 15,099,247</u>	<u>\$ 14,487,229</u>	<u>\$ (612,018)</u>
	Hospital Care to Indigent Persons			Tourism Promotion		
Fund balances, July 1	\$ 11,475,496	\$ 11,475,496	\$ -	\$ 1,240,846	\$ 1,240,846	\$ -
Revenues:						
Gaming taxes, fees, licenses	-	-	-	-	-	-
Federal	-	-	-	-	-	-
Other taxes	6,300,391	6,614,293	313,902	13,305,506	13,305,505	(1)
Sales, charges for services	-	-	-	-	-	-
Licenses, fees and permits	-	-	-	88,842	88,842	-
Interest	597,246	231,541	(365,705)	50,000	22,287	(27,713)
Other	335,817	99,100	(236,717)	10,307	307	(10,000)
Other financing sources:						
Proceeds from sale of bonds	-	-	-	-	-	-
Transfer from other funds	-	-	-	1,200,000	1,207,964	7,964
Total sources	<u>\$ 18,708,950</u>	<u>\$ 18,420,430</u>	<u>\$ (288,520)</u>	<u>\$ 15,895,501</u>	<u>\$ 15,865,751</u>	<u>\$ (29,750)</u>

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
	Offenders' Store			Tobacco Settlement		
Fund balances, July 1	\$ 1,465,985	\$ 1,465,985	\$ -	\$ 87,258,349	\$ 87,258,349	\$ -
Revenues:						
Federal	155,313	148,280	(7,033)	-	-	-
Other taxes	-	-	-	-	-	-
Sales and charges for services	11,530,254	11,554,239	23,985	-	-	-
Licenses, fees and permits	-	-	-	-	-	-
Interest	173,895	78,160	(95,735)	1,428,828	1,316,565	(112,263)
Other	811,522	803,630	(7,892)	38,404,352	38,311,293	(93,059)
Other financing sources:						
Transfer from other funds	2,688,306	2,688,142	(164)	28,541,994	25,017,794	(3,524,200)
Total sources	<u>\$ 16,825,275</u>	<u>\$ 16,738,436</u>	<u>\$ (86,839)</u>	<u>\$ 155,633,523</u>	<u>\$ 151,904,001</u>	<u>\$ (3,729,522)</u>
	Contingency			Care of Sites for Radioactive Waste Disposal		
Fund balances, July 1	\$ 5,434,404	\$ 5,434,404	\$ -	\$ 11,238,223	\$ 11,238,223	\$ -
Revenues:						
Federal	-	-	-	-	-	-
Other taxes	-	-	-	-	-	-
Sales, charges for services	-	-	-	-	-	-
Licenses, fees and permits	-	-	-	88,509	132,771	44,262
Interest	-	-	-	422,977	207,457	(215,520)
Other	-	-	-	-	-	-
Other financing sources:						
Transfer from other funds	51,112,079	53,256,179	2,144,100	-	-	-
Total sources	<u>\$ 56,546,483</u>	<u>\$ 58,690,583</u>	<u>\$ 2,144,100</u>	<u>\$ 11,749,709</u>	<u>\$ 11,578,451</u>	<u>\$ (171,258)</u>
	Gift			Natural Resources		
Fund balances, July 1	\$ 3,759,441	\$ 3,759,441	\$ -	\$ 17,988,344	\$ 17,988,344	\$ -
Revenues:						
Gaming taxes, fees, licenses	-	-	-	-	-	-
Other taxes	-	-	-	-	-	-
Sales, charges for services	6,240	1,319	(4,921)	-	-	-
Licenses, fees and permits	1,000,000	1,318,017	318,017	-	-	-
Interest	140,433	57,382	(83,051)	900,000	308,133	(591,867)
Other	374,394	170,463	(203,931)	-	-	-
Other financing sources:						
Proceeds from sale of bonds	-	-	-	9,952,419	9,948,641	(3,778)
Transfer from other funds	5,000	27,379	22,379	-	-	-
Total sources	<u>\$ 5,285,508</u>	<u>\$ 5,334,001</u>	<u>\$ 48,493</u>	<u>\$ 28,840,763</u>	<u>\$ 28,245,118</u>	<u>\$ (595,645)</u>
	Miscellaneous			Total Nonmajor Special Revenue Funds		
Fund balances, July 1	\$ 2,461,701	\$ 2,461,701	\$ -	\$ 183,995,749	\$ 183,995,749	\$ -
Revenues:						
Gaming taxes, fees, licenses	-	-	-	15,410,821	15,410,822	1
Federal	1,995,000	1,995,000	-	80,103,442	58,751,113	(21,352,329)
Other taxes	2,427,880	2,609,525	181,645	59,073,920	55,231,850	(3,842,070)
Sales, charges for services	950,944	804,764	(146,180)	18,374,598	18,706,385	331,787
Licenses, fees and permits	7,687,595	7,504,403	(183,192)	12,968,262	13,012,298	44,036
Interest	251,971	89,051	(162,920)	5,485,950	2,784,838	(2,701,112)
Other	11,802,470	18,777,176	6,974,706	64,218,551	70,413,836	6,195,285
Other financing sources:						
Proceeds from sale of bonds	-	-	-	9,952,419	9,948,641	(3,778)
Transfer from other funds	1,259,699	1,273,845	14,146	114,449,364	111,904,090	(2,545,274)
Total sources	<u>\$ 28,837,260</u>	<u>\$ 35,515,465</u>	<u>\$ 6,678,205</u>	<u>\$ 564,033,076</u>	<u>\$ 540,159,622</u>	<u>\$ (23,873,454)</u>

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

Table 1 - General Governmental Expenditures and Other Uses by Function*

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Expenditures:										
General government	\$ 75,742	\$ 75,770	\$ 101,565	\$ 97,606	\$ 111,116	\$ 103,360	\$ 112,393	\$ 108,507	\$ 99,406	\$ 121,169
Health, social services	994,633	1,061,930	1,090,069	1,179,553	1,236,991	1,353,839	1,440,569	1,536,696	1,737,677	1,822,074
Education and support	282,309	290,400	376,864	333,354	444,411	392,642	418,731	1,375,302	1,466,940	1,690,869
Law, justice, and public safety	224,281	256,015	276,275	341,970	338,518	361,041	382,316	412,317	428,549	450,956
Regulation of business	58,925	58,819	63,730	67,816	82,127	87,057	84,553	75,189	78,247	86,396
Transportation	368,040	344,183	312,592	331,302	433,118	537,748	484,219	418,870	499,450	674,837
Recreation, resource development	77,273	80,713	89,011	91,436	85,378	92,140	95,657	95,869	99,085	113,081
Intergovernmental	482,910	613,244	672,812	767,476	854,172	856,294	912,569	93,082	115,989	139,329
Capital improvements	40,548	27,932	49,298	46,849	67,327	150,095	37,489	18,404	22,294	43,473
Debt service	107,225	138,791	151,422	157,868	192,433	183,114	200,759	230,261	211,076	248,347
Total expenditures	\$ 2,711,886	\$ 2,947,797	\$ 3,183,638	\$ 3,415,230	\$ 3,845,591	\$ 4,117,330	\$ 4,169,255	\$ 4,364,497	\$ 4,758,713	\$ 5,390,531

Table 2 - General Governmental Revenues and Other Resources by Source*

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Revenues:										
Gaming taxes	\$ 517,524	\$ 566,834	\$ 566,079	\$ 586,186	\$ 635,264	\$ 707,300	\$ 724,981	\$ 697,482	\$ 735,652	\$ 834,791
Sales taxes	446,504	502,960	554,891	581,991	645,560	672,473	714,249	718,910	756,962	858,866
Intergovernmental	836,557	877,735	908,806	950,533	1,036,944	1,084,235	1,187,155	1,347,251	1,662,820	1,825,723
Other taxes	694,031	729,808	772,563	815,270	862,477	949,538	960,301	761,908	793,199	1,178,103
Licenses, fees and permits	175,139	185,375	198,622	204,653	222,274	237,798	241,940	270,724	281,165	344,238
Charges for service and sales	39,751	41,458	44,885	50,427	55,298	52,378	53,049	54,953	58,585	76,173
Interest, investment income	68,387	91,595	113,061	164,843	164,919	159,220	185,299	124,674	110,011	74,003
Other	43,159	42,699	52,396	47,932	45,855	120,877	108,086	102,815	114,841	118,101
Other Resources:										
Net proceeds from debt financing	90,093	239,531	522,685	26,674	551,221	93,211	256,473	114,967	70,521	429,589
Net operating transfers	3,274	4,829	3,549	5,990	3,525	5,303	7,766	20,464	18,964	16,169
Other	162	357	3,226	31,196	450	531	870	1,539	21,419	1,805
Total revenues and other resources	\$ 2,914,581	\$ 3,283,181	\$ 3,740,763	\$ 3,465,695	\$ 4,223,787	\$ 4,082,864	\$ 4,440,169	\$ 4,215,687	\$ 4,624,139	\$ 5,757,561

* Includes General, Special Revenue, Debt Service, Capital Projects and Permanent Funds. Operating transfers in/out are netted and included as other resources. Expenditures for education and support are restated to include the State's net transfers to the University.

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

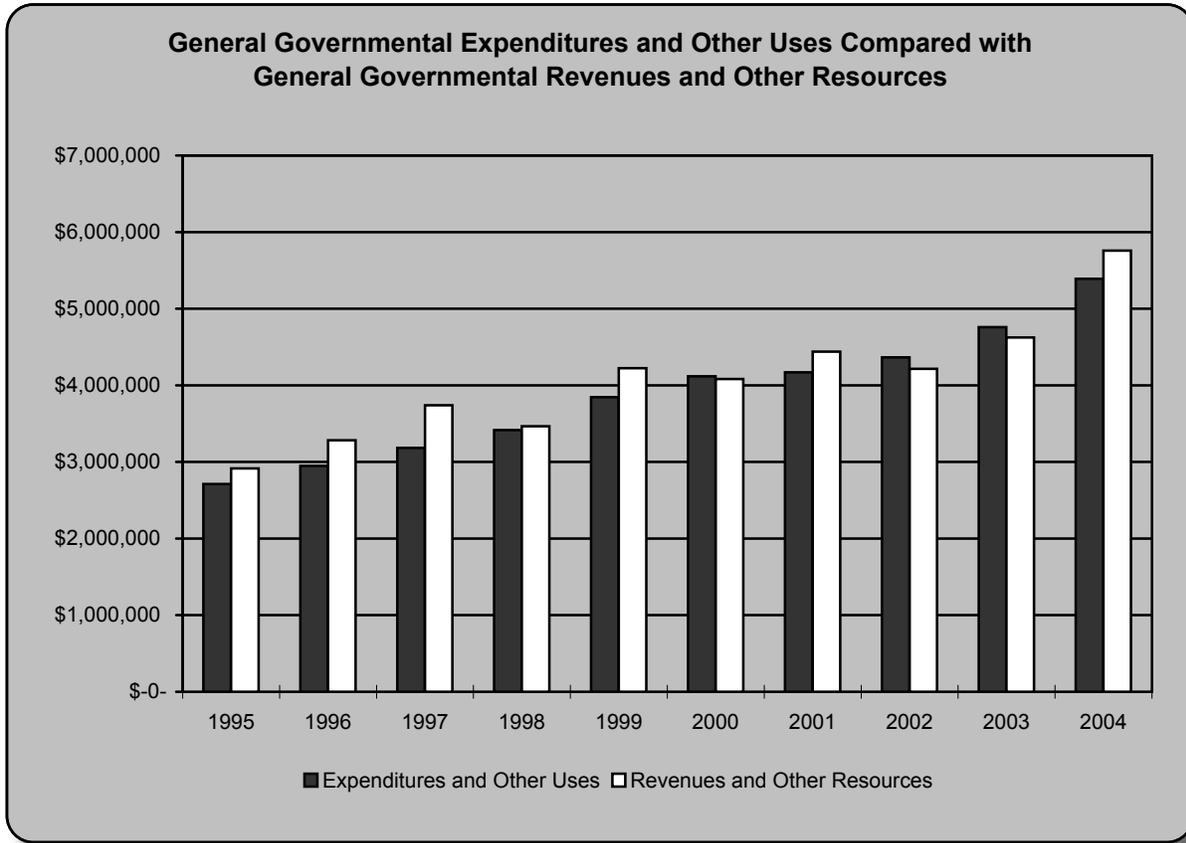


Table 3 - General Fund Expenditures and Unreserved Fund Balance

<u>Fiscal Year Ended June 30</u>	<u>General Fund Expenditures</u>	<u>Unreserved General Fund Balance</u>	<u>"Rainy Day" Fund Balance</u>
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
2002	2,979,250	(167,297)	136,341
2003	3,614,491	(119,908)	1,341
2004	4,003,295	(6,273)	81,511

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

Table 4 - State Collected Gaming Taxes and Sales Taxes

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
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	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
2002	9,082,035	711,577	708,898	31,785,790	2,288,288	718,910	1,569,378
2003	9,279,884	721,835	719,152	33,774,897	2,424,658	756,962	1,744,211
2004	9,926,343	854,515	851,776	38,239,527	2,821,593	858,867	1,962,726

Sources: Nevada Gaming Control Board, Department of Taxation

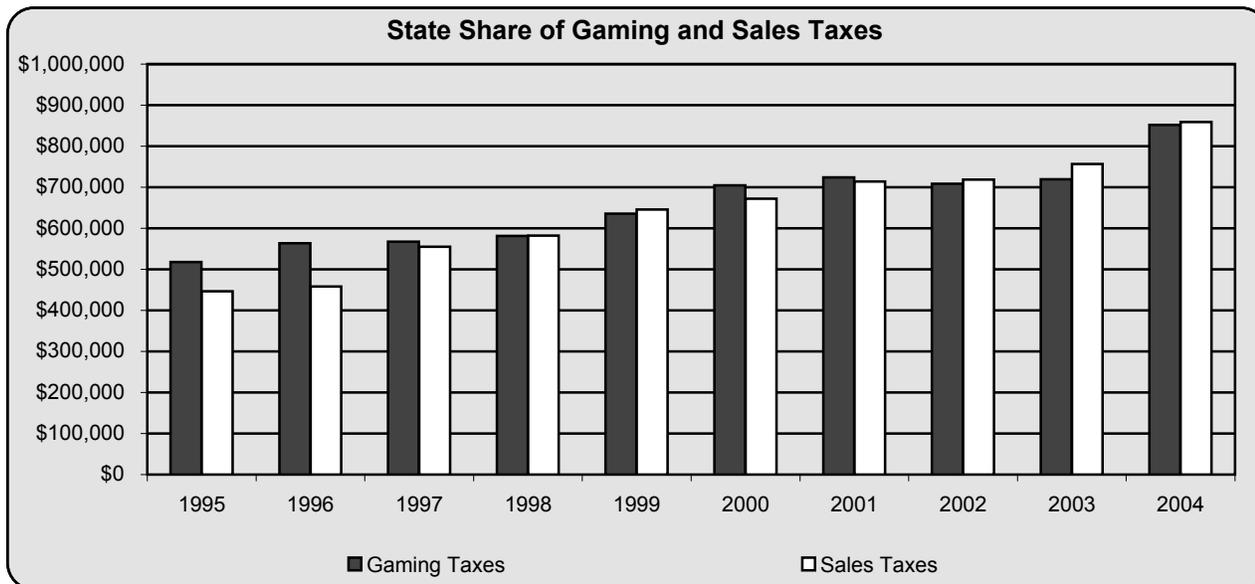


Table 5 - Average Combined Property Tax Rates and State Levy

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
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
2003	3.0321	3.5511	2.7209	3.0758	0.1500	86,653,099
2004	3.0676	3.5596	2.7682	3.1115	0.1700	107,030,055
2005	3.0815	3.5402	2.7889	3.1182	0.1700	118,490,191

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)

Table 6 - Assessed Value of Taxable Property

Fiscal Year Ended June 30	Assessed Value (1)				Taxable Value
	Clark County	Washoe County	15 Other Counties	Total State	Total State
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
2003	40,649,295	9,461,964	7,657,474	57,768,733	165,053,522
2004	44,679,769	10,408,837	7,870,249	62,958,855	179,882,444
2005	50,158,588	11,016,258	8,324,605	69,499,451	198,569,862

Source: Department of Taxation

(1) Excludes redevelopment agency valuation. Assessed value is approximately 35% of the taxable value.

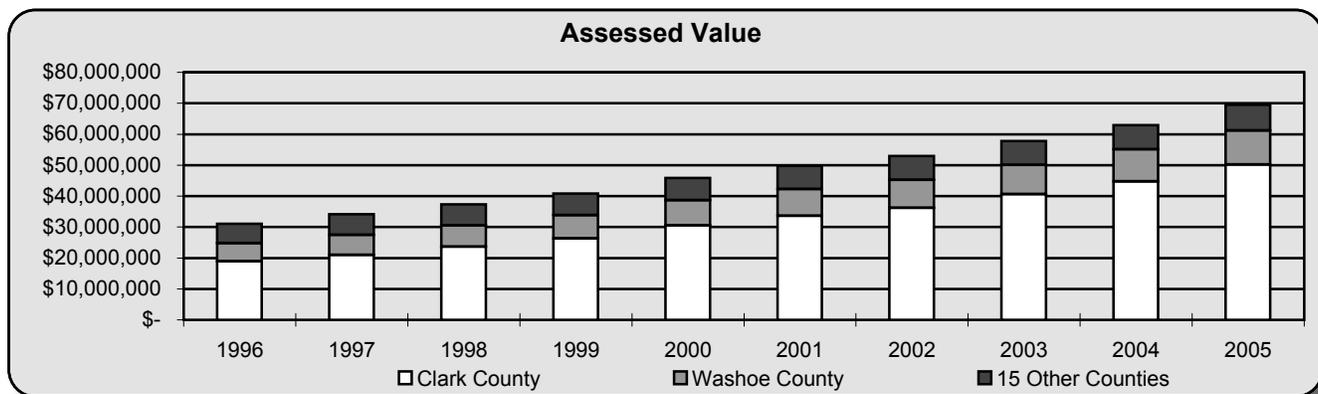


Table 7 - Ten Largest Taxable Property Owners

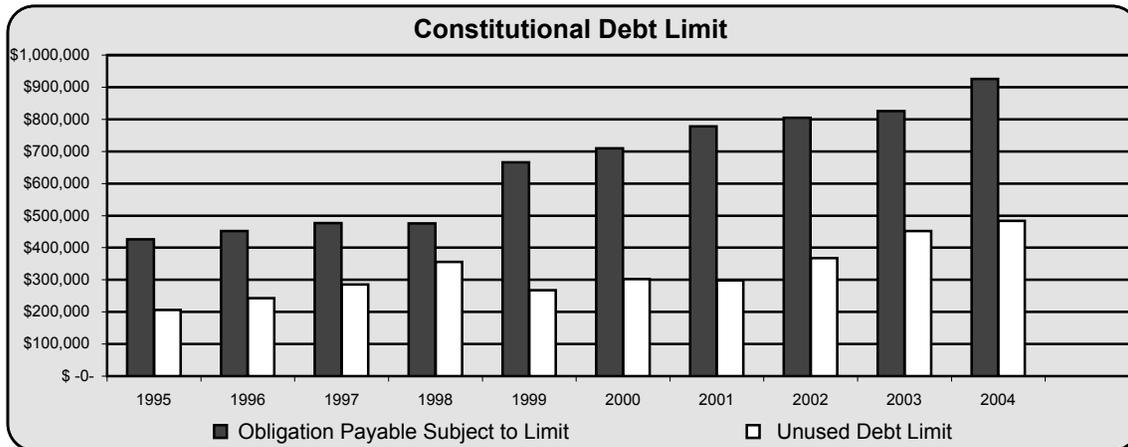
Taxpayer	FY 2004-2005 Secured Roll Assessed Value	Percentage of Total Assessed Value
M.G.M. Mirage (Las Vegas)	\$ 1,448,132	2.06 %
Mandalay Resort Group (Las Vegas and Reno)	990,073	1.41
Caesars Entertainment (Las Vegas)	853,384	1.21
F.S. Rouse LLC (Hughes) (Las Vegas)	673,086	0.96
Nevada Power Company	589,574	0.84
Harrah's (Las Vegas, Reno, Lake Tahoe)	410,410	0.58
Sierra Pacific Power Company	380,990	0.54
Venetian Casino Resort, LLC (Las Vegas)	369,589	0.52
Station Casinos, Inc. (Las Vegas)	304,184	0.43
Newmont Gold Company (Elko, Eureka, Humboldt and Lander)	273,518	0.39
Totals	\$ 6,292,940	8.94 %

Source: Department of Taxation

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

Table 8 - Constitutional Debt Limit

<u>Fiscal Year Ended June 30</u>	<u>2% Assessed Valuation</u>	<u>Obligation Payable Subject to Limit</u>	<u>Unused Debt Limit</u>
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
2002	1,172,317	804,860	367,457
2003	1,276,838	825,082	451,756
2004	1,408,688	925,183	483,505



Computation of Legal Debt Margin at June 30, 2004:

Assessed value of taxable property at June 30, 2004 (1)		<u>\$ 70,434,394</u>
Debt limitation (2% of assessed value)		<u>\$ 1,408,688</u>
Total general and special obligation bonded debt	\$ 2,530,969	
Leases	4,508	
Certificates of participation	34,655	
Less obligations exempt from debt margin:		
Municipal bond bank bonds	(1,056,210)	
Protection of natural resources bonds	(567,189)	
Lease revenue certificates of participation	(21,550)	
Debt subject to debt limitation		<u>925,183</u>
Legal debt margin at June 30, 2004		<u>\$ 483,505</u>

(1) Assessed value includes redevelopment assessed value of \$934,942

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

Table 9 - Ratio of Annual Debt Service Expenditures for General Bonded Debt to Total General Expenditures

Year Ended June 30	Principal	Interest, Fiscal Charges (1)	Total Debt Service (2)	Total General Expenditures (3)	Debt Service Expenditures to General Expenditures %
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	4,117,330	4.27
2001	74,655	114,485	189,140	4,169,255	4.54
2002	74,925	113,159	188,084	4,364,497	4.31
2003	78,400	114,500	192,900	4,758,713	4.05
2004	91,850	115,207	207,057	5,390,531	3.84

(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 Permanent Funds.

Table 10 - Ratio of Net General Obligation Bonded Debt to Assessed Value and Net General Obligation Bonded Debt per Capita

Year Ended June 30	Population	Assessed Value (1)	Gross Bonded Debt (2)	Less Debt Service Fund	Debt Payable From Fees and Enterprise Fund Revenues (3)	Net Bonded Debt	Net Bonded Debt to Assessed Value %	Net Bonded Debt Per Capita
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	1,998	49,749,248	2,261,376	36,519	1,573,840	651,017	1.31	326
2001	2,132	52,943,737	2,340,381	37,497	1,581,075	721,809	1.36	339
2002	2,206	57,768,733	2,375,993	34,442	1,549,820	791,731	1.37	359
2003	2,325	62,958,855	2,357,113	45,349	1,422,818	888,946	1.41	382
2004	2,373	69,499,452	2,530,969	55,949	1,431,220	1,043,800	1.50	440

(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)

Table 11 - Highway Improvement Revenue (Motor Vehicle Fuel Tax) Bond Coverage

Fiscal Year Ended June 30	Gross Resources (2)	Uses (3)	Net Resources Available for Debt Service	Debt Service Requirements (1)			Coverage %
				Principal	Interest	Total	
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)	-	-	-	n/a
2001	621,525	613,581	7,944	-	2,254	2,254	3.52
2002	712,334	547,761	164,573	8,065	4,806	12,871	12.79
2003	746,860	658,890	87,970	8,430	4,394	12,824	6.86
2004	783,442	823,687	(40,245)	21,675	11,712	33,387	(1.21)

Table 12 - Mortgage Revenue Bond Coverage (Housing Division Revenues)

Fiscal Year Ended June 30	Gross Resources (4)	Uses (3)	Net Resources Available for Debt Service	Debt Service Requirements (1)			Coverage %
				Principal	Interest	Total	
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
2002	206,589	11,835	194,754	187,664	67,796	255,460	0.76
2003	312,431	8,770	303,661	257,702	63,235	320,937	0.95
2004	335,062	10,335	324,727	297,681	50,034	347,715	0.93

Table 13 - Colorado River Commission General Obligation/Revenue Bonded Debt Coverage

Fiscal Year Ended June 30	Gross Resources	Uses (3)	Net Resources Available for Debt Service	Debt Service Requirements (1)			Coverage %
				Principal	Interest	Total	
1995	\$ 14,947 (5)	\$ 7,021	\$ 7,926	\$ 3,367	\$ 5,068	\$ 8,435	0.94
1996	19,030 (5)	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
2002	126,467 (6)	90,630	35,837	3,365	7,079	10,444	3.43
2003	127,087 (6)	111,018	16,069	1,045	5,702	6,747	2.38
2004	138,387 (6)	124,434	13,953	1,135	6,187	7,322	1.91

- (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)

Table 14 - Disposable Per Capita Income

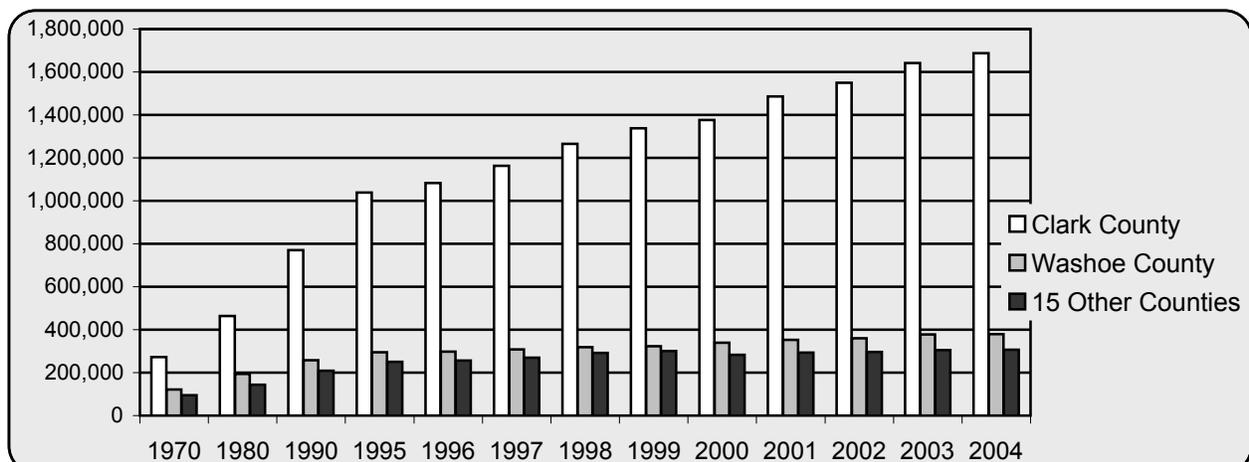
Calendar Year	United States	California	Nevada	Nevada's Per Capita as % of U.S. Per Capita	Nevada's Per Capita Rank
1970	\$ 3,484	\$ 4,131	\$ 4,425	127%	5
1980	8,424	9,876	9,714	115	5
1990	16,642	18,313	17,443	105	15
1994	19,241	19,929	20,350	106	8
1995	20,189	20,970	21,065	104	10
1996	20,979	21,760	21,805	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
2001	25,688	26,947	25,637	100	17
2002	26,974	28,286	26,636	99	19
2003	28,230	29,798	28,188	100	18

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

Table 15 - Population

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
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	1,375,765	339,486	283,006	1,998,257
2001	1,485,855	353,271	293,372	2,132,498
2002	1,549,657	359,423	296,942	2,206,022
2003	1,641,529	377,412	305,622	2,324,563
2004	1,686,827	379,673	306,321	2,372,821

Sources: U.S. Department of Commerce, Bureau of Census, 1970, 1980, 1990, 2000; Nevada State Demographer for all other years as estimated for July 1.



For the Last Ten Fiscal Years (Unaudited)

Table 16 - Public School Enrollment

Grades	Fall Enrollment									
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Primary (K - 6)	155,492	164,654	173,618	181,612	189,755	198,863	207,039	211,260	217,488	223,973
Secondary (7 - 12)	109,549	117,477	123,003	129,451	135,855	141,843	149,775	158,225	167,926	177,245
Total	265,041	282,131	296,621	311,063	325,610	340,706	356,814	369,485	385,414	401,218
County										
Clark	166,788	179,106	190,822	203,777	217,526	231,655	245,659	255,316	270,529	283,235
Washoe	47,572	49,671	51,205	52,652	54,508	56,268	58,532	58,908	62,103	63,698
All Others	50,681	53,354	54,594	54,634	53,576	52,783	52,623	55,261	52,782	54,285
Total	265,041	282,131	296,621	311,063	325,610	340,706	356,814	369,485	385,414	401,218

Source: Nevada Department of Education

Table 17 - University, State College and Community College Enrollment

Universities	Full Time Equivalent Students at Fall Enrollment									
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Reno	9,161	9,383	9,397	9,488	9,881	9,898	10,804	11,668	11,965	12,202
Las Vegas	13,166	13,661	14,447	15,318	15,428	15,093	16,232	17,777	18,639	19,887
Subtotal	22,327	23,044	23,844	24,806	25,309	24,991	27,036	29,445	30,604	32,089
State College										
Henderson	-	-	-	-	-	-	-	116	330	741
Community Colleges (CC)										
Southern Nevada	8,599	10,245	11,380	13,135	15,215	14,410	15,266	16,532	17,716	17,400
Great Basin	878	1,010	1,146	1,132	1,252	1,322	1,208	1,251	1,436	1,328
Truckee Meadows	3,451	3,848	4,377	4,560	4,867	5,032	4,889	5,324	5,559	5,957
Western Nevada	1,682	1,869	1,955	2,013	2,045	2,037	2,128	2,164	2,180	2,275
Subtotal	14,610	16,972	18,858	20,840	23,379	22,801	23,491	25,271	26,891	26,960
Total	36,937	40,016	42,702	45,646	48,688	47,792	50,527	54,832	57,825	59,790

Source: University and Community College System of Nevada

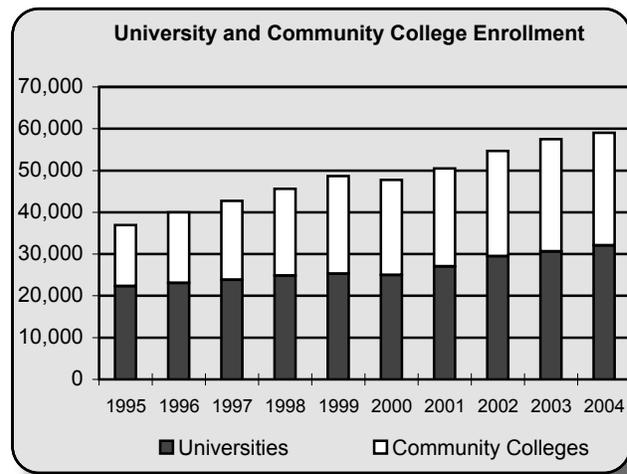
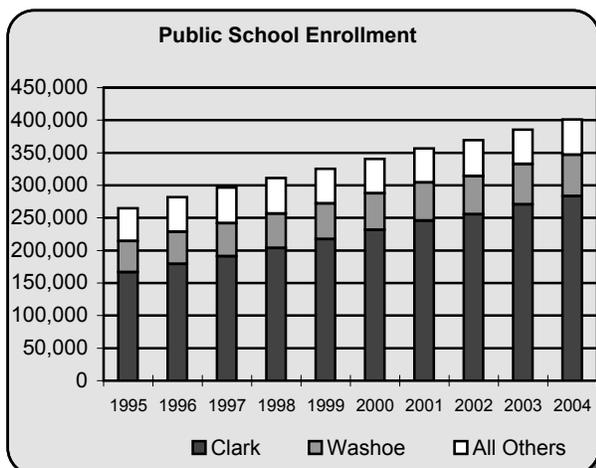


Table 18 - Average Annual Employment

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

Calendar Year Ended	Labor Force Statistics				Industrial Base Statistics (1)		
	Total Nevada Labor Force	Unemployment	Unemployment Rate %	U.S. Average Unemployment Rate %	Total Non-Agriculture	Goods Producing	Services Producing
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	986.1	40.0	4.1	4.0	1,028.7	143.1	885.6
2001	1,023.5	54.7	5.3	4.8	1,053.9	145.9	908.0
2002	1,121.7	61.8	5.5	5.8	1,049.6	143.1	906.5
2003 (2)	1,141.3	59.4	5.2	6.0	1,087.4	152.4	935.0

Source: Nevada Department of Employment, Training and Rehabilitation

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

(2) Revised in 2004 to reflect the entire 2003 calendar year.

Table 19 - Revenues Collected from Counties

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

County:	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Carson City	\$ 1,436	\$ 1,696	\$ 1,676	\$ 1,785	\$ 2,076	\$ 2,340	\$ 2,416	\$ 2,208	\$ 2,321	\$ 2,488
Churchill	697	684	756	750	874	892	824	815	875	997
Clark	40,644	45,462	49,796	53,698	70,399	82,802	92,243	82,753	88,778	109,205
Douglas	2,313	2,541	2,728	2,766	3,176	3,542	3,730	3,364	3,581	4,134
Elko	1,833	1,814	2,073	1,975	2,099	2,199	2,411	2,284	2,202	2,300
Esmeralda	118	119	107	175	225	170	196	199	189	226
Eureka	900	1,020	986	899	933	827	906	815	525	777
Humboldt	799	869	1,028	1,100	1,292	1,227	1,196	1,066	1,034	1,073
Lander	337	359	400	414	458	496	497	417	425	468
Lincoln	173	198	260	228	244	244	284	262	242	286
Lyon	910	940	1,072	1,188	1,454	1,666	1,724	1,530	1,627	1,940
Mineral	240	269	309	314	225	207	496	159	216	279
Nye	922	1,062	1,273	1,296	1,559	1,949	2,131	1,780	1,920	2,087
Pershing	241	259	272	289	339	336	293	317	302	308
Storey	122	129	142	253	242	220	246	293	309	383
Washoe	12,561	13,385	14,550	13,256	19,398	21,589	22,346	20,199	21,141	24,760
White Pine	255	405	391	332	369	374	330	274	269	309
Total revenues collected from counties	\$ 64,501	\$ 71,211	\$ 77,819	\$ 80,718	\$105,362	\$121,080	\$132,269	\$118,735	\$125,956	\$152,020



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

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

The Honorable Kathy Augustine
State Controller

We have audited the financial statements of the State of Nevada (the State), as of and for the year ended June 30, 2004, and have issued our report thereon dated December 10, 2004. 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 10, 2004, portions of the audit of the financial statements were performed by other auditors, whose reports were furnished to us.

Internal Control Over Financial Reporting:

In planning and performing our audit, we considered the State's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide 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 reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements 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.

Compliance and Other Matters:

As part of obtaining reasonable assurance about whether the State's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

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 10, 2004