

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
Office of State Controller
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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.

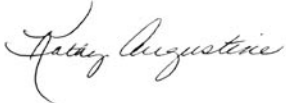
Other Information

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,

A handwritten signature in cursive script that reads "Kathy Augustine".

Kathy Augustine
Nevada State Controller

State of Nevada Constitutional Officers



Kenny Guinn
Governor



Lorraine Hunt
Lieutenant Governor



Dean Heller
Secretary of State



Kathy Augustine
Controller

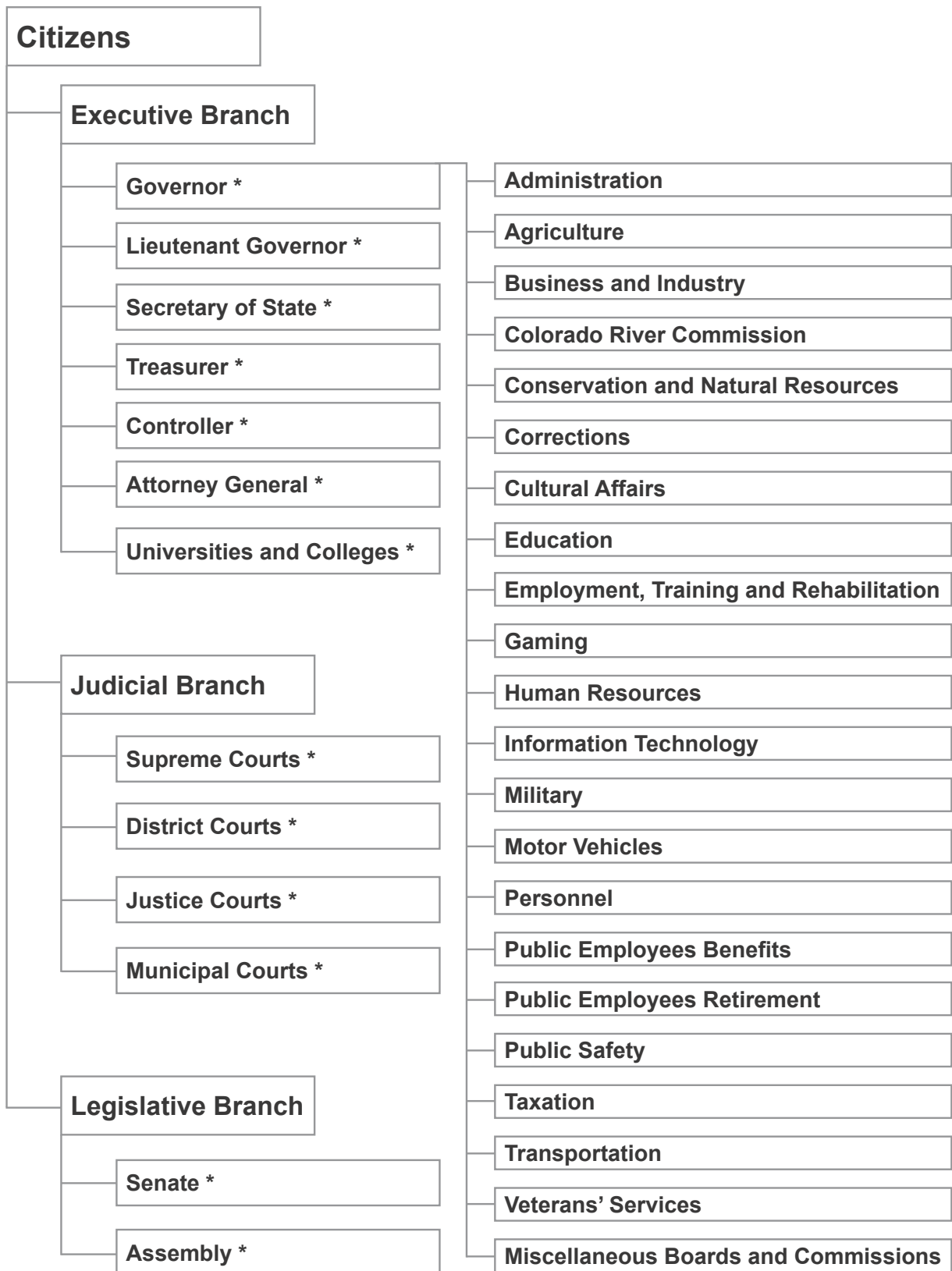


Brian Krolicki
Treasurer



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. Ziehl

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.

Kafoory, 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 million was restricted and not available to meet the State's general obligations.

Changes in Net Assets – The State's total net assets increased by \$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) | | | | | | | |
|---|----------------------------|---------------------|-----------------------------|-------------------|---------------------|---------------------|-------------------|
| | Governmental Activities | | Business-type Activities | | Total | | Total Change |
| | 2004 | 2003 | 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.

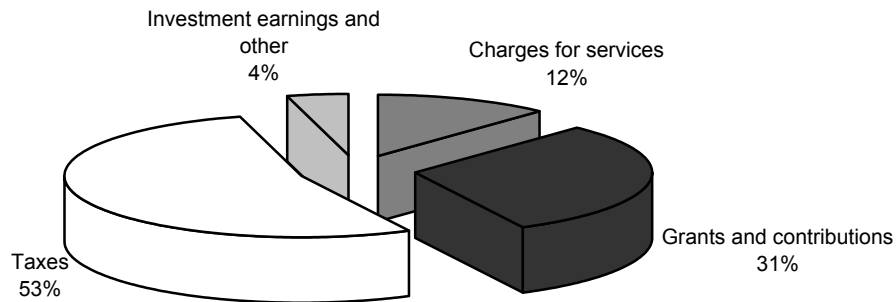
At the end of the current fiscal year, the State is able to report positive balances in two of the three categories of net assets, both for the governmental activities and for the government as a whole. For the business-type activities, the State is able to report positive balances in all three categories.

| 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 |

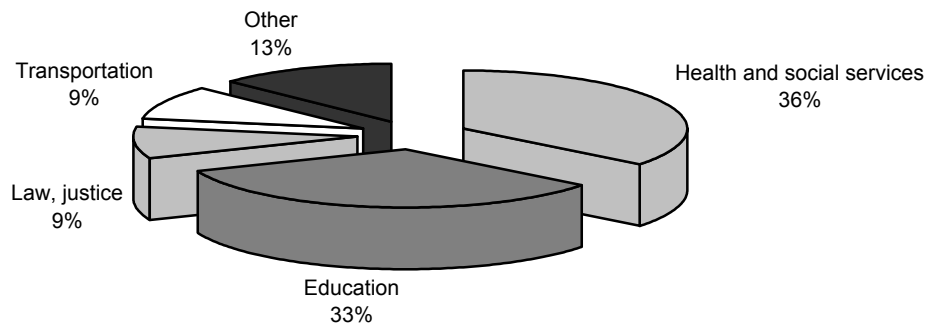
Changes in Net Assets:

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.

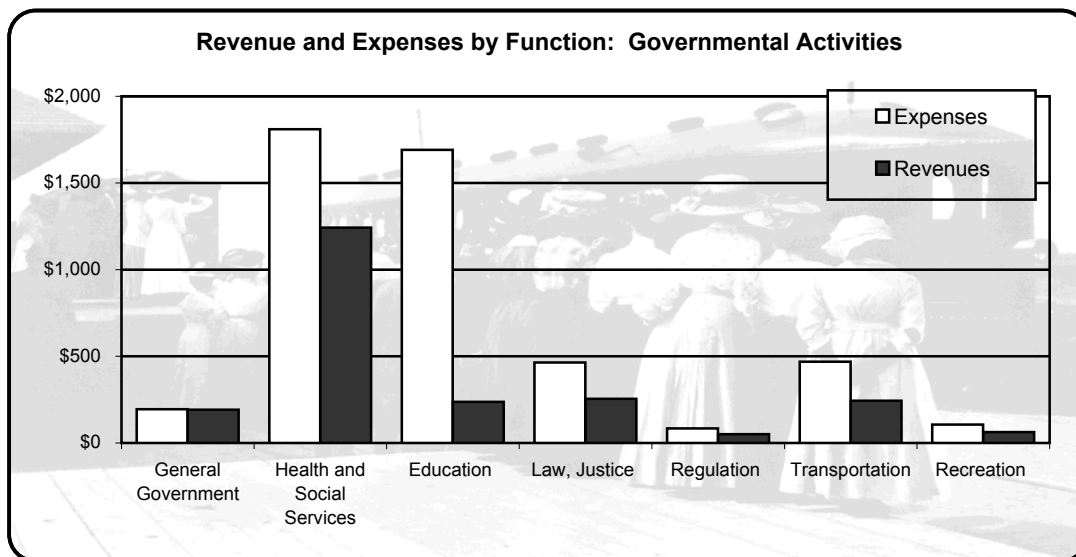
The following chart depicts the governmental activities revenues for the fiscal year:



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

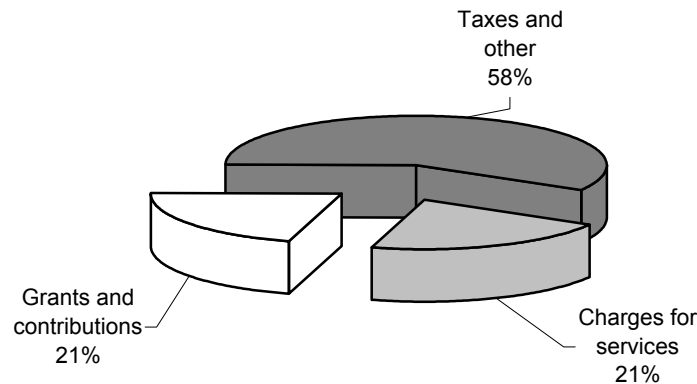


The following chart depicts the total program revenues and expenses for each function of governmental activities (expressed in millions):

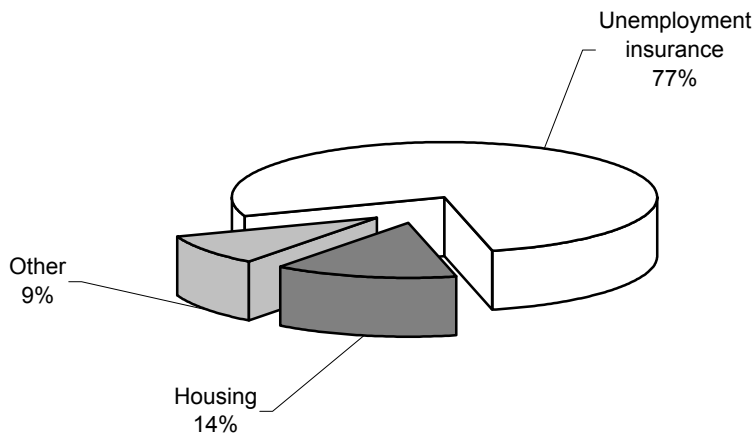


Business-type activities –The net assets increased by \$20.4 million or 2.5%. Approximately 58% of the total revenue came from taxes and other sources, while 21% was in the form of grants and contributions (including federal aid). Charges for various goods and services provided 21% of the total revenues (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.

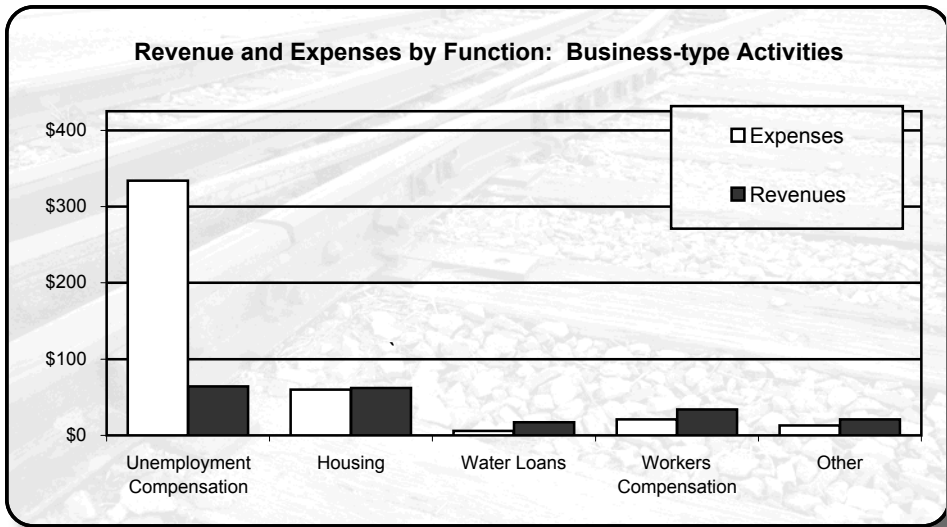
The following chart depicts the business-type activities revenues for the fiscal year:



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 (Expressed in thousands) | | | | | | |
|--|---------------------|---------------|---------------------|---------------|---------------------|--------------|
| | 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 (Expressed in thousands) | | | | | | |
|--|---------------------|---------------|---------------------|---------------|---------------------|--------------|
| | 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% | 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

State
of
Nevada

June 30, 2004 (Expressed in Thousands)

| | Primary Government | | Component Units | |
|---|-------------------------|--------------------------|---------------------------|-------------------|
| | Governmental Activities | Business-Type Activities | Colorado River Commission | University System |
| Assets | | | | |
| Cash and pooled investments | \$ 1,175,862 | \$ 568,721 | \$ 12,104 | \$ 143,993 |
| Investments | 1,206,985 | 467,398 | - | 579,030 |
| Collateral on loaned securities | 666,680 | 70,523 | 9,235 | - |
| Internal balances | 98 | (98) | - | - |
| Due from the State of Nevada | - | - | 59 | 57,484 |
| Accounts receivable | 85,131 | 755 | 5,996 | 98,880 |
| Taxes/assessments receivable | 623,925 | 90,462 | - | - |
| Intergovernmental receivables | 419,791 | 642 | - | 31,326 |
| Accrued interest and dividends | 19,711 | 8,514 | 71 | - |
| Mortgages receivable | - | 674,549 | - | - |
| Notes/loans receivable | 880 | 29,854 | - | 11,434 |
| Other receivables | 3,708 | - | - | 22,971 |
| Inventory | 11,923 | 1,336 | - | 5,460 |
| Prepaid expenses | 44,991 | 28 | 41,164 | - |
| Deferred charges | 4,037 | 5,935 | - | - |
| <i>Restricted assets:</i> | | | | |
| Cash | - | - | 4,476 | 2,376 |
| Noncash | - | 110,906 | - | - |
| Other assets | - | 4,488 | - | 11,568 |
| <i>Capital assets:</i> | | | | |
| Land, infrastructure and construction in progress | 3,342,740 | 559 | 8,181 | 180,833 |
| Other capital assets, net | 883,440 | 2,572 | 60,837 | 975,350 |
| Total assets | 8,489,902 | 2,037,144 | 142,123 | 2,120,705 |
| Liabilities | | | | |
| Accounts payable | 606,674 | 19,209 | 6,914 | 23,101 |
| Accrued payroll and related liabilities | 57,153 | 1,019 | - | 20,702 |
| Intergovernmental payables | 95,320 | 228 | - | 7,586 |
| Interest payable | 31,466 | 13,199 | - | 6,118 |
| Due to component unit | 57,523 | 20 | - | - |
| Contracts/retentions payable | 38,754 | - | - | - |
| Obligations under securities lending | 666,680 | 70,523 | 9,235 | - |
| Deferred revenues | 343,887 | 5,088 | - | 35,623 |
| Reserve for losses | 56,791 | - | - | - |
| Other liabilities | 31,020 | 41 | 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 | 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 | 10,216 |
| Bonds payable | 2,429,849 | 1,067,337 | 3,497,186 | 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 | 437,067 |
| Net Assets | | | | |
| Invested in capital assets, net of related debt | 3,493,458 | 3,047 | 3,496,505 | 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 | - | - | - | - |
| Funds held as permanent investments: | | | | |
| Nonexpendable | 142,577 | - | 142,577 | 156,282 |
| Expendable | 22 | - | 22 | - |
| Unrestricted (deficit) | (153,370) | 8,475 | (144,895) | 215,928 |
| Total net assets | \$ 3,824,252 | \$ 833,351 | \$ 4,657,603 | \$ 1,683,638 |

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

Statement of Activities

State
of
Nevada

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

| Functions/Programs | Program Revenues | | | Net (Expenses) Revenues and Changes in Net Assets | | | | |
|--|------------------|----------------------|------------------------------------|---|-------------------------|--------------------------|-------------|-----------------|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Primary Government | | | |
| | | | | | Governmental Activities | Business-Type Activities | Total | Component Units |
| 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 |
| 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 |
| Change in net assets | 331,908 | 20,417 | 352,325 | (123) |
| Net assets - beginning (as restated) | 3,492,344 | 812,934 | 4,305,278 | 9,008 |
| 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 | (516,702,244) | |
| 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 | (77,222,981) | |
| Total long-term liabilities | | (2,686,682,442) |

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 | - | - | - | - |
| Other: | | | | |
| 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 | | | | |
| Current: | | | | |
| 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 | - | - | - | - |
| Debt service: | | | | |
| 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 |
| 248,817 | 290,902,023 | 5,309,997,938 |
| 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 |
| 74,713 | 360,873,111 | 5,390,531,377 |
| 174,104 | (69,971,088) | (80,533,439) |
| - | 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) |
| 79,995,661 | 101,731,061 | 447,562,661 |
| 80,169,765 | 31,759,973 | 367,029,222 |
| 1,340,970 | 393,857,501 | 1,825,507,390 |
| \$ 81,510,735 | \$ 425,617,474 | \$ 2,192,536,612 |

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 | (66,139,077) | |
| 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 | (35,227,831) | |
| 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 | 84,236,970 | |
| 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 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 | | (3,067,804) |

Change in net assets of governmental activities

\$ 331,907,635

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 | <u>\$ 186,445,080</u> | <u>\$ (30,089,053)</u> | <u>\$ 1,908,902</u> | <u>\$ 19,575,351</u> | <u>\$ 177,840,280</u> | <u>\$ 54,621,808</u> |
| 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

| | Pension Trust Funds | Investment Trust Funds | Private-Purpose Trust Funds | Agency Funds |
|--|--------------------------|---------------------------|--------------------------------|--------------------|
| 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 | 18,543,196,060 | 687,003,753 | 66,976,353 | 705,993,757 |
| 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 | 2,513,355,442 | 55,493,621 | 4,119,472 | 705,993,757 |
| 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 | \$ 16,029,840,618 | \$ 631,510,132 | \$ 62,856,881 | \$ - |

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

| | Pension Trust Funds | Investment Trust Funds | Private-Purpose Trust Funds |
|--|--------------------------|---------------------------|--------------------------------|
| 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 | 916,807,330 | - | 23,541,257 |
| <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 | - | - |
| | 1,741,581,698 | 5,866,765 | 6,340,873 |
| Less investment expense: | | | |
| Cost of securities lending | (13,990,481) | (771,620) | (3,882) |
| Other | (24,890,558) | (243,628) | - |
| Net investment income | 1,702,700,659 | 4,851,517 | 6,336,991 |
| <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 | 2,127,562 | 1,095,228,361 | 82,622 |
| Total additions | 2,621,635,551 | 1,100,079,878 | 29,960,870 |
| 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 | 681,771,479 | 1,029,574,084 | 14,743,162 |
| 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 | \$ 16,029,840,618 | \$ 631,510,132 | \$ 62,856,881 |

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 bid/ask 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 | | | | 109,210 | 109,210 |
| Investments held by broker-dealers under securities loans: | | | | | |
| U.S. Government securities | | | | 8,999 | 8,999 |
| 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):

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

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):

| | Advances From | | | |
|-----------------------|------------------|--------------|-------------------------------|------------------|
| | Major Funds | | | |
| | | State | Consolidated Bond Interest | |
| | General | Highway | and Redemption | Total |
| 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 | \$ 18,183 | \$ 11 | \$ 3,056 | \$ 21,250 |

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

| | Due To | | | | | |
|---|------------------------|----------------------|---------------------|------------------|------------------|-------------------|
| | Major Enterprise Funds | | | | | |
| | Housing Division | Water Projects Loans | Nonmajor Enterprise | Total Enterprise | Internal Service | Total Other Funds |
| Due From | | | | | | |
| Major Governmental Funds: | | | | | | |
| General | \$ 1 | \$ 440 | \$ 1,448 | \$ 1,889 | \$ 5,634 | \$ 95,005 |
| State Highway | - | - | 36 | 36 | 433 | 24,227 |
| Municipal Bond Bank | - | - | - | - | - | 2,327 |
| Consolidated Bond Interest and Redemption | - | - | - | - | 1 | 1 |
| Nonmajor governmental | - | - | 162 | 162 | 3,992 | 23,386 |
| Total Governmental | 1 | 440 | 1,646 | 2,087 | 10,060 | 144,946 |
| Major Enterprise Funds: | | | | | | |
| Housing Division | - | - | - | - | 6 | 6 |
| Water Projects Loans | - | - | - | - | - | 495 |
| Nonmajor enterprise | - | - | 3 | 3 | 65 | 2,261 |
| Total Enterprise | - | - | 3 | 3 | 71 | 2,762 |
| Internal Service | - | - | 18 | 18 | 206 | 3,272 |
| Total other funds | \$ 1 | \$ 440 | \$ 1,667 | \$ 2,108 | \$ 10,337 | \$ 150,980 |
| Fiduciary | \$ - | \$ - | \$ 9 | \$ 9 | \$ 1 | \$ 351 |
| 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)

| | Due To | | |
|---|-------------------|---------------------------|-----------------------|
| | Component Units | | Total Component Units |
| Due From | University System | Colorado River Commission | |
| Major Governmental Funds: | | | |
| General | \$ 7,455 | \$ 71 | \$ 7,526 |
| State Highway | 381 | - | 381 |
| Consolidated Bond Interest and Redemption | 353 | - | 353 |
| Nonmajor governmental | 69,107 | - | 69,107 |
| Total Governmental | 77,296 | 71 | 77,367 |
| Major Enterprise Funds: | | | |
| Water Projects Loans | 29 | - | 29 |
| Nonmajor enterprise | 1 | - | 1 |
| Total Enterprise | 30 | - | 30 |
| Internal Service | 4 | - | 4 |
| Total other funds | \$ 77,330 | \$ 71 | \$ 77,401 |
| Fiduciary | \$ 10 | \$ - | \$ 10 |

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

C. Transfers From/Transfers To Other Funds

A summary of transfers between funds for the year ended June 30, 2004, is shown below (expressed in thousands):

thousands):

| | Transfers Out/To | | | | | | |
|--|--------------------------|---------------|---------------------|-----------------------------------|---|-----------------------|--------------------|
| | Major Governmental Funds | | | | | | |
| | General | State Highway | Municipal Bond Bank | Cons Bond Interest and Redemption | Stabilize the Operations of State Gov't | Nonmajor Governmental | Total Governmental |
| Transfers In/From | | | | | | | |
| Major Governmental Funds: | | | | | | | |
| General | \$ - | \$ 3,949 | \$ 19 | \$ - | \$ 18 | \$ 68,593 | \$ 72,579 |
| State Highway | 2,786 | - | - | - | - | 160 | 2,946 |
| Consolidated Bond Interest and Redemption | 88 | - | 83,060 | - | - | 8,533 | 91,681 |
| Stabilize the Operations of State Government | 71,146 | - | - | - | - | 8,882 | 80,028 |
| Nonmajor governmental | 62,579 | 5,175 | - | - | 15 | 7,387 | 75,156 |
| Total Governmental | 136,599 | 9,124 | 83,079 | - | 33 | 93,555 | 322,390 |
| Major Enterprise Funds: | | | | | | | |
| Water Projects Loans | - | - | - | 680 | - | - | 680 |
| Nonmajor enterprise | 925 | - | - | - | - | 146 | 1,071 |
| Total Enterprise | 925 | - | - | 680 | - | 146 | 1,751 |
| Internal Service | 712 | - | - | - | - | 796 | 1,508 |
| Total other funds | \$ 138,236 | \$ 9,124 | \$ 83,079 | \$ 680 | \$ 33 | \$ 94,497 | \$ 325,649 |

| | Transfers Out/To | | | | | | |
|--|------------------------|----------------------|---------------------|------------------|------------------|-------------------|------------|
| | Major Enterprise Funds | | | | | | |
| | Housing Division | Water Projects Loans | Nonmajor Enterprise | Total Enterprise | Internal Service | Total Other Funds | |
| Transfers In/From | | | | | | | |
| Major Governmental Funds: | | | | | | | |
| General | \$ 43 | \$ 1,277 | \$ 17,688 | \$ 19,008 | \$ - | \$ - | \$ 91,587 |
| State Highway | - | - | - | - | 54 | - | 3,000 |
| Consolidated Bond Interest and Redemption | - | - | - | - | - | - | 91,681 |
| Stabilize the Operations of State Government | - | - | - | - | - | - | 80,028 |
| Nonmajor governmental | - | - | 82 | 82 | 285 | - | 75,523 |
| Total Governmental | 43 | 1,277 | 17,770 | 19,090 | 339 | - | 341,819 |
| Major Enterprise Funds: | | | | | | | |
| Water Projects Loans | - | - | - | - | - | - | 680 |
| Nonmajor enterprise | - | - | - | - | - | - | 1,071 |
| Total Enterprise | - | - | - | - | - | - | 1,751 |
| Internal Service | - | - | - | - | - | - | 1,508 |
| Total other funds | \$ 43 | \$ 1,277 | \$ 17,770 | \$ 19,090 | \$ 339 | \$ - | \$ 345,078 |

(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):

| | Business-Type Activities | Total Primary Government | Component Units |
|-------------------------------|-------------------------------------|-------------------------------------|------------------------|
| 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 | 3,283,470 | 259,817 | (200,547) | 3,342,740 |
| <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 | 1,249,838 | 221,254 | (15,804) | 1,455,288 |
| <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 | (514,432) | (72,245) | 14,829 | (571,848) |
| Total capital assets, being depreciated/amortized, net | 735,406 | 149,009 | (975) | 883,440 |
| Governmental activities capital assets, net | \$ 4,018,876 | \$ 408,826 | \$ (201,522) | \$ 4,226,180 |
| 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 | 739 | 124 | (304) | 559 |
| <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 | 8,445 | 532 | (157) | 8,820 |
| <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 | (6,031) | (382) | 165 | (6,248) |
| Total capital assets, being depreciated, net | 2,414 | 150 | 8 | 2,572 |
| Business-type activities capital assets, net | \$ 3,153 | \$ 274 | \$ (296) | \$ 3,131 |

(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):

| | Beginning Balance | Increases | Decreases | Ending Balance |
|---|------------------------------|-------------------|--------------------|---------------------------|
| 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 | 116,659 | 112,635 | (48,461) | 180,833 |
| 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 | 1,467,872 | 105,854 | (21,047) | 1,552,679 |
| 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 | (536,414) | (58,789) | 17,874 | (577,329) |
| Total capital assets, being depreciated, net | 931,458 | 47,065 | (3,173) | 975,350 |
| 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):

| | Interest Rates | Original Amount | Principal Outstanding |
|---|-------------------|---------------------|--------------------------|
| 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 | | 3,535,526 | 2,524,814 |
| <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):

| | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|---|----------------------|-------------------|---------------------|---------------------|------------------------|
| 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 | 2,261,723 | 459,231 | (196,140) | 2,524,814 | 124,616 |
| Issuance premiums | - | 35,228 | (2,592) | 32,636 | 2,985 |
| Total bonds payable | 2,261,723 | 494,459 | (198,732) | 2,557,450 | 127,601 |
| 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 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 | \$ 265,569 | \$ 49,575 | \$ (17,869) | 297,275 | 10,824 |
| Discretely presented component units of the University System: | | | | | |
| Bonds and notes payable | | | | 3,985 | 901 |
| Capital leases | | | | 353 | 168 |
| Total | | | | \$ 301,613 | \$ 11,893 |

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 | \$ 15,021 |

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:

| | GASB | | |
|-----------------------------------|---------|------------|-----------|
| | Funding | Disclosure | Statutory |
| | 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 | | |
|---|-------------------------|-------------------------|--------------------------|-------------------------|-------------------------|--------------------------|-------------------------|-------------------------|--------------------------|
| | Total State | | | Total State | | | Total State | | |
| | Employees' Contribution | Employers' Contribution | Contribution Requirement | Employees' Contribution | Employers' Contribution | Contribution Requirement | Employees' Contribution | Employers' Contribution | 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 | (151,096) | (8,379) |
| 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 | \$ 19,209 | \$ 37,582 |

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):

| For the Year Ended June 30 | Amount |
|-------------------------------|------------------|
| 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 | \$ 66,255 |

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. Rebutable arbitrage is computed as of each installment computation date. The arbitrage rebate calculation as of the most recent such date indicates that no amount is due. Future calculations might result in adjustments to this determination.

Note 15 - Subsequent Events

Primary Government

Bonds - The following bonds were sold after June 30, 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 | - |
| - | - | - | - | - | - | - | - |
| 82,280 | 83,034 | 82,957 | (77) | 1,341 | 10,911 | 10,911 | - |
| - | - | - | - | - | - | 15 | (15) |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| 3 | 3 | 1 | 2 | - | - | - | - |
| - | - | - | - | 751 | 885 | 37 | 848 |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| 82,277 | 83,031 | 82,938 | 93 | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| 82,280 | 83,034 | 82,939 | 95 | 751 | 885 | 52 | 833 |
| \$ - | \$ - | \$ 18 | \$ 18 | \$ 590 | \$ 10,026 | \$ 10,859 | \$ 833 |

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):

| | General Fund | State Highway | Municipal Bond Bank | Stabilize the Operations of State Government |
|---|-------------------|-------------------|------------------------|--|
| 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)

| | 2004 | 2003 | 2002 | 2001 | 2000 |
|-----------|-----------|-----------|-----------|----------|----------|
| 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 |
| Other: | | | | | |
| 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 | | | | | |
| Current: | | | | | |
| 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 |
| Debt service: | | | | | |
| 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 |

Combining Balance Sheet Nonmajor Special Revenue Funds

State
of
Nevada

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> |

Combining Balance Sheet Nonmajor Special Revenue Funds

State
of
Nevada

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> |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| (775,152) | - | (1,109,208) | 6,836 | 254,300 | 38,235,232 | - |
| <u>(775,152)</u> | <u>-</u> | <u>(1,109,208)</u> | <u>(1,214,589)</u> | <u>(15,033,839)</u> | <u>(25,443,024)</u> | <u>(168,872)</u> |
| <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> |

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

Page 2 of 2

| | 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> |

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

State
of
Nevada

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 | - | - | - | - | - |
| Other: | | | | | | |
| Fines | - | - | - | - | - | - |
| Land sales | - | - | - | - | - | - |
| Other | 79,848 | - | - | - | 16,895 | - |
| Total revenues | <u>316,870</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>19,259</u> | <u>-</u> |
| Expenditures | | | | | | |
| Current: | | | | | | |
| 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 |
| Debt service: | | | | | | |
| Debt issuance costs | - | - | - | 299,702 | - | - |
| Total expenditures | <u>441,955</u> | <u>12,464,379</u> | <u>1,543,419</u> | <u>61,024,794</u> | <u>8,946,657</u> | <u>11,249,631</u> |
| Excess (deficiency) of revenues over expenditures | <u>(125,085)</u> | <u>(12,464,379)</u> | <u>(1,543,419)</u> | <u>(61,024,794)</u> | <u>(8,927,398)</u> | <u>(11,249,631)</u> |
| 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) | <u>75,168</u> | <u>3,815,559</u> | <u>10,172,272</u> | <u>61,024,794</u> | <u>8,466,699</u> | <u>2,660,791</u> |
| 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 | <u>\$ 703,136</u> | <u>\$ 23,400,639</u> | <u>\$ 11,663,224</u> | <u>\$ -</u> | <u>\$ 17,446,790</u> | <u>\$ 8,090,444</u> |

| 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 |
| 4,546,926 | - | 16,911 | 20,087 | 4,920,053 | 31,837,505 | 403 | 31,837,908 |
| - | - | 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 | - | - | - |
| 4,496,750 | 1,001,338 | 69,454 | 3,928,612 | 105,166,989 | 94,244 | 340 | 94,584 |
| 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 | - | - | - |
| (257,082) | - | - | - | (5,457,310) | (139,706) | - | (139,706) |
| 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 |
| \$ 956,247 | \$ 654,846 | \$ 2,259,741 | \$ 21,857,120 | \$ 87,032,187 | \$ 142,352,263 | \$ 52,392 | \$ 142,404,655 |

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).

Combining Statement of Net Assets Nonmajor Enterprise Funds

State
of
Nevada

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 |
| (2,283,517) | (10,394) | - | (2,115,798) | (5,930,752) |
| <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 |
| <u>98,825</u> | <u>34,141</u> | <u>-</u> | <u>9,054</u> | <u>747,397</u> |
| <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 |

| Prison Industry | Nevada Magazine | WICHE Student Loans | Marlette Lake Water System | Total |
|------------------------|------------------------|----------------------------|-----------------------------------|---------------|
| \$ 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 |
| 5,637,629 | 2,269,705 | 106,253 | 546,855 | 53,103,754 |
| 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 |
| 5,756,477 | 1,958,521 | 1,205,197 | 437,523 | 34,222,824 |
| (118,848) | 311,184 | (1,098,944) | 109,332 | 18,880,930 |
| 3,373 | - | - | - | 281,711 |
| (7,985) | - | - | - | (173,272) |
| - | - | - | - | 2,143,122 |
| - | - | - | - | (9,065) |
| (4,612) | - | - | - | 2,242,496 |
| (123,460) | 311,184 | (1,098,944) | 109,332 | 21,123,426 |
| - | 145,833 | 862,748 | - | 1,071,042 |
| - | - | - | - | (17,769,595) |
| (123,460) | 457,017 | (236,196) | 109,332 | 4,424,873 |
| 4,418,175 | (749,036) | 2,347,401 | 859,255 | 27,078,377 |
| \$ 4,294,715 | \$ (292,019) | \$ 2,111,205 | \$ 968,587 | \$ 31,503,250 |

Combining Statement of Cash Flows Nonmajor Enterprise Funds

State
of
Nevada

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 | 11,937,520 | 738,594 | 7,924,332 | (92,220) |
| 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 | (7,600,837) | (723,221) | (7,131,398) | 114,198 |
| 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 | - | - | - | - |
| Cash flows from investing activities | | | | |
| Interest and dividends received | 286,019 | - | - | - |
| Net cash provided by (used for) investing activities | 286,019 | - | - | - |
| 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 | \$ 24,178,675 | \$ 510,059 | \$ 6,405,280 | \$ 274,272 |
| 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 | 519,832 | (7,136) | 299,398 | 17,926 |
| Net cash provided by (used for) operating activities | \$ 11,937,520 | \$ 738,594 | \$ 7,924,332 | \$ (92,220) |
| 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) |
| (48,745) | (155,870) | (861,113) | 132,853 | 19,575,351 |
| - | - | - | - | 2,052,190 |
| - | 125,000 | 673,623 | - | 819,262 |
| - | - | - | - | (17,414,087) |
| - | - | 198,000 | - | 198,000 |
| - | 125,000 | 871,623 | - | (14,344,635) |
| (304,985) | - | - | - | (304,985) |
| - | - | - | (10,512) | (10,512) |
| (304,985) | - | - | (10,512) | (315,497) |
| 4,875 | - | - | - | 290,894 |
| 4,875 | - | - | - | 290,894 |
| (348,855) | (30,870) | 10,510 | 122,341 | 5,206,113 |
| 1,559,867 | 71,637 | 193,852 | 37,001 | 27,777,656 |
| \$ 1,211,012 | \$ 40,767 | \$ 204,362 | \$ 159,342 | \$ 32,983,769 |
| \$ (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) |
| 70,103 | (467,054) | 237,831 | 23,521 | 694,421 |
| \$ (48,745) | \$ (155,870) | \$ (861,113) | \$ 132,853 | \$ 19,575,351 |
| \$ 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 |

| Insurance Premiums | Administrative Services | Personnel | Purchasing | Information Services | Printing | Total |
|-----------------------|----------------------------|--------------|------------|-------------------------|--------------|---------------|
| \$ 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 |
| 10,498,706 | 290,890 | 1,817,752 | 938,509 | 11,524,930 | 2,388,855 | 120,952,578 |
| 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 |
| 156,355 | 16,472 | 9,840,519 | 147,099 | 13,104,159 | 983,417 | 30,128,940 |
| 10,655,061 | 307,362 | 11,658,271 | 1,085,608 | 24,629,089 | 3,372,272 | 151,081,518 |
| 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 |
| 1,894,406 | 105,397 | 2,233,550 | 355,731 | 4,136,592 | 256,651 | 47,012,154 |
| - | - | 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 |
| 37,597,116 | 25,907 | 9,746,641 | 289,935 | 11,939,194 | 195,169 | 80,592,514 |
| 39,491,522 | 131,304 | 11,980,191 | 645,666 | 16,075,786 | 451,820 | 127,604,668 |
| 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 |
| \$ (28,836,461) | \$ 176,058 | \$ (321,920) | \$ 439,942 | \$ 8,553,303 | \$ 2,920,452 | \$ 23,476,850 |

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 | 42,665,600 | 1,952,308 | 1,132,565 | (105,807) |
| 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 | 12,193 | 86,798 | (69,954) | - |
| 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 | (14,172) | (103,778) | (1,576,910) | (59,824) |
| Cash flows from investing activities | | | | |
| Interest and dividends received | 467,741 | - | - | - |
| Net cash provided by (used for) investing activities | 467,741 | - | - | - |
| 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 | (3,277,753) | 220,385 | 1,349,100 | (70,842) |
| 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) |
| 6,505,593 | (138,087) | 1,573,103 | (54,840) | 641,405 | 449,968 | 54,621,808 |
| - | - | - | - | - | - | 145,488 |
| (375,000) | - | - | (30,504) | (2,021,440) | - | (2,543,504) |
| - | - | - | - | - | - | 109 |
| (375,000) | - | - | (30,504) | (2,021,440) | - | (2,397,907) |
| - | - | - | 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) |
| - | (7,459) | (1,452,361) | (25,516) | (1,880,133) | (76,999) | (5,197,152) |
| - | - | - | - | - | - | 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 |
| \$ 9,721,081 | \$ 247,469 | \$ 1,706,335 | \$ 387,048 | \$ 5,470,864 | \$ 1,208,393 | \$ 73,066,304 |
| \$ 14,189,397 | \$ (96,821) | \$ 181,725 | \$ (24,573) | \$ (1,461,712) | \$ 177,204 | \$ 60,388,996 |
| 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) |
| (7,683,804) | (41,266) | 1,391,378 | (30,267) | 2,103,117 | 272,764 | (5,767,188) |
| \$ 6,505,593 | \$ (138,087) | \$ 1,573,103 | \$ (54,840) | \$ 641,405 | \$ 449,968 | \$ 54,621,808 |
| \$ - | \$ - | \$ - | \$ - | \$ 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).

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

State
of
Nevada

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 |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| 528,874,519 | 158,129,234 | 687,003,753 | 63,602,420 | 3,373,933 | 66,976,353 |
| - | - | - | 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 |
| - | - | - | - | - | - |
| 55,484,224 | 9,397 | 55,493,621 | 3,751,441 | 368,031 | 4,119,472 |
| - | - | - | - | - | - |
| 473,390,295 | 158,119,837 | 631,510,132 | 59,850,979 | 3,005,902 | 62,856,881 |
| \$ 473,390,295 | \$ 158,119,837 | \$ 631,510,132 | \$ 59,850,979 | \$ 3,005,902 | \$ 62,856,881 |

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

| | Intergovernmental | State Agency Fund for Bonds | Motor Vehicle | Child Support Disbursement |
|---|-----------------------|--------------------------------|----------------------|-------------------------------|
| 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 | \$ 407,419,848 | \$ 215,086,786 | \$ 61,550,519 | \$ 3,630,494 |
| 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 | \$ 407,419,848 | \$ 215,086,786 | \$ 61,550,519 | \$ 3,630,494 |

| Child Welfare Trust | Restitution Trust | Veterans Custodial | State Payroll | Total |
|------------------------|---------------------|---------------------|----------------------|-----------------------|
| \$ 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

State
of
Nevada

For the Fiscal Year Ended June 30, 2004

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| | 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 |
| | 133,069,158 | 96,217,113 | 36,852,045 |
| 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

State
of
Nevada

For the Fiscal Year Ended June 30, 2004

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| | 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 Service | 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 Services 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 |

| | Final Budget | Actual | Variance |
|--|---------------|---------------|--------------|
| 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 |
| | 2,041,065,746 | 1,905,437,481 | 135,628,265 |
| 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
of
Nevada

For the Fiscal Year Ended June 30, 2004

Page 5 of 8

| | 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 Mormon 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 |
| | 133,195,481 | 88,336,557 | 44,858,924 |
| 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
of
Nevada

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 |
| | 319,502,195 | 116,562,775 | 202,939,420 |
| Special Purpose Agencies | | | |
| Military | | | |
| 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 |
| Civil Air Patrol | 130,000 | 61,032 | 68,968 |
| | 19,231,546 | 16,682,745 | 2,548,801 |
| 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 | - |
| | 57,554,566 | 57,554,566 | - |
| 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) |
| | 30 | 2,471,959 | (2,471,929) |
| Projected Reversions | | | |
| | (46,964,000) | - | (46,964,000) |
| Total General Fund | \$ 5,068,491,447 | \$ 4,429,062,499 | \$ 639,428,948 |

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

State
of
Nevada

For the Fiscal Year Ended June 30, 2004

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| | Final Budget | Actual | Variance |
|---|----------------------|--------------------|--------------------|
| 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 | 1,028,277,825 | 899,036,766 | 129,241,059 |
| 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 | 83,033,903 | 82,938,963 | 94,940 |
| 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 | 884,621 | 51,933 | 832,688 |
| School Improvement | | | |
| Special Projects | | | |
| School Improvement | 16,525,566 | 12,386,219 | 4,139,347 |
| Total | 16,525,566 | 12,386,219 | 4,139,347 |
| 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 | 109,133,034 | 69,501,555 | 39,631,479 |
| 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 | | | |
| <i>Constitutional Agencies</i> | | | |
| 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 | | | |
| <i>Finance & Administration</i> | | | |
| 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 | | | |
| <i>Finance & Administration</i> | | | |
| 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 | | | |
| <i>Commerce & Industry</i> | | | |
| 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 | | | |
| <i>Public Safety</i> | | | |
| 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 | | | |
| <i>Constitutional Agencies</i> | | | |
| 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 |
| <i>Human Services</i> | | | |
| 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 | | | |
| <i>Constitutional Agencies</i> | | | |
| 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 | | | |
| <i>Human Services</i> | | | |
| Radioactive Material Disposal | 11,749,709 | 228,786 | 11,520,923 |
| Total | 11,749,709 | 228,786 | 11,520,923 |
| Gift | | | |
| <i>Education</i> | | | |
| Education Gift Fund | 18,637 | 500 | 18,137 |
| Library & Archives Gift Fund | 123,500 | 35,294 | 88,206 |
| <i>Human Services</i> | | | |
| 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

State
of
Nevada

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

State
of
Nevada

For the Fiscal Year Ended June 30, 2004

| | Final Budget | Actual | Variance | Final Budget | Actual | Variance |
|---------------------------------|--|----------------------|-----------------------|---|----------------------|------------------------|
| | 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> |

| | Final Budget | Actual | Variance | Final Budget | Actual | Variance |
|---------------------------------|-------------------------|----------------------|---------------------|---|-----------------------|------------------------|
| | 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)

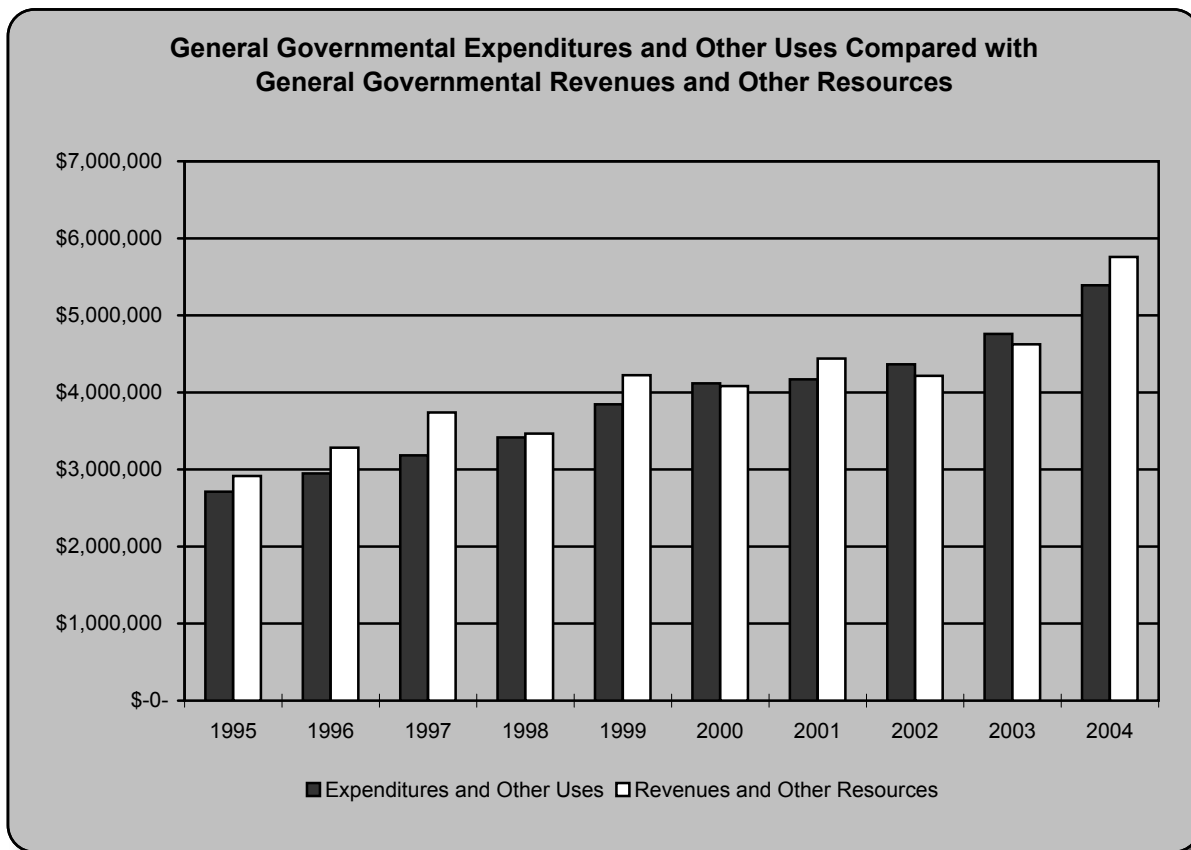


Table 3 - General Fund Expenditures and Unreserved Fund Balance

| <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

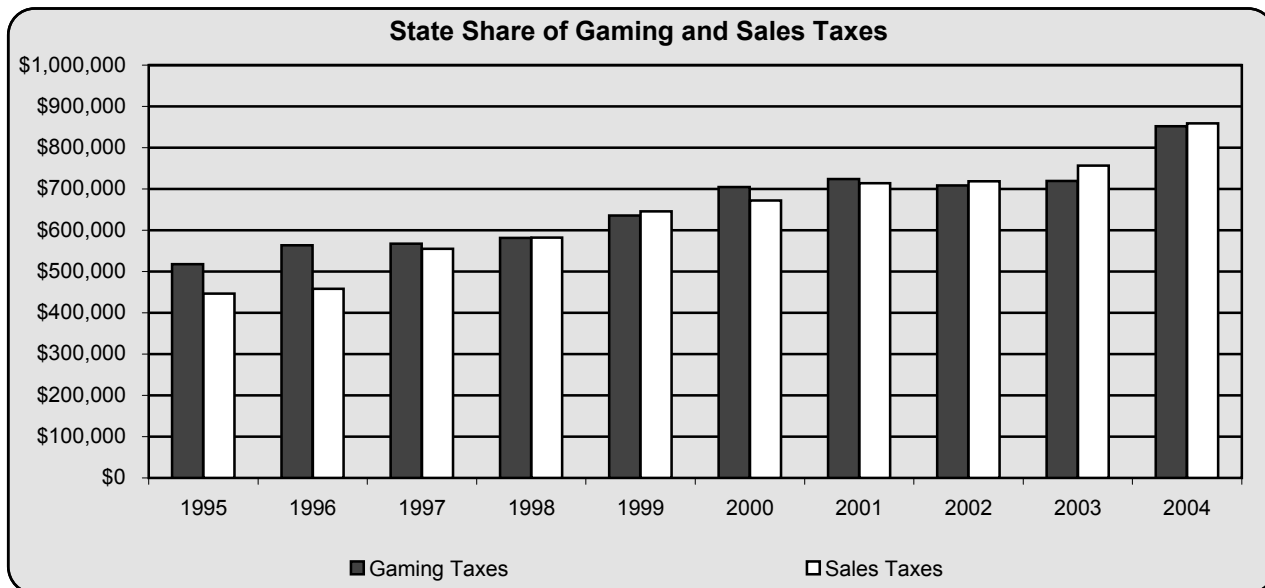


Table 5 - Average Combined Property Tax Rates and State Levy

| 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.

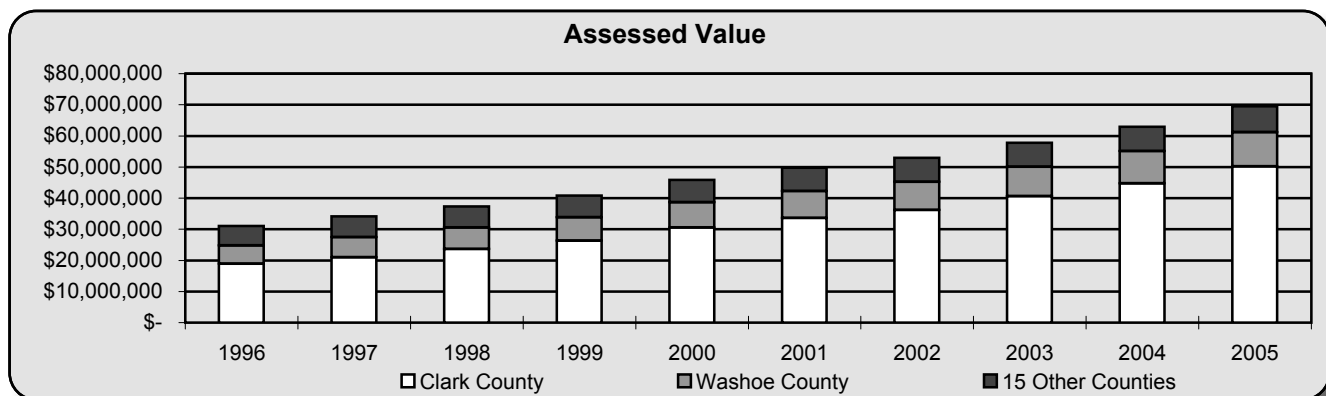


Table 7 - Ten Largest Taxable Property Owners

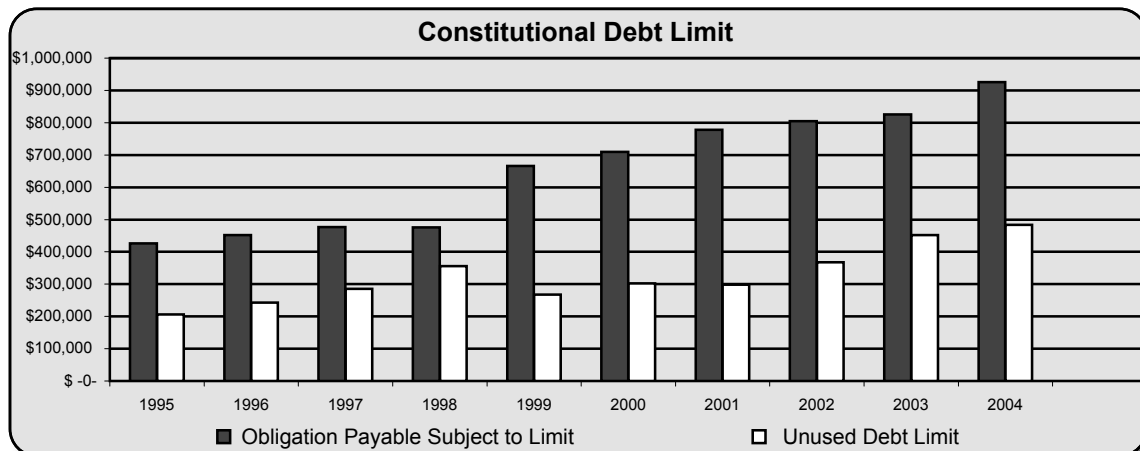
| Taxpayer | FY 2004-2005 Secured Roll Assessed Value | Percentage of Total Assessed Value |
|--|--|--|
| M.G.M. Mirage (Las Vegas) | \$ 1,448,132 | 2.06 % |
| Mandalay Resort Group (Las Vegas and Reno) | 990,073 | 1.41 |
| Caesars Entertainment (Las Vegas) | 853,384 | 1.21 |
| F.S. Rouse LLC (Hughes) (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

| Fiscal Year Ended June 30 | 2% Assessed Valuation | Obligation Payable Subject to Limit | Unused Debt Limit |
|------------------------------|-----------------------------|---|----------------------|
| 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) | | \$ 70,434,394 |
| Debt limitation (2% of assessed value) | | \$ 1,408,688 |
| 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 | | 925,183 |
| Legal debt margin at June 30, 2004 | | \$ 483,505 |

(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)

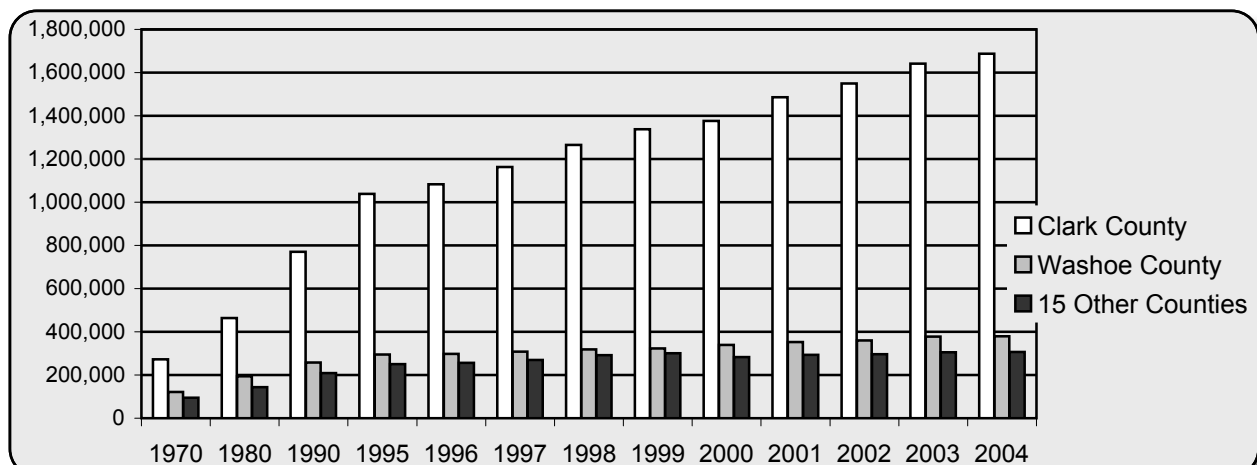
Table 14 - Disposable Per Capita Income

| 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

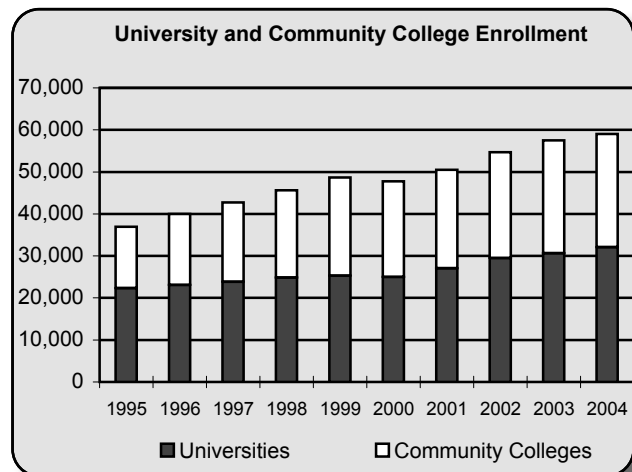
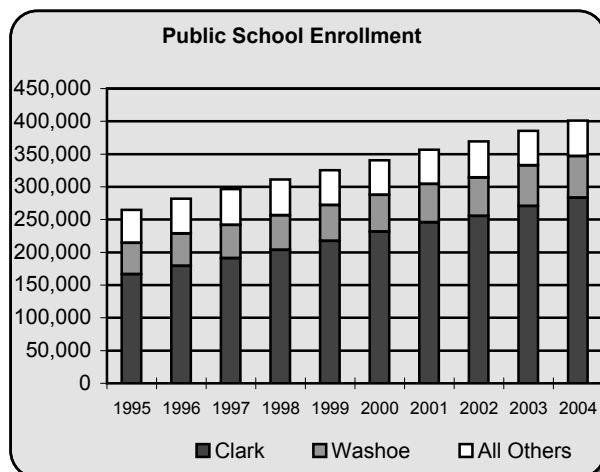


Table 18 - Average Annual Employment

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)

| | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 |
|---|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| County: | | | | | | | | | | |
| 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