

# State of Nevada



## **Comprehensive Annual Financial Report**

**for the Fiscal Year  
Ended June 30, 2005**

**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 and final term in November of 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.

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

**Kathy Augustine**  
State Controller

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December 16, 2005

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, 2005. This is the fourth CAFR prepared in conformance with the requirements of Governmental Accounting Standards Board (GASB) Statement No. 34. The objective of this Statement is to provide a clear picture of the government as a single, unified entity as well as providing traditional fund based financial statements.

**Introduction to the Report**

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

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

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

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

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

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

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

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

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

## **Profile of Government**

**Background:** The State of Nevada was admitted to the Union in 1864 and is located just east of the State of California. Nevada is bordered by four other states and 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 2.4 million residents now calling Nevada home.

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

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

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

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

## Financial Information

**Debt Management:** The State Constitution limits the aggregate principal amount of the general obligation debt to 2 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:** Nevada's economic structure is very unique. More than one-fourth of all jobs are attributable to the leisure and hospitality industry, a reflection of the significant role gaming plays within the State. Nationally, leisure and hospitality establishments account for only 10 percent of all jobs.

Underlying conditions within the Nevada economy have been especially impressive. Taxable sales have been growing at a very solid pace, which is especially impressive given the lack of new megaresort construction. The State's gaming results have also been impressive. Gaming win growth has been quite pronounced, in the mid to high single-digits, since the end of the economic downturn earlier this decade. The growth in both taxable sales and gaming win is driven by a number of factors, including the continued attractiveness of Nevada as a destination for visitors. Although Las Vegas visitor volume growth eased earlier this decade in response to the sluggish national economy, it has since started to rebound. Over the past decade, visitor volume has grown by one-third.

Nevada's economy has grown at a much more pronounced pace than in the nation as a whole. The State's jobless rate has remained consistently below national norms throughout the current economic recovery. Perhaps more importantly, job growth in Nevada far outpaces national averages. Since 1999, Nevada job growth has averaged 3.2 percent annually, whereas the average annual rate of growth in the U.S. is just 0.4 percent.

In the future, expectations are for the national economy to expand at a modest rate of approximately 3-4 percent for the next several quarters, according to Global Insight, a well-regarded economic forecasting and advisory firm under contract with the State of Nevada. Nevada's relative performance is expected to also remain impressive. Global Insight expects growth in Nevada's gross state product, jobs, and personal income to be the national leader at least through the end of this decade.

Surprisingly, even though Nevada's economy has been the strongest in the nation for several years, this has not translated into extraordinary growth in General Fund revenues. In fact, through FY 2003, revenue growth struggled to keep pace with population gains and inflation. As a result, measured on a real per capita basis, the State's General Fund revenue base was being eroded.

In his Executive Budget presented to the 2003 Legislature, the Governor proposed a significant restructuring and expansion of the State's revenue streams. His proposal was designed to lessen the State's reliance on gaming and sales taxes, and expand the State's revenue base in order to ensure that Nevada has the resources available to meet the responsibilities of being the fastest growing state in the nation.

In the end, the Legislature adopted a number of different measures to accomplish these objectives. New revenue sources included a payroll-based tax to replace the business license tax, the real property transfer tax on real estate transactions, and the live entertainment tax levied against a broadened casino entertainment tax base. Various existing tax rates and fees were also increased, including those for gaming taxes, cigarette taxes, liquor taxes and Secretary of State fees.

As a result of strengthening Nevada's tax system in 2003, and a stronger than expected state economy, General Fund revenues in the 2003-2005 biennium outpaced expenses. Resisting calls to cut taxes permanently, Governor Guinn proposed, and the Legislature approved, a one-time \$300 million refund of calendar year 2004 vehicle registration fees.

In addition, resources have been made available to replenish the State's "Rainy Day" Fund. The 2003 Legislature utilized \$135 million of the \$136 million available to address serious fiscal imbalances resulting from the economic slowdown. Currently, the fund balance is \$159 million, with another \$34 million appropriated in FY 2007. The increase in the fund balance to its current level is the result of a \$37 million appropriation, plus additional deposits triggered by actual revenue collections in excess of projections.

In conclusion, Nevada's economy is on very solid footing and leads the nation in growth. Expectations are for these



trends to continue well into the foreseeable future. Under the State's new revenue structure, Nevada's fiscal results have improved along with the overall economy.

## **Major Initiatives**

**Property Tax:** After rapid increases in property values, taxpayers in Clark County, which encompasses Las Vegas, faced 30 to 60 percent property tax increases for the 2005-06 fiscal year. Governor Guinn proposed a property tax relief program, and the Legislature capped increases in tax bills for owner occupied homes at 3 percent per year. Tax bill caps for other properties vary by county, but in Clark County the 2005-06 fiscal year cap is 8 percent.

**Investing in Plant and Equipment:** The Richard H. Bryan Building was dedicated as the State's first lease-purchase office building. The Department of Conservation and Natural Resources had been scattered throughout Carson City paying rent to private landlords. Not only does this project bring most of the department together under one roof, it also takes funds once used on rent and invests them in a 120,000 square foot building the State will eventually own.

To preserve and maintain the State's existing buildings, Governor Guinn proposed, and the Legislature funded, over \$65.9 million in major maintenance for the 2005 Capital Improvement Program. The Governor added a new \$10.4 million budget item this biennium for deferred maintenance, over and above the funding for routine maintenance, and the maintenance of highways and higher education facilities.

To increase the efficiency and effectiveness of State government, Governor Guinn supported funding over \$18.9 million in information technology projects. Major projects include an offender tracking information system for the Department of Corrections, replacing an antiquated legacy system; an AVATAR mental health information system; the fourth and final phase of a digital microwave and fiber optic system; reconstructing and upgrading the State communications infrastructure and replacing the 35-year-old analog microwave system; a second disaster recovery site and virtual tape storage facility; and video conferencing systems for a number of agencies to reduce money and staff time spent traveling to and from meetings.

**Long-Term Financial Planning:** Nevada continued its forward-looking capital budgeting, presenting a long-run Capital Improvement Plan to the Legislature, which illustrates future implications of current decisions. It showed how projected bond capacity could fund furniture and equipment for buildings in the 2005 Capital Improvement Program; build classroom buildings and prisons for growth in higher education and inmate population generated by being the fastest-growing state in the nation; and continue to lease-purchase office buildings to reduce the amount the State spends on rent.

**Education:** Governor Guinn continued his focus on education, creating the Commission on Educational Excellence, funded with \$78 million for the biennium, to establish a program of educational excellence for elementary school students, that gives grants to schools and districts for innovative programs, and for programs linked to the State's plan to improve student achievement.

Since its implementation in 1999, the Millennium Scholarship Program has helped tens of thousands of Nevadans further their education. Funded from the tobacco settlement, the program has grown in popularity, with more than 17,300 Nevadans using scholarships in the Fall of 2004. To keep up with the increased demand, the State appropriated \$35 million to the Millennium Scholarship Fund, and will now transfer \$7.6 million each year from the abandoned property fund to the Millennium Scholarship Fund.

**Mental Health:** The State funded both the operation of the 150-bed psychiatric hospital that will open in the Spring of 2006, and the construction of an \$11.3 million 40-bed addition to that hospital, to relieve the congestion in Las Vegas' hospital emergency rooms. The State also increased funding for mental health services, including mental health courts, community triage centers and higher staffing ratios in outpatient services.

**Personnel:** As critical law enforcement, nursing, and dispatch positions became increasingly difficult to fill, Governor Guinn supported increasing the pay for these positions by two steps in the State compensation system, giving pay raises averaging 8 to 10 percent, over and above the two percent per year pay raises for State employees.

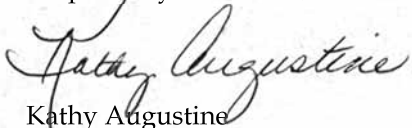
## Other Information

**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, 2004. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both GAAP and applicable legal requirements. A copy of the GFOA Certificate of Achievement is included in the Introductory section of the CAFR.

A Certificate of Achievement is valid for only a one-year period. We believe our current CAFR continues to meet the 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 economic outlook and major initiatives 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". The signature is written in dark ink and is positioned above the printed name and title.

Kathy Augustine  
Nevada State Controller

# State of Nevada Constitutional Officers



Kenny Guinn  
Governor



Lorraine Hunt  
Lieutenant Governor



Dean Heller  
Secretary of State



Brian Krolicki  
Treasurer



Kathy Augustine  
Controller



Brian Sandoval  
Attorney General

# Organizational Chart

## Citizens

### Executive Branch

Governor \*

Lieutenant Governor \*

Secretary of State \*

Treasurer \*

Controller \*

Attorney General \*

Universities and Colleges \*

Administration

Agriculture

Business and Industry

Colorado River Commission

Conservation and Natural Resources

Corrections

Cultural Affairs

Education

Employment, Training and Rehabilitation

Gaming

Human Resources

Information Technology

Military

Motor Vehicles

Personnel

Public Employees Benefits

Public Employees Retirement

Public Safety

Taxation

Transportation

Veterans' Services

Miscellaneous Boards and Commissions

### Judicial Branch

Supreme Courts \*

District Courts \*

Justices' Courts \*

Municipal Courts \*

### Legislative Branch

Senate \*

Assembly \*

\* 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, 2004

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.



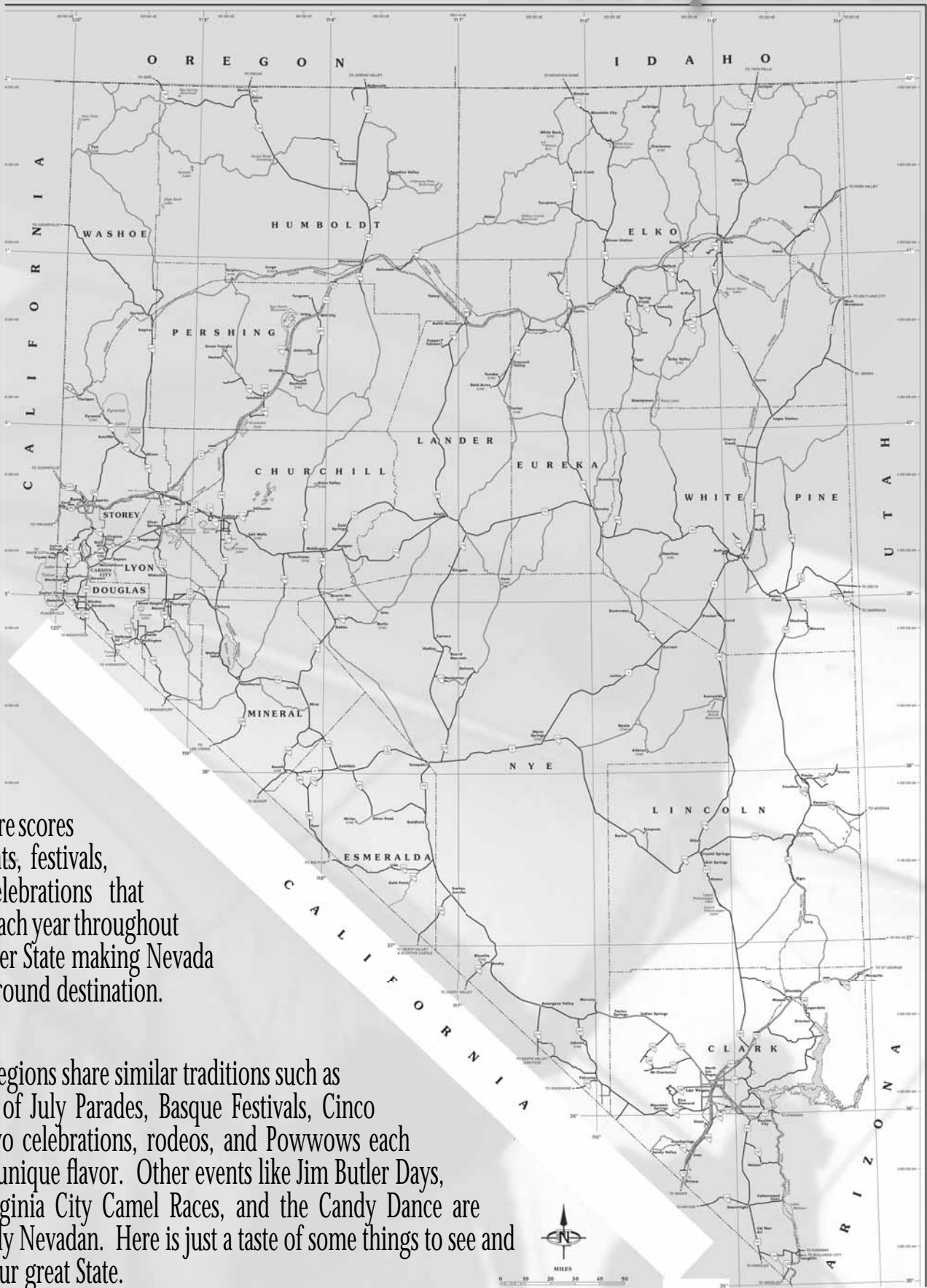
*Carla E. Perry*

President

*Jeffrey R. Enos*

Executive Director

# Nevada's Special Events



There are scores of events, festivals, and celebrations that occur each year throughout the Silver State making Nevada a year-round destination.

Many regions share similar traditions such as Fourth of July Parades, Basque Festivals, Cinco de Mayo celebrations, rodeos, and Powwows each with a unique flavor. Other events like Jim Butler Days, the Virginia City Camel Races, and the Candy Dance are uniquely Nevadan. Here is just a taste of some things to see and do in our great State.

# Central/Rural Nevada

Rural Nevada communities treasure their colorful histories, rooted in the boom and bust of gold and silver mining, the romance of cowboys riding the range, and the drama of the railroads that opened the West. Each of these bedrock industries produced a legacy of well-loved culture and arts, including music, poetry, dance, handicrafts, and folk art.

Before the arrival of white settlers in the 1800's, Nevada's inhabitants were Indians, mainly Paiute, Washoe, and Shoshone Tribes. Today, these Native Americans proudly celebrate their cultural heritage, passing down cherished traditions to each generation and sharing them with non-Indians.





The National Cowboy Poetry Gathering, the Basque Festival, and the Shoshone Tribe Powwows (Fandangos) are just some of the 'must see' events that have long traditions bringing rural Nevada to life. A more recent tradition, 'Burning Man', celebrates the isolation and solitude of the desert.

The celebrations and events in rural Nevada are staged among vistas that seem to stretch infinitely across unspoiled desert landscape ringed by dramatic mountain ranges.





# Southern Nevada

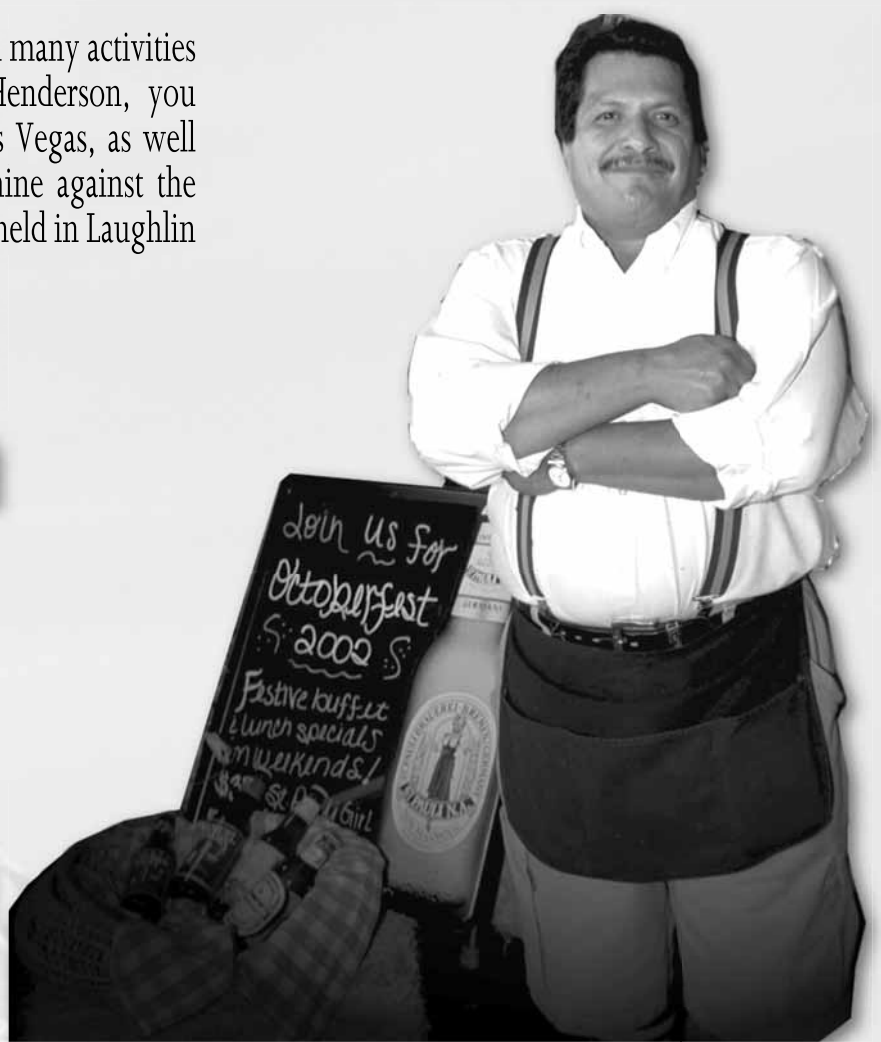
Southern Nevada is a land of dramatic contrasts that offers adventure, exciting resorts, elegant dining, exotic shopping, and big name entertainment in a 24-hour city. Many visitors to the Southern region are unaware of the large number of festivals that occur beyond the dazzling neon lights.



For the complete Southern Nevada experience, there are some local events that should not be missed. Each year Helldorado Days celebrates Las Vegas' Western roots. There are several Cinco de Mayo celebrations highlighting Mexican history and influence in the region. The colorful and spirited Chinese New Year Festival is great fun for those who attend. For a very different Las Vegas experience Sunset Park is the location of the Annual Renaissance Faire.



Water and desert sands play a key role in many activities found in the Southern region. In Henderson, you can find Dragon Boat races on Lake Las Vegas, as well as desert racing pitting man and machine against the elements. Incredible Boat races are also held in Laughlin on the Colorado River.



# Northwest Nevada

Northwest region celebrations are affected by, and take advantage of, the cooler alpine slopes of the Sierra Nevada mountain ranges of Reno, Lake Tahoe, Virginia City, and the Carson Valley. This area is where 'modern' Nevada began, with trappers, miners, loggers, ranchers, and settlers making a living clinging to the natural resources provided by snow capped mountains and a cloudless desert. There continues to be a sense of rugged individualism and adventure in northwest residents today.

Several annual events are based on Nevada's history or modern day creations in the spirit of tourism and fun. In Carson City, be sure to attend Nevada Day Celebrations and the Carson City Rendezvous. In the fall, the Genoa Candy Dance is the place to be.



Virginia City was once declared the richest place on earth because of the millions made from the silver ore of the Comstock Lode. Today there are over 2 million visitors a year to this historic town where you can participate in two unique events, the International Camel Races, and the Outhouse Races.

Reno, the 'Biggest Little City in the World' hosts a variety of events for both young and old. Some of the activities you will want to catch include ARTown, the Nevada State Fair, Hot August Nights, Street Vibrations, the Great Reno Balloon Races, and the National Championship Air Races. For the ultimate cultural experience, attend a sunset performance at the beach front amphitheater on Lake Tahoe during the Shakespeare Festival at Sand Harbor.









### Basque Festival

Basque people migrated from their homeland in the Pyrenees region between Spain and France to Nevada's mountainous high desert because it was amenable to their traditional occupation, sheepherding. In recognition of their cultural past, a unique ethnic gathering, held only in Nevada, is the Annual National Basque Festival, a weekend of music, dance, games, and food each Fourth of July. Children of Basque heritage perform traditional dances in colorful costumes to the music of their ancestors and challenge one another in ancient games, including weight carrying and wood chopping. For those of Basque descent it is an opportunity to relive cultural traditions. For others, it is a chance to experience something unique. In addition to the national festival in Elko, Basque celebrations occur in Winnemucca, Reno, Las Vegas, Carson City and Battle Mountain.





### 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, 2005, 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 48.1 percent of the assets, 15.4 percent of the net assets and 10.8 percent of the revenues of the business-type activities;
- the financial statements of the Nevada System of Higher Education and the Colorado River Commission, both of which are discretely presented component units.

#### Fund Financial Statements

- the financial statements of the Housing Division Enterprise Fund;
- the financial statements of the Self-Insurance and Insurance Premiums Internal Service Funds, which in the aggregate represent less than one percent of the assets, net assets and fund balances, and 5.6 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 90 percent of the assets, 93.1 percent of the net assets and fund balances, and 56.7 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, 2005, 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 16, 2005 on our consideration of the State of Nevada's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

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

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

*Kafoury, Armstrong & Co.*

Reno, Nevada  
December 16, 2005



## 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, 2005. 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, 2005 by \$5.193 billion (reported as *net assets*). Of the \$5.193 billion in net assets, \$1.621 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 \$537.5 million in fiscal year 2005. Net assets of governmental activities increased by \$400.8 million (a 10.5% increase) and net assets of the business-type activities increased by \$136.7 million (a 16.4% increase).

#### Fund-level:

At the close of the fiscal year, the State's governmental funds reported a combined ending fund balance of \$2.61 billion, an increase of \$418 million from the prior year, attributable primarily to strengthening of the State's tax structure in 2003, and a stronger than expected state economy. Of this amount, \$1.2 billion represents the *unreserved fund balance*.

The State's enterprise funds reported combined ending net assets of \$968.1 million, an increase of \$137.2 million from the prior year, attributable primarily to the Unemployment Compensation fund. Of this amount, \$8.3 million represents the *unrestricted net assets*.

The State's fiduciary funds reported combined ending net assets of \$18.5 billion, an increase of \$1.8 billion 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 \$110.3 million (a 2.9% 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 Nevada System of Higher Education and the Colorado River Commission. Complete financial statements of the individual component units can be obtained from their respective administrative offices.

### **Fund Financial Statements:**

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

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

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

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

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

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

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

**Required Supplementary Information:**

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

**Other Supplementary Information:**

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

**Government-wide Financial Analysis**

The State's overall financial position and operations for the fiscal years ended June 30, 2005 and 2004 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
	2005	2004	2005	2004	2005	2004	2005-2004
<b>Assets</b>							
Current and other assets	\$ 5,292,817	\$ 4,263,722	\$ 2,141,031	\$ 2,034,013	\$ 7,433,848	\$ 6,297,735	\$ 1,136,113
Net capital assets	4,340,101	4,226,180	2,906	3,131	4,343,007	4,229,311	113,696
<b>Total assets</b>	<b>9,632,918</b>	<b>8,489,902</b>	<b>2,143,937</b>	<b>2,037,144</b>	<b>11,776,855</b>	<b>10,527,046</b>	<b>1,249,809</b>
<b>Liabilities</b>							
Current liabilities	2,509,838	1,985,268	97,206	109,327	2,607,044	2,094,595	512,449
Long-term liabilities	2,898,006	2,680,382	1,078,460	1,094,466	3,976,466	3,774,848	201,618
<b>Total liabilities</b>	<b>5,407,844</b>	<b>4,665,650</b>	<b>1,175,666</b>	<b>1,203,793</b>	<b>6,583,510</b>	<b>5,869,443</b>	<b>714,067</b>
<b>Net Assets</b>							
Invested in capital assets, net							
of related debt	3,257,469	3,493,458	2,906	3,047	3,260,375	3,496,505	(236,130)
Restricted	663,901	484,164	956,895	821,829	1,620,796	1,305,993	314,803
Unrestricted (deficit)	303,704	(153,370)	8,470	8,475	312,174	(144,895)	457,069
<b>Total net assets</b>	<b>\$ 4,225,074</b>	<b>\$ 3,824,252</b>	<b>\$ 968,271</b>	<b>\$ 833,351</b>	<b>\$ 5,193,345</b>	<b>\$ 4,657,603</b>	<b>\$ 535,742</b>

**Net Assets:**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The State's combined net assets (governmental and business-type activities) totaled \$5.193 billion at the end of 2005, compared with \$4.658 billion at the end of the previous year.

The largest portion of the State's net assets (\$3.26 billion or 63%) 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 (\$1.621 billion or 31%) represents resources that are subject to external restrictions on how they may be used. At the close of the fiscal year, the State reported unrestricted net assets of

\$312 million as compared to a *negative* \$144.9 million in the prior year. This was primarily due to stronger sales and use taxes and gaming revenues due to an improved state economy and strengthening of the State's tax structure through changes enacted by the 2003 legislative session. At the end of the current fiscal year, the State is able to report positive balances in all of the three categories of net assets, both for the government as a whole, as well as for its governmental activities and the business-type activities.

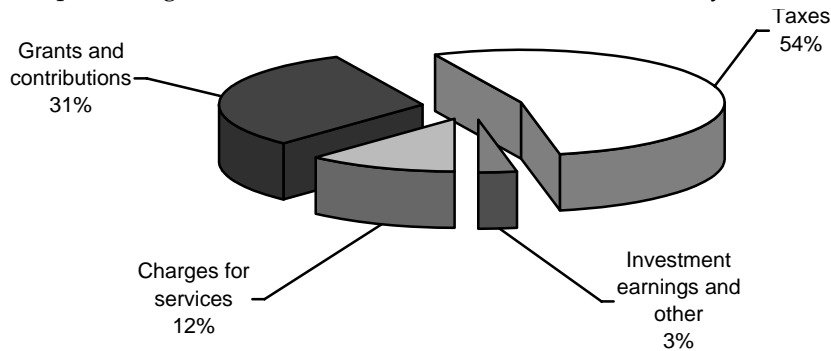
Changes in State of Nevada's Net Assets-Primary Government (expressed in thousands)							
	Governmental Activities		Business-type Activities		Total		Total Change
	2005	2004	2005	2004	2005	2004	2005-2004
<b>Revenues</b>							
Program revenues							
Charges for services	\$ 737,725	\$ 638,152	\$ 96,357	\$ 99,807	\$ 834,082	\$ 737,959	\$ 96,123
Operating grants and contributions	1,829,252	1,638,073	83,672	98,469	1,912,924	1,736,542	176,382
Capital grants and contributions	7,795	9,320	-	-	7,795	9,320	(1,525)
General revenues							
Sales and use taxes	999,623	855,687	-	-	999,623	855,687	143,936
Gaming taxes	900,261	834,791	-	-	900,261	834,791	65,470
Modified business taxes	226,924	161,650	-	-	226,924	161,650	65,274
Insurance premium taxes	215,353	194,218	-	-	215,353	194,218	21,135
Property and transfer taxes	287,410	204,866	-	-	287,410	204,866	82,544
Motor and special fuel taxes	281,726	269,131	-	-	281,726	269,131	12,595
Other taxes	362,797	350,185	320,622	273,357	683,419	623,542	59,877
Investment earnings	25,238	10,996	-	-	25,238	10,996	14,242
Other	162,869	205,597	-	-	162,869	205,597	(42,728)
<b>Total Revenues</b>	<b>6,036,973</b>	<b>5,372,666</b>	<b>500,651</b>	<b>471,633</b>	<b>6,537,624</b>	<b>5,844,299</b>	<b>693,325</b>
<b>Expenses</b>							
General government	274,354	194,518	-	-	274,354	194,518	79,836
Health and social services	1,975,546	1,809,947	-	-	1,975,546	1,809,947	165,599
Education and support services	1,747,591	1,690,849	-	-	1,747,591	1,690,849	56,742
Law, justice and public safety	491,081	464,004	-	-	491,081	464,004	27,077
Regulation of business	87,601	83,518	-	-	87,601	83,518	4,083
Transportation	658,706	469,068	-	-	658,706	469,068	189,638
Recreation and resource development	123,552	106,339	-	-	123,552	106,339	17,213
Intergovernmental - grant & revenue sharing	197,343	139,330	-	-	197,343	139,330	58,013
Interest on long-term debt	141,154	130,902	-	-	141,154	130,902	10,252
Unallocated depreciation	1,441	1,315	-	-	1,441	1,315	126
Unemployment insurance	-	-	238,386	334,065	238,386	334,065	(95,679)
Housing	-	-	53,011	60,250	53,011	60,250	(7,239)
Water loans	-	-	7,710	5,856	7,710	5,856	1,854
Workers' compensation and safety	-	-	21,004	20,685	21,004	20,685	319
Higher education	-	-	11,496	-	11,496	-	11,496
Other	-	-	14,706	13,021	14,706	13,021	1,685
<b>Total Expenses</b>	<b>5,698,369</b>	<b>5,089,790</b>	<b>346,313</b>	<b>433,877</b>	<b>6,044,682</b>	<b>5,523,667</b>	<b>521,015</b>
Excess (deficiency) in net assets before contributions to permanent funds and transfers	338,604	282,876	154,338	37,756	492,942	320,632	172,310
Contributions to permanent fund	44,598	31,693	-	-	44,598	31,693	12,905
Transfers	17,620	17,339	(17,620)	(17,339)	-	-	-
<b>Change in net assets</b>	<b>400,822</b>	<b>331,908</b>	<b>136,718</b>	<b>20,417</b>	<b>537,540</b>	<b>352,325</b>	<b>185,215</b>
Net assets - beginning of year	3,824,252	3,492,344	833,351	812,934	4,657,603	4,305,278	352,325
Change in accounting principle	-	-	(1,798)	-	(1,798)	-	(1,798)
Net assets - beginning of year (restated)	3,824,252	3,492,344	831,553	812,934	4,655,805	4,305,278	350,527
<b>Net assets - end of year</b>	<b>\$ 4,225,074</b>	<b>\$ 3,824,252</b>	<b>\$ 968,271</b>	<b>\$ 833,351</b>	<b>\$5,193,345</b>	<b>\$4,657,603</b>	<b>\$ 535,742</b>

#### Changes in Net Assets:

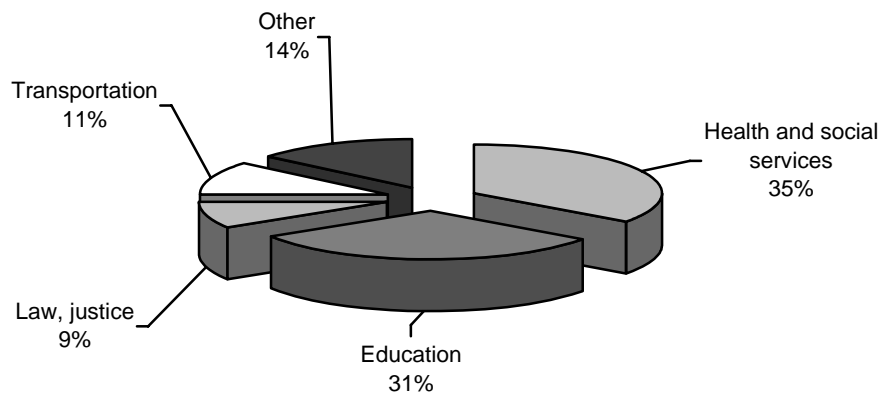
*Governmental activities* –The net assets increased by \$400.8 million or 10.5%. Approximately 54% of the total revenue came from taxes, while 31% was in the form of grants and contributions (including federal aid). Charges for various goods and services provided 12% of the total revenues (see chart below). The State's governmental

activities expenses cover a range of services and the largest expenses were for health and social services (35%) and education (31%) (see chart below). In 2005, governmental activities expenses exceeded program revenues, resulting in the use of \$3.1 billion in general revenues, which were generated to support the government.

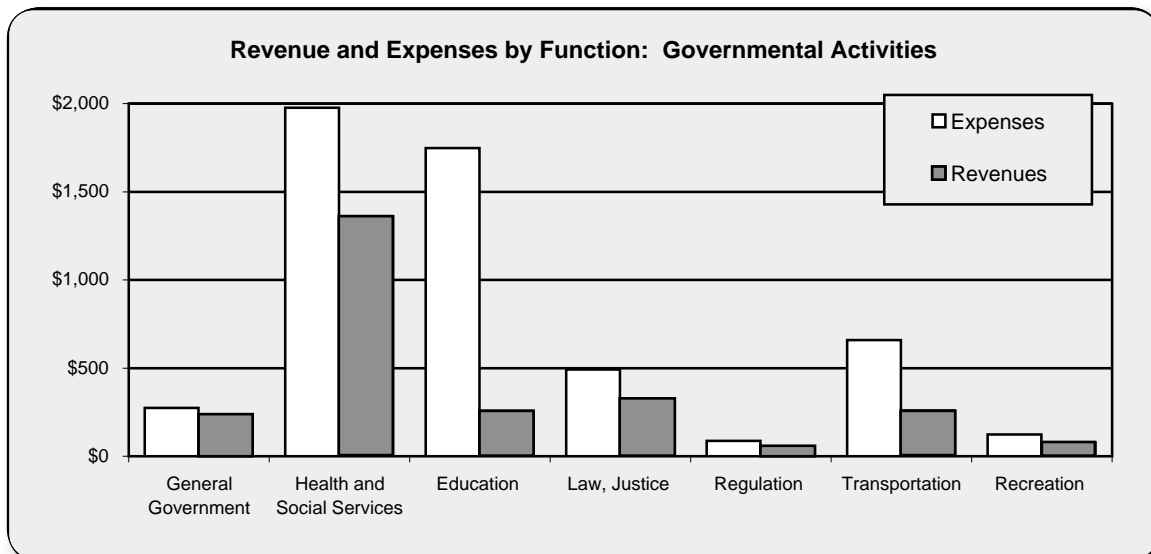
The following chart depicts the governmental activities revenues for the fiscal year:



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



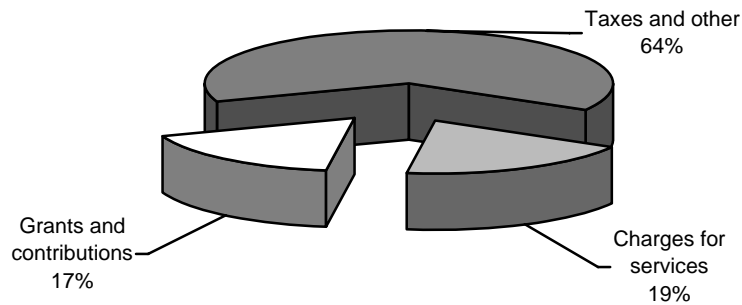
The following chart depicts the total program revenues and expenses for each function of governmental activities (expressed in millions):



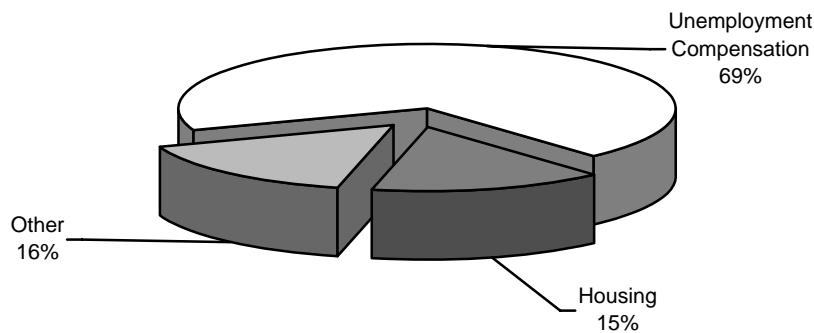
*Business-type activities* –The net assets increased by \$136.7 million or 16.4%. Approximately 64% of the total revenue came from taxes and other sources, while 17% was in the form of grants and contributions (including federal aid). Charges for various goods and services provided 19% of the total revenues (see chart below). The State’s business-type activities expenses cover a range of services. The largest expenses were for unemployment compensation (69%) and housing (15%) (see chart below). In 2005, business-type activities expenses exceeded

program revenues, resulting in the use of \$207 million in general revenues generated by and restricted to the Unemployment Compensation Fund.

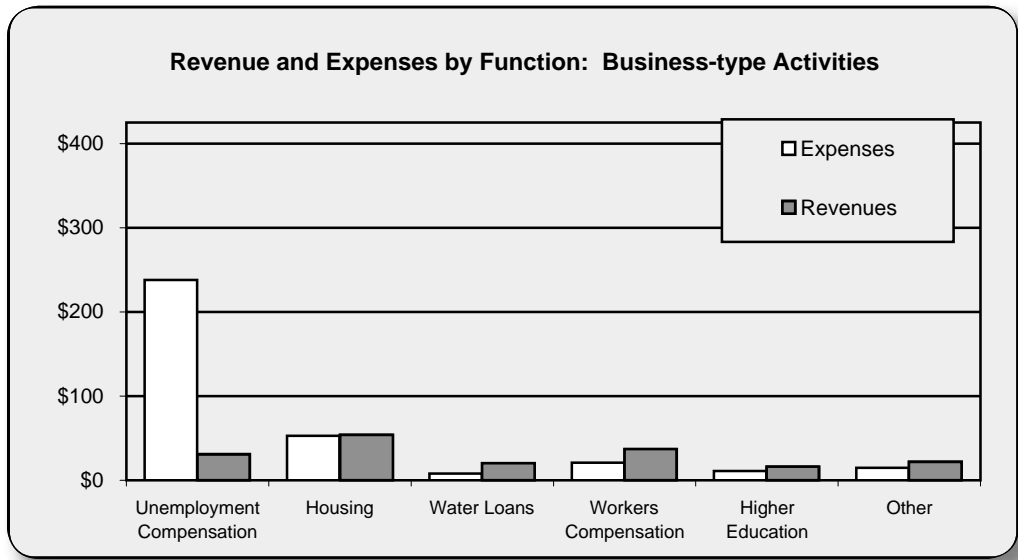
The following chart depicts the business-type activities revenues for the fiscal year:



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 \$400.8 million increase in the net assets of the governmental activities caused primarily by new taxes and increasing certain tax rates and a \$136.7 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 in the letter of transmittal provides insight into the conditions of the State that have caused this to occur.

## Financial Analysis of the State's Funds

### Governmental Funds:

As of the end of the current fiscal year, the State's governmental funds reported combined ending fund balances of \$2.6 billion, an increase of \$418 million in comparison with the prior year. Approximately 46.5% 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 \$540 million. The fund balance increased by \$197.9 million during the current fiscal year, which is a 57.8% increase from the prior year. This increase was primarily due to strengthening of the State's tax structure through changes enacted by the 2003 legislative session and a stronger than expected state economy.

The following schedule presents a summary of revenues of the General Fund for the fiscal years ended June 30, 2005 and 2004 (expressed in thousands). Other financing sources are not included.

<b>General Fund Revenues</b> (expressed in thousands)						
	2005		2004		Increase (Decrease)	
	Amount	Percent	Amount	Percent	Amount	Percent
Gaming taxes, fees and licenses	\$ 884,820	18.9%	\$ 819,380	19.6%	\$ 65,440	8.0%
Sales taxes	993,325	21.2%	858,867	20.5%	134,458	15.7%
Modified business taxes	226,924	4.8%	161,649	3.9%	65,275	40.4%
Insurance premium taxes	215,353	4.6%	194,218	4.6%	21,135	10.9%
Property and transfer taxes	148,731	3.2%	88,025	2.1%	60,706	69.0%
Motor and special fuel taxes	3,085	0.1%	3,168	0.1%	(83)	-2.6%
Intergovernmental	1,622,223	34.6%	1,509,627	36.1%	112,596	7.5%
Other taxes	283,067	6.0%	283,314	6.8%	(247)	-0.1%
Licenses, fees and permits	181,542	3.9%	165,754	4.0%	15,788	9.5%
Sales and charges for services	51,349	1.1%	47,316	1.1%	4,033	8.5%
Interest and investment income	30,365	0.6%	8,646	0.2%	21,719	251.2%
Other revenues	45,114	1.0%	40,739	1.0%	4,375	10.7%
<b>Total revenues</b>	<b>\$ 4,685,898</b>	<b>100.0%</b>	<b>\$ 4,180,703</b>	<b>100.0%</b>	<b>\$ 505,195</b>	<b>12.1%</b>

The total General Fund revenues increased 12.1%. The largest increase in revenue source was \$134.5 million or 15.7% in sales taxes and \$112.6 million or 7.5% in intergovernmental revenue that predominantly include federal funds. The legislative changes to the real property tax and modified business taxes went into effect October 2003 and the live entertainment tax went into effect January 2004. Full impact of these changes are noticed in fiscal year 2005 as this contains a full twelve months of activity whereas, fiscal year 2004 contains a partial year of activity. The 251.2% increase in interest and investment income was due primarily to increases in interest rates for short-term investments.

The following schedule presents a summary of expenditures by function of the General Fund for the fiscal years ended June 30, 2005 and 2004 (expressed in thousands). Other financing uses are not included.

<b>General Fund Expenditures</b> (expressed in thousands)						
	2005		2004		Increase (Decrease)	
	Amount	Percent	Amount	Percent	Amount	Percent
General government	\$ 100,845	2.3%	\$ 79,060	2.0%	\$ 21,785	27.6%
Health and social services	1,940,195	44.3%	1,746,659	43.6%	193,536	11.1%
Education and support services	1,672,187	38.1%	1,597,448	39.9%	74,739	4.7%
Law, justice and public safety	327,410	7.5%	308,115	7.7%	19,295	6.3%
Regulation of business	70,067	1.6%	67,632	1.7%	2,435	3.6%
Recreation, resource development	100,016	2.3%	92,602	2.3%	7,414	8.0%
Intergovernmental	168,985	3.9%	110,382	2.8%	58,603	53.1%
Debt service	1,143	0.0%	1,397	0.0%	(254)	-18.2%
<b>Total expenditures</b>	<b>\$ 4,380,848</b>	<b>100.0%</b>	<b>\$ 4,003,295</b>	<b>100.0%</b>	<b>\$ 377,553</b>	<b>9.4%</b>

The total General Fund expenditures increased 9.4%. Expenditures for health and social services increased over \$193.5 million or 11.1% primarily due to federal Medicaid and welfare programs; and expenditures for education and support services increased over \$74.7 million or 4.7%.

*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 \$67.2 million during the current fiscal year, which is a 29.2% increase from the prior year. This increase is primarily due to increased use of federal funds, increased licenses, fees and permits revenue and the sale of land. The unreserved fund balance is a *negative* \$11.1 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 \$39.2 million during the current fiscal year, which is a 3.7% 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 \$17.4 million during the current fiscal year, which is a 29.5% increase from the prior year. The increase was due primarily to the increase in property taxes as a result of an increase in property values, and increased bond premiums on refunding bonds.

*The Stabilize the Operations of State Government Fund* (also known as the “Rainy Day” fund) is a special revenue fund used to account for funds set aside according to Nevada Revised Statutes (NRS) 353.288 to be expended only if actual revenues for the biennium fall short by 5% or more from anticipated revenues, or if the Legislature and the Governor declare a fiscal emergency. The fund balance increased by \$74 million during the current fiscal year, which is 91% increase from the prior year. This increase was primarily due to transfers of \$50 million and \$25.2 million to the “Rainy Day” fund. The first transfer was per resolution of the Interim Finance Committee and the second transfer was based on the annual deposit of state revenue calculation bringing the fund balance to \$155.7 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 \$137.2 million in 2005. In the current fiscal year, the State reclassified the Higher Education Tuition Trust Fund from a private purpose trust fund to an enterprise fund. 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 \$2.4 million or 1.6% during the current fiscal year and the results of operations were up 1.4% from last year.

*The Unemployment Compensation Fund* accounts for the payment of unemployment compensation benefits to unemployed State citizens. The net assets increased by \$112 million during the current fiscal year, which is a 21.7% increase from the prior year. The economy has improved, reducing unemployment claims paid this year by 28% 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 construction began in FY 04 and is expected to be completed in FY 07.

*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 \$11.4 million during the current fiscal year, for a final fund balance of \$150.6 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 2005, these funds showed a net income of \$20.7 million, for a final fund balance of \$44.2 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 \$23.4 million for the year as compared to a net gain of \$46.5 million in prior year, with a final fund balance of \$54.9 million. This year's gain was less than the prior year gain due to an 11% increase in premium income versus an almost 30% increase in total operating expenses.

*The Insurance Premiums Fund* accounts for general, civil (tort), auto and property casualty liabilities of State agencies. The deficit increased by \$3.5 million or 12% during fiscal year 2005, to a total deficit of \$32.3 million. This year's deficit was caused by a 10% decrease in premium income and an almost 278% increase 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**

The General Fund total sources were \$335 million or 5.5% less than the final budget. This was due primarily to actual intergovernmental revenues received that were less than the final budgeted amount.

The increase in the General Fund expenditures and other uses budget from original to final was \$1.3 billion. A significant difference was 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: \$300 million for the Governor's tax rebate; \$148 million in public safety for federal homeland security and disaster relief; \$145 million in health services for Medicaid and welfare costs; \$85 million in education for federal grants for the no child left behind, special education and school lunch programs; \$31 million for the Las Vegas Springs Museum; \$13 million for the full day kindergarten and healthcare subsidies to retired school district employees; \$10 million to University of Nevada, Reno for Nevada Cancer Institute and Center of Excellence; \$19 million for unified tax system; and \$24 million for wildlife and conservation efforts.

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

#### **Capital Assets:**

The State's capital assets for its governmental and business-type activities as of June 30, 2005, amount to almost \$5 billion, net of accumulated depreciation of \$628 million, leaving a net book value of \$4.3 billion. This investment in capital assets includes land, buildings, improvements other than buildings, equipment, software costs, infrastructure, rights-of-way, and construction in progress. Infrastructure assets are items that are normally immovable, such as roads and bridges.

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

will also maintain its bridges so that not more than 10% are structurally deficient or functionally obsolete. The Department of Transportation conducts a biennial condition assessment of roadways and bridges in odd numbered calendar years. However, the calendar year 2005 condition assessment is not available as of the date of this report. 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 2005 by \$1.8 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. Additional information on the State's infrastructure can be found in the Schedule of Infrastructure Condition and Maintenance Data in the Required Supplementary Information section to the financial statements.

To keep pace with the demands of a growing population and economy, the State also has a substantial capital projects program. The following is a summary of major projects in progress during 2005 (expressed in millions):

	Expended by June 30, 2005	Total Budget
Unified Tax System	\$ 11.1	\$ 40.5
High Desert Prison, Phase IV, Indian Springs	-	40.3
150-Bed Psychiatric Hospital, Las Vegas	10.3	32.2
Casa Grande Prison, Las Vegas	11.7	22.4
Conservation and Natural Resources Building, Carson City	19.2	21.9
DETR New Office Building, Las Vegas	2.6	17.5
NDOT Radio System	6.2	14.7
Natural Resources and Wildlife projects	5.1	12.1

The total increase in the State's capital assets for the primary government for the current fiscal year was \$233.4 million. This increase included current expenditures to purchase capital assets and completed projects from construction in progress. Depreciation charges for the year totaled \$66.5 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 \$3.885 billion in long-term debt outstanding, compared to \$3.775 billion last year, an increase of \$110.3 million or 2.9% during the current fiscal year. This increase was primarily due to issuance of special obligation bonds of \$173 million for highway improvement.

The most current bond ratings from Fitch, Standard and Poor's and Moody's Investor Service were AA+, AA and Aa1, respectively. These ratings reflect a good economic base and sound financial management. The Constitution of the State limits the aggregate principal amount of the general obligation debt to 2% of the total reported assessed property value of the State.

New bonds issued during the 2005 fiscal year were (expressed in thousands):

Special Obligation Highway Improvement Revenue	08/1/2004	\$ 173,345
General Obligation Capital Improvement, Cultural Affairs and Refunding	08/01/2004A	127,955
General Obligation Natural Resources and Refunding	08/01/2004B	40,705
General Obligation Capital Improvement, Cultural Affairs and Refunding	04/06/2005A	246,875
General Obligation Natural Resources and Refunding	04/06/2005B	26,655
General Obligation Open Space, Parks and Cultural Resources	04/06/2005C	6,100
General Obligation Open Space, Parks and Natural Resources	04/06/2005D	5,000
General Obligation Safe Drinking Water Act Revolving Fund Matching and Refunding	04/06/2005E	8,085
General Obligation (Nevada Municipal Bond Bank Project R-9A, R-9B, R-9C, R-10, R-11 and R-12)	04/01/2005F	272,560
General Obligation University System Refunding	04/26/2005G	40,580
General Obligation Water Refunding	04/13/2005H	36,130
Housing Multi-unit Sundance Village	09/30/2004	22,385
Housing Multi-unit Sierra Pointe	06/29/2005	9,985
Housing Multi-unit Sonoma Palms	06/30/2005	16,300

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

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

### **Requests for Information**

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





# Powwow

These uniquely American events showcase Indian skills and talents in dances featuring elaborate colorful feathered and beaded regalia of tribal significance with drummers, music, arts and crafts. The traditional Powwow encourages the continuance of Native American heritage of song, dance, and skilled arts and crafts. The Shoshone Tribe Powwow, known as Fandango, is a celebration of life that took place in various seasons.

Fandangos were recorded in local newspapers dating back to the late 1800's. Historically, participants camped out and met with friends they had not seen for some time to visit, laugh, tell stories, and recount adventures and life passages. Prayers were made for a healthy rain season, blessings were offered for the sick, sad and helpless. Special blessings also were asked for the earth, all the earth's animals and continued happiness for the time they were to remain here on earth. As darkness fell, they gathered around a pole with various singers and starting dancing until the early rays of sun chased away the darkness. The Fandango is a time for joy and happiness. Today's Fandangos usually feature a solitary singer accompanied by a drum.

Historically, the Shoshone, celebrated Fandangos for approximately one week, but today they only meet on weekends to accommodate the employment demands of participants. Currently, Nevada's Native American celebrations take place in communities statewide and include the Las Vegas Paiute's Snow Mountain Powwow, Fallon's Stampede Powwow, Elko's Temoak Powwow, Ely's Shoshone Fandango, Yerington's Spirit of Wovoka Days, Reno's Red Star Powwow, and the Pyramid Lake Rodeo.





# Statement of Net Assets

State  
of  
Nevada

June 30, 2005 (Expressed in Thousands)

	Primary Government		Component Units	
	Governmental Activities	Business-Type Activities	Colorado River Commission	Nevada System of Higher Education
<b>Assets</b>				
Cash and pooled investments	\$ 1,707,470	\$ 640,976	\$ 16,973	\$ 138,851
Investments	1,225,393	491,100	-	613,744
Collateral on loaned securities	1,018,311	63,948	13,079	-
Internal balances	2,807	(2,807)	-	-
Due from the state	-	-	117	84,803
Accounts receivable	77,278	4,556	14,008	47,676
Taxes/assessments receivable	736,589	107,793	-	-
Intergovernmental receivables	415,867	1,429	-	39,470
Accrued interest and dividends	20,531	7,265	121	-
Contracts receivable	-	20,039	-	-
Mortgages receivable	-	632,195	-	-
Notes/loans receivable	872	53,070	-	11,084
Other receivables	140	-	-	44,982
Inventory	10,829	1,371	-	5,574
Prepaid expenses	47,017	79	-	-
Deferred charges	29,713	4,184	41,169	-
<i>Restricted assets:</i>				
Cash	-	-	7,130	1,353
Investments	-	110,467	-	-
Other assets	-	5,366	-	17,570
<i>Capital assets:</i>				
Land, infrastructure and construction in progress	3,427,953	568	-	148,030
Other capital assets, net	912,148	2,338	66,826	1,083,960
<b>Total assets</b>	<b>9,632,918</b>	<b>2,143,937</b>	<b>159,423</b>	<b>2,237,097</b>
<b>Liabilities</b>				
Accounts payable	679,123	14,749	8,406	16,064
Accrued payroll and related liabilities	62,524	1,116	-	22,802
Intergovernmental payables	112,568	59	-	7,857
Interest payable	31,678	11,222	-	6,568
Due to component units	84,878	42	-	-
Contracts/retentions payable	45,613	-	-	-
Obligations under securities lending	1,018,311	63,948	13,079	-
Unearned revenues	373,222	6,057	-	34,644
Reserve for losses	67,643	-	-	-
Other liabilities	34,278	13	10,574	10,553

Portion due or payable within one year:

Obligations under capital leases	2,313	-	2,313	-	2,587
Compensated absences	51,553	867	52,420	-	25,277
Benefits payable	-	3,200	3,200	-	-
Bonds payable	146,672	15,420	162,092	1,420	11,560
Certificates of participation payable	720	-	720	-	-
Arbitrage rebate liability	49	-	49	-	-
<i>Portion due or payable after one year:</i>					
Obligations under capital leases	5,399	-	5,399	-	13,177
Compensated absences	28,812	531	29,343	256	11,313
Benefits payable	-	88,099	88,099	-	-
Bonds payable	2,606,808	970,343	3,577,151	110,229	308,676
Certificates of participation payable	55,680	-	55,680	-	-
<b>Total liabilities</b>	<b>5,407,844</b>	<b>1,175,666</b>	<b>6,583,510</b>	<b>143,964</b>	<b>471,078</b>

## Net Assets

Invested in capital assets, net of related debt	2,906	3,260,375	109	951,556
Restricted for:				
Unemployment compensation	627,039	627,039	-	-
Security of outstanding obligations	146,634	146,634	-	-
Workers' compensation	30,336	30,336	-	-
Tuition contract benefits	2,188	2,188	-	-
Capital projects	1,664	1,664	-	159,392
Debt service	19,535	19,535	-	3,295
Education and support services	1,238	1,238	-	-
Transportation	375,333	375,333	-	-
Recreation and resource development	28,916	179,500	-	-
Law, justice and public safety	4,165	4,165	-	-
Health and social services	35,916	35,916	-	-
Regulation of business	9,505	9,619	-	-
Municipal securities	412	412	-	229,622
Scholarships	-	-	-	4,896
Loans	-	-	-	-
Operations and maintenance	-	-	713	-
Funds held as permanent investments:				
Nonexpendable	187,196	187,196	-	177,295
Expendable	21	21	-	-
Unrestricted	8,470	312,174	14,637	239,963
<b>Total net assets</b>	<b>\$ 4,225,074</b>	<b>\$ 5,193,345</b>	<b>\$ 15,459</b>	<b>\$ 1,766,019</b>

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, 2005 (Expressed in Thousands)

	Program Revenues			Net (Expenses) Revenues and Changes in Net Assets				
				Primary Government		Component Units		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Nevada System of Higher Education
<b>Functions/Programs</b>								
<b>Primary Government</b>								
Governmental activities:								
General government	\$ 274,354	\$ 200,390	\$ 35,859	\$ 760	\$ (37,345)	\$ -	\$ (37,345)	\$ -
Health and social services	1,975,546	133,651	1,228,344	-	(613,551)	-	(613,551)	-
Education and support services	1,747,591	4,258	252,549	35	(1,490,749)	-	(1,490,749)	-
Law, justice and public safety	491,081	261,254	62,957	2,621	(164,249)	-	(164,249)	-
Regulation of business	87,601	51,162	3,398	-	(33,041)	-	(33,041)	-
Transportation	658,706	50,728	206,446	2,815	(398,717)	-	(398,717)	-
Recreation and resource development	123,552	36,282	39,699	1,564	(46,007)	-	(46,007)	-
Intergovernmental - grants and revenue sharing	197,343	-	-	-	(197,343)	-	(197,343)	-
Interest on long-term debt	141,154	-	-	-	(141,154)	-	(141,154)	-
Unallocated depreciation	1,441	-	-	-	(1,441)	-	(1,441)	-
Total governmental activities	5,698,369	737,725	1,829,252	7,795	(3,123,597)	-	(3,123,597)	-
Business-type activities:								
Unemployment insurance	238,386	-	30,915	-	-	(207,471)	(207,471)	-
Housing	53,011	34,931	19,309	-	-	1,229	1,229	-
Water loans	7,710	5,580	14,806	-	-	12,676	12,676	-
Workers' compensation and safety	21,004	33,892	3,186	-	-	16,074	16,074	-
Higher education	11,496	102	15,381	-	-	3,987	3,987	-
Other	14,706	21,852	75	-	-	7,221	7,221	-
Total business-type activities	346,313	96,357	83,672	-	-	(166,284)	(166,284)	-
Total primary government	\$ 6,044,682	\$ 834,082	\$ 1,912,924	\$ 7,795	(3,123,597)	(166,284)	(3,289,881)	-
<b>Component Units</b>								
Colorado River Commission	109,452	102,583	-	-	-	-	-	(6,869)
Nevada System of Higher Education	1,195,354	371,104	353,611	5,531	-	-	-	(465,108)
Total component units	\$ 1,304,806	\$ 473,687	\$ 353,611	\$ 5,531	-	-	-	(465,108)

General revenues:

Taxes:					
Gaming	863,497	-	-	863,497	-
Sales and use	920,194	-	-	920,194	-
Modified business	226,924	-	-	226,924	-
Insurance premium	215,353	-	-	215,353	-
Property and transfer	148,731	-	-	148,731	-
Motor and special fuel	3,085	-	-	3,085	-
Other	295,375	-	-	295,375	-
Restricted for unemployment compensation:					
Other taxes	-	320,622	-	320,622	-
Restricted for educational purposes:					
Sales and use taxes	79,429	-	-	79,429	-
Gaming taxes	36,764	-	-	36,764	-
Restricted for debt service purposes:					
Property and transfer taxes	121,448	-	-	121,448	-
Motor and special fuel taxes	55,027	-	-	55,027	-
Other	79,884	-	-	79,884	-
Restricted for recreation and resource development purposes:					
Other taxes	28,750	-	-	28,750	-
Restricted for health and social services purposes:					
Property and transfer taxes	17,231	-	-	17,231	-
Other taxes	35,971	-	-	35,971	-
Restricted for transportation purposes:					
Motor and special fuel taxes	223,614	-	-	223,614	-
Restricted for regulation purposes:					
Other taxes	2,700	-	-	2,700	-
Tobacco settlement income	39,535	-	-	39,535	-
Unrestricted investment earnings	25,238	-	-	25,238	62,151
Land sales	-	-	-	-	403
Other general revenues	43,451	-	-	43,451	13,000
Contributions to permanent funds	44,598	-	-	44,598	40
Payments from State of Nevada	-	-	-	-	13,899
Transfers	17,620	(17,620)	-	-	471,439
Total general revenues and transfers	3,524,419	303,002	3,827,421	13,443	547,489
Change in net assets	400,822	136,718	537,540	6,574	82,381
Net assets - beginning (as restated)	3,824,252	831,553	4,655,805	8,885	1,683,638
<b>Net assets - ending</b>	<b>\$ 4,225,074</b>	<b>\$ 968,271</b>	<b>\$ 5,193,345</b>	<b>\$ 15,459</b>	<b>\$ 1,766,019</b>

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

## Balance Sheet Governmental Funds

June 30, 2005

	General Fund	State Highway	Municipal Bond Bank
<b>Assets</b>			
<i>Cash and pooled investments:</i>			
Cash with treasurer	\$ 654,629,152	\$ 316,496,810	\$ 2,407,604
Cash in custody of other officials	1,972,394	189,623	-
Investments	28,774,511	-	1,015,225,000
Collateral on loaned securities	575,466,606	197,135,977	8,517,011
<i>Receivables:</i>			
Accounts receivable	49,160,313	4,880,940	-
Taxes receivable	688,363,024	45,235,482	-
Intergovernmental receivables	210,323,841	14,715,621	-
Accrued interest and dividends	9,476,290	-	9,595,662
Notes/loans receivable	672,160	-	-
Other receivables	134,578	-	-
Due from other funds	38,064,768	5,428,535	22,027
Due from fiduciary funds	151,139	-	-
Due from component units	23,198,312	-	-
Inventory	-	9,258,795	-
Advances to other funds	15,508,728	8,858	-
Prepaid items	46,755,517	206,681	-
<b>Total assets</b>	<b>\$ 2,342,651,333</b>	<b>\$ 593,557,322</b>	<b>\$ 1,035,767,304</b>
<b>Liabilities and Fund Balances</b>			
<i>Accounts payable and accruals:</i>			
Accounts payable	\$ 219,634,175	\$ 19,230,331	\$ -
Accrued payroll and related liabilities	42,867,162	12,890,632	-
Intergovernmental payables	101,371,403	5,713,129	40,192
Interest payable	-	-	-
Contracts/retentions payable	676,361	25,883,318	-
Obligations under securities lending	575,466,606	197,135,977	8,517,011
Due to other funds	127,543,231	13,406,164	2,361,970
Due to fiduciary funds	421,817,293	2,872,374	2,650
Due to component units	20,149,343	155,788	-
Advances from General Fund	-	-	-
Deferred revenues	260,882,411	18,198,735	9,598,904
Bonds payable	-	-	-
Other liabilities	32,245,331	1,066,783	-
<b>Total liabilities</b>	<b>1,802,653,316</b>	<b>296,553,231</b>	<b>20,520,727</b>
<b>Fund balances:</b>			
<i>Reserved:</i>			
Encumbrances and contracts	2,719,449	298,633,961	-
Inventories	-	9,258,795	-
Advances	15,508,728	8,858	-
Funds held as permanent investments	-	-	-
Fiscal emergency	-	-	-
Debt service	-	-	-
Other	47,427,677	206,681	-
Unreserved, designated for balances forward	474,342,163	-	-
<i>Unreserved, designated, reported in nonmajor:</i>			
Special revenue funds	-	-	-
Capital project funds	-	-	-
Unreserved, undesignated	-	(11,104,204)	1,015,246,577
<i>Unreserved, undesignated, reported in nonmajor:</i>			
Special revenue funds	-	-	-
Permanent funds	-	-	-
<b>Total fund balances</b>	<b>539,998,017</b>	<b>297,004,091</b>	<b>1,015,246,577</b>
<b>Total liabilities and fund balances</b>	<b>\$ 2,342,651,333</b>	<b>\$ 593,557,322</b>	<b>\$ 1,035,767,304</b>

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
\$ 82,958,669	\$ 129,224,183	\$ 389,089,923	\$ 1,574,806,341
-	-	23,465,374	25,627,391
-	-	181,393,619	1,225,393,130
88,782,932	3,972,568	100,155,237	974,030,331
-	-	21,928,862	75,970,115
-	-	2,990,836	736,589,342
170,984,005	-	10,345,932	406,369,399
-	-	1,458,761	20,530,713
-	-	50,378	722,538
-	-	5,739	140,317
5,376,559	26,512,682	104,632,549	180,037,120
-	-	367,339	518,478
7,630,000	-	3,147	30,831,459
-	-	1,102,672	10,361,467
2,256,590	-	-	17,774,176
-	-	45,002	47,007,200
<u>\$ 357,988,755</u>	<u>\$ 159,709,433</u>	<u>\$ 837,035,370</u>	<u>\$ 5,326,709,517</u>
\$ 80,625	\$ -	\$ 10,610,197	\$ 249,555,328
-	-	4,814,210	60,572,004
-	-	5,430,174	112,554,898
4,208,262	-	-	4,208,262
-	-	19,053,571	45,613,250
88,782,932	3,972,568	100,155,237	974,030,331
30,375	27,969	49,009,101	192,378,810
-	-	11,770	424,704,087
30,757	-	96,458,803	116,794,691
-	-	300,000	300,000
178,137,227	5,304	23,977,135	490,799,716
10,285,000	-	-	10,285,000
-	-	947,964	34,260,078
<u>281,555,178</u>	<u>4,005,841</u>	<u>310,768,162</u>	<u>2,716,056,455</u>
-	-	59,079,016	360,432,426
-	-	1,102,672	10,361,467
2,256,590	-	-	17,774,176
-	-	187,196,346	187,196,346
-	147,165,276	-	147,165,276
74,176,987	-	19,534,468	93,711,455
-	-	95,380	47,729,738
-	-	-	474,342,163
-	-	11,037,101	11,037,101
-	-	46,316,233	46,316,233
-	8,538,316	-	1,012,680,689
-	-	201,884,651	201,884,651
-	-	21,341	21,341
<u>76,433,577</u>	<u>155,703,592</u>	<u>526,267,208</u>	<u>2,610,653,062</u>
<u>\$ 357,988,755</u>	<u>\$ 159,709,433</u>	<u>\$ 837,035,370</u>	<u>\$ 5,326,709,517</u>

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

State  
of  
Nevada

June 30, 2005

## Total fund balances - governmental funds

\$ 2,610,653,062

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	513,512,526	
Infrastructure assets	2,807,633,987	
Buildings	970,140,842	
Improvements other than buildings	81,883,948	
Furniture and equipment	295,963,246	
Software costs	101,396,045	
Construction in progress	104,991,232	
Accumulated depreciation/amortization	(562,630,506)	
Total capital assets		4,312,891,320

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.

117,604,093

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

9,208,603

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.

45,827,631

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.

22,777,463

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

6,935,785

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	(2,735,468,182)	
Accrued interest on bonds	(27,469,278)	
Arbitrage rebate liability	(48,634)	
Certificates of participation	(56,400,000)	
Capital leases	(3,927,392)	
Compensated absences	(77,510,562)	
Total long-term liabilities		(2,900,824,048)

## Net assets of governmental activities

\$ 4,225,073,909

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, 2005

	General Fund	State Highway	Municipal Bond Bank
<b>Revenues</b>			
Gaming taxes, fees, licenses	\$ 884,819,861	\$ -	\$ -
Sales taxes	993,324,532	-	-
Modified business taxes	226,923,505	-	-
Insurance premium taxes	215,353,200	-	-
Property and transfer taxes	148,730,974	-	-
Motor and special fuel taxes	3,085,130	223,613,771	-
Other taxes	283,067,413	18,854,968	-
Intergovernmental	1,622,222,801	241,761,689	-
Licenses, fees and permits	181,542,058	168,377,603	-
Sales and charges for services	51,349,157	16,487,914	-
Interest and investment income	30,365,368	12,830,546	63,008,477
Tobacco settlement income	-	-	-
Land sales	-	-	-
Other	45,113,916	16,347,498	-
<b>Total revenues</b>	<b>4,685,897,915</b>	<b>698,273,989</b>	<b>63,008,477</b>
<b>Expenditures</b>			
<i>Current:</i>			
General government	100,845,405	4,874,474	30,649
Health and social services	1,940,195,424	-	-
Education and support services	1,672,186,445	10,011	-
Law, justice and public safety	327,410,440	139,442,764	-
Regulation of business	70,066,611	-	-
Transportation	-	691,327,708	-
Recreation and resource development	100,016,269	-	-
Intergovernmental	168,985,162	7,065,646	-
Capital outlay	-	-	-
<i>Debt service:</i>			
Principal	794,885	735,750	-
Interest, fiscal charges	95,541	86,533	-
Debt issuance costs	252,107	905,771	-
<b>Total expenditures</b>	<b>4,380,848,289</b>	<b>844,448,657</b>	<b>30,649</b>
Excess (deficiency) of revenues over expenditures	305,049,626	(146,174,668)	62,977,828
<b>Other Financing Sources (Uses)</b>			
Capital leases	429,836	667,386	-
Sale of general obligation bonds	26,711,912	173,077,044	-
Premium on general obligation bonds	806,776	16,658,342	-
Sale of certificates of participation	-	-	-
Discount on certificates of participation	-	-	-
Sale of capital assets	111,163	23,236,504	-
Sale of general obligation refunding bonds	-	-	272,560,000
Payment to refunded bond agent	-	-	(286,886,416)
Transfers in	97,395,078	10,116,753	-
Transfers out	(232,615,470)	(10,386,234)	(87,889,610)
<b>Total other financing sources (uses)</b>	<b>(107,160,705)</b>	<b>213,369,795</b>	<b>(102,216,026)</b>
Net change in fund balances	197,888,921	67,195,127	(39,238,198)
Fund balances, July 1	342,109,096	229,808,964	1,054,484,775
<b>Fund balances, June 30</b>	<b>\$ 539,998,017</b>	<b>\$ 297,004,091</b>	<b>\$ 1,015,246,577</b>

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
\$ -	\$ -	\$ 15,440,943	\$ 900,260,804
-	-	-	993,324,532
-	-	-	226,923,505
-	-	-	215,353,200
121,448,152	-	17,230,622	287,409,748
-	-	55,027,151	281,726,052
-	-	50,398,341	352,320,722
17,906,226	-	61,739,075	1,943,629,791
-	-	27,499,129	377,418,790
-	-	13,724,254	81,561,325
3,013,347	218,802	11,464,097	120,900,637
-	-	39,114,450	39,114,450
-	-	39,769,640	39,769,640
-	-	9,910,979	71,372,393
142,367,725	218,802	341,318,681	5,931,085,589
1,226,230	239,491	55,884,248	163,100,497
-	-	80,956,709	2,021,152,133
223,332	-	75,579,602	1,747,999,390
-	-	14,068,862	480,922,066
-	-	18,928,512	88,995,123
-	-	-	691,327,708
-	-	21,369,116	121,385,385
-	101,829	21,292,346	197,444,983
-	-	88,882,142	88,882,142
103,935,000	-	30,796,861	136,262,496
118,114,318	-	18,761,261	137,057,653
1,896,476	-	789,435	3,843,789
225,395,356	341,320	427,309,094	5,878,373,365
(83,027,631)	(122,518)	(85,990,413)	52,712,224
-	-	15,446	1,112,668
1,259,571	-	92,872,899	293,921,426
28,056,738	-	5,480,973	51,002,829
-	-	22,435,000	22,435,000
-	-	(36,838)	(36,838)
-	-	2,868	23,350,535
404,670,569	-	-	677,230,569
(432,032,635)	-	-	(718,919,051)
98,601,397	76,463,375	154,322,002	436,898,605
(100,000)	(2,148,000)	(88,452,203)	(421,591,517)
100,455,640	74,315,375	186,640,147	365,404,226
17,428,009	74,192,857	100,649,734	418,116,450
59,005,568	81,510,735	425,617,474	2,192,536,612
\$ 76,433,577	\$ 155,703,592	\$ 526,267,208	\$ 2,610,653,062



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

State  
of  
Nevada

June 30, 2005

## Net change in fund balances - total governmental funds

\$ 418,116,450

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	177,862,706	
Depreciation expense	(60,298,708)	
Excess of capital outlay over depreciation expense		117,563,998

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	(293,921,426)	
Refunding bonds issued	(677,230,569)	
Certificates of participation issued	(22,435,000)	
Premiums on debt issued	(51,002,829)	
Total bond proceeds		(1,044,589,824)

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.

(1,112,668)

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	133,173,149	
Certificates of participation retirement	690,000	
Capital lease payments	1,693,388	
Payments to the bond refunding agent	718,919,051	
Total long-term debt repayment		854,475,588

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.

21,086,557

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.

34,415,866

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

(878,492)

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.

3,731,249

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

(398,690)

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

(3,780,436)

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

4,896,205

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

Net decrease in accrued interest	(2,413,728)	
Increase in compensated absences	(287,581)	
Increase in arbitrage liability	(2,316)	
Total additional expenditures		(2,703,625)

## Change in net assets of governmental activities

\$ 400,822,178

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



# Statement of Net Assets Proprietary Funds

June 30, 2005

	Enterprise Funds					
	Housing Division	Unemployment Compensation	Water Projects Loans	Other Enterprise Funds	Total	Internal Service Funds
<b>Assets</b>						
<b>Current assets:</b>						
<i>Cash and pooled investments:</i>						
Cash with treasurer	\$ 146,741	\$ -	\$ 79,965,821	\$ 36,691,069	\$ 116,803,631	\$107,035,719
Cash in custody of other officials	34,027	523,924,365	-	214,087	524,172,479	200
Investments	76,531,444	-	-	-	76,531,444	-
Collateral on loaned securities	-	-	46,885,834	17,062,376	63,948,210	44,280,485
<i>Receivables:</i>						
Accounts receivable	-	-	-	4,539,184	4,539,184	787,096
Assessments receivable	-	107,792,672	-	-	107,792,672	-
Intergovernmental receivables	-	-	1,042,901	386,695	1,429,596	289,406
Contracts receivable	-	-	-	5,400,000	5,400,000	-
Accrued interest and dividends	4,255,370	-	2,257,059	456,610	6,969,039	-
Notes/loans receivable	-	-	-	-	-	5,000
Due from other funds	1,152,411	-	486,944	1,492,140	3,131,495	14,624,061
Due from fiduciary funds	-	-	-	16,335	16,335	1,949
Due from component units	-	-	-	8,800	8,800	1,098,133
Inventory	-	-	-	1,371,426	1,371,426	467,317
Prepaid expenses	-	-	-	78,739	78,739	10,218
<i>Restricted assets:</i>						
Investments	90,911,314	-	-	-	90,911,314	-
<b>Total current assets</b>	<b>173,031,307</b>	<b>631,717,037</b>	<b>130,638,559</b>	<b>67,717,461</b>	<b>1,003,104,364</b>	<b>168,599,584</b>
<b>Noncurrent assets:</b>						
Investments	198,110,808	-	139,725,515	76,732,581	414,568,904	-
<i>Receivables:</i>						
Contracts receivable	-	-	-	14,639,116	14,639,116	-
Mortgages receivable	632,194,788	-	-	-	632,194,788	-
Accrued interest and dividends	-	-	-	295,938	295,938	-
Notes/loans receivable	-	-	51,306,797	1,763,116	53,069,913	144,400
Deferred charges	2,359,632	-	1,824,383	-	4,184,015	-
<i>Restricted assets:</i>						
Investments	19,555,654	-	-	-	19,555,654	-
Other assets	5,365,756	-	-	-	5,365,756	-
<i>Capital assets:</i>						
Land	-	-	-	567,812	567,812	130,954
Buildings	-	-	-	3,388,840	3,388,840	9,826,380
Improvements other than buildings	-	-	-	630,647	630,647	713,667
Furniture and equipment	352,433	-	52,583	4,261,470	4,666,486	58,402,285
Software costs	-	-	-	-	-	15,323,810
Construction in progress	-	-	-	-	-	1,683,935
Less accumulated depreciation/ amortization	(324,450)	-	(25,438)	(5,998,239)	(6,348,127)	(58,871,850)
<b>Total noncurrent assets</b>	<b>857,614,621</b>	<b>-</b>	<b>192,883,840</b>	<b>96,281,281</b>	<b>1,146,779,742</b>	<b>27,353,581</b>
<b>Total assets</b>	<b>1,030,645,928</b>	<b>631,717,037</b>	<b>323,522,399</b>	<b>163,998,742</b>	<b>2,149,884,106</b>	<b>195,953,165</b>

Enterprise Funds						
	Housing Division	Unemployment Compensation	Water Projects Loans	Other Enterprise Funds	Total	Internal Service Funds
<b>Liabilities</b>						
<b>Current liabilities:</b>						
<i>Accounts payable and accruals:</i>						
Accounts payable	9,029,855	4,393,004	367,063	870,555	14,660,477	6,230,009
Accrued payroll and related liabilities	140,080	-	13,317	962,217	1,115,614	1,952,095
Interest payable	8,862,106	-	2,360,023	-	11,222,129	-
Intergovernmental payables	-	-	-	58,511	58,511	13,008
Bank overdraft	-	-	-	-	-	435,862
Obligations under securities lending	-	-	46,885,834	17,062,376	63,948,210	44,280,485
Due to other funds	4,412	285,533	418,294	1,689,153	2,397,392	3,016,474
Due to fiduciary funds	-	-	-	88,797	88,797	8,820
Due to component units	-	-	50,491	804	51,295	12,355
Unearned revenues	-	-	-	6,057,485	6,057,485	26,289
Other liabilities	-	-	-	12,746	12,746	18,305
<i>Short-term portion of long-term liabilities:</i>						
Compensated absences	97,207	-	10,768	759,216	867,191	1,795,282
Benefits payable	-	-	-	3,200,000	3,200,000	-
Bonds payable	11,401,000	-	4,018,958	-	15,419,958	93,354
Obligations under capital leases	-	-	-	-	-	1,004,829
<b>Total current liabilities</b>	<b>29,534,660</b>	<b>4,678,537</b>	<b>54,124,748</b>	<b>30,761,860</b>	<b>119,099,805</b>	<b>58,887,167</b>
<b>Noncurrent liabilities:</b>						
Advances from funds	-	-	-	3,721,838	3,721,838	13,752,338
Reserve for losses	-	-	-	-	-	67,643,212
Compensated absences	101,964	-	8,349	420,960	531,273	1,058,801
Benefits payable	-	-	-	88,099,000	88,099,000	-
Bonds payable	851,565,000	-	118,777,514	-	970,342,514	7,634,226
Obligations under capital leases	-	-	-	-	-	2,780,168
<b>Total noncurrent liabilities</b>	<b>851,666,964</b>	<b>-</b>	<b>118,785,863</b>	<b>92,241,798</b>	<b>1,062,694,625</b>	<b>92,868,745</b>
<b>Total liabilities</b>	<b>881,201,624</b>	<b>4,678,537</b>	<b>172,910,611</b>	<b>123,003,658</b>	<b>1,181,794,430</b>	<b>151,755,912</b>
<b>Net Assets</b>						
Invested in capital assets, net of related debt	27,983	-	27,145	2,850,530	2,905,658	21,740,250
<i>Restricted for:</i>						
Unemployment compensation	-	627,038,500	-	-	627,038,500	-
Tuition contract benefits	-	-	-	2,188,339	2,188,339	-
Security of outstanding obligations	146,634,314	-	-	-	146,634,314	-
Workers' compensation	-	-	-	30,335,705	30,335,705	-
Revolving loans	-	-	150,584,643	-	150,584,643	-
Regulation of business	-	-	-	113,935	113,935	-
Unrestricted (deficit)	2,782,007	-	-	5,506,575	8,288,582	22,457,003
<b>Total net assets</b>	<b>\$ 149,444,304</b>	<b>\$ 627,038,500</b>	<b>\$ 150,611,788</b>	<b>\$ 40,995,084</b>	<b>968,089,676</b>	<b>\$ 44,197,253</b>

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

Net assets of business-type activities

181,060  
\$ 968,270,736

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, 2005

Enterprise Funds						
	Housing Division	Unemployment Compensation	Water Projects Loans	Other Enterprise Funds	Total	Internal Service Funds
<b>Operating Revenues</b>						
Net premium income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 244,047,884
Sales	-	-	-	16,142,139	16,142,139	4,602,720
Assessments	-	320,622,530	-	28,523,599	349,146,129	-
Charges for services	-	-	-	10,784,284	10,784,284	47,612,017
Rental income	-	-	-	112,561	112,561	18,207,707
Interest income on loans/notes	31,415,945	-	5,580,083	244,267	37,240,295	-
Interest and investment income	16,613,463	26,089,993	-	6,099,122	48,802,578	-
Federal government	2,695,753	4,825,354	11,725,152	-	19,246,259	-
Licenses, fees and permits	-	-	-	3,388,829	3,388,829	-
Fines	-	-	-	3,440,209	3,440,209	-
Other	3,515,250	-	-	2,491,599	6,006,849	1,259,836
<b>Total operating revenues</b>	<b>54,240,411</b>	<b>351,537,877</b>	<b>17,305,235</b>	<b>71,226,609</b>	<b>494,310,132</b>	<b>315,730,164</b>
<b>Operating Expenses</b>						
Salaries and benefits	1,888,306	-	247,214	15,926,686	18,062,206	32,760,544
Operating	6,139,281	-	645,716	11,373,922	18,158,919	38,376,192
Administrative costs	-	-	-	885,908	885,908	-
Claims and benefits expense	-	238,386,414	-	15,434,592	253,821,006	159,451,813
Interest on bonds payable	42,297,802	-	-	-	42,297,802	-
Materials or supplies used	-	-	-	2,499,547	2,499,547	2,315,807
Servicers' fees	524,673	-	-	-	524,673	-
Depreciation	23,978	-	8,201	337,672	369,851	4,312,848
Amortization	-	-	-	-	-	1,532,381
Bond issuance costs amortization	2,068,702	-	187,052	-	2,255,754	-
Insurance premiums	-	-	-	-	-	59,841,159
<b>Total operating expenses</b>	<b>52,942,742</b>	<b>238,386,414</b>	<b>1,088,183</b>	<b>46,458,327</b>	<b>338,875,666</b>	<b>298,590,744</b>
Operating income (loss)	1,297,669	113,151,463	16,217,052	24,768,282	155,434,466	17,139,420
<b>Nonoperating Revenues (Expenses)</b>						
Interest and investment income	-	-	3,080,651	943,022	4,023,673	2,241,852
Interest expense	-	-	(6,620,392)	(357,261)	(6,977,653)	(1,025,705)
Federal grants	-	-	-	2,318,185	2,318,185	-
Gain (loss) on disposal of assets	-	-	-	-	-	51,581
Arbitrage rebate	-	-	(1,868)	-	(1,868)	-
<b>Total nonoperating revenues (expenses)</b>	<b>-</b>	<b>-</b>	<b>(3,541,609)</b>	<b>2,903,946</b>	<b>(637,663)</b>	<b>1,267,728</b>
Income (loss) before transfers	1,297,669	113,151,463	12,675,443	27,672,228	154,796,803	18,407,148
<b>Transfers</b>						
Transfers in	1,152,058	-	-	850,648	2,002,706	2,655,850
Transfer out	(43,325)	(1,115,839)	(1,231,588)	(17,232,297)	(19,623,049)	(342,595)
Change in net assets	2,406,402	112,035,624	11,443,855	11,290,579	137,176,460	20,720,403
Net assets, July 1 (as restated)	147,037,902	515,002,876	139,167,933	29,704,505		23,476,850
<b>Net assets, June 30</b>	<b>\$ 149,444,304</b>	<b>\$ 627,038,500</b>	<b>\$150,611,788</b>	<b>\$ 40,995,084</b>		<b>\$ 44,197,253</b>

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

Change in net assets of business-type activities

(458,401)  
\$136,718,059

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, 2005

	Enterprise Funds					Internal Service Funds
	Housing Division	Unemployment Compensation	Water Projects Loans	Other Enterprise Funds	Totals	
<b>Cash flows from operating activities</b>						
Receipts from customers and users	\$ 3,708,772	\$ 302,235,981	\$ -	\$ 58,874,239	\$ 364,818,992	\$ 31,035,506
Receipts for interfund services provided	7,832	1,056,108	-	3,374,406	4,438,346	223,268,821
Receipts from component units	-	-	-	3,135	3,135	61,395,612
Receipts of principal on loans/notes	197,565,924	-	8,201,207	368,010	206,135,141	-
Receipts of interest on loans/notes	32,700,375	-	5,542,141	142,951	38,385,467	-
Receipts from federal government	-	4,825,354	10,936,781	-	15,762,135	-
Payments to suppliers, other governments and beneficiaries	(4,155,041)	(243,606,536)	(511,751)	(17,078,426)	(265,351,754)	(239,301,878)
Payments to employees	(1,866,926)	-	(251,946)	(15,230,301)	(17,349,173)	(31,208,509)
Payments for interfund services	(207,121)	-	(18,874)	(3,727,269)	(3,953,264)	(7,270,888)
Payments to component units	-	-	(70,201)	(1,132,989)	(1,203,190)	(103,599)
Purchase of loans and notes	(156,363,271)	-	(39,579,744)	(137,838)	(196,080,853)	-
Net cash provided by (used for) operating activities	71,390,544	64,510,907	(15,752,387)	25,455,918	145,604,982	37,815,065
<b>Cash flows from noncapital financing activities</b>						
Grant receipts	3,847,811	-	-	2,402,825	6,250,636	-
Proceeds from sale of bonds	48,670,000	-	3,281,334	-	51,951,334	-
Transfers and advances from other funds	-	-	-	1,074,142	1,074,142	1,004,582
Principal paid on noncapital debt	(155,791,000)	-	(3,805,000)	(28,687)	(159,624,687)	-
Interest paid on noncapital debt	(44,288,563)	-	(5,561,348)	-	(49,849,911)	-
Transfers and advances to other funds	(43,325)	(830,306)	(1,320,376)	(18,044,251)	(20,238,258)	(198,763)
Other noncapital financing activities	(2,653,342)	-	4,303	-	(2,649,039)	-
Net cash provided by (used for) noncapital financing activities	(150,258,419)	(830,306)	(7,401,087)	(14,595,971)	(173,085,783)	805,819
<b>Cash flows from capital and related financing activities</b>						
Proceeds from sale of capital assets	-	-	-	-	-	139,500
Purchase of capital assets	(9,888)	-	-	(134,844)	(144,732)	(2,298,231)
Principal paid on capital debt	-	-	-	(10,512)	(10,512)	(3,480,980)
Interest paid on capital debt	-	-	-	-	-	(211,359)
Net cash provided by (used for) capital and related financing activities	(9,888)	-	-	(145,356)	(155,244)	(5,851,070)
<b>Cash flows from investing activities</b>						
Proceeds from sale of investments	580,509,146	-	-	21,851,040	602,360,186	-
Purchase of investments	(518,624,563)	-	-	(31,807,156)	(550,431,719)	-
Interest and dividends received	16,887,871	26,089,993	1,821,945	3,057,884	47,857,693	1,199,801
Net cash provided by (used for) investing activities	78,772,454	26,089,993	1,821,945	(6,898,232)	99,786,160	1,199,801
Net increase (decrease) in cash	(105,309)	89,770,594	(21,331,529)	3,816,359	72,150,115	33,969,615
Cash and cash equivalents, July 1	286,077	434,153,771	101,297,350	33,088,797	568,825,995	73,066,304
<b>Cash and cash equivalents, June 30</b>	<b>\$ 180,768</b>	<b>\$ 523,924,365</b>	<b>\$ 79,965,821</b>	<b>\$ 36,905,156</b>	<b>\$ 640,976,110</b>	<b>\$ 107,035,919</b>

	Enterprise Funds					Internal Service Funds
	Housing Division	Unemployment Compensation	Water Projects Loans	Other Enterprise Funds	Totals	
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities</b>						
Operating income (loss)	\$ 1,297,669	\$ 113,151,463	\$ 16,217,052	\$ 24,768,282	\$ 155,434,466	\$ 17,139,420
<b>Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities</b>						
Depreciation	23,978	-	8,201	337,672	369,851	4,312,848
Amortization	2,068,702	-	-	-	2,068,702	1,532,381
Bond issuance costs amortization	-	-	187,052	-	187,052	-
Income on investments	(16,580,031)	(26,089,993)	-	(6,108,607)	(48,778,631)	-
Interest on bonds payable	42,297,795	-	-	-	42,297,795	-
Decrease (increase) in loans and notes receivable	41,202,646	-	(31,635,626)	(21,308)	9,545,712	-
Decrease (increase) in accrued interest and receivables	538,339	(17,330,441)	(816,950)	(3,693,361)	(21,302,413)	(11,526)
Decrease (increase) in inventory, deferred charges, other assets	-	-	(42,350)	(85,921)	(128,271)	1,862,661
Increase (decrease) in accounts payable, accruals, other liabilities	541,446	(5,220,122)	330,234	10,259,161	5,910,719	12,979,281
Total adjustments	70,092,875	(48,640,556)	(31,969,439)	687,636	(9,829,484)	20,675,645
Net cash provided by (used for) operating activities	\$ 71,390,544	\$ 64,510,907	\$ (15,752,387)	\$ 25,455,918	\$ 145,604,982	\$ 37,815,065
<b>Noncash investing, capital and financing activities</b>						
Property leased or acquired	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,105,688
Construction completed or in progress	-	-	-	-	-	1,108,205
Interest/dividends on investments accrued	-	-	2,724,435	376,979	3,101,414	405,712
Change in fair value of investments	(24,561)	-	(199,945)	3,559,928	3,335,422	(98,175)

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, 2005

	Pension Trust Funds	Investment Trust Funds	Private-Purpose Trust Fund - Prisoners' Personal Property	Agency Funds
<b>Assets</b>				
<i>Cash and pooled investments:</i>				
Cash with treasurer	\$ -	\$ 14,668	\$ 3,403,745	\$ 96,338,973
Cash in custody of other officials	439,767,266	-	-	81,428,386
<i>Investments:</i>				
Investments	-	711,083,995	-	107,640,878
Fixed income securities	4,549,907,606	-	-	-
Marketable equity securities	8,512,807,033	-	-	-
International securities	3,513,786,345	-	-	-
Mortgage loans	13,601	-	-	-
Real estate	866,864,092	-	-	-
Alternative investments	199,463,088	-	-	-
Collateral on loaned securities	1,783,199,685	317,084,231	-	2,741,746
<i>Receivables:</i>				
Accounts receivable	-	-	5,529	-
Accrued interest and dividends	79,064,907	2,583,202	-	-
Taxes receivable	-	-	-	19,561,691
Trades pending settlement	228,727,595	-	-	-
Intergovernmental receivables	61,992,521	-	79,200	-
Other receivables	-	-	-	42,508,838
Due from other funds	1,205,418	2,650	232,595	423,361,041
Due from fiduciary funds	11,137,015	-	-	12,938,552
Other assets	937,244	-	-	-
Furniture and equipment	25,321,859	-	-	-
Accumulated depreciation	(20,816,158)	-	-	-
<b>Total assets</b>	<b>20,253,379,117</b>	<b>1,030,768,746</b>	<b>3,721,069</b>	<b>786,520,105</b>
<b>Liabilities</b>				
<i>Accounts payable and accruals:</i>				
Accounts payable	8,529,962	101,385	33,726	-
Accrued payroll and related liabilities	-	-	-	6,625
Intergovernmental payables	-	1,347,204	9,060	521,560,653
Trades pending settlement	690,879,051	-	-	-
Obligations under securities lending	1,783,199,685	317,084,231	-	2,741,746
Due to other funds	1,949	19,511	515,302	-
Due to fiduciary funds	-	-	21,807	24,053,760
<i>Other liabilities:</i>				
Deposits	-	-	-	229,221,707
Other liabilities	240,117	-	14,457	8,935,614
<b>Total liabilities</b>	<b>2,482,850,764</b>	<b>318,552,331</b>	<b>594,352</b>	<b>786,520,105</b>
<b>Net Assets</b>				
<i>Held in trust for:</i>				
Employees' pension benefits	17,770,528,353	-	-	-
Individuals, organizations and other governments	-	712,216,415	3,126,717	-
<b>Total net assets</b>	<b>\$ 17,770,528,353</b>	<b>\$ 712,216,415</b>	<b>\$ 3,126,717</b>	<b>\$ -</b>

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

# Statement of Changes in Fiduciary Net Assets Fiduciary Funds

State  
of  
Nevada

For the Fiscal Year Ended June 30, 2005

	Pension Trust Funds	Investment Trust Funds	Private-Purpose Trust Fund - Prisoners' Personal Property
<b>Additions</b>			
<i>Contributions:</i>			
Employer	\$ 879,270,674	\$ -	\$ -
Plan members	66,930,354	-	-
Participants	-	-	14,533,526
Repayment and purchase of service	63,736,414	-	-
Total contributions	1,009,937,442	-	14,533,526
<i>Investment income:</i>			
Net increase (decrease) in fair value of investments	983,492,162	1,334,123	-
Interest, dividends	452,450,593	14,852,361	-
Securities lending income	35,654,691	5,904,960	-
Other	72,430,235	-	-
	1,544,027,681	22,091,444	-
Less investment expense:			
Cost of securities lending	(30,817,472)	(5,624,739)	-
Other	(20,186,513)	(317,399)	-
Net investment income	1,493,023,696	16,149,306	-
<i>Other:</i>			
Investment from local governments	-	1,152,178,387	-
Reinvestment from interest income	-	10,752,356	-
Other	3,376,240	-	-
Total other	3,376,240	1,162,930,743	-
<b>Total additions</b>	<b>2,506,337,378</b>	<b>1,179,080,049</b>	<b>14,533,526</b>
<b>Deductions</b>			
Principal redeemed	-	1,087,002,242	-
Benefit payments	742,064,143	-	14,412,711
Refunds	14,498,468	-	-
Dividends to investors	-	11,312,904	-
Administrative expense	9,087,032	58,620	-
<b>Total deductions</b>	<b>765,649,643</b>	<b>1,098,373,766</b>	<b>14,412,711</b>
Change in net assets	1,740,687,735	80,706,283	120,815
Net assets, July 1	16,029,840,618	631,510,132	3,005,902
<b>Net assets, June 30</b>	<b>\$ 17,770,528,353</b>	<b>\$ 712,216,415</b>	<b>\$ 3,126,717</b>

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



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## Note 1 - Summary of Significant Accounting Policies

**A. Reporting Entity**

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

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

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

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

system established in 1967 by the Nevada Legislature to provide a reasonable base income to Legislators at retirement. JRS is the administrator of 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 an office building and a transitional residential facility, 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 *Nevada System of Higher Education* (NSHE) is governed by a Board of Regents elected by the voters. However, NSHE is fiscally dependent upon the State because of appropriations from the State Legislature, the Legislative approval of the budget for those appropriations, the levying of taxes, if necessary, and the issuance of debt to support NSHE. Because NSHE has a separate governing body and does not provide services entirely or almost entirely to the primary government, it is presented discretely in the financial statements.

The *Colorado River Commission* (CRC) is a legally separate entity responsible for managing Nevada's interests in the water and power resources available from the Colorado River. It is governed by seven commissioners, a majority of whom are appointed by the State: four are appointed by the Governor

(Note 1 Continued)

and three appointed by the board of directors of the Southern Nevada Water Authority. Bonds issued by the CRC are backed by the full faith and credit of the State of Nevada, which creates the potential for a financial burden to the State. CRC provides services to citizens through the distribution and sale of electric power. As CRC has a separate governing body and does not provide services entirely or almost entirely to the primary government, it is presented discretely in the financial statements.

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

*Public Employees' Retirement System*  
Carson City, NV

*Legislators' Retirement System*  
Carson City, NV

*Judicial Retirement System*  
Carson City, NV

*Nevada System of Higher Education*  
Reno, NV

*Colorado River Commission*  
Las Vegas, NV

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

## B. Government-Wide and Fund Financial Statements

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

are financed in whole or in part by fees charged to external parties for goods or services.

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

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

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

*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.

(Note 1 Continued)

**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.

### 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.

## (Note 1 Continued)

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.

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 re-

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

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

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

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

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

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

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

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

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

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

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



## (Note 1 Continued)

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 appraisals. Investments that do not have an established market are reported at estimated fair value.

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

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

securities, and asset backed securities, commercial pricing services (where available) or bidside prices from a broker/dealer are used. Foreign exchange forward contracts are valued at the price at which the transaction could be settled by offset in the forward markets.

Investments are discussed further in Note 3.

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

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

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

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

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

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

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

## (Note 1 Continued)

*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.

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

In the Nevada System of Higher Education, capital assets are defined as assets with an initial unit cost of \$2,000 or more and an estimated useful life in excess of one year. Such assets are stated at cost at the date of acquisition or fair 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.

## (Note 1 Continued)

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.

"Funds held as permanent investments" indicates assets

permanently invested for the purpose of the fund.

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

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

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

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

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

## E. Intergovernmental Assistance Programs

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

## Note 2 - Budgetary and Legal Compliance

### Budgetary Process and Control

The Governor must submit his proposed budget for the Executive Branch to the State Legislature not later than 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. The Legislative Interim Finance Committee (LIFC) must approve revisions of more than \$20,000 that would increase or decrease

## (Note 2 Continued)

program expenditures by the lesser of 10% of the level approved by the Legislature or \$50,000. Revisions not exceeding this threshold require only budget director approval. The LIFC approval is not equivalent to governing body approval, as total appropriations for a program may not be increased except as follows. The Legislature appropriates limited funds to the Contingency Fund, a special revenue fund, which may be allocated to programs by the LIFC upon recommendation of the Board of Examiners. Allocations totaling \$26,209,192 were made in the 2005 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.
- 6) Encumbrances for goods or services not received by fiscal year end are considered an expenditure of the current period if received and paid within 45 days.

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

**Note 3 - Deposits and Investments**

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

**A. Deposits**

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

public deposits. As of June 30, 2005, the bank balance of the primary government, pension trust and investment trust funds totaled \$582,688,638, of which \$21,564,049 was collateralized by securities held by an agent, but not in the State's name and \$8,978,117 was uncollateralized and uninsured.

*Component Units* - at June 30, 2005, the bank balance of the component units totaled \$140,204,000, of which \$74,376,000 was uncollateralized and uninsured.

**B. Investments**

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

## (Note 3 Continued)

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.

The State Board of Finance reviews the State's investment policies at least every four months. The Board is comprised of the Governor, the State Controller, the State Treasurer and two members appointed by the governor, one of which must be actively engaged in commercial banking in the State.

Investments held in the Local Government Investment Pool (LGIP) and Nevada Enhanced Savings Term (NVEST) are specifically identifiable investment securities and are included in the following tables. LGIP and NVEST are investment trust funds governed by the Nevada State Board of Finance and administered by the Nevada State Treasurer. LGIP and NVEST are discussed further under Note 1, Asset, Liabilities and Net Assets/Fund Balance. Complete financial statements for LGIP and NVEST may

be obtained from the State Treasurer's Office, 101 N. Carson Street, Suite 4, Carson City, NV 89701.

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

*Primary Government, Pension Trust and Investment Trust Funds* - The State does not have a written interest rate risk policy. However, the benchmark used by the State Treasurer to determine whether competitive market yields are being achieved is the 90 day U.S. Treasury Bill's average over the previous three month period (Rolling 90 day T-Bill). Investment policies for the pension trust funds authorize all securities within the Lehman Aggregate Index benchmark. If securities are purchased outside the Lehman Aggregate Index, they must be of investment grade rating by at least two of Moody's, Standard & Poor's or Fitch (BBB- or better by Standard & Poor's/Fitch, Baa3 or better by Moody's). The following table provides information about the interest rate risks associated with the State's investments (expressed in thousands):

	Fair Value	Maturities in Years			
		Less Than 1	1-5	6-10	More Than 10
U. S. Treasury securities	\$ 1,538,169	\$ 299,311	\$ 598,687	\$ 235,955	\$ 404,216
Negotiable certificates of deposit	165,000	165,000	-	-	-
U. S. agencies	2,590,878	1,606,608	616,812	199,921	167,537
Mutual funds	324,819	324,819	-	-	-
Repurchase agreements	180,965	180,965	-	-	-
Asset backed corporate securities	81,116	-	76,608	3,910	598
Corporate bonds and notes	1,070,473	97,948	398,994	292,634	280,897
Commercial paper	116,687	116,687	-	-	-
Fixed income securities	12,300	-	4,200	3,800	4,300
International investments	1,834,998	93,503	940,486	431,109	369,900
Municipal bonds	1,155,051	5,535	59,295	122,291	967,930
Investment agreements	49,442	-	-	49,442	-
Other short-term investments	170,669	170,669	-	-	-
Collateralized mortgage obligations	1,422,147	15,000	63,504	68,672	1,274,971
<b>Total</b>	<b>\$ 10,712,714</b>	<b>\$ 3,076,045</b>	<b>\$ 2,758,586</b>	<b>\$ 1,407,734</b>	<b>\$ 3,470,349</b>

*Component Units* - The Nevada System of Higher Education's (NSHE) policy for reducing its exposure to interest rate risk is to have an average investment life of at least two years for fixed income securities within both the endowment and operating investment pools. With regard to the trusts included in endowment, NSHE is not the trustee of these investments and, therefore, currently has no policies with regard to interest rate risk for these investments. Investments having interest rate risk are principally invested in mutual funds. The following table provides the segmented time distribution for these investments at June 30, 2005 (expressed in thousands):

Less than 1 year	\$ 28,654
1 to 5 years	37,581
6 to 10 years	19,116
More than 10 years	16,438

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

## (Note 3 Continued)

*Primary Government, Pension Trust and Investment Trust Funds* - Nevada Revised Statute 355.140, the State Treasurer's investment policy, and investment policies of the pension trust and investment trust funds all address credit risk. The State's investments as of June 30, 2005 were rated by Standard and Poor's and/or equivalent national rating organization, and the ratings are presented below using the Standard and Poor's rating scale (expressed in thousands):

	Fair Value	Quality Rating					Unrated
		AAA	AA	A	BBB	BB	
Negotiable certificates of deposit	\$ 165,500	\$ -	\$ -	\$ 165,500	\$ -	\$ -	\$ -
U.S. agencies	2,086,257	954,131	-	892,673	600	-	238,853
Mutual funds	126,650	126,431	-	-	-	-	219
Repurchase agreements	72,965	72,965	-	-	-	-	-
Asset backed corporate securities	81,116	81,116	-	-	-	-	-
Corporate bonds and notes	1,014,709	295,903	83,448	371,258	264,100	-	-
Commercial paper	128,469	-	-	128,469	-	-	-
Fixed income securities	61,864	6,500	3,900	700	1,200	45,000	4,564
International investments	1,834,896	948,133	758,947	77,116	42,800	-	7,900
Municipal bonds	1,155,051	-	1,155,051	-	-	-	-
Investment agreements	49,441	45,433	4,008	-	-	-	-
Other short-term investments	153,306	134,936	18,370	-	-	-	-
Collateralized mortgage obligations	293,734	280,934	1,100	4,300	700	-	6,700
<b>Total</b>	<b>\$ 7,223,958</b>	<b>\$ 2,946,482</b>	<b>\$ 2,024,824</b>	<b>\$ 1,640,016</b>	<b>\$ 309,400</b>	<b>\$ 45,000</b>	<b>\$ 258,236</b>

Quality ratings for the Public Employees' Retirement System (PERS) U.S agency investments of \$1,642.7 million have been assigned by PERS' custodial bank, The Bank of New York, and are not included in the table above.

*Component Unit* - the Nevada System of Higher Education's (NSHE) policy for reducing its exposure to credit risk is to maintain a weighted average credit rating of AA or better, and never below A, for investments with credit risk within both the endowment and operating pools. With regard to the trusts included in endowment investments, NSHE is not the trustee of these investments and therefore, it currently has no policies with regard to credit risk for these investments. The credit risk profile for NSHE operating and endowment investments at June 30, 2005 is as follows (expressed in thousands):

	Fair Value	Quality Rating			Unrated
		AAA	AA	A	
Corporate bonds	\$ 1,176	\$ 106	\$ 384	\$ 661	\$ 25
Commingled U.S. bond funds	83,731	-	-	-	83,731
Commingled non U.S. bond funds	2,641	-	-	-	2,641
Commingled money market bond funds	13,417	-	-	-	13,417
<b>Total</b>	<b>\$ 100,965</b>	<b>\$ 106</b>	<b>\$ 384</b>	<b>\$ 661</b>	<b>\$ 99,814</b>

**Concentration of Credit Risk:** Concentration of credit risk is the risk of loss that may be attributed to the magnitude of a government's investment in a single issuer. The Nevada Revised Statutes 355.140, 355.060 and the State Treasurer's investment policy limit the investing in any one issuer to 5% of the total par value of the portfolio. At June 30, 2005, the following investments exceeded 5% of the Local Government Investment Pool's total investments (expressed in thousands):

	Fair Value	Percentage
Federal Farm Credit Bank	\$ 188,206	36.46%
Federal Home Loan Bank	140,512	27.22%
Goldman Sachs Repurchase Agreement	47,965	9.29%

The Housing Division currently places no limit on the amount it may invest in any one issuer provided their ratings are in the highest two general rating categories. As of June 30, 2005, the Housing Division's investments in Fannie Mae are 27.87% of Housing Division's total investments.

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

*Primary Government and Pension Trust Funds* - the primary government does not have a policy regarding foreign currency risk; however the State Treasurer's office does not have any deposits or investments in foreign currency. The Public Employees' Retirement System of Nevada, the Legislators' Retirement System of Nevada and the Judicial Retirement System of Nevada do have foreign currency policies for deposit and investments, which may be used for portfolio diversification and hedging. Highly speculative positions in currency are not permitted. The following table summarizes the pension trust funds' exposure to foreign currency risk in U.S. dollars as of June 30, 2005 (expressed in thousands):

# Notes to Financial Statements

For the Fiscal Year Ended June 30, 2005

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(Note 3 Continued)

	Currency by Investment and Fair Value			
	Fixed Income	Equity	Derivatives	Cash
Australian Dollar	\$ 52	\$ 94	\$ (19)	\$ 1
Austrian Schilling	11	2	-	-
Belgian Franc	-	5	-	-
British Pound Sterling	277	385	1	9
Canadian Dollar	90	4	8	-
Danish Krone	65	15	(8)	1
Euro Currency	2,180	571	(134)	37
Hong Kong Dollar	-	31	-	-
Irish Pound	-	-	-	-
Japanese Yen	1,521	372	76	11
New Zealand Dollar	-	2	-	-
Norwegian Krone	24	13	8	-
Polish Zloty	31	-	7	1
Singapore Dollar	8	15	8	1
Swedish Krona	36	35	11	9
Swiss Franc	29	114	3	-
Other	-	1	-	1
<b>Total</b>	<b>\$ 4,324</b>	<b>\$ 1,659</b>	<b>\$ (39)</b>	<b>\$ 71</b>

*Component Unit* - the Nevada System of Higher Education had \$69,706,000 of investments in international mutual funds subject to foreign currency risk in its operating and endowment investment pools. The U.S. dollar balances of international mutual funds organized by the respective foreign currencies are as follows in U.S. dollars (expressed in thousands):

Currency by Investment and Fair Value	
	Mutual Funds
Australian Dollar	\$ 1,072
Brazilian Real	1,397
British Pound Sterling	10,749
Canadian Dollar	2,486
Euro Currency	20,875
Japanese Yen	9,929
Mexican Peso	1,345
South Korean Won	3,302
Swiss Franc	3,586
Taiwan New Dollar	2,270
Other	12,695
<b>Total</b>	<b>\$ 69,706</b>

## C. Securities Lending

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

At year-end, the State has no credit risk exposure to borrowers because the amount the State owes to borrowers exceeds the amounts the borrowers owe to

the State. The collateral securities cannot be pledged or sold by the State unless the borrower defaults. The contract with the securities lending agent requires the agent to indemnify the State for all losses relating to securities lending transactions. There were no losses resulting from borrower default during the period nor were there any recoveries of prior period losses.

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

The fair value of securities on loan at June 30, 2005 (excluding PERS) is \$1,388,057,764. The fair value of cash collateral received in securities lending arrangements (excluding PERS) of \$1,415,163,836 is reported in the Statement of Net Assets and the Statement of Fiduciary Net Assets as an asset with a related liability. At June 30, 2005 total collateral (excluding PERS) has a fair value of \$1,415,576,218. Such collateral consists of cash, commercial paper, asset backed securities, money market mutual funds, certificates of deposit and fixed income securities. The total collateral received is in excess of the fair value of the investments held by brokers/dealers under the securities lending agreement.

*Pension Trust Fund* - PERS also maintains a securities lending program under the authority of the "prudent person" standard of NRS 286.682. Securities loaned under this program consist of U.S. Treasury Obligations, corporate fixed income and equity securities and international fixed income and equity securities.

## (Note 3 Continued)

Collateral received consists of cash and securities issued by the U.S. Government, its agencies or instrumentalities. Collateral received must equal at least 102% of the market value of the underlying security, plus accrued interest.

At year-end, PERS has no credit risk exposure to borrowers because the amount PERS owes to borrowers exceeds the amounts the borrowers owe to PERS. PERS has no discretionary authority to sell or pledge collateral received or securities loaned. The contract with the securities lending agent requires the agent to indemnify PERS for all losses relating to securities lending transactions. There were no losses resulting from borrower default during the period nor were there any recoveries of prior period losses.

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

The fair value of securities on loan at June 30, 2005 is \$1,689,081,071. The fair value of the cash collateral received in securities lending arrangements of \$1,783,199,685 is reported on the Statement of Fiduciary Net Assets as an asset with a related liability. At June 30, 2005, PERS has collateral consisting of cash and securities issued by the U. S. Government, its agencies or instrumentalities, in excess of the market value of investments held by brokers/dealers under a securities lending agreement.

#### D. Derivatives

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

exchange risk, and manage market risk associated with the underlying securities. They may also reduce PERS exposure to changes in stock prices, interest rates, and currency exchange rates.

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

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

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

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

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

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

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

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



## Notes to Financial Statements

For the Fiscal Year Ended June 30, 2005

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### 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	Nevada System of Higher Education
<b>As shown on financial statements:</b>		
Intergovernmental receivables	\$ 406,369	\$ 39,470
Notes/loans receivable	723	11,084
<b>Total</b>	<b>\$ 407,092</b>	<b>\$ 50,554</b>
<b>Classified:</b>		
<b>Current portion</b>	<b>\$ 236,222</b>	<b>\$ 41,942</b>
<b>Noncurrent portion:</b>		
Intergovernmental receivables	170,307	8,612
Notes/loans receivable	563	-
<b>Total noncurrent portion</b>	<b>170,870</b>	<b>8,612</b>
<b>Total</b>	<b>\$ 407,092</b>	<b>\$ 50,554</b>

Not included in the receivable balances are amounts considered to be uncollectible. \$125.3 million of taxes receivable in the governmental funds are estimated to be uncollectible, of which \$15.6 million are from businesses filing bankruptcy. Uncollectible accounts receivable in the governmental funds total \$26.8 million. The proprietary funds have \$30.4 million in uncollectible accounts receivable of which \$14.5 million is from unemployment contributions and benefit overpayments.

### Note 5 - Interfund Transactions

#### A. Interfund Advances

A summary of interfund advances at June 30, 2005, follows (expressed in thousands):

	Advances From			
	Major Funds			
		State	Consolidated Bond Interest	
	General	Highway	and Redemption	Total
<b>Advances To</b>				
Nonmajor governmental	\$ 300	\$ -	\$ -	\$ 300
Nonmajor enterprise	3,722	-	-	3,722
Internal service	11,487	9	2,256	13,752
<b>Total other funds</b>	<b>\$ 15,509</b>	<b>\$ 9</b>	<b>\$ 2,256</b>	<b>\$ 17,774</b>

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

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

# Notes to Financial Statements

For the Fiscal Year Ended June 30, 2005

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(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, 2005, is shown below (expressed in thousands):

in thousands).

	Due To						
	Major Governmental Funds						
	General	State Highway	Municipal Bond Bank	Cons Bond Interest and Redemption	Stabilize the Operations of State Gov't	Nonmajor Governmental	Total Governmental
Due From							
Major Governmental Funds:							
General	\$ -	\$ 4,451	\$ 22	\$ 723	\$ 26,513	\$ 85,265	\$ 116,974
State Highway	796	-	-	-	-	11,803	12,599
Municipal Bond Bank	41	-	-	2,321	-	-	2,362
Consolidated Bond Interest and Redemption	26	-	-	-	-	-	26
Stabilize the Operations of State Government	25	-	-	-	-	-	25
Nonmajor governmental	32,726	891	-	2,026	-	7,273	42,916
Total Governmental	33,614	5,342	22	5,070	26,513	104,341	174,902
Major Enterprise Funds:							
Housing Division	1	-	-	-	-	-	1
Unemployment Comp	-	-	-	-	-	285	285
Water Projects Loans	418	-	-	-	-	-	418
Nonmajor enterprise	1,635	4	-	-	-	6	1,645
Total Enterprise	2,054	4	-	-	-	291	2,349
Internal Service	2,397	83	-	306	-	-	2,786
Total other funds	\$ 38,065	\$ 5,429	\$ 22	\$ 5,376	\$ 26,513	\$ 104,632	\$ 180,037
Fiduciary	\$ 151	\$ -	\$ -	\$ -	\$ -	\$ 367	\$ 518
Component Units:							
Nevada System of Higher Education	\$ 23,198	\$ -	\$ -	\$ 7,630	\$ -	\$ 3	\$ 30,831
Colorado River Commission	-	-	-	-	-	-	-
Total Component Units	\$ 23,198	\$ -	\$ -	\$ 7,630	\$ -	\$ 3	\$ 30,831

	Due To						
	Major Enterprise Funds						
	Housing Division	Water Projects Loans	Nonmajor Enterprise	Total Enterprise	Internal Service	Total Other Funds	Fiduciary
Due From							
Major Governmental Funds:							
General	\$ 1,152	\$ 483	\$ 1,403	\$ 3,038	\$ 7,532	\$ 127,544	\$ 421,817
State Highway	-	-	31	31	775	13,405	2,872
Municipal Bond Bank	-	-	-	-	-	2,362	3
Consolidated Bond Interest and Redemption	-	4	-	4	-	30	-
Stabilize the Operations of State Government	-	-	3	3	-	28	-
Nonmajor governmental	-	-	14	14	6,080	49,010	12
Total Governmental	1,152	487	1,451	3,090	14,387	192,379	424,704
Major Enterprise Funds:							
Housing Division	-	-	-	-	4	5	-
Unemployment Comp	-	-	-	-	-	285	-
Water Projects Loans	-	-	-	-	-	418	-
Nonmajor enterprise	-	-	-	-	44	1,689	89
Total Enterprise	-	-	-	-	48	2,397	89
Internal Service	-	-	41	41	189	3,016	9
Total other funds	\$ 1,152	\$ 487	\$ 1,492	\$ 3,131	\$ 14,624	\$ 197,792	\$ 424,802
Fiduciary	\$ -	\$ -	\$ 16	\$ 16	\$ 2	\$ 536	\$ 24,076
Component Units:							
Nevada System of Higher Education	\$ -	\$ -	\$ 9	\$ 9	\$ 1,095	\$ 31,935	\$ -
Colorado River Commission	-	-	-	-	3	3	-
Total Component Units	\$ -	\$ -	\$ 9	\$ 9	\$ 1,098	\$ 31,938	\$ -

(Note 5 Continued)

	Due To		
	Component Units		Total Component Units
	Nevada System of Higher Education	Colorado River Commission	
<b>Due From</b>			
Major Governmental Funds:			
General	\$ 20,029	\$ 120	\$ 20,149
State Highway	156	-	156
Consolidated Bond Interest and Redemption	31	-	31
Nonmajor governmental	96,459	-	96,459
Total Governmental	116,675	120	116,795
Major Enterprise Funds:			
Water Projects Loans	50	-	50
Nonmajor enterprise	1	-	1
Total Enterprise	51	-	51
Internal Service	12	-	12
Total other funds	\$ 116,738	\$ 120	\$ 116,858

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, 2005, is shown below (expressed in thousands):

	Transfers Out/To						
	Major Governmental Funds						Total Governmental
	General	State Highway	Municipal Bond Bank	Cons Bond Interest and Redemption	Stabilize the Operations of State Gov't	Nonmajor Governmental	
<b>Transfers In/From</b>							
Major Governmental Funds:							
General	\$ -	\$ 7,492	\$ 72	\$ -	\$ 2,148	\$ 69,254	\$ 78,966
State Highway	6,258	-	-	-	-	3,802	10,060
Consolidated Bond Interest and Redemption	494	-	87,818	-	-	10,289	98,601
Stabilize the Operations of State Government	76,463	-	-	-	-	-	76,463
Nonmajor governmental	144,867	2,894	-	100	-	4,982	152,843
Total Governmental	228,082	10,386	87,890	100	2,148	88,327	416,933
Major Enterprise Funds:							
Housing	1,152	-	-	-	-	-	1,152
Nonmajor enterprise	726	-	-	-	-	125	851
Total Enterprise	1,878	-	-	-	-	125	2,003
Internal Service	2,656	-	-	-	-	-	2,656
Total other funds	\$ 232,616	\$ 10,386	\$ 87,890	\$ 100	\$ 2,148	\$ 88,452	\$ 421,592

(Note 5 Continued)

	Transfers Out/To						
	Major Enterprise Funds			Nonmajor Enterprise	Total Enterprise	Internal Service	Total Other Funds
	Housing Division	Unemployment Compensation	Water Projects Loans				
<b>Transfers In/From</b>							
Major Governmental Funds:							
General	\$ 43	\$ -	\$ 1,232	\$ 17,154	\$ 18,429	\$ -	\$ 97,395
State Highway	-	-	-	-	-	57	10,117
Consolidated Bond Interest and Redemption	-	-	-	-	-	-	98,601
Stabilize the Operations of State Government	-	-	-	-	-	-	76,463
Nonmajor governmental	-	1,116	-	78	1,194	285	154,322
<b>Total Governmental</b>	<b>43</b>	<b>1,116</b>	<b>1,232</b>	<b>17,232</b>	<b>19,623</b>	<b>342</b>	<b>436,898</b>
Major Enterprise Funds:							
Housing	-	-	-	-	-	-	1,152
Nonmajor enterprise	-	-	-	-	-	-	851
<b>Total Enterprise</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,003</b>
Internal Service	-	-	-	-	-	-	2,656
<b>Total other funds</b>	<b>\$ 43</b>	<b>\$ 1,116</b>	<b>\$ 1,232</b>	<b>\$ 17,232</b>	<b>\$ 19,623</b>	<b>\$ 342</b>	<b>\$ 441,557</b>

The general purpose for transfers is to move monies from funds required by statute to collect them to the funds required by statute or budget to expend them, and to move monies collected for debt service purposes to the debt service fund required to make the payment. An exception was two transfers from the General Fund to the Stabilize the Operations of State Government ("Rainy Day") fund of \$50 million and \$25.2 million. The first transfer was per resolution of the Interim Finance Committee and the second transfer was triggered when the General Fund unrestricted fund balance reached a certain level as defined by statute.

In addition, the Nevada Legislature approved appropriations for the support of the Nevada System of Higher Education (NSHE), a component unit. Net payments to NSHE of \$471,439,000 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 NSHE in the Statement of Activities.

## Note 6 - Restricted Assets

Various debt service, operation and maintenance, capital improvement and construction (acquisition) funding requirements of bond covenants, and trust indentures are recorded as restricted assets on the Statement of Net Assets. The components of restricted assets at June 30, 2005 are as follows (expressed in thousands):

	Business-Type Activities	Total Primary Government	Component Units
<b>Restricted:</b>			
Cash	\$ -	\$ -	\$ 8,483
Investments	110,467	110,467	-
<b>Total</b>	<b>\$ 110,467</b>	<b>\$ 110,467</b>	<b>\$ 8,483</b>
<b>Restricted for:</b>			
Debt service	\$ 110,467	\$ 110,467	\$ 713
Construction reserve	-	-	3,056
Other and all purpose reserve	-	-	4,714
<b>Total</b>	<b>\$ 110,467</b>	<b>\$ 110,467</b>	<b>\$ 8,483</b>

## Note 7- Capital Assets

Capital asset activity of the primary government for the year ended June 30, 2005, was as follows (expressed in thousands):

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities:</b>				
<b><i>Capital assets, not being depreciated</i></b>				
Land	\$ 107,460	\$ 3,394	\$ -	\$ 110,854
Construction in progress	54,149	103,964	(51,437)	106,676
Infrastructure	2,777,985	14,695	-	2,792,680
Rights-of-way	403,146	14,954	(357)	417,743
Total capital assets, not being depreciated	3,342,740	137,007	(51,794)	3,427,953
<b><i>Capital assets, being depreciated/amortized</i></b>				
Buildings	942,525	37,442	-	979,967
Improvements other than buildings	81,409	1,188	-	82,597
Furniture and equipment	346,600	25,728	(17,961)	354,367
Software costs	84,754	31,965	-	116,719
Total capital assets, being depreciated/amortized	1,455,288	96,323	(17,961)	1,533,650
<b><i>Less accumulated depreciation/amortization for:</i></b>				
Buildings	(233,576)	(23,677)	-	(257,253)
Improvements other than buildings	(39,676)	(3,607)	-	(43,283)
Furniture and equipment	(256,235)	(27,368)	16,490	(267,113)
Software costs	(42,361)	(11,492)	-	(53,853)
Total accumulated depreciation/amortization	(571,848)	(66,144)	16,490	(621,502)
Total capital assets, being depreciated/amortized, net	883,440	30,179	(1,471)	912,148
<b>Governmental activities capital assets, net</b>	<b>\$ 4,226,180</b>	<b>\$ 167,186</b>	<b>\$ (53,265)</b>	<b>\$ 4,340,101</b>
<b>Business-type activities:</b>				
<b><i>Capital assets, not being depreciated</i></b>				
Land	\$ 559	\$ 9	\$ -	\$ 568
Total capital assets, not being depreciated	559	9	-	568
<b><i>Capital assets, being depreciated</i></b>				
Buildings	3,377	12	-	3,389
Improvements other than buildings	631	-	-	631
Furniture and equipment	4,812	124	(270)	4,666
Total capital assets, being depreciated	8,820	136	(270)	8,686
<b><i>Less accumulated depreciation for:</i></b>				
Buildings	(1,828)	(72)	-	(1,900)
Improvements other than buildings	(485)	(9)	-	(494)
Furniture and equipment	(3,935)	(289)	270	(3,954)
Total accumulated depreciation	(6,248)	(370)	270	(6,348)
Total capital assets, being depreciated, net	2,572	(234)	-	2,338
<b>Business-type activities capital assets, net</b>	<b>\$ 3,131</b>	<b>\$ (225)</b>	<b>\$ -</b>	<b>\$ 2,906</b>

(Note 7 Continued)

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

<b>Governmental activities:</b>	
General government	\$ 5,823
Education, support services	1,340
Health, social services	12,548
Law, justice, public safety	21,194
Recreation, resource development	5,080
Transportation	12,194
Regulation of business	678
Unallocated	1,442
Depreciation and amortization on capital assets held by the State's internal service funds is charged to the various functions based on their use of the assets	5,845
<b>Total depreciation/amortization expense - governmental activities</b>	<b>\$ 66,144</b>
<b>Business-type activities:</b>	
Enterprise	\$ 370
<b>Total depreciation expense - business-type activities</b>	<b>\$ 370</b>

Capital asset activity of the Nevada System of Higher Education for the year ended June 30, 2005, was as follows (expressed in thousands):

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
<b>Nevada System of Higher Education:</b>				
<b>Capital assets, not being depreciated</b>				
Construction in progress	\$ 116,837	\$ 67,506	\$ (108,074)	\$ 76,269
Land	58,596	6,613	-	65,209
Collections	5,400	1,187	(35)	6,552
Total capital assets, not being depreciated	180,833	75,306	(108,109)	148,030
<b>Capital assets, being depreciated</b>				
Buildings	1,171,233	127,705	-	1,298,938
Land and improvements	75,910	1,540	-	77,450
Machinery and equipment	221,814	38,056	(13,445)	246,425
Library books and media	83,722	6,933	(695)	89,960
Total capital assets, being depreciated	1,552,679	174,234	(14,140)	1,712,773
<b>Less accumulated depreciation for:</b>				
Buildings	(318,813)	(31,185)	-	(349,998)
Land and improvements	(51,208)	(4,124)	-	(55,332)
Machinery and equipment	(137,949)	(21,582)	11,452	(148,079)
Library books and media	(69,359)	(6,743)	698	(75,404)
Total accumulated depreciation	(577,329)	(63,634)	12,150	(628,813)
Total capital assets, being depreciated, net	975,350	110,600	(1,990)	1,083,960
<b>Nevada System of Higher Education activity capital assets, net</b>	<b>\$ 1,156,183</b>	<b>\$ 185,906</b>	<b>\$ (110,099)</b>	<b>\$ 1,231,990</b>

## 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, 2005 are comprised of the following (expressed in thousands):

	Interest Rates	Original Amount	Principal Outstanding
<b>Governmental activities:</b>			
<b>General obligation bonds:</b>			
Subject to Constitutional Debt Limitation	2.0-6.5%	\$ 1,455,825	\$ 928,390
Exempt from Constitutional Debt Limitation	1.60-8.5%	2,280,171	1,365,403
<b>Special obligation bonds:</b>			
Exempt from Constitutional Debt Limitation-			
Highway Improvement Revenue Bonds	4.5-6.0%	449,780	380,945
Subtotal		4,185,776	2,674,738
<b>Issuance premiums</b>		86,231	78,742
<b>Governmental activities bonds payable</b>		<u>4,272,007</u>	<u>2,753,480</u>
<b>Business-type activities:</b>			
<b>General obligation bonds:</b>			
Exempt from Constitutional Debt Limitation	2.0-9.65%	2,062,317	983,421
<b>Issuance premiums</b>		2,695	2,342
<b>Business-type activities bonds payable</b>		<u>2,065,012</u>	<u>985,763</u>
<b>Total bonds payable</b>		<u>\$ 6,337,019</u>	<u>\$ 3,739,243</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, 2005 (expressed in thousands):

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental activities:</b>					
Bonds payable:					
General obligation bonds	\$ 2,286,549	\$ 803,284	\$ (796,040)	\$ 2,293,793	\$ 109,515
Special obligation bonds	238,265	173,345	(30,665)	380,945	30,710
Subtotal	2,524,814	976,629	(826,705)	2,674,738	140,225
Issuance premiums	32,636	51,003	(4,897)	78,742	6,447
Total bonds payable	2,557,450	1,027,632	(831,602)	2,753,480	146,672
Obligations under capital leases	8,236	2,187	(2,711)	7,712	2,313
Compensated absences obligations	79,995	100,771	(100,401)	80,365	51,553
Arbitrage rebate liability	46	3	-	49	49
Certificates of participation	34,655	22,435	(690)	56,400	720
<b>Governmental activities long-term obligations</b>	<u>\$ 2,680,382</u>	<u>\$ 1,153,028</u>	<u>\$ (935,404)</u>	<u>\$ 2,898,006</u>	<u>\$ 201,307</u>
<b>Business-type activities:</b>					
Bonds payable	\$ 1,090,617	\$ 56,755	\$ (163,951)	\$ 983,421	\$ 15,276
Issuance premiums	2,461	59	(178)	2,342	144
Total bonds payable	1,093,078	56,814	(164,129)	985,763	15,420
Compensated absences obligations	1,375	1,770	(1,747)	1,398	867
Arbitrage rebate liability	13	-	(13)	-	-
<b>Business-type activities long-term obligations</b>	<u>\$ 1,094,466</u>	<u>\$ 58,584</u>	<u>\$ (165,889)</u>	<u>\$ 987,161</u>	<u>\$ 16,287</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.

(Note 8 Continued)

### C. Debt Service Requirements for Bonds

Debt service requirements (principal and interest) for all long-term bonds and notes outstanding at June 30, 2005, of the primary government are summarized in the table following (expressed in thousands):

Year Ending June 30	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2006	\$ 155,165	\$ 129,227	\$ 15,276	\$ 45,995
2007	155,067	124,504	18,918	45,054
2008	161,376	117,180	24,012	44,203
2009	177,320	108,785	20,037	42,941
2010	176,295	100,503	20,708	42,568
2011-2015	792,655	374,006	123,747	191,672
2016-2020	556,605	204,059	156,459	155,115
2021-2025	356,225	82,987	177,205	104,156
2026-2030	144,030	10,797	153,756	62,323
2031-2035	-	-	159,823	24,142
2036-2040	-	-	113,480	9,787
<b>Total</b>	<b>\$ 2,674,738</b>	<b>\$ 1,252,048</b>	<b>\$ 983,421</b>	<b>\$ 767,956</b>

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

### D. Constitutional Debt Limitations

Section 3, Article 9, of the State Constitution (as amended) limits the aggregate principal amount of the State's public debt to two percent (2%) of the assessed valuation of the State. Exempt from this limitation are debts authorized by the Legislature that are incurred for the protection and preservation of, or for obtaining the benefits of, any property or natural resources within the State. At June 30, 2005, the debt limitation and its unused portion are computed as follows (expressed in thousands):

Debt limitation (2% of total assessed valuation)	\$ 1,743,736
Less: Bonds and leases payable as of June 30, 2005, subject to limitation	(944,732)
Remaining debt capacity	<u>\$ 799,004</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-four projects were funded through the Nevada Municipal Bond Bank as of June 30, 2005, and total investments in local governments amounted to \$1,015,225,000.

### F. Refunded Debt and Redemptions

On August 3, 2004 the State issued General Obligation (Limited Tax) Capital Improvement, Cultural Affairs and Refunding Bonds, Series 2004A and General Obligation (Limited Tax) Natural Resources and Refunding bonds, Series 2004B. Series 2004A was issued to advance refund \$53,720,000 of the General Obligation (Limited Tax) Refunding Bonds, Series July 15, 1994A. Series 2004B was issued to partially advance refund \$10,610,000 of the General Obligation (Limited Tax) Refunding Bonds, Series July 15, 1994B.

On April 6, 2005 the State issued General Obligation (Limited Tax) Capital Improvement and Cultural Affairs Refunding Bonds, Series 2005A; General Obligation (Limited Tax) Natural Resources and Refunding Bonds Series 2005B; General Obligation (Limited Tax) Safe Drinking Water Act Revolving Fund Matching and Refunding Bond Series 2005E. Series 2005A was issued to partial advance refund the following General Obligation (Limited Tax) Bonds: \$4,865,000 Capital Improvement Bonds Series November 1, 1995C; \$22,875,000 Capital Improvement Bonds, Series November 15, 1996A; \$1,125,000 Cultural Affairs Bonds, Series June 1, 1997B; \$92,850,000 Capital Improvement Bonds, Series July 1,



## (Note 8 Continued)

1998B; \$28,425,000 Capital Improvement Bonds, Series October 1, 1998B; \$41,655,000 Capital Improvement and Cultural Affairs Bonds, Series September 1, 1999A; \$61,680,000 Capital Improvement and Cultural Affairs Bonds, Series July 1, 2000A. Series 2005B was issued to partial advance refund the following General Obligation (Limited Tax) Bonds: \$3,995,000 Natural Resources Bonds, Series November 1, 1995B; \$7,355,000 Natural Resources Bonds, Series July 1, 1998C; \$3,115,000 Natural Resources Bonds, Series September 1, 1999D; \$5,155,000 Natural Resources Bonds, Series September 1, 1999E. Series 2005E was issued to partial advance refund the following General Obligation (Limited Tax) Bonds: \$3,600,000 Safe Drinking Water Act Revolving Fund Matching Bonds, Series September 1, 1999B; \$755,000 Safe Drinking Water Act Revolving Fund Matching Bonds, Series December 1, 2000C.

On April 13, 2005 the State issued State of Nevada Colorado River Commission General Obligation (Limited Tax) (Revenue Supported) Water Refunding Bonds, Series 2005H to advance refund \$35,615,000 of the State of Nevada Colorado River Commission General Obligation (Limited Tax) (Revenue Supported) Bonds, Series 1994.

On April 26, 2005 the State issued General Obligation (Limited Tax) University System Refunding Bonds (Revenue Supported), Series 2005G to advance refund \$41,700,000 of the General Obligation (Limited Tax) University System Project Bonds (Revenue Supported) Series October 1, 1998A.

On May 17, 2005 the State issued General Obligation (Limited Tax) Nevada Municipal Bond Bank Project R-9A, R-9B, R-9C, R-10, R-11 and R-12, Series 2005F to partially advance refund \$278,055,000 of The Nevada Municipal Bond Project Nos. 49 and 50, Series November 1, 1995A; Project No. 51, Series January 1, 1996A (Tax Exempt); Project Nos. 57, 58, 59, 60, 61, 62, 63 and 64, Series June 1, 1997A; Project Nos. 66 and 67, Series July 1, 1998A; Project No. 68, Series July 1, 2000B.

The reacquisition price exceeded the carrying amount of the old debt by \$26,472,700. 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 \$48,979,401 and to obtain an economic gain or present value gain of \$32,022,324.

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, 2005 is \$1,049,662,000.

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

At June 30, 2005, the amount available to service debt in the Consolidated Bond Interest and Redemption debt service fund is \$74,176,987. At June 30, 2005, the amount available to service debt in the Highway Revenue Bonds debt service fund is \$19,534,468. At June 30, 2005, the amount available to service the debt in the Municipal Bond Bank special revenue fund is \$1,015,246,577. At June 30, 2005, the amount available to service the Water Project Bonds in the Water Projects Loans proprietary fund is \$150,584,643.

The amount to be provided by other governments of \$170,390,000 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.

(Note 8 Continued)

**I. Capital Leases**

The State has entered into various agreements for the lease of equipment. Assets of the primary government acquired under such leases at June 30, 2005, have a historical cost of \$12,752,000 with accumulated depreciation of \$8,095,517.

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, 2005 follow (expressed in thousands):

Year Ending June 30	Governmental Activities
2006	\$ 2,647
2007	2,356
2008	1,520
2009	825
2010	593
2011-2015	615
Total minimum lease payments	8,556
Less: amount representing interest	(844)
Obligations under capital leases	<u>\$ 7,712</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, 2005. The liability as of June 30, 2005, and changes for the fiscal year then ended is presented in Section B of this note.

**K. Certificates of Participation**

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

interest and principal payments made by trustees to certificate holders.

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

The following schedule presents future certificates of participation payments as of June 30, 2005 (expressed in thousands):

Year Ending June 30	Principal	Interest
2006	\$ 720	\$ 2,574
2007	985	2,543
2008	1,045	2,504
2009	1,110	2,461
2010	1,180	2,416
2011-2015	7,890	11,216
2016-2020	9,435	9,235
2021-2025	10,060	7,343
2026-2030	15,975	4,498
2031-2035	8,000	594
<b>Total</b>	<u>\$ 56,400</u>	<u>\$ 45,384</u>

**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.

(Note 8 Continued)

As of June 30, 2005, there are nineteen series of Industrial Revenue Bonds outstanding, with an aggregate principal amount payable of \$866,039,333.

**M. Component Unit Obligations**

*Nevada System of Higher Education (NSHE)* – Bonds, notes, capital leases and compensated absences payable by NSHE at June 30, 2005 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	\$ 280,216	\$ 43,055	\$ (9,242)	\$ 314,029	\$ 10,874
Issuance premiums	2,038	1,129	(44)	3,123	36
Total bonds payable	282,254	44,184	(9,286)	317,152	10,910
Obligations under capital leases	15,021	2,308	(1,990)	15,339	2,385
Compensated absences obligations	32,407	29,321	(25,149)	36,579	25,266
Total	<u>\$ 329,682</u>	<u>\$ 75,813</u>	<u>\$ (36,425)</u>	369,070	38,561
Discretely presented component units of the NSHE:					
Bonds and notes payable				3,084	650
Capital leases				425	202
Compensated absences				11	11
Total				<u>\$ 372,590</u>	<u>\$ 39,424</u>

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

The following table presents annual principal and interest payments for bonds and notes payable outstanding by NSHE at June 30, 2005 (expressed in thousands):

Year Ending June 30	Principal	Interest
2006	\$ 10,910	\$ 14,003
2007	12,174	14,143
2008	12,352	13,567
2009	11,386	13,074
2010	11,826	12,582
2011-2015	63,667	54,861
2016-2020	57,408	40,598
2021-2025	45,829	27,130
2026-2030	49,527	15,753
2031-2035	38,905	3,902
2036-2040	3,168	-
Total	<u>\$ 317,152</u>	<u>\$ 209,613</u>

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

Year Ending June 30	Amount
2006	\$ 3,132
2007	2,582
2008	2,371
2009	2,342
2010	2,138
2011-2015	5,817
Total minimum lease payments	18,382
Less: amount representing interest	(3,043)
Obligations under capital leases	<u>\$ 15,339</u>

(Note 8 Continued)

Colorado River Commission (CRC) – Bonds, compensated absences and advance payable by CRC at June 30, 2005 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:					
General obligation bonds	\$ 113,775	\$ 65,300	\$ (65,070)	\$ 114,005	\$ 1,420
Issuance premiums	2,195	1,882	(186)	3,891	246
Issuance discounts	(790)	-	730	(60)	(20)
Unamortized refunding charges	(2,368)	(4,036)	217	(6,187)	(315)
Total bonds payable	112,812	63,146	(64,309)	111,649	1,331
Compensated absences obligations	241	15	-	256	-
Advance from customer	70	-	(70)	-	-
Total	<u>\$ 113,123</u>	<u>\$ 63,161</u>	<u>\$ (64,379)</u>	<u>\$ 111,905</u>	<u>\$ 1,331</u>

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

Year Ending June 30	Principal	Interest
2006	\$ 1,420	\$ 5,518
2007	1,620	5,682
2008	1,705	5,579
2009	5,200	5,380
2010	5,490	5,092
2011-2015	32,070	20,692
2016-2020	31,225	11,598
2021-2025	19,140	6,188
2026-2030	16,135	1,430
<b>Total</b>	<u>\$ 114,005</u>	<u>\$ 67,159</u>

## Note 9 - Pensions and Other Employee Benefits

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

### A. PERS

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

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

(Note 9 Continued)

before July 1, 1985, is entitled to a benefit of up to 90% of average compensation. Regular members and police and firemen become fully vested as to benefits upon completion of 5 years of service.

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

**Funding Policy** - PERS' basic funding policy provides for periodic contributions at a level pattern of cost as a percentage 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, 2005, were as follows:

	<b>Funding Basis</b>	<b>Statutory Rate</b>
<b>Regular employees:</b>		
Employer-pay plan	19.70%	20.25%
Employee/employer plan	10.31%	10.50%
<b>Police and Fire employees:</b>		
Employer-pay plan	32.12%	28.50%
Employee/employer plan	16.44%	14.75%

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

	<b>2005</b>			<b>2004</b>			<b>2003</b>		
	<b>Total State</b>			<b>Total State</b>			<b>Total State</b>		
	<b>Employees' Contribution</b>	<b>Employers' Contribution</b>	<b>Contribution Requirement</b>	<b>Employees' Contribution</b>	<b>Employers' Contribution</b>	<b>Contribution Requirement</b>	<b>Employees' Contribution</b>	<b>Employers' Contribution</b>	<b>Contribution Requirement</b>
Primary Government	\$ 48,267	\$ 113,090	\$ 161,357	\$ 44,455	\$ 107,807	\$ 152,262	\$ 40,908	\$ 99,984	\$ 140,892
<b>Component Units:</b>									
Colorado River Commission	146	331	477	142	283	425	126	246	372
Nevada System of Higher Education	9,002	21,884	30,886	8,038	20,093	28,131	7,149	17,937	25,086
<b>Total component units</b>	<b>9,148</b>	<b>22,215</b>	<b>31,363</b>	<b>8,180</b>	<b>20,376</b>	<b>28,556</b>	<b>7,275</b>	<b>18,183</b>	<b>25,458</b>
<b>Total reporting entity</b>	<b>\$ 57,415</b>	<b>\$ 135,305</b>	<b>\$ 192,720</b>	<b>\$ 52,635</b>	<b>\$ 128,183</b>	<b>\$ 180,818</b>	<b>\$ 48,183</b>	<b>\$ 118,167</b>	<b>\$ 166,350</b>
Contributions as % of covered payroll	7%	15%	22%	6%	16%	22%	6%	15%	21%
Contributions as % of total contributions of all participating entities of \$1,006,138, \$912,778 and \$808,869	6%	13%	19%	6%	14%	20%	6%	15%	21%

**Required Supplementary Information** - Schedules of funding progress and employer contributions are presented in the PERS June 30, 2005, 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.

## (Note 9 Continued)

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 de-

termined to be sufficient to provide the System with enough money to pay all benefits for which the System will be liable." The Legislature appropriated \$412,374 for fiscal years 2005 and 2006, which is the required biennial State contribution as determined by the actuary. This amount was paid by the State of Nevada to the Legislative fund during fiscal 2005. \$206,187 (half) is recognized as employer contribution in the fiscal year ended June 30, 2005, and half has been recognized as deferred revenue. Employee contributions of \$67,860 were received in fiscal year 2005, for fiscal years 2005 and 2006. Of the total employee contributions, \$33,930 (half) was recorded as an employee contribution in fiscal year 2005 and half was recorded as deferred revenue.

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

<i>Actuarial Cost Method:</i>	Entry age normal cost
<i>Amortization Method:</i>	Level dollar closed
<i>Remaining Amortization Period:</i>	20 years
<i>Asset Valuation Method:</i>	Five year smoothed market
<i>Actuarial Assumptions:</i>	
<i>(Includes Inflation at 3.5% per year)</i>	
<i>Investment yield</i>	8%
<i>Projected salary increases</i>	None
<i>Retirement Age for Active Members:</i>	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):

Calendar Year	Annual Pension Cost	State Contribution Made	Percentage of Annual Pension Cost Contributed	Net Pension Obligation
2003	\$ 177	\$ 177	100%	\$ -
2004	177	177	100%	-
2005	206	206	100%	-

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

(Note 9 Continued)

*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.

*Contributions and Funding* - The State of Nevada, as employer, submits the percentage of compensation determined by the actuary to pay the normal costs and administrative expenses of the JRS. Annually, the State of Nevada, as employer, pays to the JRS an amount on the unfunded liability which is actuarially determined to be sufficient to enable the JRS to pay all current benefits for which the JRS is liable.

*Actuarial Information* - Actuarial valuations of the JRS are prepared annually on a calendar year basis. Significant actuarial assumptions used in the January 1, 2005 valuation include the following:

*Actuarial Cost Method:*

Entry age normal cost

*Amortization Method:*

Level dollar closed

*Remaining Amortization Period:*

32 years

*Asset Valuation Method:*

Market value

*Actuarial Assumptions:*

(Includes Inflation at 3.5% per year)

*Investment yield*

8%

*Projected salary increases*

Base increases of 3% per year

Longevity increases of 2% per year after four years

*Retirement Age for Active Members:*

Earlier of age 65 with five years of service, at age 60 with 10 years or at any age with 30 years of service

*Assumed Mortality Rate:*

1994 Group Annuity Mortality Table

*Cost of Living (Post-Retirement) Increases:*

2% after 3 years of receiving benefits

3% after 6 years of receiving benefits

3.5% after 9 years of receiving benefits

4% after 12 years of receiving benefits

5% after 14 years of receiving benefits

# Notes to Financial Statements

For the Fiscal Year Ended June 30, 2005

State  
of  
Nevada

(Note 9 Continued)

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

Calendar Year	Annual Pension Cost	State Contribution Made	Percentage of Annual Pension Cost Contributed	Net Pension Obligation
2003	\$ 2,577	\$ 2,577	100%	\$ -
2004	3,078	3,078	100%	-
2005	3,363	908	27%	-

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, 2005, there were 6,026 retirees covered at a cost of \$23,518,477, which represents 80% 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, 2003	\$ 20,352	\$ 46,780
Claims and changes in estimates	120,887	5,279
Claim payments	(122,030)	(12,526)
Balance, June 30, 2004	19,209	39,533
Claims and changes in estimates	139,499	19,937
Claim payments	(134,844)	(14,204)
Other - deposit and loss fund adjustments	-	(1,487)
<b>Balance June 30, 2005</b>	<b>\$ 23,864</b>	<b>\$ 43,779</b>

These liabilities are recorded in accordance with GASB Statement No. 10. This statement requires that a liability

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

There was no insurance coverage for excess liability insurance. For the year ended June 30, 2004, excess liability insurance was purchased for claims in excess of \$2,000,000 with coverage up to a maximum of \$5,000,000 per incident. This policy was not renewed for the subsequent fiscal year.

There are several pending lawsuits or unresolved disputes involving the State or its representatives at June 30, 2005. 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.



(Note 10 Continued)

**A. Self-Insurance Fund**

The Self-Insurance Fund administers the group health, life and disability insurance for covered employees, both active and retired, of the State and certain other participating public employers within the State. All public employers in the State are eligible to participate in the activities of the Self-Insurance Fund and currently, in addition to the State, there are nine public employers whose employees are covered under the plan. Additionally, all retirees of public employers are eligible to join the program subsequent to their retirement. Public employers are required to subsidize their retirees who participate in the plan in the same manner the State subsidizes its retirees. Currently, ninety public employers are billed for retiree subsidies. The Self-Insurance Fund is overseen by the Public Employees' Benefit Program Board. The Board is composed of nine members: eight members appointed by the Governor, and the Director of the Department of Administration or his designee.

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

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

abilities are charged or credited to expense in the periods in which claims are made.

**B. Insurance Premiums Fund**

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

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 was closed during the year ended June 30, 2005 and a payment of \$1,215,553 was made to settle the outstanding liability. During the year ended June 30, 2005, \$1,218,898 was paid toward the outstanding amount due to EICON based on the retrospective determination for plan years. 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 per incident for calendar years 2001, 2002, 2003 and \$2,500,000 thereafter. Liabilities in the amount of \$25,801,720 as of June 30, 2005 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, 2005.

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.

## (Note 10 Continued)

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

At June 30, 2005, 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 Ne-

vada 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 \$8,363,700 to \$25,661,700 has been determined using standard actuarial techniques. Due to the high degree of uncertainty surrounding this coverage, no accrual for these losses is reflected in the financial statements.

At June 30, 2005 total liabilities exceeded total assets by \$32,311,315. According to figures derived from actuarial estimates, the Fund is liable for approximately \$32,300,000 as of June 30, 2005 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 and Net Assets****A. Individual Fund Deficits****Enterprise Fund**

*Nevada Magazine* - The Nevada Magazine shows a decrease in net assets of \$9,432 for the fiscal year ended June 30, 2005, resulting in net liabilities (negative net assets) of \$301,451 at June 30, 2005.

**Internal Service Funds**

*Insurance Premiums* - The Insurance Premiums Fund allocates the cost of fidelity insurance, property insurance and workers' compensation insurance to State agencies. The fund recorded a decrease in net assets of \$3,474,854 for the year ended June 30, 2005, resulting in net liabilities

(negative net assets) of \$32,311,315 at June 30, 2005.

*Personnel* - The Personnel Fund accounts for the cost of administering the State personnel system. The fund recorded an increase in net assets of \$270,863 for the year ended June 30, 2005, resulting in net liabilities (negative net assets) of \$51,057 at June 30, 2005.

**B. Governmental Fund Balances**

Governmental fund balances, reserved for other and unreserved, designated, reported in nonmajor funds at June 30, 2005, are explained as follows (expressed in thousands):

**Fund balances, reserved for other:**

Reserved for prepaid items  
Reserved for noncurrent receivables - notes

**Total fund balances, reserved for other****Fund balances, unreserved, designated, reported in nonmajor:****Special revenue funds:**

Designated for principal preservation  
Designated for legislatively approved allocations  
Total special revenue funds

**Capital project funds:**

Designated for approved capital projects

**Total fund balances, unreserved, designated, reported in nonmajor funds**

General	State Highway	Other Governmental	Total
\$ 46,756	\$ 207	\$ 45	\$ 47,008
672	-	50	722
<u>\$ 47,428</u>	<u>\$ 207</u>	<u>\$ 95</u>	<u>\$ 47,730</u>
\$ -	\$ -	\$ 630	\$ 630
-	-	10,407	10,407
-	-	11,037	11,037
-	-	46,316	46,316
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 57,353</u>	<u>\$ 57,353</u>

**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.

*Modified Business Tax* is imposed at .65% for businesses other than financial institutions, and 2% for financial institutions, of the employer's gross wages paid by the employer during the calendar quarter. There is an allowable deduction from the gross wages for amounts paid by the employer for qualified health insurance or a qualified health benefit plan.

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

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

*Other Sources* of tax revenues include: Cigarette Tax,

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

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

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

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

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

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

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

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

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

four sections: library, manuscripts, 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, historical correspondence and photographs. The Nevada State Railroad Museum,

## (Note 13 Continued)

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 in the historic Nevada Northern Railroad Depot building, 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**

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

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

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

*PERS* - The Public Employees' Retirement System (PERS) has entered into investment funding commitments related to alternative investments to fund an additional \$228 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, 2005 amounted to \$28,207,951. 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, 2005 (expressed in thousands):

For the Year Ending June 30	Amount
2006	\$ 18,460
2007	12,382
2008	9,049
2009	5,845
2010	3,700
2011-2015	4,895
2016-2020	8
2021-2024	6
<b>Total</b>	<b>\$ 54,345</b>

*Federal Grants* - The State receives significant financial assistance from the federal government in the form of grants and entitlements, which are generally conditioned upon compliance with terms and conditions of the grant agreements and applicable federal regulations, including the expenditure of the resources for eligible purposes. Substantially all grants are subject to financial and compliance audits by federal agencies. Any

## (Note 14 Continued)

disallowance as a result of these audits could become a liability of the State. As of June 30, 2005, 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 \$49,000 and has been recorded as a liability in the Statement of Net Assets at June 30, 2005. Future calculations might result in different rebateable arbitrage amounts.

*Construction Commitments* - As of June 30, 2005, the Nevada Department of Transportation had total contractual commitments of approximately \$314.6 million for construction of various highway projects. Other major non-highway construction commitments for the primary government's budgeted capital projects funds total \$49.8 million.

## B. Discretely Presented Component Units

*Nevada System of Higher Education (NSHE)* - As of June 30, 2005, NSHE had entered into various investment agreements with private equity partnerships. Under the terms of certain of these investment agreements, NSHE is obligated to make additional investments in these private equity partnerships of \$10,513,000.

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

*Colorado River Commission (CRC)* - As of June 30, 2005, 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.

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

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

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

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

As a result of CRC's contracts to purchase energy in effect as of year-end, management estimates that the CRC will be obligated to purchase energy at approximately \$2.5 million above forecasted market prices at the specified delivery dates in the contracts.

Management's estimate of forward contract exposure was developed with the assistance of an outside consultant (the Consultant), specializing in such forecasting. Forward contracts were "marked-to-market" by applying the forecasted forward monthly prices to the monthly quantities associated with each forward contract. CRC developed the forward price

## (Note 14 Continued)

curves (see the following paragraph) and valued the forward contracts relative to the market as of June 30, 2005. Forward volatilities and interest rates were considered in the valuation process.

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

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

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

The proceeds of the sale were deposited in the Power Marketing Fund, with a debit to cash and credit to due to other funds (\$7,000,000) and transfers from other funds (\$6,000,000). The \$7,000,000 will be paid to the Fort Mohave Special Revenue Fund and the \$6,000,000 transfer is expected to be spent in the Power Marketing Fund for operating expenses, including power purchases,

with any unspent balance being transferred to the Fort Mohave Special Revenue Fund.

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

Prior to recording the transaction and deciding to spend a portion of the proceeds for Power Marketing operating expenses, CRC obtained an informal opinion supporting its position from the Assistant State Attorney General who serves as the CRC in-house counsel. CRC is currently in the process of obtaining a concurring formal opinion from the State Attorney General's Office.

Although no legal action has been initiated in this dispute, public threats of such action have been made by a representative of Clark County. The final outcome of this dispute cannot be determined at this time but may affect the amounts reported in the accompanying financial statements of CRC.

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

## Note 15 - Subsequent Events

### Primary Government

*Bonds* - The following bonds were sold after June 30, 2005:

*General Obligation Bonds* - \$36,000,000 Series 2005J, General Obligation (Limited Tax) Capital Improvement, Parks and Cultural Affairs Bonds, due in annual installments ranging from \$1,200,000 to \$2,725,000 due on March 1, 2007 through 2025, plus interest ranging from 4.00% to 5.00% payable semi-annually on March 1st and September 1st, commencing March 1, 2006. The Series 2005J maturing on and after March 1, 2016 will be subject to optional redemption on and

after March 1, 2015. The Series 2005J Bonds are subject to the Constitutional Debt Limit.

\$7,000,000 Series 2005K General Obligation (Limited Tax), Natural Resources Bonds, due in annual installments ranging from \$240,000 to \$490,000 due on March 1, 2006 through 2025, plus interest ranging from 3.60% to 4.25%, payable semi-annually on March 1st and September 1st, commencing March 1, 2006. The Series 2005K Bonds maturing on and after March 1, 2016 will be subject to optional redemption on and after March 1, 2015. The Series 2005K Bonds are not subject to the Constitutional Debt Limit.

## (Note 15 Continued)

\$2,000,000 Series 2005L General Obligation (Limited Tax), Open Space, Parks and Natural Resources Bonds, due in annual installments ranging from \$55,000 to \$145,000 due on June 1, 2006 through 2025, plus interest ranging from 4.00% to 5.00%, payable semi-annually on June 1st and December 1st, commencing December 1, 2005. The Series 2005L Bonds maturing on and after June 1, 2016 will be subject to optional redemption on and after June 1, 2015. The Series 2005L Bonds are not subject to the Constitutional Debt Limit.

\$1,960,000 Series 2005M General Obligation (Limited Tax), Water Pollution Control Revolving Fund Matching Bonds, due in annual installments ranging from \$140,000 to \$235,000 due on August 1, 2006 through 2015, plus interest of 4.00%, payable semi-annually on February 1st and August 1st, commencing February 1, 2006. The Series 2005M Bonds will not be subject to redemption prior to maturity. The Series 2005M Bonds are not subject to the Constitutional Debt Limit.

*Revenue Bonds* - \$191,445,000 Series 2005, Highway Improvement Revenue (Motor Vehicle Fuel Tax) Bonds, due in annual installments ranging from \$8,870,000 to \$17,360,000 due on December 1, 2006 through 2020, plus interest ranging from 4.00% to

5.00% payable semi-annually on June 1st and December 1st, commencing June 1, 2006. The Series 2005 Bonds maturing on and after December 1, 2016 will be subject to optional redemption on and after December 1, 2015.

*Tax Rebate* - Governor Guinn and the 2005 Nevada Legislature authorized a rebate of \$300 million in surplus state tax revenue. The rebate is being administered through the Department of Motor Vehicles, as DMV's database is the only database available that contains most adults in Nevada. The amount paid the DMV in 2004 in Highway Fund registration fees and Governmental Services Tax is the amount that will be rebated from the General Fund, with a minimum of \$75 and a maximum of \$275. The State began issuing rebate checks in October 2005.

**Discretely Presented Component Unit**

*The Nevada System of Higher Education* - In October 2005, the System issued Universities Revenue Bonds, Series 2005B in the amount of \$170,360,000. The bonds bear interest from 3.25% to 5.00% and mature on various dates from 2007 to 2035. The bonds were issued primarily to finance projects on both the UNLV and UNR campuses. Additionally, certain proceeds from the 2005B revenue bonds were used to refund \$10,990,000 of the series 2000A bonds and \$12,030,000 of the series 2000B bonds.

**Note 16 - Accounting Changes and Restatements**

Net Assets as of July 1, 2004 in the Higher Education Tuition Trust Fund (Trust Fund) have been restated to reflect a change in accounting principle as a result of reconsideration of the Trust Fund's type from a private-purpose trust fund to an enterprise fund. The change in fund type results in the reporting of an actuarially determined receivable for the present value of future installment payments anticipated from contract holders, and an actuarially determined liability for the present value of future tuition benefit obligations. The impact to the Trust Fund's beginning net assets is a reduction of \$61,649,724 due to recording contracts receivable of \$20,534,276 and benefits payable of \$82,184,000, resulting in restated net assets (deficit) in enterprise funds and business-type activities of (\$1,798,745) as of July 1, 2004.

During fiscal year 2005, the State implemented the Governmental Accounting Standards Board (GASB) Statement No. 40, Deposit and Investment Risk Disclosures, (an amendment of GASB Statement No. 3). This Statement establishes and modifies disclosure requirements related to investment risks: credit risk (including custodial credit risk and concentrations of credit risk), interest rate risk, and foreign currency risk. The Statement also establishes and modifies disclosure requirements for deposit risks: custodial credit risk and foreign currency risk.

## Required Supplementary Information





# Budgetary Comparison Schedule

## General Fund and Major Special Revenue Funds

For the Fiscal Year Ended June 30, 2005 (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
<b>Sources of Financial Resources</b>								
Fund balances, July 1	\$ 584,104	\$ 584,104	\$ 584,104	\$ -	\$ 237,939	\$ 237,939	\$ 237,939	\$ -
<b>Revenues:</b>								
Sales taxes	769,183	896,543	913,895	17,352	-	-	-	-
Gaming taxes, fees, licenses	869,394	863,590	857,527	(6,063)	-	-	-	-
Intergovernmental	1,256,746	1,647,005	1,391,364	(255,641)	201,697	204,834	206,673	1,839
Other taxes	811,526	962,228	968,051	5,823	281,771	284,548	297,496	12,948
Sales, charges for services	175,033	189,394	180,017	(9,377)	19,510	21,353	17,210	(4,143)
Licenses, fees and permits	356,350	370,309	357,816	(12,493)	151,896	157,101	167,969	10,868
Interest	12,322	22,028	18,171	(3,857)	10,022	10,023	8,327	(1,696)
Other	193,105	218,658	196,108	(22,550)	15,989	18,194	75,981	57,787
<b>Other financing sources:</b>								
Proceeds from sale of bonds	2,000	27,141	27,267	126	190,000	390,007	188,830	(201,177)
Transfers	270,182	364,715	305,321	(59,394)	14,231	17,470	22,607	5,137
Reversions from other funds	-	-	11,044	11,044	-	-	-	-
<b>Total sources</b>	<b>5,299,945</b>	<b>6,145,715</b>	<b>5,810,685</b>	<b>(335,030)</b>	<b>1,123,055</b>	<b>1,341,469</b>	<b>1,223,032</b>	<b>(118,437)</b>
<b>Uses of Financial Resources</b>								
<b>Expenditures and encumbrances:</b>								
Constitutional agencies	100,021	431,201	98,399	332,802	-	-	-	-
Finance and administration	60,977	114,741	87,826	26,915	-	-	-	-
Education	1,884,116	2,164,587	1,858,290	306,297	-	-	-	-
Human services	2,014,556	2,261,152	2,097,789	163,363	-	-	-	-
Commerce and industry	101,133	141,988	90,796	51,192	-	-	-	-
Public safety	288,708	466,985	339,920	127,065	163,611	178,548	158,637	19,911
Infrastructure	250,815	353,211	150,693	202,518	685,015	943,683	694,294	249,389
Special purpose agencies	20,976	23,605	20,673	2,932	-	-	-	-
<b>Other financing uses:</b>								
Transfers to other funds	46,354	269,779	269,779	-	50,428	72,301	72,301	-
Reversions to other funds	-	-	1,551	(1,551)	-	-	318	(318)
<b>Projected reversions</b>	<b>(55,384)</b>	<b>(221,718)</b>	<b>-</b>	<b>(221,718)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total uses</b>	<b>4,712,272</b>	<b>6,005,531</b>	<b>5,015,716</b>	<b>989,815</b>	<b>899,054</b>	<b>1,194,532</b>	<b>925,550</b>	<b>268,982</b>
<b>Fund balances, June 30</b>	<b>\$ 587,673</b>	<b>\$ 140,184</b>	<b>\$ 794,969</b>	<b>\$ 654,785</b>	<b>\$ 224,001</b>	<b>\$ 146,937</b>	<b>\$ 297,482</b>	<b>\$ 150,545</b>

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
\$ 18	\$ 18	\$ 18	\$ -	\$ 10,859	\$ 10,859	\$ 10,859	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
87,506	88,139	88,139	-	-	-	145	145
-	581	-	(581)	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	120,610	121,117	122,365	1,248
-	-	-	-	-	-	-	-
87,524	88,738	88,157	(581)	131,469	131,976	133,369	1,393
-	-	-	-	8,671	8,671	2,555	6,116
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
2	2	2	-	-	-	-	-
-	-	-	-	847	1,354	346	1,008
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
87,522	88,736	88,144	592	-	-	-	-
-	-	11	(11)	-	-	-	-
-	-	-	-	-	-	-	-
87,524	88,738	88,157	581	9,518	10,025	2,901	7,124
\$ -	\$ -	\$ -	\$ -	\$ 121,951	\$ 121,951	\$ 130,468	\$ 8,517

For the Fiscal Year Ended June 30, 2005

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, 2005 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, 2005 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
<b>Fund balances (budgetary basis) June 30, 2005</b>	\$ 794,969	\$ 297,482	\$ -	\$ 130,468
<b>Adjustments:</b>				
<i>Basis differences:</i>				
Petty cash or outside bank accounts	1,972	189	-	-
Investments not recorded on the budgetary basis	28,775	-	1,015,225	-
Accrual of certain other receivables	90,472	-	-	25,230
Inventory	-	9,259	-	-
Advances to other funds	17,708	9	-	-
Deferred charges and other assets	15	-	-	-
Accrual of certain accounts payable and other liabilities	(211,503)	(10,126)	-	-
Accrual of longevity pay	(1,322)	(185)	-	-
Deferred revenues	(184,640)	(1,023)	-	-
Encumbrances	2,719	1,974	-	-
Other	833	(575)	22	6
<b>Fund balances (GAAP basis) June 30, 2005</b>	<u>\$ 539,998</u>	<u>\$ 297,004</u>	<u>\$ 1,015,247</u>	<u>\$ 155,704</u>

Total fund balance on the budgetary basis in the General Fund at June 30, 2005, 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)	\$ 794,969
Restricted funds	<u>(603,166)</u>
<b>Unrestricted fund balance (budgetary basis)</b>	<u><u>\$ 191,803</u></u>

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

## Schedule of Funding Progress Pension Plans

State  
of  
Nevada

For the Fiscal Year Ended June 30, 2005

### 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
1/1/2001	\$ 5,399	\$ 3,812	\$ 1,587	71%	\$ 476	333%
1/1/2003	5,642	4,060	1,582	72%	484	327%
1/1/2005	5,862	4,101	1,760	70%	452	389%

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

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

### Judicial Retirement System (JRS)

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

Valuation 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%
1/1/2005	44,360	19,711	24,650	44%	7,889	313%

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

# Schedule of Infrastructure Condition and Maintenance Data

State  
of  
Nevada

For the Fiscal Year Ended June 30, 2005

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. However, the calendar year 2005 condition assessment is not available as of the date of this report. 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%

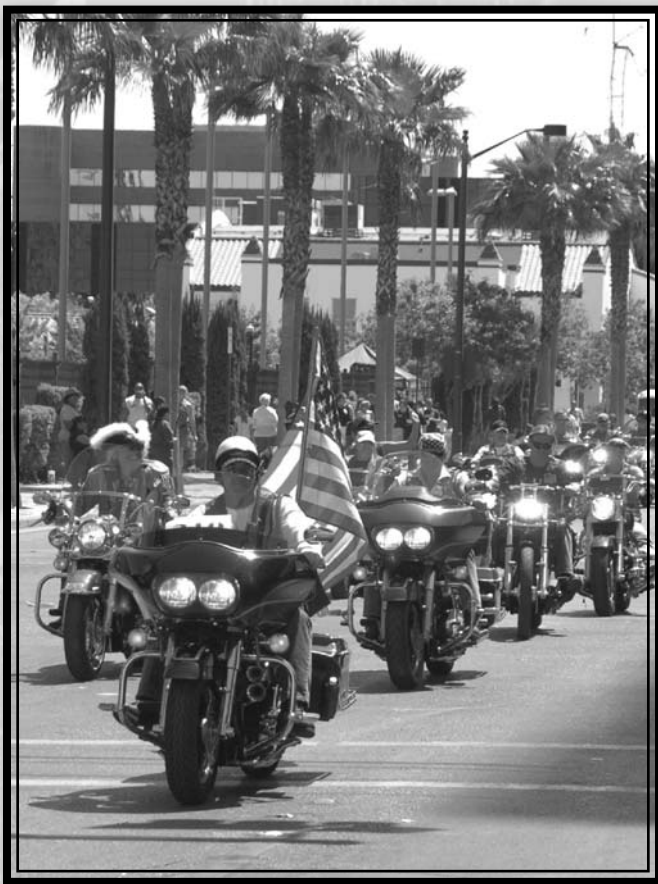
The following table shows the State's estimate of spending necessary to preserve and maintain the roadways and bridges at, or above, the established condition level and the actual amount spent during the past five fiscal years.

## Maintenance and Preservation Costs

### (Expressed in Thousands)

	2005	2004	2003	2002	2001
Estimated	\$ 153,148	\$ 338,180	\$ 324,525	\$ 255,575	\$ 94,194
Actual	\$ 151,363	\$ 288,315	\$ 306,149	\$ 135,898	\$ 75,080

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.



# Helldorado Days

Helldorado Days began in 1934 at a time when the builders of Hoover Dam finished their work and were moving back to their homes. The change in population threatened to leave Las Vegas businesses without their customer base. So the Elks Lodge invented a multi-day festival to draw tourists to their remote town. A Western Village was built in downtown Las Vegas, and residents wore Western garb for the full length of the festival. Longtime Las Vegasans write fondly of those days when they wore cowboy clothes to school and staked out their claim to view three parades in three days. Today, Helldorado Days includes many of the same activities including a parade, country western bands, ferris wheel, train rides, pony rides, face painting and a beard judging contest called 'Whiskerino'.



## Combining Statements and Schedules





# Nonmajor Governmental Funds

## Nonmajor Special Revenue Funds

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**Miscellaneous** Accounts for receipts and expenditures related to compensation of victims of crime (NRS 217.260); fees related to private investigators and recoveries for unfair trade practices (NRS 228.096); prosecution of racketeering (NRS 207.415); the office of advocate for customers of public utilities (NRS 228.310); and administration of capital improvement projects (NRS 341.146). It also accounts for appropriations and interest income for support of museums and history (NRS 381.0064); private money received by the Division of Museums and History for the Dedicated Trust Fund (NRS 381.0031); loans for farm projects (NRS 561.405); and fees collected from owners of mobile home parks to provide mobile home lot rent assistance to low-income mobile home owners (NRS 118B.215).

### **Nonmajor Debt Service Fund**

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

### **Nonmajor Capital Projects Funds**

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

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

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

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

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

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

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

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

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

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

### **Nonmajor Permanent Funds**

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

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

# Combining Balance Sheet Nonmajor Governmental Funds

State  
of  
Nevada

June 30, 2005

	Special Revenue Funds	Highway Revenue Bonds Debt Service	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
<b>Assets</b>					
<i>Cash and pooled investments:</i>					
Cash with treasurer	\$ 209,254,506	\$ 19,534,468	\$ 151,819,059	\$ 8,481,890	\$ 389,089,923
Cash in custody of other officials	1,801,325	-	21,664,049	-	23,465,374
Investments	1,080,850	-	-	180,312,769	181,393,619
Collateral on loaned securities	94,216,688	-	964,638	4,973,911	100,155,237
<i>Receivables:</i>					
Accounts receivable	21,927,915	-	947	-	21,928,862
Taxes receivable	2,990,836	-	-	-	2,990,836
Intergovernmental receivables	9,778,979	-	247,919	319,034	10,345,932
Accrued interest and dividends	5,654	-	-	1,453,107	1,458,761
Notes/loans receivable	50,378	-	-	-	50,378
Other receivables	5,739	-	-	-	5,739
Due from other funds	55,383,057	-	49,206,945	42,547	104,632,549
Due from fiduciary funds	367,339	-	-	-	367,339
Due from component units	3,147	-	-	-	3,147
Inventory	1,102,672	-	-	-	1,102,672
Prepaid items	45,002	-	-	-	45,002
<b>Total assets</b>	<b>\$ 398,014,087</b>	<b>\$ 19,534,468</b>	<b>\$ 223,903,557</b>	<b>\$ 195,583,258</b>	<b>\$ 837,035,370</b>
<b>Liabilities and Fund Balances</b>					
<i>Accounts payable and accruals:</i>					
Accounts payable	\$ 9,685,655	\$ -	\$ 924,542	\$ -	\$ 10,610,197
Accrued payroll and related liabilities	4,814,210	-	-	-	4,814,210
Intergovernmental payables	4,646,095	-	784,079	-	5,430,174
Contracts payable	19,930	-	12,175,360	-	12,195,290
Retention payable	-	-	6,858,281	-	6,858,281
Obligations under securities lending	94,216,688	-	964,638	4,973,911	100,155,237
Due to other funds	36,136,590	-	10,237,360	2,635,151	49,009,101
Due to fiduciary funds	11,770	-	-	-	11,770
Due to component units	191,418	-	96,267,385	-	96,458,803
Deferred revenues	23,965,359	-	1,288	10,488	23,977,135
Advances from general fund	-	-	300,000	-	300,000
Other liabilities	-	-	-	947,964	947,964
<b>Total liabilities</b>	<b>173,687,715</b>	<b>-</b>	<b>128,512,933</b>	<b>8,567,514</b>	<b>310,768,162</b>
<b>Fund balances:</b>					
<i>Reserved for:</i>					
Encumbrances and contracts	10,004,625	-	49,074,391	-	59,079,016
Inventories	1,102,672	-	-	-	1,102,672
Funds held as permanent investments	201,943	-	-	186,994,403	187,196,346
Debt service	-	19,534,468	-	-	19,534,468
Other	95,380	-	-	-	95,380
<i>Unreserved:</i>					
<i>Designated:</i>					
Principal preservation	629,836	-	-	-	629,836
Approved capital projects	-	-	46,316,233	-	46,316,233
Other	10,407,265	-	-	-	10,407,265
Undesignated	201,884,651	-	-	21,341	201,905,992
<b>Total fund balances</b>	<b>224,326,372</b>	<b>19,534,468</b>	<b>95,390,624</b>	<b>187,015,744</b>	<b>526,267,208</b>
<b>Total liabilities and fund balances</b>	<b>\$ 398,014,087</b>	<b>\$ 19,534,468</b>	<b>\$ 223,903,557</b>	<b>\$ 195,583,258</b>	<b>\$ 837,035,370</b>

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

State  
of  
Nevada

For the Fiscal Year Ended June 30, 2005

	Special Revenue Funds	Highway Revenue Bonds Debt Service	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
<b>Revenues</b>					
Gaming taxes, fees, licenses	\$ 15,440,943	\$ -	\$ -	\$ -	\$ 15,440,943
Property and transfer taxes	17,230,622	-	-	-	17,230,622
Motor and special fuel taxes	-	55,027,151	-	-	55,027,151
Other taxes	50,398,341	-	-	-	50,398,341
Intergovernmental	58,522,136	-	3,216,939	-	61,739,075
Licenses, fees and permits	27,499,129	-	-	-	27,499,129
Sales and charges for services	13,724,254	-	-	-	13,724,254
Interest and investment income	5,262,622	-	533,637	5,667,838	11,464,097
Tobacco settlement income	39,114,450	-	-	-	39,114,450
Land sales	-	-	-	39,769,640	39,769,640
Other	4,720,997	-	318,036	4,871,946	9,910,979
<b>Total revenues</b>	<b>231,913,494</b>	<b>55,027,151</b>	<b>4,068,612</b>	<b>50,309,424</b>	<b>341,318,681</b>
<b>Expenditures</b>					
<i>Current:</i>					
General government	55,597,263	-	92,992	193,993	55,884,248
Health and social services	80,956,709	-	-	-	80,956,709
Education and support services	35,749,010	-	39,830,592	-	75,579,602
Law, justice and public safety	14,068,862	-	-	-	14,068,862
Regulation of business	18,928,512	-	-	-	18,928,512
Recreation, resource development	21,369,116	-	-	-	21,369,116
Intergovernmental	21,292,346	-	-	-	21,292,346
Capital outlay	-	-	88,882,142	-	88,882,142
<i>Debt service:</i>					
Principal	131,861	30,665,000	-	-	30,796,861
Interest, fiscal charges	42,505	18,718,756	-	-	18,761,261
Debt issuance costs	88,803	-	700,632	-	789,435
<b>Total expenditures</b>	<b>248,224,987</b>	<b>49,383,756</b>	<b>129,506,358</b>	<b>193,993</b>	<b>427,309,094</b>
Excess (deficiency) of revenues over expenditures	(16,311,493)	5,643,395	(125,437,746)	50,115,431	(85,990,413)
<b>Other Financing Sources (Uses)</b>					
Capital leases	15,446	-	-	-	15,446
Sale of general obligation bonds	23,011,400	-	69,861,499	-	92,872,899
Premium on general obligation bonds	514,514	-	4,966,459	-	5,480,973
Sale of certificates of participation	-	-	22,435,000	-	22,435,000
Discount on certificates of participation	-	-	(36,838)	-	(36,838)
Sale of capital assets	2,868	-	-	-	2,868
Transfers in	110,820,866	-	43,501,136	-	154,322,002
Transfers out	(76,016,788)	-	(6,931,073)	(5,504,342)	(88,452,203)
<b>Total other financing sources (uses)</b>	<b>58,348,306</b>	<b>-</b>	<b>133,796,183</b>	<b>(5,504,342)</b>	<b>186,640,147</b>
Net change in fund balances	42,036,813	5,643,395	8,358,437	44,611,089	100,649,734
Fund balances, July 1	182,289,559	13,891,073	87,032,187	142,404,655	425,617,474
<b>Fund balances, June 30</b>	<b>\$ 224,326,372</b>	<b>\$ 19,534,468</b>	<b>\$ 95,390,624</b>	<b>\$ 187,015,744</b>	<b>\$ 526,267,208</b>

# Combining Balance Sheet Nonmajor Special Revenue Funds

June 30, 2005

	School Improvement	Employment Security	Regulatory	Legislative	Higher Education Capital Construction
<b>Assets</b>					
<i>Cash and pooled investments:</i>					
Cash with treasurer	\$ 9,763,817	\$ 12,792,733	\$ 11,659,357	\$ 3,756,996	\$ 8,038,203
Cash in custody of other officials	-	125	1,800	1,715,892	-
Investments	-	-	-	-	-
Collateral on loaned securities	5,725,654	8,735,976	1,699,871	-	-
<i>Receivables:</i>					
Accounts receivable	-	1,225,845	675,231	7,658	-
Taxes receivable	-	2,662,398	-	-	-
Intergovernmental receivables	-	5,521,463	-	-	-
Accrued interest and dividends	-	-	-	-	-
Notes/loans receivable	-	-	-	-	-
Other receivables	-	-	-	-	-
Due from other funds	673,856	423,263	47,470	4,595,911	9,292,434
Due from fiduciary funds	-	-	-	-	-
Due from component units	-	-	-	-	-
Inventory	-	-	-	512,193	-
Prepaid items	-	-	8,043	36,739	-
<b>Total assets</b>	<b>\$ 16,163,327</b>	<b>\$ 31,361,803</b>	<b>\$ 14,091,772</b>	<b>\$ 10,625,389</b>	<b>\$ 17,330,637</b>
<b>Liabilities and Fund Balances</b>					
<i>Accounts payable and accruals:</i>					
Accounts payable	\$ -	\$ 2,848,090	\$ 98,554	\$ 255,152	\$ 1,191
Accrued payroll and related liabilities	-	1,449,985	871,869	1,702,567	-
Intergovernmental payables	-	42,580	-	-	-
Contracts/retentions payable	-	-	-	19,930	-
Obligations under securities lending	5,725,654	8,735,976	1,699,871	-	-
Due to other funds	10,401,033	1,002,395	427,249	281,615	10,000,000
Due to fiduciary funds	-	308	963	-	-
Due to component units	-	16,099	2,500	-	-
Deferred revenues	7,358	1,193,742	2,140,515	300	-
<b>Total liabilities</b>	<b>16,134,045</b>	<b>15,289,175</b>	<b>5,241,521</b>	<b>2,259,564</b>	<b>10,001,191</b>
<b>Fund balances:</b>					
<i>Reserved for:</i>					
Encumbrances and contracts	-	9,610,416	1,690	285,504	-
Inventories	-	-	-	512,193	-
Funds held as permanent investments	-	-	-	-	-
Other	-	-	8,043	36,739	-
<i>Unreserved:</i>					
<i>Designated:</i>					
Principal preservation	-	-	-	-	-
Other	-	-	-	4,942,393	-
Undesignated	29,282	6,462,212	8,840,518	2,588,996	7,329,446
<b>Total fund balances</b>	<b>29,282</b>	<b>16,072,628</b>	<b>8,850,251</b>	<b>8,365,825</b>	<b>7,329,446</b>
<b>Total liabilities and fund balances</b>	<b>\$ 16,163,327</b>	<b>\$ 31,361,803</b>	<b>\$ 14,091,772</b>	<b>\$ 10,625,389</b>	<b>\$ 17,330,637</b>

<b>Cleaning Up Petroleum Discharges</b>	<b>Hospital Care to Indigent Persons</b>	<b>Tourism Promotion</b>	<b>Offenders' Store</b>	<b>Tobacco Settlement</b>	<b>Contingency</b>
\$ 14,184,482	\$ 12,333,803	\$ 6,605,557	\$ 2,909,461	\$ 62,882,490	\$ 23,525,045
-	-	-	-	-	-
-	-	-	-	-	-
8,317,999	7,230,414	426,341	3,704,098	36,668,496	-
-	-	-	100,152	19,773,609	-
-	328,438	-	-	-	-
-	18,861	2,463,243	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
63,161	92,638	18,602	37,154	35,479,642	4,032,934
-	-	-	337,939	-	-
-	-	-	-	-	-
-	-	-	425,312	-	-
-	-	-	-	220	-
<u>\$ 22,565,642</u>	<u>\$ 20,004,154</u>	<u>\$ 9,513,743</u>	<u>\$ 7,514,116</u>	<u>\$ 154,804,457</u>	<u>\$ 27,557,979</u>
\$ 914,768	\$ 3,954	\$ 761,969	\$ 180,194	\$ 881,310	\$ 949,533
320	-	106,802	214,066	40,917	-
33,594	1,874,393	670,260	-	189,865	-
-	-	-	-	-	-
8,317,999	7,230,414	426,341	3,704,098	36,668,496	-
119,380	-	13,206	139,455	3,440,597	8,722,619
-	-	341	8,781	2	-
-	-	-	-	172,304	-
8,477	13,659	3,514	205,043	19,802,041	-
<u>9,394,538</u>	<u>9,122,420</u>	<u>1,982,433</u>	<u>4,451,637</u>	<u>61,195,532</u>	<u>9,672,152</u>
-	-	99,060	-	6,772	-
-	-	-	425,312	-	-
-	-	-	-	-	-
-	-	-	-	220	-
-	-	-	-	-	-
-	-	-	-	-	5,464,872
13,171,104	10,881,734	7,432,250	2,637,167	93,601,933	12,420,955
13,171,104	10,881,734	7,531,310	3,062,479	93,608,925	17,885,827
<u>\$ 22,565,642</u>	<u>\$ 20,004,154</u>	<u>\$ 9,513,743</u>	<u>\$ 7,514,116</u>	<u>\$ 154,804,457</u>	<u>\$ 27,557,979</u>

# Combining Balance Sheet Nonmajor Special Revenue Funds

State  
of  
Nevada

June 30, 2005

Page 2 of 2

	Care of Sites for Radioactive Waste Disposal	Gift	Natural Resources	Miscellaneous	Total Nonmajor Special Revenue Funds
<b>Assets</b>					
<i>Cash and pooled investments:</i>					
Cash with treasurer	\$ 11,454,398	\$ 4,210,905	\$ 19,621,592	\$ 5,515,667	\$ 209,254,506
Cash in custody of other officials	-	4,239	-	79,269	1,801,325
Investments	-	332,640	-	748,210	1,080,850
Collateral on loaned securities	6,717,035	2,425,265	11,490,783	1,074,756	94,216,688
<i>Receivables:</i>					
Accounts receivable	32,642	-	-	112,778	21,927,915
Taxes receivable	-	-	-	-	2,990,836
Intergovernmental receivables	-	119,748	-	1,655,664	9,778,979
Accrued interest and dividends	-	2,112	-	3,542	5,654
Notes/loans receivable	-	-	-	50,378	50,378
Other receivables	-	5,739	-	-	5,739
Due from other funds	63,054	24,060	126,866	412,012	55,383,057
Due from fiduciary funds	-	-	-	29,400	367,339
Due from component units	-	-	-	3,147	3,147
Inventory	-	-	-	165,167	1,102,672
Prepaid items	-	-	-	-	45,002
<b>Total assets</b>	<b>\$ 18,267,129</b>	<b>\$ 7,124,708</b>	<b>\$ 31,239,241</b>	<b>\$ 9,849,990</b>	<b>\$ 398,014,087</b>
<b>Liabilities and Fund Balances</b>					
<i>Accounts payable and accruals:</i>					
Accounts payable	\$ 5,525	\$ 46,334	\$ 55,318	\$ 2,683,763	\$ 9,685,655
Accrued payroll and related liabilities	-	4,410	-	423,274	4,814,210
Intergovernmental payables	-	210,406	1,624,447	550	4,646,095
Contracts/retentions payable	-	-	-	-	19,930
Obligations under securities lending	6,717,035	2,425,265	11,490,783	1,074,756	94,216,688
Due to other funds	19,221	7,297	1,006,081	556,442	36,136,590
Due to fiduciary funds	-	-	-	1,375	11,770
Due to component units	-	-	-	515	191,418
Deferred revenues	8,971	3,257	18,737	559,745	23,965,359
<b>Total liabilities</b>	<b>6,750,752</b>	<b>2,696,969</b>	<b>14,195,366</b>	<b>5,300,420</b>	<b>173,687,715</b>
<b>Fund balances:</b>					
<i>Reserved for:</i>					
Encumbrances and contracts	-	-	-	1,183	10,004,625
Inventories	-	-	-	165,167	1,102,672
Funds held as permanent investments	-	-	-	201,943	201,943
Other	-	-	-	50,378	95,380
<i>Unreserved:</i>					
<i>Designated:</i>					
Principal preservation	-	629,836	-	-	629,836
Other	-	-	-	-	10,407,265
Undesignated	11,516,377	3,797,903	17,043,875	4,130,899	201,884,651
<b>Total fund balances</b>	<b>11,516,377</b>	<b>4,427,739</b>	<b>17,043,875</b>	<b>4,549,570</b>	<b>224,326,372</b>
<b>Total liabilities and fund balances</b>	<b>\$ 18,267,129</b>	<b>\$ 7,124,708</b>	<b>\$ 31,239,241</b>	<b>\$ 9,849,990</b>	<b>\$ 398,014,087</b>





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

*For the Fiscal Year Ended June 30, 2005*

	<b>School Improvement</b>	<b>Employment Security</b>	<b>Regulatory</b>	<b>Legislative</b>	<b>Higher Education Capital Construction</b>
<b>Revenues</b>					
Gaming taxes, fees, licenses	\$ -	\$ -	\$ -	\$ -	\$ 15,440,943
Property and transfer taxes	-	-	-	-	-
Other taxes	10,258,020	10,161,824	106,824	-	-
Intergovernmental	-	55,100,772	272,868	-	-
Licenses, fees and permits	-	354,580	16,667,222	64,160	-
Sales and charges for services	-	441,597	17,362	361,695	-
Interest and investment income	226,915	474,738	105,980	-	-
Tobacco settlement income	-	-	-	-	-
Other	-	1,205,584	526,255	132,680	-
<b>Total revenues</b>	<b>10,484,935</b>	<b>67,739,095</b>	<b>17,696,511</b>	<b>558,535</b>	<b>15,440,943</b>
<b>Expenditures</b>					
<i>Current:</i>					
General government	78,995	183,330	51,741	39,238,164	-
Health and social services	-	58,380,623	-	-	-
Education and support services	-	-	-	-	5,000,000
Law, justice and public safety	-	-	-	-	-
Regulation of business	-	-	18,548,437	-	-
Recreation, resource development	-	-	-	-	-
Intergovernmental	-	362,500	-	-	-
<i>Debt service:</i>					
Principal	-	18,198	12,065	101,598	-
Interest	-	307	365	41,383	450
Debt issuance costs	-	-	-	-	-
<b>Total expenditures</b>	<b>78,995</b>	<b>58,944,958</b>	<b>18,612,608</b>	<b>39,381,145</b>	<b>5,000,450</b>
Excess (deficiency) of revenues over expenditures	10,405,940	8,794,137	(916,097)	(38,822,610)	10,440,493
<b>Other Financing Sources (Uses)</b>					
Capital leases	-	-	-	15,446	-
Sale of general obligation bonds	-	-	-	-	-
Premium on general obligation bonds	-	-	-	-	-
Sale of capital assets	-	1,466	1,402	-	-
Transfers in	-	1,218,975	2,147,797	42,848,842	-
Transfers out	(10,401,034)	(10,223,734)	(618,117)	(7,266)	(12,906,207)
<b>Total other financing sources (uses)</b>	<b>(10,401,034)</b>	<b>(9,003,293)</b>	<b>1,531,082</b>	<b>42,857,022</b>	<b>(12,906,207)</b>
Net change in fund balances	4,906	(209,156)	614,985	4,034,412	(2,465,714)
Fund balances, July 1	24,376	16,281,784	8,235,266	4,331,413	9,795,160
<b>Fund balances, June 30</b>	<b>\$ 29,282</b>	<b>\$ 16,072,628</b>	<b>\$ 8,850,251</b>	<b>\$ 8,365,825</b>	<b>\$ 7,329,446</b>

<b>Cleaning Up Petroleum Discharges</b>	<b>Hospital Care to Indigent Persons</b>	<b>Tourism Promotion</b>	<b>Offenders' Store</b>	<b>Tobacco Settlement</b>	<b>Contingency</b>	<b>Care of Sites for Radioactive Waste Disposal</b>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	17,230,622	-	-	-	-	-
12,518,820	-	15,070,007	-	-	-	-
-	207,976	-	-	44,349	-	-
421,625	-	66,863	-	-	-	139,680
-	-	-	12,138,984	-	-	-
320,488	460,068	26,126	203,242	1,788,929	-	379,132
-	-	-	-	39,114,450	-	-
-	-	-	32,622	2,660	-	-
<u>13,260,933</u>	<u>17,898,666</u>	<u>15,162,996</u>	<u>12,374,848</u>	<u>40,950,388</u>	<u>-</u>	<u>518,812</u>
114,535	167,578	-	81,600	1,062,821	1,601,721	146,477
-	9,070,120	-	-	12,992,537	-	75,287
-	-	-	-	29,883,760	-	-
-	-	-	10,261,604	-	-	-
-	-	-	-	-	-	-
6,164,834	-	10,619,194	-	-	-	-
366,308	7,002,930	-	-	1,675,930	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>6,645,677</u>	<u>16,240,628</u>	<u>10,619,194</u>	<u>10,343,204</u>	<u>45,615,048</u>	<u>1,601,721</u>	<u>221,764</u>
<u>6,615,256</u>	<u>1,658,038</u>	<u>4,543,802</u>	<u>2,031,644</u>	<u>(4,664,660)</u>	<u>(1,601,721)</u>	<u>297,048</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	7,964	-	35,362,031	28,008,874	-
<u>(772,253)</u>	<u>-</u>	<u>(3,015,830)</u>	<u>(1,813,644)</u>	<u>(8,719,771)</u>	<u>(26,209,192)</u>	<u>(186,007)</u>
<u>(772,253)</u>	<u>-</u>	<u>(3,007,866)</u>	<u>(1,813,644)</u>	<u>26,642,260</u>	<u>1,799,682</u>	<u>(186,007)</u>
5,843,003	1,658,038	1,535,936	218,000	21,977,600	197,961	111,041
7,328,101	9,223,696	5,995,374	2,844,479	71,631,325	17,687,866	11,405,336
<u>\$ 13,171,104</u>	<u>\$ 10,881,734</u>	<u>\$ 7,531,310</u>	<u>\$ 3,062,479</u>	<u>\$ 93,608,925</u>	<u>\$ 17,885,827</u>	<u>\$ 11,516,377</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, 2005

Page 2 of 2

	Gift	Natural Resources	Miscellaneous	Total Nonmajor Special Revenue Funds
<b>Revenues</b>				
Gaming taxes, fees, licenses	\$ -	\$ -	\$ -	\$ 15,440,943
Property and transfer taxes	-	-	-	17,230,622
Other taxes	-	-	2,282,846	50,398,341
Intergovernmental	-	-	2,896,171	58,522,136
Licenses, fees and permits	1,426,431	-	8,358,568	27,499,129
Sales and charges for services	9,555	-	755,061	13,724,254
Interest and investment income	171,438	918,710	186,856	5,262,622
Tobacco settlement income	-	-	-	39,114,450
Other	195,549	-	2,625,647	4,720,997
<b>Total revenues</b>	<b>1,802,973</b>	<b>918,710</b>	<b>17,105,149</b>	<b>231,913,494</b>
<b>Expenditures</b>				
<i>Current:</i>				
General government	55,152	336,336	12,478,813	55,597,263
Health and social services	438,142	-	-	80,956,709
Education and support services	162,098	-	703,152	35,749,010
Law, justice and public safety	-	-	3,807,258	14,068,862
Regulation of business	-	-	380,075	18,928,512
Recreation, resource development	166,539	4,418,549	-	21,369,116
Intergovernmental	1,213,900	10,665,344	5,434	21,292,346
<i>Debt service:</i>				
Principal	-	-	-	131,861
Interest	-	-	-	42,505
Debt issuance costs	-	88,803	-	88,803
<b>Total expenditures</b>	<b>2,035,831</b>	<b>15,509,032</b>	<b>17,374,732</b>	<b>248,224,987</b>
Excess (deficiency) of revenues over expenditures	(232,858)	(14,590,322)	(269,583)	(16,311,493)
<b>Other Financing Sources (Uses)</b>				
Capital leases	-	-	-	15,446
Sale of general obligation bonds	-	23,011,400	-	23,011,400
Premium on general obligation bonds	-	514,514	-	514,514
Sale of capital assets	-	-	-	2,868
Transfers in	2,178	-	1,224,205	110,820,866
Transfers out	(3,156)	(856,807)	(283,770)	(76,016,788)
<b>Total other financing sources (uses)</b>	<b>(978)</b>	<b>22,669,107</b>	<b>940,435</b>	<b>58,348,306</b>
Net change in fund balances	(233,836)	8,078,785	670,852	42,036,813
Fund balances, July 1	4,661,575	8,965,090	3,878,718	182,289,559
<b>Fund balances, June 30</b>	<b>\$ 4,427,739</b>	<b>\$ 17,043,875</b>	<b>\$ 4,549,570</b>	<b>\$ 224,326,372</b>



# Combining Balance Sheet Other Nonmajor Governmental Funds

June 30, 2005

	Capital Projects Funds					
	Parks Capital Project Construction	CIP Motor Vehicle	CIP Human Resources	CIP University System	CIP General State Gov't	CIP Prison System
<b>Assets</b>						
<i>Cash and pooled investments:</i>						
Cash with treasurer	\$ 147,942	\$ 4,074,420	\$ 27,464,914	\$ 87,881,628	\$ 22,179,890	\$ 4,899,427
Cash in custody of other officials	-	-	-	-	-	-
Investments	-	-	-	-	-	-
Collateral on loaned securities	-	-	-	-	-	-
<i>Receivables:</i>						
Accounts receivable	-	-	-	-	947	-
Intergovernmental receivables	23,919	-	-	-	-	-
Accrued interest and dividends	-	-	-	-	-	-
Due from other funds	270,239	12,195,272	1,400,000	13,680,537	690,078	18,983,086
<b>Total assets</b>	<b>\$ 442,100</b>	<b>\$ 16,269,692</b>	<b>\$ 28,864,914</b>	<b>\$101,562,165</b>	<b>\$ 22,870,915</b>	<b>\$ 23,882,513</b>
<b>Liabilities and Fund Balances</b>						
<i>Accounts payable and accruals:</i>						
Accounts payable	\$ 4,353	\$ 90,744	\$ 10,177	\$ 1,724	\$ 260,987	\$ 2,349
Intergovernmental payables	-	-	-	15	112	-
Contracts payable	22,143	2,219,640	2,244,286	3,177,641	1,539,704	226,472
Retentions payable	11,653	247,479	897,275	1,891,669	1,157,713	19,960
Obligations under securities lending	-	-	-	-	-	-
Due to other funds	-	82,182	617,410	223,731	7,678,062	380,071
Due to component units	-	-	-	96,267,385	-	-
Deferred revenues	-	-	-	-	-	-
Advances from general fund	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-
<b>Total liabilities</b>	<b>38,149</b>	<b>2,640,045</b>	<b>3,769,148</b>	<b>101,562,165</b>	<b>10,636,578</b>	<b>628,852</b>
<b>Fund balances:</b>						
<i>Reserved:</i>						
Encumbrances and contracts	-	13,616,914	20,356,320	-	6,754,585	450,964
Funds held as permanent investments	-	-	-	-	-	-
<i>Unreserved:</i>						
Designated for approved capital projects	403,951	12,733	4,739,446	-	5,479,752	22,802,697
Undesignated	-	-	-	-	-	-
<b>Total fund balances</b>	<b>403,951</b>	<b>13,629,647</b>	<b>25,095,766</b>	<b>-</b>	<b>12,234,337</b>	<b>23,253,661</b>
<b>Total liabilities and fund balances</b>	<b>\$ 442,100</b>	<b>\$ 16,269,692</b>	<b>\$ 28,864,914</b>	<b>\$101,562,165</b>	<b>\$ 22,870,915</b>	<b>\$ 23,882,513</b>

Capital Projects Funds					Permanent Funds		
CIP Military	CIP Wildlife	CIP Assist School Districts	CIP Miscellaneous	Total	Permanent School Fund	Henry Wood Christmas Fund	Total
\$ 1,186,545	\$ 2,339,187	\$ 1,644,974	\$ 132	\$ 151,819,059	\$ 8,429,638	\$ 52,252	\$ 8,481,890
-	-	-	21,664,049	21,664,049	-	-	-
-	-	-	-	-	180,312,769	-	180,312,769
-	-	964,638	-	964,638	4,943,270	30,641	4,973,911
-	-	-	-	947	-	-	-
224,000	-	-	-	247,919	319,034	-	319,034
-	-	-	-	-	1,453,107	-	1,453,107
1,163,578	169,263	9,053	645,839	49,206,945	42,259	288	42,547
<u>\$ 2,574,123</u>	<u>\$ 2,508,450</u>	<u>\$ 2,618,665</u>	<u>\$ 22,310,020</u>	<u>\$ 223,903,557</u>	<u>\$ 195,500,077</u>	<u>\$ 83,181</u>	<u>\$ 195,583,258</u>
\$ 8,831	\$ 22,968	\$ -	\$ 522,409	\$ 924,542	\$ -	\$ -	\$ -
-	783,952	-	-	784,079	-	-	-
62,192	-	24,410	2,658,872	12,175,360	-	-	-
-	-	-	2,632,532	6,858,281	-	-	-
-	-	964,638	-	964,638	4,943,270	30,641	4,973,911
196,404	1,059,500	-	-	10,237,360	2,633,993	1,158	2,635,151
-	-	-	-	96,267,385	-	-	-
-	-	1,288	-	1,288	10,447	41	10,488
300,000	-	-	-	300,000	-	-	-
-	-	-	-	-	947,964	-	947,964
<u>567,427</u>	<u>1,866,420</u>	<u>990,336</u>	<u>5,813,813</u>	<u>128,512,933</u>	<u>8,535,674</u>	<u>31,840</u>	<u>8,567,514</u>
371,546	16,955	6,820	7,500,287	49,074,391	-	-	-
-	-	-	-	-	186,964,403	30,000	186,994,403
1,635,150	625,075	1,621,509	8,995,920	46,316,233	-	-	-
-	-	-	-	-	-	21,341	21,341
2,006,696	642,030	1,628,329	16,496,207	95,390,624	186,964,403	51,341	187,015,744
<u>\$ 2,574,123</u>	<u>\$ 2,508,450</u>	<u>\$ 2,618,665</u>	<u>\$ 22,310,020</u>	<u>\$ 223,903,557</u>	<u>\$ 195,500,077</u>	<u>\$ 83,181</u>	<u>\$ 195,583,258</u>

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

For the Fiscal Year Ended June 30, 2005

	Capital Projects Funds					
	Parks Capital Project Construction	CIP Motor Vehicle	CIP Human Resources	CIP University System	CIP General State Gov't	CIP Prison System
<b>Revenues</b>						
Intergovernmental	\$ 23,919	\$ -	\$ -	\$ -	\$ -	\$ -
Interest and investment income	5,827	-	-	-	-	-
Land sales	-	-	-	-	-	-
Other	194,348	-	-	-	123,688	-
<b>Total revenues</b>	<u>224,094</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>123,688</u>	<u>-</u>
<b>Expenditures</b>						
<i>Current:</i>						
General government	-	-	-	-	-	-
Education and support services	-	-	-	39,063,246	-	-
Capital outlay	874,895	9,067,602	14,217,684	-	25,569,210	5,455,142
<i>Debt service:</i>						
Debt issuance costs	-	-	35,863	54,659	15,780	2,740
<b>Total expenditures</b>	<u>874,895</u>	<u>9,067,602</u>	<u>14,253,547</u>	<u>39,117,905</u>	<u>25,584,990</u>	<u>5,457,882</u>
Excess (deficiency) of revenues over expenditures	<u>(650,801)</u>	<u>(9,067,602)</u>	<u>(14,253,547)</u>	<u>(39,117,905)</u>	<u>(25,461,302)</u>	<u>(5,457,882)</u>
<b>Other Financing Sources (Uses)</b>						
Sale of general obligation bonds	-	-	25,263,362	36,628,399	6,096,302	1,873,436
Premium on general obligation bonds	-	-	1,633,447	2,489,506	718,706	124,800
Sale of certificates of participation	-	-	-	-	-	-
Discount on certificates of participation	-	-	-	-	-	-
Transfers in	351,616	1,899,309	1,400,000	-	14,864,766	18,983,086
Transfers out	-	(2,602,699)	(610,720)	-	(1,430,925)	(360,223)
<b>Total other financing sources (uses)</b>	<u>351,616</u>	<u>(703,390)</u>	<u>27,686,089</u>	<u>39,117,905</u>	<u>20,248,849</u>	<u>20,621,099</u>
Net change in fund balances	<u>(299,185)</u>	<u>(9,770,992)</u>	<u>13,432,542</u>	<u>-</u>	<u>(5,212,453)</u>	<u>15,163,217</u>
Fund balances, July 1	<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>
<b>Fund balances, June 30</b>	<u>\$ 403,951</u>	<u>\$ 13,629,647</u>	<u>\$ 25,095,766</u>	<u>\$ -</u>	<u>\$ 12,234,337</u>	<u>\$ 23,253,661</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
\$ 2,620,716	\$ 572,304	\$ -	\$ -	\$ 3,216,939	\$ -	\$ -	\$ -
-	-	60,722	467,088	533,637	5,666,104	1,734	5,667,838
-	-	-	-	-	39,769,640	-	39,769,640
-	-	-	-	318,036	4,871,946	-	4,871,946
<u>2,620,716</u>	<u>572,304</u>	<u>60,722</u>	<u>467,088</u>	<u>4,068,612</u>	<u>50,307,690</u>	<u>1,734</u>	<u>50,309,424</u>
-	-	24,788	68,204	92,992	193,322	671	193,993
-	-	767,346	-	39,830,592	-	-	-
2,510,842	992,850	-	30,193,917	88,882,142	-	-	-
-	-	-	591,590	700,632	-	-	-
<u>2,510,842</u>	<u>992,850</u>	<u>792,134</u>	<u>30,853,711</u>	<u>129,506,358</u>	<u>193,322</u>	<u>671</u>	<u>193,993</u>
109,874	(420,546)	(731,412)	(30,386,623)	(125,437,746)	50,114,368	1,063	50,115,431
-	-	-	-	69,861,499	-	-	-
-	-	-	-	4,966,459	-	-	-
-	-	-	22,435,000	22,435,000	-	-	-
-	-	-	(36,838)	(36,838)	-	-	-
1,407,428	407,730	100,000	4,087,201	43,501,136	-	-	-
(466,853)	-	-	(1,459,653)	(6,931,073)	(5,502,228)	(2,114)	(5,504,342)
<u>940,575</u>	<u>407,730</u>	<u>100,000</u>	<u>25,025,710</u>	<u>133,796,183</u>	<u>(5,502,228)</u>	<u>(2,114)</u>	<u>(5,504,342)</u>
1,050,449	(12,816)	(631,412)	(5,360,913)	8,358,437	44,612,140	(1,051)	44,611,089
956,247	654,846	2,259,741	21,857,120	87,032,187	142,352,263	52,392	142,404,655
<u>\$ 2,006,696</u>	<u>\$ 642,030</u>	<u>\$ 1,628,329</u>	<u>\$ 16,496,207</u>	<u>\$ 95,390,624</u>	<u>\$ 186,964,403</u>	<u>\$ 51,341</u>	<u>\$ 187,015,744</u>



# Chinese New Year

Nevada's connection with Asian culture is deep and time-honored, dating back to the 1800s when Chinese immigrants labored to build the railroads that opened the West. Each year, to ring in the Chinese New Year, Las Vegas celebrates at Chinatown, a large Asian mall west of the Las Vegas Strip, with dancing, entertainment, food booths, and gifts.



# Nonmajor Enterprise Funds

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

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

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

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

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

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

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

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

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

# Combining Statement of Net Assets Nonmajor Enterprise Funds

June 30, 2005

	Workers' Compensation and Safety	Insurance Examination	Gaming Investigative	Forestry Nurseries
<b>Assets</b>				
<b>Current assets:</b>				
<i>Cash and pooled investments:</i>				
Cash with treasurer	\$ 27,717,092	\$ 324,078	\$ 6,480,084	\$ 214,047
Cash in custody of other officials	300	-	213,485	100
Collateral on loaned securities	16,253,714	-	-	-
<i>Receivables:</i>				
Accounts receivable	3,296,691	301,825	117,346	17,222
Intergovernmental receivables	38,430	-	-	11,745
Contracts receivable	-	-	-	-
Accrued interest and dividends	-	-	-	-
Due from other funds	1,091,015	18,648	8,946	44,230
Due from fiduciary funds	-	-	-	-
Due from component units	-	-	-	79
Inventory	-	-	-	94,799
Prepaid expenses	-	-	24,975	-
<b>Total current assets</b>	<b>48,397,242</b>	<b>644,551</b>	<b>6,844,836</b>	<b>382,222</b>
<b>Noncurrent assets:</b>				
Investments	-	-	-	-
<i>Receivables:</i>				
Contracts receivable	-	-	-	-
Accrued interest and dividends	-	-	-	-
Notes/loans receivable	-	-	-	-
<i>Capital assets:</i>				
Land	-	-	-	-
Buildings	-	-	-	-
Improvements other than buildings	-	-	-	-
Furniture and equipment	1,782,605	-	-	89,457
Less accumulated depreciation	(1,457,898)	-	-	(79,659)
<b>Total noncurrent assets</b>	<b>324,707</b>	<b>-</b>	<b>-</b>	<b>9,798</b>
<b>Total assets</b>	<b>48,721,949</b>	<b>644,551</b>	<b>6,844,836</b>	<b>392,020</b>
<b>Liabilities</b>				
<b>Current liabilities:</b>				
<i>Accounts payable and accruals:</i>				
Accounts payable	149,528	231,402	173,218	2,867
Accrued payroll and related liabilities	776,989	-	-	12,694
Intergovernmental payables	8,116	-	192	-
Obligations under securities lending	16,253,714	-	-	-
Due to other funds	27,531	301,214	901,866	978
Due to fiduciary funds	187	-	-	1,041
Due to component units	-	-	-	-
Deferred revenues	-	-	5,517,560	-
Other liabilities	-	-	-	-
<i>Short-term portion of long-term liabilities:</i>				
Compensated absences	572,777	-	-	11,367
Benefits payable	-	-	-	-
<b>Total current liabilities</b>	<b>17,788,842</b>	<b>532,616</b>	<b>6,592,836</b>	<b>28,947</b>
<b>Noncurrent liabilities:</b>				
Advances from general fund	-	-	-	-
Compensated absences	272,695	-	-	11,768
Benefits payable	-	-	-	-
<b>Total noncurrent liabilities</b>	<b>272,695</b>	<b>-</b>	<b>-</b>	<b>11,768</b>
<b>Total liabilities</b>	<b>18,061,537</b>	<b>532,616</b>	<b>6,592,836</b>	<b>40,715</b>
<b>Net Assets</b>				
Invested in capital assets, net of related debt	324,707	-	-	9,798
Restricted for workers' compensation	30,335,705	-	-	-
Restricted for tuition contract benefits	-	-	-	-
Restricted for regulation of business	-	111,935	2,000	-
Unrestricted (deficit)	-	-	250,000	341,507
<b>Total net assets</b>	<b>\$ 30,660,412</b>	<b>\$ 111,935</b>	<b>\$ 252,000</b>	<b>\$ 351,305</b>

Prison Industry	Nevada Magazine	WICHE Student Loans	Higher Education Tuition Trust	Marlette Lake Water System	Total
\$ 1,247,803	\$ 65,052	\$ 400,567	\$ 143,468	\$ 98,878	\$ 36,691,069
-	202	-	-	-	214,087
731,731	-	-	76,931	-	17,062,376
666,307	139,349	-	-	444	4,539,184
182,967	-	-	-	153,553	386,695
-	-	-	5,400,000	-	5,400,000
-	-	174,682	281,928	-	456,610
289,547	33	90	2,094	37,537	1,492,140
16,335	-	-	-	-	16,335
4,833	708	-	-	3,180	8,800
1,207,306	69,321	-	-	-	1,371,426
13,689	40,075	-	-	-	78,739
4,360,518	314,740	575,339	5,904,421	293,592	67,717,461
-	-	-	76,732,581	-	76,732,581
-	-	-	14,639,116	-	14,639,116
-	-	295,938	-	-	295,938
-	-	1,763,116	-	-	1,763,116
153,140	-	-	-	414,672	567,812
2,890,227	-	-	-	498,613	3,388,840
-	-	-	-	630,647	630,647
900,782	10,394	-	-	1,478,232	4,261,470
(2,286,822)	(10,394)	-	-	(2,163,466)	(5,998,239)
1,657,327	-	2,059,054	91,371,697	858,698	96,281,281
6,017,845	314,740	2,634,393	97,276,118	1,152,290	163,998,742
214,574	59,961	-	26,933	12,072	870,555
108,309	37,114	-	17,397	9,714	962,217
84	-	-	-	50,119	58,511
731,731	-	-	76,931	-	17,062,376
30,563	1,014	400,654	3,025	22,308	1,689,153
87,569	-	-	-	-	88,797
590	214	-	-	-	804
104,149	435,776	-	-	-	6,057,485
11,646	-	-	-	1,100	12,746
116,239	35,646	-	13,559	9,628	759,216
-	-	-	3,200,000	-	3,200,000
1,405,454	569,725	400,654	3,337,845	104,941	30,761,860
-	-	-	3,648,590	73,248	3,721,838
81,564	46,466	-	2,344	6,123	420,960
-	-	-	88,099,000	-	88,099,000
81,564	46,466	-	91,749,934	79,371	92,241,798
1,487,018	616,191	400,654	95,087,779	184,312	123,003,658
1,657,327	-	-	-	858,698	2,850,530
-	-	-	-	-	30,335,705
-	-	-	2,188,339	-	2,188,339
-	-	-	-	-	113,935
2,873,500	(301,451)	2,233,739	-	109,280	5,506,575
\$ 4,530,827	\$ (301,451)	\$ 2,233,739	\$ 2,188,339	\$ 967,978	\$ 40,995,084

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

For the Fiscal Year Ended June 30, 2005

	Workers' Compensation and Safety	Insurance Examination	Gaming Investigative	Forestry Nurseries
<b>Operating Revenues</b>				
Sales	\$ -	\$ -	\$ -	\$ 259,052
Assessments	28,523,599	-	-	-
Charges for services	744	-	9,561,207	-
Rental income	-	-	-	-
Interest income on loans	-	-	-	-
Interest and investment income	-	-	-	-
Licenses, fees and permits	306,699	3,082,130	-	-
Fines	3,440,209	-	-	-
Other	1,621,122	-	-	250
<b>Total operating revenues</b>	<b>33,892,373</b>	<b>3,082,130</b>	<b>9,561,207</b>	<b>259,302</b>
<b>Operating Expenses</b>				
Salaries and benefits	12,889,751	-	-	179,144
Operating	2,756,879	2,231,646	1,650,028	86,636
Administrative costs	21,375	864,533	-	-
Claims and benefits expense	4,611,518	-	-	-
Materials or supplies used	-	-	-	53,066
Depreciation	171,371	-	-	5,894
<b>Total operating expenses</b>	<b>20,450,894</b>	<b>3,096,179</b>	<b>1,650,028</b>	<b>324,740</b>
Operating income (loss)	13,441,479	(14,049)	7,911,179	(65,438)
<b>Nonoperating Revenues (Expenses)</b>				
Interest and investment income	906,598	-	-	-
Interest expense	(343,306)	-	-	-
Federal grants	2,279,456	-	-	38,729
<b>Total nonoperating revenues (expenses)</b>	<b>2,842,748</b>	<b>-</b>	<b>-</b>	<b>38,729</b>
Income (loss) before transfers	16,284,227	(14,049)	7,911,179	(26,709)
<b>Transfers</b>				
Transfers in	-	-	32,539	-
Transfers out	(9,288,579)	-	(7,943,718)	-
Change in net assets	6,995,648	(14,049)	-	(26,709)
Net assets, July 1 (as restated)	23,664,764	125,984	252,000	378,014
<b>Net assets, June 30</b>	<b>\$ 30,660,412</b>	<b>\$ 111,935</b>	<b>\$ 252,000</b>	<b>\$ 351,305</b>

Prison Industry	Nevada Magazine	WICHE Student Loans	Higher Education Tuition Trust	Marlette Lake Water System	Total
\$ 5,116,820	\$ 1,005,376	\$ -	\$ 9,281,601	\$ 479,290	\$ 16,142,139
-	-	-	-	-	28,523,599
602,414	602,135	-	17,784	-	10,784,284
101,358	-	-	-	11,203	112,561
-	-	244,267	-	-	244,267
-	-	-	6,099,122	-	6,099,122
-	-	-	-	-	3,388,829
-	-	-	-	-	3,440,209
775,877	5,196	4,954	84,200	-	2,491,599
6,596,469	1,612,707	249,221	15,482,707	490,493	71,226,609
1,767,570	659,358	-	277,475	153,388	15,926,686
2,647,113	496,704	819,375	395,074	290,467	11,373,922
-	-	-	-	-	885,908
-	-	-	10,823,074	-	15,434,592
1,855,404	591,077	-	-	-	2,499,547
112,739	-	-	-	47,668	337,672
6,382,826	1,747,139	819,375	11,495,623	491,523	46,458,327
213,643	(134,432)	(570,154)	3,987,084	(1,030)	24,768,282
36,424	-	-	-	-	943,022
(13,955)	-	-	-	-	(357,261)
-	-	-	-	-	2,318,185
22,469	-	-	-	-	2,903,946
236,112	(134,432)	(570,154)	3,987,084	(1,030)	27,672,228
-	125,000	692,688	-	421	850,648
-	-	-	-	-	(17,232,297)
236,112	(9,432)	122,534	3,987,084	(609)	11,290,579
4,294,715	(292,019)	2,111,205	(1,798,745)	968,587	29,704,505
\$ 4,530,827	\$ (301,451)	\$ 2,233,739	\$ 2,188,339	\$ 967,978	\$ 40,995,084

# Combining Statement of Cash Flows Nonmajor Enterprise Funds

For the Fiscal Year Ended June 30, 2003

	Workers' Compensation and Safety	Insurance Examination	Gaming Investigative	Forestry Nurseries
<b>Cash flows from operating activities</b>				
Receipts from customers and users	\$ 30,166,319	\$ 2,771,249	\$ 10,529,871	\$ 179,154
Receipts for interfund services provided	116,087	9,543	-	34,707
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	(7,466,812)	(2,033,010)	(1,566,394)	(143,640)
Payments to employees	(12,341,981)	-	-	(175,640)
Payments for interfund services used	(645,502)	(629,763)	(72,051)	4,922
Payments to component units	-	-	-	-
Purchase of loans and notes	-	-	-	-
Net cash provided by (used for) operating activities	9,828,111	118,019	8,891,426	(100,497)
<b>Cash flows from noncapital financing activities</b>				
Grant receipts	2,373,092	-	-	29,733
Transfers and advances from other funds	-	-	-	39,326
Principal paid on noncapital debt	-	-	-	(28,687)
Transfers and advances to other funds	(9,112,114)	(304,000)	(8,603,137)	-
Net cash provided by (used for) noncapital financing activities	(6,739,022)	(304,000)	(8,603,137)	40,372
<b>Cash flows from capital and related financing activities</b>				
Purchase of capital assets	(79,381)	-	-	-
Principal paid on capital debt	-	-	-	-
Net cash provided by (used for) capital and related financing activities	(79,381)	-	-	-
<b>Cash flows from investing activities</b>				
Proceeds from sale of investments	-	-	-	-
Purchase of investments	-	-	-	-
Interest and dividends received	529,009	-	-	-
Net cash provided by (used for) investing activities	529,009	-	-	-
Net increase (decrease) in cash	3,538,717	(185,981)	288,289	(60,125)
Cash and cash equivalents, July 1	24,178,675	510,059	6,405,280	274,272
<b>Cash and cash equivalents, June 30</b>	<b>\$ 27,717,392</b>	<b>\$ 324,078</b>	<b>\$ 6,693,569</b>	<b>\$ 214,147</b>
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities</b>				
Operating income (loss)	\$ 13,441,479	\$ (14,049)	\$ 7,911,179	\$ (65,438)
<b>Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities</b>				
Depreciation	171,371	-	-	5,894
Income on investments	-	-	-	-
Decrease (increase) in loans and notes receivable	-	-	-	-
Decrease (increase) in accrued interest and receivables	(3,609,967)	(301,338)	(9,451)	(45,441)
Decrease (increase) in inventory, deferred charges, other assets	-	-	(23,778)	15,798
Increase (decrease) in accounts payable, accruals, other liabilities	(174,772)	433,406	1,013,476	(11,310)
Total adjustments	(3,613,368)	132,068	980,247	(35,059)
Net cash provided by (used for) operating activities	\$ 9,828,111	\$ 118,019	\$ 8,891,426	\$ (100,497)
<b>Noncash investing, capital and financing activities</b>				
Interest/dividends on investments accrued	\$ 89,608	\$ -	\$ -	\$ -
Change in fair value of investments	(40,175)	-	-	-

Prison Industry	Nevada Magazine	WICHE Student Loans	Higher Education Tuition Trust	Marlette Lake Water System	Total
\$ 3,823,633	\$ 1,073,230	\$ 4,954	\$ 9,881,282	\$ 444,547	\$ 58,874,239
2,434,329	681,002	-	-	98,738	3,374,406
3,135	-	-	-	-	3,135
-	-	368,010	-	-	368,010
-	-	142,951	-	-	142,951
(2,449,710)	(1,053,617)	(763,477)	(1,204,102)	(397,664)	(17,078,426)
(1,659,465)	(652,604)	-	(242,511)	(158,100)	(15,230,301)
(2,079,759)	(167,604)	-	(103,631)	(33,881)	(3,727,269)
(2,378)	(1,753)	(307,378)	(817,888)	(3,592)	(1,132,989)
-	-	(137,838)	-	-	(137,838)
69,785	(121,346)	(692,778)	7,513,150	(49,952)	25,455,918
-	-	-	-	-	2,402,825
-	145,833	888,983	-	-	1,074,142
-	-	-	-	-	(28,687)
-	-	-	(25,000)	-	(18,044,251)
-	145,833	888,983	(25,000)	-	(14,595,971)
(55,463)	-	-	-	-	(134,844)
-	-	-	-	(10,512)	(10,512)
(55,463)	-	-	-	(10,512)	(145,356)
-	-	-	21,851,040	-	21,851,040
-	-	-	(31,807,156)	-	(31,807,156)
22,469	-	-	2,506,406	-	3,057,884
22,469	-	-	(7,449,710)	-	(6,898,232)
36,791	24,487	196,205	38,440	(60,464)	3,816,359
1,211,012	40,767	204,362	105,028	159,342	33,088,797
\$ 1,247,803	\$ 65,254	\$ 400,567	\$ 143,468	\$ 98,878	\$ 36,905,156
\$ 213,643	\$ (134,432)	\$ (570,154)	\$ 3,987,084	\$ (1,030)	\$ 24,768,282
112,739	-	-	-	47,668	337,672
-	-	-	(6,108,607)	-	(6,108,607)
-	-	(21,308)	-	-	(21,308)
(334,794)	149,105	(101,316)	507,049	52,792	(3,693,361)
(26,169)	(51,772)	-	-	-	(85,921)
104,366	(84,247)	-	9,127,624	(149,382)	10,259,161
(143,858)	13,086	(122,624)	3,526,066	(48,922)	687,636
\$ 69,785	\$ (121,346)	\$ (692,778)	\$ 7,513,150	\$ (49,952)	\$ 25,455,918
\$ 3,709	\$ -	\$ -	\$ 283,662	\$ -	\$ 376,979
(2,098)	-	-	3,602,201	-	3,559,928



# Goldfield Days

Goldfield, a turn-of-the-century boomtown, hosts Goldfield Days, an annual celebration that draws large crowds. The fun-filled weekend includes a land auction (even the historic Goldfield Hotel and old high school were auctioned), parade, horseshoe tournament, pet parade, an open area BBQ, and a western-style street dance. You never know what to expect at Goldfield Days. One year, at the end of the parade a real life wedding took place, with a local 'shootout gang' fighting, laughing, and firing gunshots before the ceremony took place.



## Internal Service Funds

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

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

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

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

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

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

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

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

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

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



# Combining Statement of Net Assets Internal Service Funds

June 30, 2005

	Self-Insurance	Buildings and Grounds	Motor Pool	Communications
<b>Assets</b>				
<b>Current assets:</b>				
<i>Cash and pooled investments:</i>				
Cash with treasurer	\$ 77,675,799	\$ 3,796,032	\$ 1,561,428	\$ 313,366
Cash in custody of other officials	-	-	-	-
Collateral on loaned securities	44,280,485	-	-	-
<i>Receivables:</i>				
Accounts receivable	582,783	31,916	8,215	602
Intergovernmental receivables	249,750	-	2,561	1,274
Notes receivable	-	-	-	-
Due from other funds	2,140,189	576,115	1,523,260	538,713
Due from fiduciary funds	1,688	-	-	261
Due from component units	961,668	-	17,110	842
Inventory	-	-	-	-
Prepaid expenses	10,185	-	-	-
<b>Total current assets</b>	<b>125,902,547</b>	<b>4,404,063</b>	<b>3,112,574</b>	<b>855,058</b>
<b>Noncurrent assets:</b>				
Notes receivable	-	-	-	-
<i>Capital assets:</i>				
Land	-	20,400	-	-
Buildings	-	2,268,068	1,037,144	-
Improvements other than buildings	-	291,216	-	422,451
Furniture and equipment	383,378	595,569	11,981,359	855,377
Software costs	-	-	-	-
Construction in progress	-	-	-	-
Less accumulated depreciation/amortization	(324,626)	(1,801,633)	(10,079,038)	(642,586)
<b>Total noncurrent assets</b>	<b>58,752</b>	<b>1,373,620</b>	<b>2,939,465</b>	<b>635,242</b>
<b>Total assets</b>	<b>125,961,299</b>	<b>5,777,683</b>	<b>6,052,039</b>	<b>1,490,300</b>
<b>Liabilities</b>				
<b>Current liabilities:</b>				
<i>Accounts payable and accruals:</i>				
Accounts payable	2,196,988	443,493	67,536	10,178
Accrued payroll and related liabilities	108,930	287,179	41,348	55,279
Intergovernmental payables	-	12,912	96	-
Bank overdraft	435,862	-	-	-
Obligations under securities lending	44,280,485	-	-	-
Due to other funds	19,120	215,685	169,230	47,263
Due to fiduciary funds	-	5,693	1,125	-
Due to component units	-	-	-	-
Deferred revenues	26,083	-	-	-
Other liabilities	-	-	-	-
<i>Short-term portion of long-term liabilities:</i>				
Compensated absences	65,208	274,218	38,120	50,273
Bonds payable	-	-	-	-
Obligations under capital leases	-	-	-	-
<b>Total current liabilities</b>	<b>47,132,676</b>	<b>1,239,180</b>	<b>317,455</b>	<b>162,993</b>
<b>Noncurrent liabilities:</b>				
<i>Advances:</i>				
Advances from general fund	-	778,456	144,258	232,353
Advances from special revenue fund	-	-	8,858	-
Advances from debt service fund	-	-	-	-
Reserve for losses	23,864,347	-	-	-
Compensated absences	25,112	205,949	29,069	17,884
Bonds payable	-	-	-	-
Obligations under capital leases	-	-	-	-
<b>Total noncurrent liabilities</b>	<b>23,889,459</b>	<b>984,405</b>	<b>182,185</b>	<b>250,237</b>
<b>Total liabilities</b>	<b>71,022,135</b>	<b>2,223,585</b>	<b>499,640</b>	<b>413,230</b>
<b>Net Assets</b>				
Invested in capital assets, net of related debt	58,752	1,373,620	2,939,465	635,242
Unrestricted (deficit)	54,880,412	2,180,478	2,612,934	441,828
<b>Total net assets</b>	<b>\$ 54,939,164</b>	<b>\$ 3,554,098</b>	<b>\$ 5,552,399</b>	<b>\$ 1,077,070</b>

Insurance Premiums	Administrative Services	Personnel	Purchasing	Information Services	Printing	Total
\$ 13,494,461	\$ 360,250	\$ 2,051,765	\$ 158,636	\$ 5,712,209	\$ 1,911,773	\$ 107,035,719
-	-	-	-	200	-	200
-	-	-	-	-	-	44,280,485
2,313	-	8	747	99,222	61,290	787,096
9,169	-	-	18,419	-	8,233	289,406
5,000	-	-	-	-	-	5,000
164,144	-	55,239	18,429	9,248,591	359,381	14,624,061
-	-	-	-	-	-	1,949
115,805	-	-	75	2,633	-	1,098,133
-	-	-	216,342	-	250,975	467,317
-	-	-	33	-	-	10,218
13,790,892	360,250	2,107,012	412,681	15,062,855	2,591,652	168,599,584
144,400	-	-	-	-	-	144,400
-	-	-	95,554	15,000	-	130,954
-	-	-	140,000	5,252,501	1,128,667	9,826,380
-	-	-	-	-	-	713,667
30,787	53,301	257,962	347,809	40,762,159	3,134,584	58,402,285
-	-	15,323,810	-	-	-	15,323,810
-	-	-	-	1,683,935	-	1,683,935
(30,787)	(35,897)	(7,285,012)	(445,941)	(34,968,717)	(3,257,613)	(58,871,850)
144,400	17,404	8,296,760	137,422	12,744,878	1,005,638	27,353,581
13,935,292	377,654	10,403,772	550,103	27,807,733	3,597,290	195,953,165
2,289,724	700	81,604	10,010	1,060,721	69,055	6,230,009
40,793	64,052	328,617	107,819	856,799	61,279	1,952,095
-	-	-	-	-	-	13,008
-	-	-	-	-	-	435,862
-	-	-	-	-	-	44,280,485
76,968	901	1,663,019	47,529	775,268	1,491	3,016,474
-	-	1,097	5	900	-	8,820
12,208	-	-	-	147	-	12,355
-	-	-	206	-	-	26,289
-	-	-	18,305	-	-	18,305
31,031	52,920	276,686	95,458	790,631	120,737	1,795,282
-	-	-	-	93,354	-	93,354
-	-	-	-	932,087	72,742	1,004,829
2,450,724	118,573	2,351,023	279,332	4,509,907	325,304	58,887,167
-	-	7,934,209	201,879	2,195,735	-	11,486,890
-	-	-	-	-	-	8,858
-	-	-	-	2,256,590	-	2,256,590
43,778,865	-	-	-	-	-	67,643,212
17,018	30,036	169,597	67,027	415,087	82,022	1,058,801
-	-	-	-	7,634,226	-	7,634,226
-	-	-	-	2,707,511	72,657	2,780,168
43,795,883	30,036	8,103,806	268,906	15,209,149	154,679	92,868,745
46,246,607	148,609	10,454,829	548,238	19,719,056	479,983	151,755,912
-	17,404	8,296,760	137,422	7,421,345	860,240	21,740,250
(32,311,315)	211,641	(8,347,817)	(135,557)	667,332	2,257,067	22,457,003
\$ (32,311,315)	\$ 229,045	\$ (51,057)	\$ 1,865	\$ 8,088,677	\$ 3,117,307	\$ 44,197,253

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

For the Fiscal Year Ended June 30, 2005

	Self-Insurance	Buildings and Grounds	Motor Pool	Communications
<b>Operating Revenues</b>				
Net premium income	\$ 220,519,113	\$ -	\$ -	\$ -
Sales	-	-	12,662	-
Charges for services	-	710,112	-	6,373,177
Rental income	-	14,196,617	3,595,548	-
Other	1,137,053	6,162	50,073	-
<b>Total operating revenues</b>	<b>221,656,166</b>	<b>14,912,891</b>	<b>3,658,283</b>	<b>6,373,177</b>
<b>Operating Expenses</b>				
Salaries and benefits	1,801,093	4,833,072	724,102	976,274
Operating	2,815,947	10,788,858	1,435,834	5,202,378
Claims expense	139,515,118	-	-	-
Materials or supplies used	-	-	388,143	-
Depreciation	44,480	71,533	1,309,808	82,506
Amortization	-	-	-	-
Insurance premiums	55,506,531	-	-	-
<b>Total operating expenses</b>	<b>199,683,169</b>	<b>15,693,463</b>	<b>3,857,887</b>	<b>6,261,158</b>
Operating income (loss)	21,972,997	(780,572)	(199,604)	112,019
<b>Nonoperating Revenues (Expenses)</b>				
Interest and investment income	2,241,852	-	-	-
Interest expense	(814,318)	-	-	(28)
Gain (loss) on disposal of assets	-	-	97,889	-
<b>Total nonoperating revenues (expenses)</b>	<b>1,427,534</b>	<b>-</b>	<b>97,889</b>	<b>(28)</b>
Income (loss) before transfers	23,400,531	(780,572)	(101,715)	111,991
<b>Transfers</b>				
Transfers in	-	826,441	1,213,174	-
Transfers out	-	(92,595)	-	-
Change in net assets	23,400,531	(46,726)	1,111,459	111,991
Net assets, July 1	31,538,633	3,600,824	4,440,940	965,079
<b>Net assets, June 30</b>	<b>\$ 54,939,164</b>	<b>\$ 3,554,098</b>	<b>\$ 5,552,399</b>	<b>\$ 1,077,070</b>

Insurance Premiums	Administrative Services	Personnel	Purchasing	Information Services	Printing	Total
\$ 23,528,771	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 244,047,884
-	-	-	942,450	-	3,647,608	4,602,720
-	1,278,213	10,022,380	2,114,721	27,113,414	-	47,612,017
-	-	-	1,813	413,729	-	18,207,707
17,037	-	26,337	23,174	-	-	1,259,836
23,545,808	1,278,213	10,048,717	3,082,158	27,527,143	3,647,608	315,730,164
639,168	1,053,784	5,385,565	1,671,485	14,030,166	1,645,835	32,760,544
1,865,716	166,074	2,848,530	709,336	11,822,253	721,266	38,376,192
19,936,695	-	-	-	-	-	159,451,813
-	-	-	1,124,897	-	802,767	2,315,807
1,955	5,368	11,378	9,677	2,543,798	232,345	4,312,848
-	-	1,532,381	-	-	-	1,532,381
4,334,628	-	-	-	-	-	59,841,159
26,778,162	1,225,226	9,777,854	3,515,395	28,396,217	3,402,213	298,590,744
(3,232,354)	52,987	270,863	(433,237)	(869,074)	245,395	17,139,420
-	-	-	-	-	-	2,241,852
-	-	-	(9,540)	(188,276)	(13,543)	(1,025,705)
-	-	-	4,700	(16,011)	(34,997)	51,581
-	-	-	(4,840)	(204,287)	(48,540)	1,267,728
(3,232,354)	52,987	270,863	(438,077)	(1,073,361)	196,855	18,407,148
7,500	-	-	-	608,735	-	2,655,850
(250,000)	-	-	-	-	-	(342,595)
(3,474,854)	52,987	270,863	(438,077)	(464,626)	196,855	20,720,403
(28,836,461)	176,058	(321,920)	439,942	8,553,303	2,920,452	23,476,850
\$ (32,311,315)	\$ 229,045	\$ (51,057)	\$ 1,865	\$ 8,088,677	\$ 3,117,307	\$ 44,197,253

# Combining Statement of Cash Flows

## Internal Service Funds

For the Fiscal Year Ended June 30, 2005

	Self-Insurance	Buildings and Grounds	Motor Pool	Communications
<b>Cash flows from operating activities</b>				
Receipts from customers and users	\$ 30,032,622	\$ 74,427	\$ 30,696	\$ 50,358
Receipts for interfund services provided	132,375,549	15,035,140	3,543,078	6,352,497
Receipts from component units	59,169,100	-	125,767	5,182
Payments to suppliers, other governments and beneficiaries	(191,838,911)	(10,275,499)	(1,205,287)	(4,970,847)
Payments to employees	(1,534,247)	(4,613,333)	(694,453)	(943,213)
Payments for interfund services used	(532,983)	(866,175)	(689,549)	(295,587)
Payments to component units	-	(137)	(326)	-
Net cash provided by (used for) operating activities	27,671,130	(645,577)	1,109,926	198,390
<b>Cash flows from noncapital financing activities</b>				
Transfers from other funds	-	330,180	-	-
Transfers to other funds	-	(138,361)	-	-
Net cash provided by (used for) noncapital financing activities	-	191,819	-	-
<b>Cash flows from capital and related financing activities</b>				
Proceeds from sale of capital assets	-	-	134,800	-
Purchase of capital assets	(60,936)	-	(589,648)	(16,240)
Principal paid on capital debt	-	(97,421)	(53,411)	(21,122)
Interest paid on capital debt	-	-	-	-
Net cash provided by (used for) capital and related financing activities	(60,936)	(97,421)	(508,259)	(37,362)
<b>Cash flows from investing activities</b>				
Interest and dividends received	1,199,801	-	-	-
Net cash provided by (used for) investing activities	1,199,801	-	-	-
Net increase (decrease) in cash	28,809,995	(551,179)	601,667	161,028
Cash and cash equivalents, July 1	48,865,804	4,347,211	959,761	152,338
<b>Cash and cash equivalents, June 30</b>	<b>\$ 77,675,799</b>	<b>\$ 3,796,032</b>	<b>\$ 1,561,428</b>	<b>\$ 313,366</b>
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities</b>				
Operating income (loss)	\$ 21,972,997	\$ (780,572)	\$ (199,604)	\$ 112,019
<b>Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities</b>				
Depreciation	44,480	71,533	1,309,808	82,506
Amortization	-	-	-	-
Decrease (increase) in accrued interest and receivables	(54,990)	196,676	41,257	34,860
Decrease (increase) in inventory, deferred charges, other assets	52,558	(2,415)	(2,160)	-
Increase (decrease) in accounts payable, accruals, other liabilities	5,656,085	(130,799)	(39,375)	(30,995)
Total adjustments	5,698,133	134,995	1,309,530	86,371
Net cash provided by (used for) operating activities	\$ 27,671,130	\$ (645,577)	\$ 1,109,926	\$ 198,390
<b>Noncash investing, capital and financing activities</b>				
Property leased or acquired	\$ -	\$ -	\$ -	\$ -
Construction completed or in progress	-	-	-	-
Interest/dividends on investments accrued	405,712	-	-	-
Change in fair value of investments	(98,175)	-	-	-

Insurance Premiums	Administrative Services	Personnel	Purchasing	Information Services	Printing	Total
\$ 57,796	\$ 306	\$ 6,559	\$ 320,722	\$ 208,552	\$ 253,468	\$ 31,035,506
22,216,984	1,321,328	9,273,360	2,816,164	27,064,223	3,270,498	223,268,821
1,224,560	-	824,968	46,035	-	-	61,395,612
(18,559,051)	(39,255)	(1,072,084)	(285,139)	(9,602,122)	(1,453,683)	(239,301,878)
(610,647)	(992,318)	(5,209,952)	(1,592,354)	(13,499,382)	(1,518,610)	(31,208,509)
(277,653)	(170,980)	(1,942,293)	(1,513,043)	(838,469)	(144,156)	(7,270,888)
(36,109)	-	(2,747)	-	(64,280)	-	(103,599)
4,015,880	119,081	1,877,811	(207,615)	3,268,522	407,517	37,815,065
7,500	-	-	-	-	666,902	1,004,582
(250,000)	-	-	-	189,598	-	(198,763)
(242,500)	-	-	-	189,598	666,902	805,819
-	-	-	4,700	-	-	139,500
-	(6,300)	-	-	(1,335,544)	(289,563)	(2,298,231)
-	-	(1,532,381)	(15,957)	(1,692,755)	(67,933)	(3,480,980)
-	-	-	(9,540)	(188,276)	(13,543)	(211,359)
-	(6,300)	(1,532,381)	(20,797)	(3,216,575)	(371,039)	(5,851,070)
-	-	-	-	-	-	1,199,801
-	-	-	-	-	-	1,199,801
3,773,380	112,781	345,430	(228,412)	241,545	703,380	33,969,615
9,721,081	247,469	1,706,335	387,048	5,470,864	1,208,393	73,066,304
\$ 13,494,461	\$ 360,250	\$ 2,051,765	\$ 158,636	\$ 5,712,409	\$ 1,911,773	\$ 107,035,919
\$ (3,232,354)	\$ 52,987	\$ 270,863	\$ (433,237)	\$ (869,074)	\$ 245,395	\$ 17,139,420
1,955	5,368	11,378	9,677	2,543,798	232,345	4,312,848
-	-	1,532,381	-	-	-	1,532,381
(51,468)	43,421	56,170	100,558	(254,368)	(123,642)	(11,526)
542,662	-	-	196,858	1,117,835	(42,677)	1,862,661
6,755,085	17,305	7,019	(81,471)	730,331	96,096	12,979,281
7,248,234	66,094	1,606,948	225,622	4,137,596	162,122	20,675,645
\$ 4,015,880	\$ 119,081	\$ 1,877,811	\$ (207,615)	\$ 3,268,522	\$ 407,517	\$ 37,815,065
\$ -	\$ -	\$ -	\$ -	\$ 1,105,688	\$ -	\$ 1,105,688
-	-	-	-	1,108,205	-	1,108,205
-	-	-	-	-	-	405,712
-	-	-	-	-	-	(98,175)



# Dragon Boat Festival

A new event in Nevada based upon ancient tradition, is the Dragon Boat Festival at Lake Las Vegas Resort. Originating in China during the 4th century B.C., dragon boating is a team sport gaining popularity worldwide. Each 44-foot solid teak, Chinese war canoe accommodates a full 22-person crew consisting of 20-paddlers, a drummer, and a steersperson. In a battle of technique, synchronicity, and team spirit, each crew competes in two 500-meter race heats with an optional 250-meter sprint challenge. The Dragon Boat Festival is a great team building opportunity that builds camaraderie. This unique event draws competing crews from around the country, as well as from Canada. Along the water's edge, the shore has lively entertainment for participants and spectators along with food and fun for the entire family.



# Fiduciary Funds

## Pension Trust

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

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

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

## Investment Trust

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

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

## Agency

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

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

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

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

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

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

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

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

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

June 30, 2005

	Pension Trust Funds			
	Public Employees' Retirement	Legislators' Retirement	Judicial Retirement	Total
<b>Assets</b>				
<i>Cash and pooled investments:</i>				
Cash with treasurer	\$ -	\$ -	\$ -	\$ -
Cash in custody of other officials	439,693,403	19,038	54,825	439,767,266
<i>Investments:</i>				
Investments	-	-	-	-
Fixed income securities	4,541,523,521	1,624,278	6,759,807	4,549,907,606
Marketable equity securities	8,498,327,585	2,813,961	11,665,487	8,512,807,033
International securities	3,513,786,345	-	-	3,513,786,345
Mutual funds	-	-	-	-
Mortgage loans	13,601	-	-	13,601
Real estate	866,864,092	-	-	866,864,092
Alternative investments	199,463,088	-	-	199,463,088
Collateral on loaned securities	1,783,199,685	-	-	1,783,199,685
<i>Receivables:</i>				
Accrued interest and dividends	79,006,674	11,684	46,549	79,064,907
Trades pending settlement	228,458,254	38,939	230,402	228,727,595
Intergovernmental receivables	61,804,940	-	187,581	61,992,521
Due from other funds	1,205,418	-	-	1,205,418
Due from fiduciary funds	11,137,015	-	-	11,137,015
Other assets	937,244	-	-	937,244
Furniture and equipment	25,321,859	-	-	25,321,859
Accumulated depreciation	(20,816,158)	-	-	(20,816,158)
<b>Total assets</b>	<b>20,229,926,566</b>	<b>4,507,900</b>	<b>18,944,651</b>	<b>20,253,379,117</b>
<b>Liabilities</b>				
<i>Accounts payable and accruals:</i>				
Accounts payable	8,526,091	449	3,422	8,529,962
Intergovernmental payables	-	-	-	-
Trades pending settlement	690,607,627	42,509	228,915	690,879,051
Obligations under securities lending	1,783,199,685	-	-	1,783,199,685
Due to other funds	1,949	-	-	1,949
Other liabilities	-	240,117	-	240,117
<b>Total liabilities</b>	<b>2,482,335,352</b>	<b>283,075</b>	<b>232,337</b>	<b>2,482,850,764</b>
<b>Net Assets</b>				
<i>Held in trust for:</i>				
Employees' pension benefits	17,747,591,214	4,224,825	18,712,314	17,770,528,353
Individuals, organizations and other governments	-	-	-	-
<b>Total net assets</b>	<b>\$ 17,747,591,214</b>	<b>\$ 4,224,825</b>	<b>\$ 18,712,314</b>	<b>\$ 17,770,528,353</b>

## Investment Trust Funds

Local Government Investment Pool	Nevada Enhanced Savings Term	Total
\$ 568	\$ 14,100	\$ 14,668
-	-	-
516,267,484	194,816,511	711,083,995
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
317,084,231	-	317,084,231
1,547,864	1,035,338	2,583,202
-	-	-
-	-	-
2,650	-	2,650
-	-	-
-	-	-
-	-	-
-	-	-
834,902,797	195,865,949	1,030,768,746
-	101,385	101,385
1,347,204	-	1,347,204
-	-	-
317,084,231	-	317,084,231
5,411	14,100	19,511
-	-	-
318,436,846	115,485	318,552,331
-	-	-
516,465,951	195,750,464	712,216,415
\$ 516,465,951	\$ 195,750,464	\$ 712,216,415

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

For the Fiscal Year Ended June 30, 2005

	Pension Trust Funds			
	Public Employees' Retirement	Legislators' Retirement	Judicial Retirement	Total
<b>Additions</b>				
<i>Contributions:</i>				
Employer	\$ 875,510,984	\$ 206,187	\$ 3,553,503	\$ 879,270,674
Plan members	66,896,424	33,930	-	66,930,354
Participants	-	-	-	-
Repayment and purchase of service	63,730,852	-	5,562	63,736,414
Total contributions	1,006,138,260	240,117	3,559,065	1,009,937,442
<i>Investment income:</i>				
Net increase (decrease) in fair value of investments	982,002,661	278,732	1,210,769	983,492,162
Interest, dividends	452,150,721	59,065	240,807	452,450,593
Securities lending income	35,654,691	-	-	35,654,691
Other	72,430,235	-	-	72,430,235
	1,542,238,308	337,797	1,451,576	1,544,027,681
Less investment expense:				
Cost of securities lending	(30,817,472)	-	-	(30,817,472)
Other	(20,179,039)	(1,377)	(6,097)	(20,186,513)
Net investment income	1,491,241,797	336,420	1,445,479	1,493,023,696
<i>Other:</i>				
Investment from local governments	-	-	-	-
Reinvestment from interest income	-	-	-	-
Other	3,308,506	62,594	5,140	3,376,240
Total other	3,308,506	62,594	5,140	3,376,240
<b>Total additions</b>	<b>2,500,688,563</b>	<b>639,131</b>	<b>5,009,684</b>	<b>2,506,337,378</b>
<b>Deductions</b>				
Principal redeemed	-	-	-	-
Benefit payments	739,819,493	389,476	1,855,174	742,064,143
Refunds	14,492,618	5,850	-	14,498,468
Dividends to investors	-	-	-	-
Administrative expense	8,971,919	59,511	55,602	9,087,032
<b>Total deductions</b>	<b>763,284,030</b>	<b>454,837</b>	<b>1,910,776</b>	<b>765,649,643</b>
Change in net assets	1,737,404,533	184,294	3,098,908	1,740,687,735
Net assets, July 1	16,010,186,681	4,040,531	15,613,406	16,029,840,618
<b>Net assets, June 30</b>	<b>\$ 17,747,591,214</b>	<b>\$ 4,224,825</b>	<b>\$ 18,712,314</b>	<b>\$ 17,770,528,353</b>

## Investment Trust Funds

Local Government Investment Pool	Nevada Enhanced Savings Term	Total
\$ -	\$ -	\$ -
-	-	-
-	-	-
-	-	-
-	-	-
398,501	935,622	1,334,123
10,866,492	3,985,869	14,852,361
5,904,960	-	5,904,960
-	-	-
17,169,953	4,921,491	22,091,444
(5,624,739)	-	(5,624,739)
-	(317,399)	(317,399)
11,545,214	4,604,092	16,149,306
1,117,178,387	35,000,000	1,152,178,387
10,752,356	-	10,752,356
-	-	-
1,127,930,743	35,000,000	1,162,930,743
1,139,475,957	39,604,092	1,179,080,049
1,085,028,777	1,973,465	1,087,002,242
-	-	-
-	-	-
11,312,904	-	11,312,904
58,620	-	58,620
1,096,400,301	1,973,465	1,098,373,766
43,075,656	37,630,627	80,706,283
473,390,295	158,119,837	631,510,132
\$ 516,465,951	\$ 195,750,464	\$ 712,216,415

# Combining Statement of Fiduciary Assets and Liabilities Agency Funds

June 30, 2005

	Intergovernmental	State Agency Fund for Bonds	Motor Vehicle	Child Support Disbursement
<b>Assets</b>				
<i>Cash and pooled investments:</i>				
Cash with treasurer	\$ 16,050,925	\$ 41,426,648	\$ 22,164,419	\$ -
Cash in custody of other officials	-	75,693,452	2,739,240	2,995,694
Investments	-	107,640,878	-	-
Collateral on loaned securities	1,193,249	-	-	-
<i>Receivables:</i>				
Taxes receivable	19,561,691	-	-	-
Other receivables	-	-	42,493,580	-
Due from other funds	420,833,231	713,632	1,729,509	-
Due from fiduciary funds	12,916,745	-	-	-
<b>Total assets</b>	<b>\$ 470,555,841</b>	<b>\$ 225,474,610</b>	<b>\$ 69,126,748</b>	<b>\$ 2,995,694</b>
<b>Liabilities</b>				
<i>Accounts payable and accruals:</i>				
Accrued payroll and related liabilities	\$ -	\$ -	\$ -	\$ -
Intergovernmental payables	469,353,009	-	52,200,188	-
Obligations under securities lending	1,193,249	-	-	-
Due to fiduciary funds	-	-	12,916,745	-
<i>Other liabilities:</i>				
Deposits	-	225,434,312	3,787,395	-
Other liabilities	9,583	40,298	222,420	2,995,694
<b>Total liabilities</b>	<b>\$ 470,555,841</b>	<b>\$ 225,474,610</b>	<b>\$ 69,126,748</b>	<b>\$ 2,995,694</b>

Child Welfare Trust	Restitution Trust	Veterans Custodial	State Payroll	Total
\$ 1,094,507	\$ 2,892,754	\$ 1,560,437	\$ 11,149,283	\$ 96,338,973
-	-	-	-	81,428,386
-	-	-	-	107,640,878
633,432	-	915,065	-	2,741,746
-	-	-	-	19,561,691
15,258	-	-	-	42,508,838
6,794	1,825	8,738	67,312	423,361,041
-	21,807	-	-	12,938,552
<u>\$ 1,749,991</u>	<u>\$ 2,916,386</u>	<u>\$ 2,484,240</u>	<u>\$ 11,216,595</u>	<u>\$ 786,520,105</u>
\$ -	\$ -	\$ -	\$ 6,625	\$ 6,625
7,456	-	-	-	521,560,653
633,432	-	915,065	-	2,741,746
-	-	-	11,137,015	24,053,760
-	-	-	-	229,221,707
1,109,103	2,916,386	1,569,175	72,955	8,935,614
<u>\$ 1,749,991</u>	<u>\$ 2,916,386</u>	<u>\$ 2,484,240</u>	<u>\$ 11,216,595</u>	<u>\$ 786,520,105</u>



# Combining Statement of Changes in Assets and Liabilities Agency Funds

For the Fiscal Year Ended June 30, 2005

	Balance July 1, 2004	Additions	Deletions	Balance June 30, 2005
<b>Intergovernmental</b>				
<b>Assets</b>				
Cash with treasurer	\$ 18,746,498	\$ 2,777,454,598	\$ 2,780,150,171	\$ 16,050,925
Collateral on loaned securities	1,208,600	1,193,249	1,208,600	1,193,249
Taxes receivable	11,072,193	57,210,798	48,721,300	19,561,691
Due from other funds	364,338,247	420,833,231	364,338,247	420,833,231
Due from fiduciary funds	12,054,310	12,916,745	12,054,310	12,916,745
<b>Total assets</b>	<b>\$ 407,419,848</b>	<b>\$ 3,269,608,621</b>	<b>\$ 3,206,472,628</b>	<b>\$ 470,555,841</b>
<b>Liabilities</b>				
Intergovernmental payables	\$ 406,211,248	\$ 3,338,526,755	\$ 3,275,384,994	\$ 469,353,009
Obligations under securities lending	1,208,600	1,193,249	1,208,600	1,193,249
Other liabilities	-	9,583	-	9,583
<b>Total liabilities</b>	<b>\$ 407,419,848</b>	<b>\$ 3,339,729,587</b>	<b>\$ 3,276,593,594</b>	<b>\$ 470,555,841</b>
<b>State Agency Fund for Bonds</b>				
<b>Assets</b>				
Cash with treasurer	\$ 33,881,181	\$ 11,129,417	\$ 3,583,949	\$ 41,426,649
Cash in custody of other officials	76,145,115	7,270,597	7,722,261	75,693,451
Investments	103,520,817	8,214,996	4,094,935	107,640,878
Due from other funds	1,539,673	713,632	1,539,673	713,632
<b>Total assets</b>	<b>\$ 215,086,786</b>	<b>\$ 27,328,642</b>	<b>\$ 16,940,818</b>	<b>\$ 225,474,610</b>
<b>Liabilities</b>				
Deposits	\$ 215,048,498	\$ 26,298,092	\$ 15,912,279	\$ 225,434,311
Other liabilities	38,288	2,847	836	40,299
<b>Total liabilities</b>	<b>\$ 215,086,786</b>	<b>\$ 26,300,939</b>	<b>\$ 15,913,115</b>	<b>\$ 225,474,610</b>
<b>Motor Vehicle</b>				
<b>Assets</b>				
Cash with treasurer	\$ 20,990,635	\$ 968,094,604	\$ 966,920,820	\$ 22,164,419
Cash in custody of other officials	2,687,240	62,000	10,000	2,739,240
Other receivables	37,051,425	82,474,703	77,032,548	42,493,580
Due from other funds	821,219	1,729,510	821,220	1,729,509
<b>Total assets</b>	<b>\$ 61,550,519</b>	<b>\$ 1,052,360,817</b>	<b>\$ 1,044,784,588</b>	<b>\$ 69,126,748</b>
<b>Liabilities</b>				
Intergovernmental payables	\$ 45,047,680	\$ 1,094,324,619	\$ 1,087,172,111	\$ 52,200,188
Due to fiduciary funds	12,054,310	12,916,745	12,054,310	12,916,745
Deposits	4,448,529	463,799	1,124,934	3,787,394
Other liabilities	-	2,015,893	1,793,472	222,421
<b>Total liabilities</b>	<b>\$ 61,550,519</b>	<b>\$ 1,109,721,056</b>	<b>\$ 1,102,144,827</b>	<b>\$ 69,126,748</b>
<b>Child Support Disbursement</b>				
<b>Assets</b>				
Cash in custody of other officials	\$ 3,629,818	\$ 151,609,526	\$ 152,243,650	\$ 2,995,694
Due from fiduciary funds	676	-	676	-
<b>Total assets</b>	<b>\$ 3,630,494</b>	<b>\$ 151,609,526</b>	<b>\$ 152,244,326</b>	<b>\$ 2,995,694</b>
<b>Liabilities</b>				
Other liabilities	\$ 3,630,494	\$ 151,888,053	\$ 152,522,853	\$ 2,995,694
<b>Total liabilities</b>	<b>\$ 3,630,494</b>	<b>\$ 151,888,053</b>	<b>\$ 152,522,853</b>	<b>\$ 2,995,694</b>
<b>Child Welfare Trust</b>				
<b>Assets</b>				
Cash with treasurer	\$ 998,653	\$ 536,330	\$ 440,476	\$ 1,094,507
Collateral on loaned securities	838,510	633,432	838,510	633,432
Other receivables	41,755	15,258	41,755	15,258
Due from other funds	6,562	6,794	6,562	6,794
<b>Total assets</b>	<b>\$ 1,885,480</b>	<b>\$ 1,191,814</b>	<b>\$ 1,327,303</b>	<b>\$ 1,749,991</b>
<b>Liabilities</b>				
Intergovernmental payables	\$ 94,303	\$ 7,456	\$ 94,303	\$ 7,456
Obligations under securities lending	838,510	633,432	838,510	633,432
Other liabilities	952,667	549,521	393,085	1,109,103
<b>Total liabilities</b>	<b>\$ 1,885,480</b>	<b>\$ 1,190,409</b>	<b>\$ 1,325,898</b>	<b>\$ 1,749,991</b>

	Balance July 1, 2004	Additions	Deletions	Balance June 30, 2005
<b>Restitution Trust</b>				
<b>Assets</b>				
Cash with treasurer	\$ 3,156,859	\$ 5,856,913	\$ 6,121,018	\$ 2,892,754
Due from other funds	1,773	1,825	1,773	1,825
Due from fiduciary funds	17,613	21,807	17,613	21,807
<b>Total assets</b>	<b>\$ 3,176,245</b>	<b>\$ 5,880,545</b>	<b>\$ 6,140,404</b>	<b>\$ 2,916,386</b>
<b>Liabilities</b>				
Other liabilities	\$ 3,176,245	\$ 5,899,778	\$ 6,159,637	\$ 2,916,386
<b>Total liabilities</b>	<b>\$ 3,176,245</b>	<b>\$ 5,899,778</b>	<b>\$ 6,159,637</b>	<b>\$ 2,916,386</b>
<b>Veterans Custodial</b>				
<b>Assets</b>				
Cash with treasurer	\$ 1,575,781	\$ 1,141,197	\$ 1,156,541	\$ 1,560,437
Collateral on loaned securities	877,879	915,065	877,879	915,065
Due from other funds	6,705	8,737	6,704	8,738
<b>Total assets</b>	<b>\$ 2,460,365</b>	<b>\$ 2,064,999</b>	<b>\$ 2,041,124</b>	<b>\$ 2,484,240</b>
<b>Liabilities</b>				
Obligations under securities lending	\$ 877,879	\$ 915,065	\$ 877,879	\$ 915,065
Other liabilities	1,582,486	1,149,986	1,163,297	1,569,175
<b>Total liabilities</b>	<b>\$ 2,460,365</b>	<b>\$ 2,065,051</b>	<b>\$ 2,041,176</b>	<b>\$ 2,484,240</b>
<b>State Payroll</b>				
<b>Assets</b>				
Cash with treasurer	\$ 10,715,687	\$ 416,324,327	\$ 415,890,731	\$ 11,149,283
Due from other funds	68,333	67,313	68,334	67,312
<b>Total assets</b>	<b>\$ 10,784,020</b>	<b>\$ 416,391,640</b>	<b>\$ 415,959,065</b>	<b>\$ 11,216,595</b>
<b>Liabilities</b>				
Accrued payroll and related liabilities	\$ 4,430	\$ 261,527,737	\$ 261,525,542	\$ 6,625
Due to fiduciary funds	10,706,043	155,252,942	154,821,970	11,137,015
Other liabilities	73,547	-	592	72,955
<b>Total liabilities</b>	<b>\$ 10,784,020</b>	<b>\$ 416,780,679</b>	<b>\$ 416,348,104</b>	<b>\$ 11,216,595</b>
<b>Totals - All Agency Funds</b>				
<b>Assets</b>				
Cash with treasurer	\$ 90,065,294	\$ 4,180,537,386	\$ 4,174,263,706	\$ 96,338,974
Cash in custody of other officials	82,462,173	158,942,123	159,975,911	81,428,385
Investments	103,520,817	8,214,996	4,094,935	107,640,878
Collateral on loaned securities	2,924,989	2,741,746	2,924,989	2,741,746
Taxes receivable	11,072,193	57,210,798	48,721,300	19,561,691
Other receivables	37,093,180	82,489,961	77,074,303	42,508,838
Due from other funds	366,782,512	423,361,042	366,782,513	423,361,041
Due from fiduciary funds	12,072,599	12,938,552	12,072,599	12,938,552
<b>Total assets</b>	<b>\$ 705,993,757</b>	<b>\$ 4,926,436,604</b>	<b>\$ 4,845,910,256</b>	<b>\$ 786,520,105</b>
<b>Liabilities</b>				
Accrued payroll and related liabilities	\$ 4,430	\$ 261,527,737	\$ 261,525,542	\$ 6,625
Intergovernmental payables	451,353,231	4,432,858,830	4,362,651,408	521,560,653
Obligations under securities lending	2,924,989	2,741,746	2,924,989	2,741,746
Due to fiduciary funds	22,760,353	168,169,687	166,876,280	24,053,760
Deposits	219,497,027	26,761,891	17,037,213	229,221,705
Other liabilities	9,453,727	161,515,661	162,033,772	8,935,616
<b>Total liabilities</b>	<b>\$ 705,993,757</b>	<b>\$ 5,053,575,552</b>	<b>\$ 4,973,049,204</b>	<b>\$ 786,520,105</b>

# Lake Tahoe Shakespeare Festival

The Lake Tahoe Shakespeare Festival was established for the cultural benefit and enjoyment of all residents and visitors to Lake Tahoe, the largest alpine lake in North America. The annual festival advocates the finest cultural event at the lake while educating future generations on the importance of the arts, theater and music. The festival typically runs from mid-July to mid-August with performances held at one of the most awe-inspiring beach sand stage venues in the country. The audience sits in a natural sand dune amphitheater and watches the play as the sun sets behind the stage.

Whatever your tastes or interests, in all seasons of the year, Nevada has something for you to see, do, or experience.



# Budgetary Schedules

**Budgetary Schedules demonstrate compliance with the legally adopted budget (non-GAAP basis).**



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

## All General Fund Budgets

For the Fiscal Year Ended June 30, 2005

Page 1 of 8

	Final Budget	Actual	Variance
	\$	\$	\$
<b>General Fund Unbudgeted Activity</b>	-	2,965,600	(2,965,600)
<b>Constitutional Agencies</b>			
<b>Executive Branch</b>			
Office of the Governor	2,531,764	2,387,504	144,260
Mansion Maintenance	347,840	295,660	52,180
Office of Consumer Health Assistance	884,818	676,314	208,504
Nevada Protection Account	1,635,004	1,419,547	215,457
Governor's One-time Rebate	300,000,000	-	300,000,000
Washington Office	267,079	267,079	-
Ethics Commission	424,829	394,631	30,198
High Level Nuclear Waste	4,822,975	3,177,605	1,645,370
Petroleum Overcharge Rebate	385,704	71,704	314,000
Energy Conservation	1,879,051	1,098,038	781,013
Lieutenant Governor	512,210	497,283	14,927
Extradition Coordinator	694,047	694,044	3
Attorney General Admin Account	20,809,918	20,045,489	764,429
Special Fund	776,301	757,914	18,387
AG Workers' Compensation Fraud	2,498,303	2,033,598	464,705
Crime Prevention	254,978	234,803	20,175
AG Medicaid Fraud	1,967,975	1,428,771	539,204
Council For Prosecuting Attorneys	173,982	149,279	24,703
Victims of Domestic Violence	3,071,091	1,443,712	1,627,379
Insurance Fraud	1,268,657	903,513	365,144
Secretary of State	10,935,446	10,769,599	165,847
HAVA Election Account	19,088,637	8,983,469	10,105,168
Investigations & Enforcements	849,887	260,917	588,970
Special Services - Secretary of State	6,699,574	4,142,743	2,556,831
State Treasurer	2,154,616	1,757,423	397,193
Silicosis & Disabled Pensions	3,803,774	108,188	3,695,586
Nevada College Savings Trust	911,921	199,355	712,566
Unclaimed Property	974,313	824,455	149,858
Controller General Account	3,937,896	3,722,014	215,882
Governor's Portrait Fund	20,000	-	20,000
<b>Judicial Branch</b>			
Admin Office of the Courts	2,178,888	1,608,021	570,867
Division of Planning & Analysis	736,921	594,132	142,789
Uniform System of Judicial Rec	2,223,394	1,084,660	1,138,734
Judicial Education	1,268,613	597,168	671,445
District Judges Salary	11,661,641	11,387,020	274,621
District Judges Travel	496,506	254,793	241,713
Supreme Court	10,772,958	9,875,247	897,711
Supreme Court Rural Drug Court	4,527,073	1,799,644	2,727,429
Retired Justice Duty Fund	650,698	511,476	139,222
Judicial Selection	13,170	10,596	2,574
Law Library Gift Fund	119,631	13,889	105,742
Law Library	1,475,866	1,439,913	35,953
Judicial Discipline	493,094	477,954	15,140
	431,201,043	98,399,164	332,801,879
<b>Finance &amp; Administration</b>			
<b>Administration</b>			
Construction Education Account	580,273	220,740	359,533
Deferred Compensation	249,423	139,126	110,297
Commission For Women	1,504	-	1,504
Special Appropriations	12,068,000	350,000	11,718,000
Information Technology Improvement	890,990	882,482	8,508
Information Technology Projects	7,728,593	5,050,488	2,678,105
Budget and Planning	3,283,086	3,209,227	73,859
District Judge/Surviving Spouse Pension	1,503,700	1,503,700	-
Division of Internal Audit	2,013,536	1,703,299	310,237
Graffiti Reward Fund	3,393	-	3,393
Merit Award Board	5,000	-	5,000
Controlled Substance Grants	8,796	-	8,796

	Final Budget	Actual	Variance
Clear Creek Youth Center	\$ 236,496	\$ 99,100	\$ 137,396
Commodity Food Program	8,273,412	6,082,279	2,191,133
Roof Maintenance Reserve	807,946	26,000	781,946
Public Works Division	1,506,302	718,704	787,598
School Plan Checking	354,458	232,882	121,576
Hearing & Appeals	4,159,397	4,092,178	67,219
State Claims	5,061,496	2,499,144	2,562,352
Emergency Fund	898,534	400,833	497,701
Statutory Contingency	3,765,161	2,366,056	1,399,105
Retired Employee Group Insurance	22,814,274	22,796,284	17,990
<b>Taxation</b>			
Department of Taxation	36,992,168	31,549,195	5,442,973
<b>Personnel</b>			
Unemployment Compensation Fund	1,534,998	938,627	596,371
	114,740,936	84,860,344	29,880,592
<b>Education</b>			
<b>Education</b>			
Drug Abuse Education	2,925,750	2,521,982	403,768
Student Incentive Grants	542,721	540,648	2,073
Distributive School Account	1,084,377,632	905,589,885	178,787,747
School Health Education - AIDS	526,748	308,614	218,134
Education State Programs	2,578,654	2,389,733	188,921
Occupational Education	10,116,856	9,029,368	1,087,488
School to Careers	2,557,619	1,190,106	1,367,513
Gear Up Scholarship Trust	5,500,409	-	5,500,409
Continuing Education	5,437,276	4,749,344	687,932
Proficiency Testing	4,557,724	4,539,902	17,822
Other State Education Programs	18,415,544	13,274,359	5,141,185
Education Technology Trust	18,616	-	18,616
Teacher Education & Licensing	1,524,335	1,217,863	306,472
Discretionary Grants	2,984,587	2,118,370	866,217
Discretionary Grants - Restricted	19,092,628	13,674,405	5,418,223
IASA-Title I Grants	95,420,510	75,756,225	19,664,285
IASA-Title II & Title VI Grant	36,895,423	26,705,957	10,189,466
Individuals with Disabilities (IDEA)	68,129,575	54,234,410	13,895,165
NDE Staffing Services	431,334	340,163	91,171
Education Support Services	2,311,900	2,075,211	236,689
Child Nutrition	63,806,510	60,997,412	2,809,098
Commission on Postsecondary Education	353,119	325,582	27,537
Student Indemnification Account	412,000	329,655	82,345
<b>Museums, Library &amp; Arts</b>			
Museums, Library & Arts Administration	918,269	890,713	27,556
Lost City Museum	424,628	373,742	50,886
LV Springs Preserve Museum Dev	31,855,770	744,306	31,111,464
Nevada Historical Society	764,661	745,062	19,599
State Museum, Carson City	1,827,888	1,663,367	164,521
Museums And History	689,357	317,741	371,616
State Museum, Las Vegas	1,093,086	961,944	131,142
State Railroad Museums	2,454,178	1,479,904	974,274
Archives	857,980	662,080	195,900
Records Management/Micrographics	762,243	489,108	273,135
Nevada State Library	6,656,784	5,676,071	980,713
Nevada State Library-Literacy	251,265	198,536	52,729
Nevada Humanities	350,000	-	350,000
Nevada State Library - CLAN	661,892	368,924	292,968
Nevada Council on the Arts	2,514,333	2,354,662	159,671
Cultural Resource Program	3,504,851	2,524,459	980,392
Historic Preservation	1,732,762	1,327,441	405,321
Comstock Historic District	108,036	100,538	7,498
Comstock Historical District Gifts	52	-	52
<b>University &amp; Community College System</b>			
University Salary	6,110,838	6,110,838	-
University Regi Adjustment	600,101	600,101	-

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

## All General Fund Budgets

For the Fiscal Year Ended June 30, 2005

Page 3 of 8

	Final Budget	Actual	Variance
UNS - Special Projects	\$ 21,800,263	\$ 19,140,377	\$ 2,659,886
Education for Dependent Children	2,654	2,559	95
University of Nevada - Reno	153,596,095	151,170,596	2,425,499
School of Medical Sciences	34,057,606	23,995,211	10,062,395
Intercollegiate Athletics UNR	2,640,514	2,638,798	1,716
Statewide Programs - UNR	6,787,168	6,783,799	3,369
University System Administration	4,022,128	3,718,739	303,389
University of Nevada Las Vegas	196,410,055	195,483,121	926,934
Intercollegiate Athletics University	2,688,660	2,688,660	-
Agricultural Experimental Station	8,592,091	7,349,720	1,242,371
Cooperative Extension Service	8,927,498	7,076,902	1,850,596
System Computing Center	18,550,876	18,364,947	185,929
UNLV Law School	9,728,139	9,711,896	16,243
National Direct Student Loan	50,904	50,903	1
University Press	752,619	744,566	8,053
Statewide Programs - UNLV	1,048,639	1,048,639	-
UNLV Dental School	7,979,805	7,944,199	35,606
Business Center North	2,134,591	2,134,591	-
Business Center South	1,791,473	1,791,473	-
Collegiate License Plate Account	175,059	162,394	12,665
NV State College at Henderson	5,928,599	5,782,500	146,099
So Nevada Community College	101,945,834	100,852,645	1,093,189
Laboratory & Research	2,263,986	2,228,592	35,394
No Nevada Community College	14,467,568	14,426,244	41,324
Desert Research Institute	6,930,189	5,909,591	1,020,598
Western Nevada Community College	19,722,334	19,564,936	157,398
Truckee Meadows Community College	38,137,273	37,712,117	425,156
<b>WICHE Administration</b>			
WICHE Administration	398,196	312,482	85,714
	<u>2,164,587,260</u>	<u>1,858,289,928</u>	<u>306,297,332</u>
<b>Human Resources</b>			
<b>Human Resources</b>			
Human Resources - Administration	3,243,326	1,420,246	1,823,080
Grants Management Unit	32,313,916	29,049,458	3,264,458
DHR - BCBS Settlement	225,000	225,000	-
State and Community Collaboration	5,543,888	4,365,016	1,178,872
<b>Aging Services</b>			
Senior Services Program	11,022,420	7,541,953	3,480,467
Aging Services	14,505,002	13,352,538	1,152,464
Senior Citizen Property Tax Rebate	4,521,504	4,378,882	142,622
Homemaker	2,972,555	2,932,036	40,519
<b>Health Care Financing Division</b>			
Intergovernmental Transfer Program	81,362,120	73,388,021	7,974,099
Health Care Financing & Policy	7,057,516	6,174,459	883,057
Increase Quality of Nursing Care	20,812,333	19,243,974	1,568,359
Nevada Check-Up Program	38,828,853	37,268,897	1,559,956
Nevada Medicaid	1,160,177,742	1,142,730,166	17,447,576
<b>Health</b>			
Radiological Health	2,246,597	1,306,800	939,797
Cancer Control Registry	1,077,739	751,219	326,520
Alcoholism & Drug Rehabilitation	22,488,670	19,282,246	3,206,424
Vital Statistics	1,306,728	1,107,298	199,430
Consumer Protection	4,405,820	3,698,980	706,840
Env Public Health Tracking System	539,780	504,616	35,164
Special Children's Clinic	16,985,502	14,103,768	2,881,734
Health Aid to Counties	100	-	100
Immunization Program	8,459,821	7,618,827	840,994
WIC Food Supplement	40,413,895	38,465,866	1,948,029
Sexually Transmitted Disease Control	12,363,732	11,870,965	492,767
Health Facilities	8,532,294	4,753,094	3,779,200
Health Facilities-Admin Penalty	234,000	10,318	223,682
Health Alert Network	21,626,825	13,941,021	7,685,804
Communicable Disease Control	5,698,568	5,254,772	443,796

	Final Budget	Actual	Variance
Maternal Child Health Services	\$ 7,393,306	\$ 5,967,165	\$ 1,426,141
Office of State Health Administration	4,044,342	3,531,792	512,550
Community Health Services	3,539,665	3,167,655	372,010
Emergency Medical Services	833,509	738,237	95,272
Tax on Liquor Program Account	1,210,363	814,950	395,413
<b>Welfare</b>			
Welfare Administration	29,290,745	27,912,622	1,378,123
Health Special Appropriations	100,000	-	100,000
Temp Assistance for Needy Families	67,355,946	44,089,194	23,266,752
Assistance to Aged and Blind	6,565,400	6,204,483	360,917
Welfare Field Services	58,099,736	54,506,130	3,593,606
Child Support Enforcement Program	10,225,401	7,982,383	2,243,018
Collection and Distribution Account	23,808,907	19,110,070	4,698,837
Child Care Assist & Development	34,473,239	31,918,884	2,554,355
Energy Assistance - Welfare	23,351,614	18,029,263	5,322,351
<b>Mental Hygiene/Mental Retardation</b>			
Southern MH/MR Food Service	1,437,753	1,309,737	128,016
So NV Adult Mental Health Service	71,075,376	61,981,099	9,094,277
Nevada Mental Health Institute	26,282,724	24,959,924	1,322,800
Mental Health Information System	676,421	570,034	106,387
Family Preservation Program	1,104,396	1,104,360	36
Rural NV Mental Retardation Services	9,977,989	9,437,630	540,359
Mental Hygiene-Mental Retardation	6,853,789	6,130,031	723,758
Desert Regional Center	53,683,264	52,615,037	1,068,227
No Nevada Mental Retardation	25,802,583	25,128,185	674,398
Facility for Mental Offender	5,692,557	5,599,813	92,744
Rural Clinics	11,335,712	10,387,040	948,672
<b>Child &amp; Family Services</b>			
Community Juvenile Justice Program	3,324,870	2,409,644	915,226
Child Welfare Integration	57,299,876	48,782,591	8,517,285
UNITY/SACWIS	5,655,209	5,045,880	609,329
Children, Youth & Family Administration	20,347,409	18,876,032	1,471,377
Youth Alternative Placement	2,697,931	2,697,931	-
Juvenile Correction Facility	5,013,064	4,447,021	566,043
Child Care Services	1,128,377	1,052,445	75,932
Caliente Youth Center	6,278,710	5,892,862	385,848
Victims of Domestic Violence	4,104,009	3,437,871	666,138
Childrens Trust Account	1,623,758	1,290,129	333,629
Youth Community Services	29,877,061	24,931,856	4,945,205
Review of Death of Children	281,701	17,425	264,276
Nevada Youth Training Center	8,249,557	7,775,949	473,608
Juvenile Accountability Block	2,181,668	1,388,131	793,537
Youth Corrections Services	5,073,721	4,492,481	581,240
Child Abuse & Neglect	349,287	312,667	36,620
Farm Account-Youth Training Center	29,049	7,570	21,479
No NV Child & Adolescent Services	6,406,957	6,334,331	72,626
So NV Child & Adolescent Services	19,481,902	18,761,587	720,315
<b>Employment, Training &amp; Rehabilitation</b>			
Developmental Disabilities	723,583	496,541	227,042
Blind Business Enterprise	3,367,848	1,091,961	2,275,887
Services to the Blind	5,044,294	3,841,407	1,202,887
Client Assistance Program	162,041	130,582	31,459
Vocational Rehabilitation	18,234,726	13,493,838	4,740,888
Community Based Services	9,106,009	5,536,964	3,569,045
Rehabilitation Administration	482,631	408,133	74,498
Disability Adjudication	11,280,440	9,619,137	1,661,303
Gov Committee to Employ People with Disabilities	295,187	209,429	85,758
Office of Equal Rights	1,872,190	1,534,885	337,305
DETR Admin Services	3,920,110	3,411,316	508,794
Research & Analysis	4,383,914	3,395,706	988,208
Information Development & Processing	7,236,263	6,416,624	819,639



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

### All General Fund Budgets

For the Fiscal Year Ended June 30, 2005

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	Final Budget	Actual	Variance
<b>Other Human Services</b>			
Public Defender	\$ 2,312,840	\$ 2,195,370	\$ 117,470
Indian Commission	145,115	116,823	28,292
	<u>2,261,152,290</u>	<u>2,097,789,273</u>	<u>163,363,017</u>
<b>Commerce &amp; Industry</b>			
<b>Economic Development &amp; Tourism</b>			
Commission On Economic Development	4,121,712	3,857,015	264,697
Motion Pictures	890,987	864,993	25,994
Rural Community Development	6,465,877	3,030,454	3,435,423
Small Business & Procurement	566,043	483,575	82,468
<b>Minerals</b>			
Minerals	1,667,636	1,014,732	652,904
Bond Reclamation	1,642,449	11,865	1,630,584
<b>Agriculture</b>			
Nevada Beef Council	308,721	267,153	41,568
Gas Pollution Standards	473,884	382,878	91,006
Plant Industry	2,220,885	1,947,438	273,447
Grade & Cert Agricultural Production	496,927	179,147	317,780
Garlic & Onion Research Promotion	115,198	14,975	100,223
Agricultural Registration/Enforcement	1,761,653	1,196,733	564,920
Livestock Inspection	1,579,778	1,150,219	429,559
Marijuana Health Registry	74,254	52,783	21,471
Agriculture License Plates	32,928	15,000	17,928
Veterinary Medical Services	1,797,152	1,445,028	352,124
Weights & Measures	1,651,272	1,350,495	300,777
Insect Abatement	1,123,662	650,113	473,549
Agriculture Administration	1,191,061	1,061,396	129,665
Rangeland Resources Commission	251,393	140,464	110,929
Rangeland Morman Cricket	4,921,323	955,091	3,966,232
Predatory Animal/Rodent Control	1,121,870	1,053,433	68,437
Nevada Jr Livestock Show Board	35,067	34,512	555
<b>Gaming Control</b>			
Gaming Control Board	37,049,700	36,284,816	764,884
Gaming Control Federal Forfeiture	811,924	132,701	679,223
Gaming Control-Forfeiture Account	554,323	969	553,354
Federal Forfeiture Treasury	225,127	-	225,127
Gaming Commission	408,151	372,982	35,169
<b>Business &amp; Industry</b>			
Business & Industry Administration	1,035,139	1,023,087	12,052
Industrial Development Bond	1,251,056	163,805	1,087,251
Insurance Regulation	5,745,403	5,466,843	278,560
Captive Insurers	264,415	114,827	149,588
Insurance Recovery	648,603	608,603	40,000
Insurance Education & Research	1,418,352	478,767	939,585
NAIC Fees	63,848	32,875	30,973
Insurance Cost Stabilization	276,525	158,696	117,829
Consumer Affairs Restitution	142,610	71,423	71,187
Consumer Affairs Recovery Acct	79,760	600	79,160
Consumer Affairs	1,337,563	1,327,658	9,905
Low Income Housing Trust Fund	29,271,945	6,920,057	22,351,888
DOE Weatherization	4,626,670	3,472,684	1,153,986
Employee Management Relations	171,179	167,930	3,249
Common Interest Communities	3,211,402	924,169	2,287,233
Real Estate	3,907,621	3,508,763	398,858
Athletic Commission	603,054	478,378	124,676
Labor Relations	1,357,459	1,226,467	130,992
Division of Mortgage Lending	6,237,958	2,238,123	3,999,835
Attorney For Injured Workers	2,905,944	2,653,623	252,321
Financial Institutions Investigation	899,025	72,821	826,204
Financial Institutions	2,866,486	1,653,026	1,213,460
Financial Institutions Audit	104,949	82,398	22,551
	<u>141,987,923</u>	<u>90,796,583</u>	<u>51,191,340</u>

	Final Budget	Actual	Variance
<b>Public Safety</b>			
<b>Corrections</b>			
Prison Medical Care	\$ 32,531,171	\$ 32,469,781	\$ 61,390
Corrections Administration	16,194,878	13,617,829	2,577,049
Correctional Programs	6,919,210	5,517,164	1,402,046
So Nevada Correctional Center	484,728	443,722	41,006
Warm Springs Correctional Center	5,818,365	5,654,322	164,043
No Nevada Correctional Center	19,362,979	19,187,364	175,615
Nevada State Prison	14,922,733	14,768,061	154,672
Stewart Conservation Camp	1,501,521	1,471,223	30,298
Pioche Conservation Camp	1,370,517	1,313,278	57,239
Restitution Center - North	1,031,845	900,463	131,382
Indian Springs Conservation Camp	1,749,475	1,739,187	10,288
So Desert Correctional Center	16,365,490	16,183,402	182,088
Wells Conservation Camp	1,094,170	1,083,677	10,493
Humboldt Conservation Camp	1,092,728	1,070,361	22,367
Ely Conservation Camp	1,131,839	1,112,761	19,078
Jean Conservation Camp	1,413,586	1,371,389	42,197
Silver Springs Conservation Camp	1,076,931	1,042,367	34,564
Ely State Prison	23,432,795	23,236,358	196,437
Carlin Conservation Camp	1,107,139	1,084,136	23,003
Tonopah Conservation Camp	1,028,379	1,003,552	24,827
Lovelock Correctional Center	20,225,735	19,858,901	366,834
Southern Nevada Women's Prison	10,576,376	10,491,830	84,546
High Desert State Prison	35,040,204	28,171,552	6,868,652
<b>Public Safety</b>			
Peace Officers Standards & Training	1,629,700	1,508,579	121,121
NV Police Corps Program	902,078	369,393	532,685
FEMA #1153 Dr - NV	766,671	-	766,671
Emergency Management Division	124,664,924	50,444,469	74,220,455
Clark County Flood Relief	13,245,891	-	13,245,891
Parole & Probation	35,131,123	33,219,872	1,911,251
Investigations	5,929,668	5,741,924	187,744
Narcotics Control	1,835,587	1,668,892	166,695
Parolee Loan Account	4,500	-	4,500
Training Division	996,343	901,954	94,389
Parole Board	1,240,189	1,228,170	12,019
Fire Marshal	3,723,809	3,186,093	537,716
Traffic Safety	4,444,117	2,430,361	2,013,756
Highway Safety Plan & Administration	1,544,329	1,150,150	394,179
Forfeitures	1,601,976	569,977	1,031,999
Justice Assistance Account	25,286,205	13,272,860	12,013,345
Criminal History Repository	15,609,184	10,836,186	4,772,998
Child Volunteer Background Checks Trust	1,519	1,434	85
Contingency Account for Haz Mat	286,572	-	286,572
PS Justice Grant	542,266	485,388	56,878
Dignitary Protection	741,745	702,240	39,505
<b>Motor Vehicles</b>			
Salvage/Wreckers/Body Shops	945,300	304,890	640,410
Motor Vehicle Pollution Control	10,437,965	9,104,508	1,333,457
	466,984,455	339,920,020	127,064,435
<b>Infrastructure</b>			
<b>Conservation &amp; Natural Resources</b>			
State Environmental Commission	40,268	29,692	10,576
Natural Resources Administration	1,623,516	1,081,238	542,278
Water Resources Legal Cost	660,147	95,025	565,122
Tahoe Regional Planning Agency	8,472,727	1,750,438	6,722,289
Mining Cooperative Fund	129,747	100,000	29,747
Conservation Districts	404,451	386,812	17,639
Habitat Mitigation	809,661	44,953	764,708
Wildlife	25,444,062	21,193,413	4,250,649
Wildlife - Trout Management	21,171,823	7,925,686	13,246,137

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

For the Fiscal Year Ended June 30, 2005

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	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>
Wildlife - Boating Program	\$ 5,854,373	\$ 4,651,987	\$ 1,202,386
Wildlife Heritage	4,542,413	48,439	4,493,974
Wildlife Obligated Reserve	6,953,409	1,899,583	5,053,826
Parks Federal Grant Programs	5,319,686	1,619,333	3,700,353
State Parks	10,727,768	9,274,628	1,453,140
Maintenance of State Parks	1,643,839	275,522	1,368,317
Coyote Springs Groundwater Basin	22,224	2,585	19,639
Flood Control Revenue Fund	252,717	-	252,717
USGS Co-op	1,068,164	759,170	308,994
Groundwater Recharge Projects	211,131	55,416	155,715
Water Right Surveyors	55,746	2,758	52,988
Well Driller's Licenses	73,179	29,822	43,357
Water Resources	5,155,821	4,803,857	351,964
State Engineer Revenue	156,345	78,711	77,634
Little Humboldt River	194,007	14,345	179,662
Quinn River Distribution	29,162	3,251	25,911
Adjudication Emergency	16,000	-	16,000
Steptoe Valley Water Basin	14,351	3,850	10,501
Diamond Valley Ground Water	16,043	6,589	9,454
Dixie Creek/10 Mi Ground Water	3,000	-	3,000
Churchill Valley Ground Water	3,000	-	3,000
Colorado River Valley	25,799	111	25,688
Washoe Valley Ground Water	3,000	-	3,000
Las Vegas Basin Water Dist	3,482,796	698,261	2,784,535
Muddy River Surface Water	24,800	8,803	15,997
Flood Repairs & Disaster Relief	50,000	-	50,000
Channel Clearance	289,007	-	289,007
Pahranagat Lake	70,855	24,509	46,346
Pahrump Artesian Basin	64,708	22,476	42,232
Boulder Flat Ground Water	59,352	4,458	54,894
Dayton Valley Ground Water	3,000	-	3,000
Mason Valley Ground Water	63,064	15,151	47,913
Humboldt Water District	323,969	169,991	153,978
Water District Revenue Fund	30,000	-	30,000
Smith Valley Artesian Basin	37,177	19,226	17,951
Currant Creek	5,705	35	5,670
Duckwater Creek	20,960	9,814	11,146
Paradise Valley Ground Water	21,848	6,748	15,100
Upper White River	15,199	4	15,195
Muddy River Springs	37,626	5,013	32,613
Kingston Creek	3,409	239	3,170
Warm Springs/Winnemucca Creek	36,483	5,781	30,702
Eagle Valley	53,350	9,483	43,867
Carson Valley Ground Water	48,101	7,237	40,864
Fish Lake Valley Artesian	12,455	5,068	7,387
Carico Creek	443	-	443
Lemmon Valley	77,284	11,961	65,323
Truckee Meadows/Sun Valley	95,156	27,792	67,364
Antelope Middle Reese River	26,882	987	25,895
Warm Springs Ground Water	27,955	1,561	26,394
Honey Lake Valley	17,424	502	16,922
Whirlwind Valley	13,110	402	12,708
Crescent Water Groundwater	14,613	508	14,105
Pumpnickel Valley	117	-	117
Clovers Area Groundwater	29,356	2,118	27,238
Cold Springs Valley	17,426	1,278	16,148
Imlay Ground Water	22,573	145	22,428
Kelly Creek Ground Water	29,940	1,431	28,509
Lower Reese River Valley	48,849	1,162	47,687
Maggie Creek	44,308	1,785	42,523
North Fork Ground Water	13,876	232	13,644
Pleasant Valley	8,613	1,081	7,532
Forestry	14,296,713	8,849,703	5,447,010

	Final Budget	Actual	Variance
Forest Fire Suppression/Emergency Response	\$ 19,806,267	\$ 11,030,245	\$ 8,776,022
Forestry Honor Camps	10,553,704	8,906,343	1,647,361
Forestry Inter-Gov Agreements	9,940,348	7,236,548	2,703,800
Tahoe License Plates	1,998,283	725,189	1,273,094
Mt. Charleston License Plates	124,365	-	124,365
Nevada Tahoe Regional Planning	474	306	168
State Lands	1,652,404	1,483,132	169,272
State Lands Revolving Account	34,781	2,824	31,957
Tahoe Bond Sale	465,392	24,469	440,923
Tahoe Mitigation	2,158,848	40,728	2,118,120
Nevada Natural Heritage	762,945	622,041	140,904
AB9/Q1 Bonds	100,876,908	22,441,301	78,435,607
Storage Tank Management	807,688	-	807,688
Environmental Protection Administration	4,616,814	3,328,456	1,288,358
Chemical Hazard Prevention	608,175	240,594	367,581
Reclamation Surety Account	367,383	-	367,383
Air Quality Management Account	4,096,891	1,762,040	2,334,851
Air Quality	4,954,412	4,071,411	883,001
Bureau of Water	8,366,392	3,689,868	4,676,524
Water Quality Planning	7,961,855	3,468,306	4,493,549
Waste Management & Fed Facilities	13,266,254	8,309,658	4,956,596
Mining Regulation/Reclamation	4,296,516	1,954,745	2,341,771
Interim Fluid Management Trust	2,119,153	535	2,118,618
Bureau - Federal Facilities	2,090,428	1,381,821	708,607
Hazardous Waste Management	22,901,988	3,749,283	19,152,705
Hazardous Waste - Beatty Site	7,541,936	-	7,541,936
Water Planning - Capital Improvement	204,275	170,556	33,719
	353,210,960	150,692,558	202,518,402
<b>Special Purpose Agencies</b>			
<b>Military</b>			
Veterans' Affairs	1,539,649	1,514,745	24,904
Veterans' Home Account	12,590,370	11,376,510	1,213,860
Veterans' Gifts And Donations	245,261	58,986	186,275
Veterans' Home Donation	45,486	29,256	16,230
Military	8,909,271	7,612,838	1,296,433
Adjutant General Construction	36,265	197	36,068
National Guard Benefits	104,572	21,806	82,766
<b>Civil Air Patrol</b>	134,448	58,225	76,223
	23,605,322	20,672,563	2,932,759
<b>Appropriated Transfers to Other Funds</b>			
Legislative Fund	42,362,497	42,362,497	-
Contingency Fund	33,996,288	33,996,288	-
Attorney General Fund - Consumer Advocate	1,221,264	1,221,264	-
Stabilize the Operations of State Government	122,395,129	122,395,129	-
Highway Fund	59,371	59,371	-
Millennium Scholarship Fund	35,000,000	35,000,000	-
Healthy Nevada Fund	2,128,180	2,128,180	-
WICHE Loan and Stipend Fund	797,557	797,557	-
Capital Project Funds	30,172,106	30,172,106	-
Internal Service Funds	1,646,724	1,646,724	-
	269,779,116	269,779,116	-
<b>Reversions to Other Funds</b>			
Reversion to Highway Fund	-	103,978	(103,978)
Reversion to Workers' Comp & Safety Fund	-	918,673	(918,673)
Reversion to Cleaning Up Petroleum Discharges Fund	-	1,140	(1,140)
Reversion to Legislative Fund	-	2,734	(2,734)
Reversion to Contingency Fund	-	524,428	(524,428)
	-	1,550,953	(1,550,953)
	(221,718,310)	-	(221,718,310)
<b>Projected Reversions</b>			
Total General Fund	\$ 6,005,530,995	\$ 5,015,716,102	\$ 989,814,893

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

## All Special Revenue Fund Budgets

For the Fiscal Year Ended June 30, 2005

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	Final Budget	Actual	Variance
<b>State Highway</b>			
<b>Finance &amp; Administration</b>			
Unbudgeted Activity	\$ -	\$ 125,916	\$ (125,916)
Appropriations to Other Funds	17,273,485	17,273,484	1
<b>Infrastructure</b>			
Transportation Administration	749,529,256	518,774,552	230,754,704
Bond Construction	194,103,007	175,489,714	18,613,293
<b>Public Safety</b>			
Aviation Trust Fund	51,000	-	51,000
Bicycle Safety Program	193,242	134,254	58,988
Motorcycle Safety Program	613,150	336,388	276,762
Director's Office - Public Safety	2,381,125	2,266,372	114,753
Internal Affairs	339,888	311,291	28,597
Records Search	9,795,047	9,704,402	90,645
Highway Patrol	56,513,693	53,779,884	2,733,809
Administrative Services	1,491,529	1,291,388	200,141
DMV Motor Vehicle Info Technology	8,461,814	7,518,964	942,850
Motor Carrier	4,135,447	3,833,739	301,708
PS Highway Safety Grants Account	2,724,679	1,437,433	1,287,246
Emergency Response Commission	2,039,668	1,119,315	920,353
Public Safety One Shots	1,290,113	1,263,442	26,671
Verification of Insurance	2,505,560	1,916,882	588,678
Hearings - DMV & PS	979,398	964,202	15,196
Public Safety Technology Division	6,515,106	6,325,574	189,532
DMV Field Services	44,228,935	36,754,236	7,474,699
Compliance Enforcement	3,148,451	2,937,777	210,674
Central Services	12,247,262	11,457,667	789,595
Management Services	2,362,804	2,285,791	77,013
Director's Office - DMV	5,452,342	4,494,783	957,559
Administrative Services	11,128,744	8,725,653	2,403,091
<b>Debt Service Transfers</b>			
Debt Service	55,027,151	55,027,151	-
<b>Total</b>	<b>1,194,531,896</b>	<b>925,550,254</b>	<b>268,981,642</b>
<b>Municipal Bond Bank</b>			
<b>Constitutional Agencies</b>			
Municipal Bond Bank Revenue	88,155,137	88,155,072	65
<b>Commerce &amp; Industry</b>			
Water Projects Interest/Redemption	583,259	2,349	580,910
<b>Total</b>	<b>88,738,396</b>	<b>88,157,421</b>	<b>580,975</b>
<b>Stabilize the Operations of State Government</b>			
<b>Constitutional Agencies</b>			
Disaster Relief	8,670,673	2,554,913	6,115,760
Emergency Assistance	1,354,219	346,145	1,008,074
<b>Total</b>	<b>10,024,892</b>	<b>2,901,058</b>	<b>7,123,834</b>
<b>School Improvement</b>			
<b>Special Projects</b>			
School Improvement	16,525,566	10,401,034	6,124,532
<b>Total</b>	<b>16,525,566</b>	<b>10,401,034</b>	<b>6,124,532</b>
<b>Employment Security</b>			
<b>Human Services</b>			
Claimant Employment Program	16,153,118	9,558,191	6,594,927
Employment Security	66,159,233	56,715,062	9,444,171
Employment Security Special Fund	26,839,332	3,512,622	23,326,710
<b>Total</b>	<b>109,151,683</b>	<b>69,785,875</b>	<b>39,365,808</b>
<b>Regulatory</b>			
<b>Commerce &amp; Industry</b>			
Manufactured Housing	2,042,862	1,098,863	943,999
Real Estate Education & Research	1,111,674	420,092	691,582
Real Estate Recovery	712,065	10,000	702,065
Mobile Home Parks	330,887	128,350	202,537
Mfg Housing-Education/Recovery	574,701	93,790	480,911

	Final Budget	Actual	Variance
Regulatory Fund	\$ 12,000,946	\$ 8,432,100	\$ 3,568,846
Administrative Fines	109,000	90,150	18,850
Transportation Services Authority	2,369,396	2,354,307	15,089
TSA Administrative Fines	416,505	186,966	229,539
Taxicab Authority	6,966,000	5,145,548	1,820,452
Dairy Commission	2,002,762	1,284,086	718,676
<b>Total</b>	<b>28,636,798</b>	<b>19,244,252</b>	<b>9,392,546</b>
<b>Legislative</b>			
<b>Constitutional Agencies</b>			
Nevada Legislative Interim	473,530	443,079	30,451
Legislative Counsel Bureau	46,952,971	39,091,510	7,861,461
Audit Contingency Account	192,050	192,050	-
<b>Total</b>	<b>47,618,551</b>	<b>39,726,639</b>	<b>7,891,912</b>
<b>Higher Education Capital Construction</b>			
<b>Finance &amp; Administration</b>			
Higher Education Capital Construction	-	5,000,000	(5,000,000)
Higher Education Special Construction	42,295,159	10,406,658	31,888,501
<b>Total</b>	<b>42,295,159</b>	<b>15,406,658</b>	<b>26,888,501</b>
<b>Cleaning Up Petroleum Discharges</b>			
<b>Infrastructure</b>			
Petroleum Clean-Up Trust Fund	21,075,304	7,308,534	13,766,770
<b>Total</b>	<b>21,075,304</b>	<b>7,308,534</b>	<b>13,766,770</b>
<b>Hospital Care to Indigent Persons</b>			
<b>Finance &amp; Administration</b>			
Supplemental Fund - Indigents	7,220,181	7,006,115	214,066
Indigent Accident Account	17,500,975	9,066,935	8,434,040
<b>Total</b>	<b>24,721,156</b>	<b>16,073,050</b>	<b>8,648,106</b>
<b>Tourism Promotion</b>			
<b>Commerce &amp; Industry</b>			
Tourism Development	893,741	196,988	696,753
Commission on Tourism	17,714,557	13,322,446	4,392,111
<b>Total</b>	<b>18,608,298</b>	<b>13,519,434</b>	<b>5,088,864</b>
<b>Offenders' Store</b>			
<b>Public Safety</b>			
Offenders' Store Fund	14,256,957	12,142,261	2,114,696
Inmate Welfare Account	4,431,251	3,421,455	1,009,796
<b>Total</b>	<b>18,688,208</b>	<b>15,563,716</b>	<b>3,124,492</b>
<b>Tobacco Settlement</b>			
<b>Constitutional Agencies</b>			
Millennium Scholarship Fund	68,028,114	29,979,850	38,048,264
Millennium Scholarship Administration	325,732	301,781	23,951
Trust Fund for Healthy Nevada	52,754,460	22,489,807	30,264,653
Trust Fund for Public Health	25,638,899	501,885	25,137,014
<b>Human Services</b>			
Healthy Nevada Fund	10,101,530	7,050,859	3,050,671
Public Health Tobacco Fund	657,986	501,885	156,101
Healthy Nevada Fund Administration	19,749,483	17,563,125	2,186,358
<b>Total</b>	<b>177,256,204</b>	<b>78,389,192</b>	<b>98,867,012</b>
<b>Contingency</b>			
<b>Constitutional Agencies</b>			
Interim Finance Committee	51,578,222	34,079,214	17,499,008
<b>Total</b>	<b>51,578,222</b>	<b>34,079,214</b>	<b>17,499,008</b>
<b>Care of Sites for Radioactive Waste Disposal</b>			
<b>Human Services</b>			
Radioactive Material Disposal	11,861,151	261,295	11,599,856
<b>Total</b>	<b>11,861,151</b>	<b>261,295</b>	<b>11,599,856</b>

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

State  
of  
Nevada

For the Fiscal Year Ended June 30, 2005

Page 3 of 3

	Final Budget	Actual	Variance
<b>Gift</b>			
<b>Education</b>			
Education Gift Fund	\$ 18,480	\$ 500	\$ 17,980
Library & Archives Gift Fund	202,250	161,600	40,650
<b>Human Services</b>			
RRC Gift Fund	12,000	-	12,000
SNAMHS Gift Fund	17,355	1,990	15,365
Settlement Funds	170,927	7,742	163,185
Health Division Gifts	71,031	1,702	69,329
Transition from Foster Care	3,707,119	1,621,599	2,085,520
Aging Services Gift	11,500	-	11,500
Summit View Commissary	17,660	9,528	8,132
Disability Services Gift	30	-	30
CBS Washoe Gift Fund	15,443	1,116	14,327
Indian Commission Gift Acct	8,664	-	8,664
Hospital Gift Fund	267,700	5,654	262,046
NNMRS Gift Fund	9,630	-	9,630
Blind Gift Fund	99,100	-	99,100
Welfare Gift Fund	9,887	-	9,887
Rehabilitation Gift Fund	5,460	-	5,460
Henry Woods Christmas Fund	7,728	-	7,728
Nevada Children's Gift Account	501,454	-	501,454
CYC Gift Fund	8,349	-	8,349
Youth Training Center Gift Fund	20,940	-	20,940
People with Disabilities	36,997	500	36,497
DRC Gift Fund	15,154	711	14,443
<b>Infrastructure</b>			
Heil Wild Horse Bequest	721,425	90,255	631,170
Park Gift & Grants	338,826	79,389	259,437
<b>Total</b>	<b>6,295,109</b>	<b>1,982,286</b>	<b>4,312,823</b>
<b>Natural Resources</b>			
<b>Infrastructure</b>			
Grants To Water Purveyors	11,116,184	9,125,191	1,990,993
Erosion Control Bond Q12	4,980,190	1,077,317	3,902,873
Protect Lake Tahoe	17,267,354	5,771,792	11,495,562
<b>Total</b>	<b>33,363,728</b>	<b>15,974,300</b>	<b>17,389,428</b>
<b>Miscellaneous</b>			
<b>Constitutional Agencies</b>			
Private Investigators Licensing Board	812,815	378,869	433,946
Renew Energy & Energy Conservation	137,840	104,339	33,501
Racketeering-Prosecution Account	125	-	125
Consumer Advocate	4,485,374	3,350,265	1,135,109
Unfair Trade Practices	475,817	25,467	450,350
Anatomical Gift Account	107,949	32,244	75,705
<b>Commerce &amp; Industry</b>			
Lot Rent Trust Subsidy	433,365	381,260	52,105
Rural Rehabilitation Trust	223,455	9,175	214,280
<b>Education</b>			
Museums & History Trust Fund	339,262	-	339,262
Museums & History Board Trust	16,523	15,315	1,208
Museums Administrator Trust	33,516	22,342	11,174
Nevada Historical Society Trust	266,460	156,714	109,746
Nevada State Museum Trust	672,943	409,108	263,835
Nevada Railroad Museum Trust	353,607	265,354	88,253
Lost City Museum Trust	169,984	125,920	44,064
Las Vegas Museum and Trust	101,566	48,377	53,189
<b>Finance &amp; Administration</b>			
Public Works Inspection	4,784,712	4,547,874	236,838
Public Works Retention Payment	200,000	85,840	114,160
Victims of Crime	9,237,958	7,973,175	1,264,783
<b>Total</b>	<b>22,853,271</b>	<b>17,931,638</b>	<b>4,921,633</b>
<b>Total Special Revenue Funds</b>	<b>\$ 1,923,823,592</b>	<b>\$ 1,372,255,850</b>	<b>\$ 551,567,742</b>





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

For the Fiscal Year Ended June 30, 2005

	Final Budget	Actual	Variance	Final Budget	Actual	Variance
	School Improvement			Employment Security		
Fund balances, July 1	\$ -	\$ -	\$ -	\$ 16,370,587	\$ 16,370,587	\$ -
<b>Revenues:</b>						
Federal	-	-	-	77,872,798	56,216,611	(21,656,187)
Other taxes	16,125,566	10,258,020	(5,867,546)	-	-	-
Sales and charges for services	-	-	-	667,188	503,705	(163,483)
Licenses, fees and permits	-	-	-	371,453	354,580	(16,873)
Interest	400,000	143,014	(256,986)	604,310	317,597	(286,713)
Other	-	-	-	12,030,000	11,425,682	(604,318)
<b>Other financing sources:</b>						
Transfer from other funds	-	-	-	1,235,347	836,966	(398,381)
<b>Total sources</b>	<u>\$ 16,525,566</u>	<u>\$ 10,401,034</u>	<u>\$ (6,124,532)</u>	<u>\$ 109,151,683</u>	<u>\$ 86,025,728</u>	<u>\$ (23,125,955)</u>
	Regulatory			Legislative		
Fund balances, July 1	\$ 8,151,276	\$ 8,151,276	\$ -	\$ 3,858,260	\$ 3,858,260	\$ -
<b>Revenues:</b>						
Federal	206,247	272,868	66,621	-	-	-
Other taxes	8,381,682	8,199,575	(182,107)	-	-	-
Sales, charges for services	5,050,856	5,044,582	(6,274)	400,000	370,714	(29,286)
Licenses, fees and permits	3,617,062	3,546,637	(70,425)	75,000	64,160	(10,840)
Interest	48,318	56,280	7,962	-	-	-
Other	580,540	546,333	(34,207)	182,000	271,436	89,436
<b>Other financing sources:</b>						
Transfer from other funds	2,600,817	2,286,858	(313,959)	43,103,291	42,992,872	(110,419)
<b>Total sources</b>	<u>\$ 28,636,798</u>	<u>\$ 28,104,409</u>	<u>\$ (532,389)</u>	<u>\$ 47,618,551</u>	<u>\$ 47,557,442</u>	<u>\$ (61,109)</u>
	Higher Education Capital Construction			Cleaning Up Petroleum Discharges		
Fund balances, July 1	\$ 12,295,159	\$ 12,295,159	\$ -	\$ 7,295,715	\$ 7,295,715	\$ -
<b>Revenues:</b>						
Gaming taxes, fees, licenses	15,440,943	15,440,943	-	-	-	-
Other taxes	-	-	-	12,679,564	12,518,820	(160,744)
Sales, charges for services	-	-	-	25	25	-
Licenses, fees and permits	-	-	-	550,000	421,600	(128,400)
Interest	-	-	-	450,000	202,112	(247,888)
Other	-	-	-	100,000	4,000	(96,000)
<b>Other financing sources:</b>						
Transfer from other funds	-	-	-	-	1,140	1,140
<b>Total sources</b>	<u>\$ 27,736,102</u>	<u>\$ 27,736,102</u>	<u>\$ -</u>	<u>\$ 21,075,304</u>	<u>\$ 20,443,412</u>	<u>\$ (631,892)</u>
	Hospital Care to Indigent Persons			Tourism Promotion		
Fund balances, July 1	\$ 9,168,035	\$ 9,168,035	\$ -	\$ 3,344,367	\$ 3,344,367	\$ -
<b>Revenues:</b>						
Other taxes	14,620,058	17,230,622	2,610,564	15,134,104	15,134,104	-
Sales, charges for services	-	-	-	20,000	-	(20,000)
Licenses, fees and permits	-	-	-	66,863	66,863	-
Interest	597,246	298,712	(298,534)	25,000	18,162	(6,838)
Other	335,817	207,976	(127,841)	10,000	-	(10,000)
<b>Other financing sources:</b>						
Transfer from other funds	-	-	-	-	7,964	7,964
<b>Total sources</b>	<u>\$ 24,721,156</u>	<u>\$ 26,905,345</u>	<u>\$ 2,184,189</u>	<u>\$ 18,600,334</u>	<u>\$ 18,571,460</u>	<u>\$ (28,874)</u>

	Final Budget	Actual	Variance	Final Budget	Actual	Variance
	Offenders' Store			Tobacco Settlement		
Fund balances, July 1	\$ 2,420,592	\$ 2,420,592	\$ -	\$ 71,257,282	\$ 71,257,282	\$ -
<b>Revenues:</b>						
Federal	-	-	-	408,581	44,349	(364,232)
Sales, charges for services	12,565,667	12,138,984	(426,683)	-	-	-
Interest	211,908	131,552	(80,356)	1,252,405	1,250,809	(1,596)
Other	312,886	320,020	7,134	38,911,786	39,117,110	205,324
<b>Other financing sources:</b>						
Transfer from other funds	3,177,155	3,177,155	-	65,426,150	60,131,175	(5,294,975)
<b>Total sources</b>	<u>\$ 18,688,208</u>	<u>\$ 18,188,303</u>	<u>\$ (499,905)</u>	<u>\$ 177,256,204</u>	<u>\$ 171,800,725</u>	<u>\$ (5,455,479)</u>
	Contingency			Care of Sites for Radioactive Waste Disposal		
Fund balances, July 1	\$ 15,588,424	\$ 15,588,424	\$ -	\$ 11,349,665	\$ 11,349,665	\$ -
<b>Revenues:</b>						
Licenses, fees and permits	-	-	-	88,509	139,680	51,171
Interest	-	-	-	422,977	253,007	(169,970)
<b>Other financing sources:</b>						
Transfer from other funds	35,989,798	35,736,074	(253,724)	-	-	-
<b>Total sources</b>	<u>\$ 51,578,222</u>	<u>\$ 51,324,498</u>	<u>\$ (253,724)</u>	<u>\$ 11,861,151</u>	<u>\$ 11,742,352</u>	<u>\$ (118,799)</u>
	Gift			Natural Resources		
Fund balances, July 1	\$ 4,323,913	\$ 4,323,913	\$ -	\$ 8,908,287	\$ 8,908,287	\$ -
<b>Revenues:</b>						
Sales, charges for services	12,480	9,555	(2,925)	-	-	-
Licenses, fees, permits	1,427,343	1,426,431	(912)	-	-	-
Interest	128,441	94,866	(33,575)	985,328	569,081	(416,247)
Other	397,932	203,805	(194,127)	33,000	33,601	601
<b>Other financing sources:</b>						
Proceeds from sale of bonds	-	-	-	23,437,113	23,437,111	(2)
Transfers from other funds	5,000	2,178	(2,822)	-	-	-
<b>Total sources</b>	<u>\$ 6,295,109</u>	<u>\$ 6,060,748</u>	<u>\$ (234,361)</u>	<u>\$ 33,363,728</u>	<u>\$ 32,948,080</u>	<u>\$ (415,648)</u>
	Miscellaneous			Total Nonmajor Special Revenue Funds		
Fund balances, July 1	\$ 3,024,913	\$ 3,024,913	\$ -	\$ 177,356,475	\$ 177,356,475	\$ -
<b>Revenues:</b>						
Gaming taxes, fees, licenses	-	-	-	15,440,943	15,440,943	-
Federal	3,225,444	2,896,171	(329,273)	81,713,070	59,429,999	(22,283,071)
Other taxes	2,527,880	2,471,973	(55,907)	69,468,854	65,813,114	(3,655,740)
Sales, charges for services	936,438	777,328	(159,110)	19,652,654	18,844,893	(807,761)
Licenses, fees and permits	7,982,449	7,885,427	(97,022)	14,178,679	13,905,378	(273,301)
Interest	263,801	140,573	(123,228)	5,389,734	3,475,765	(1,913,969)
Other	3,579,047	3,181,779	(397,268)	56,473,008	55,311,742	(1,161,266)
<b>Other financing sources:</b>						
Proceeds from sale of bonds	-	-	-	23,437,113	23,437,111	(2)
Transfer from other funds	1,313,299	1,313,920	621	152,850,857	146,486,302	(6,364,555)
<b>Total sources</b>	<u>\$ 22,853,271</u>	<u>\$ 21,692,084</u>	<u>\$ (1,161,187)</u>	<u>\$ 615,961,387</u>	<u>\$ 579,501,722</u>	<u>\$ (36,459,665)</u>

# National Championship Air Races

Drawing a record-number crowd of more than 200,000 spectators, the National Championship Air Races in Reno, represents one of the largest aviation events in the Northern Hemisphere. Established in 1964, this four-day event features air races in six different classes, from bi-planes and sport planes, to Formula One aircraft and jets. There is also an unlimited race class, open to stock planes and WWII fighter planes such as the P-51 Mustang and the F-8F Bearcat. In addition to scheduled races, the event also offers an exciting line-up of performers and air demonstrations, including aircraft displays and the U.S. Navy's Blue Angels and U.S. Air Force Thunderbirds.



## Statistical Section



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

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

<b>Expenditures:</b>	<b>1996</b>	<b>1997</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>
General government	\$ 75,770	\$ 101,565	\$ 97,606	\$ 111,116	\$ 103,360
Health, social services	1,061,930	1,090,069	1,179,553	1,236,991	1,353,839
Education and support	290,400	376,864	333,354	444,411	392,642
Law, justice and public safety	256,015	276,275	341,970	338,518	361,041
Regulation of business	58,819	63,730	67,816	82,127	87,057
Transportation	344,183	312,592	331,302	433,118	537,748
Recreation and resource development	80,713	89,011	91,436	85,378	92,140
Intergovernmental	613,244	672,812	767,476	854,172	856,294
Capital improvements	27,932	49,298	46,849	67,327	150,095
Debt service	138,791	151,422	157,868	192,433	183,114
<b>Total expenditures</b>	<b>\$ 2,947,797</b>	<b>\$ 3,183,638</b>	<b>\$ 3,415,230</b>	<b>\$ 3,845,591</b>	<b>\$ 4,117,330</b>

<b>Expenditures:</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>
General government	\$ 112,393	\$ 108,507	\$ 99,406	\$ 121,169	\$ 163,100
Health, social services	1,440,569	1,536,696	1,737,677	1,822,074	2,021,152
Education and support	418,731	1,375,302	1,466,940	1,690,869	1,748,000
Law, justice and public safety	382,316	412,317	428,549	450,956	480,922
Regulation of business	84,553	75,189	78,247	86,396	88,995
Transportation	484,219	418,870	499,450	674,837	691,328
Recreation and resource development	95,657	95,869	99,085	113,081	121,385
Intergovernmental	912,569	93,082	115,989	139,329	197,445
Capital improvements	37,489	18,404	22,294	43,473	88,882
Debt service	200,759	230,261	211,076	248,347	277,164
<b>Total expenditures</b>	<b>\$ 4,169,255</b>	<b>\$ 4,364,497</b>	<b>\$ 4,758,713</b>	<b>\$ 5,390,531</b>	<b>\$ 5,878,373</b>

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

<b>Revenues:</b>	<b>1996</b>	<b>1997</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>
Gaming taxes	\$ 566,834	\$ 566,079	\$ 586,186	\$ 635,264	\$ 707,300
Sales taxes	502,960	554,891	581,991	645,560	672,473
Modified business taxes	-	-	-	-	-
Other taxes	729,808	772,563	815,270	862,477	949,538
Intergovernmental	877,735	908,806	950,533	1,036,944	1,084,235
Licenses, fees and permits	185,375	198,622	204,653	222,274	237,798
Charges for service and sales	41,458	44,885	50,427	55,298	52,378
Interest and investment income	91,595	113,061	164,843	164,919	159,220
Other	42,699	52,396	47,932	45,855	120,877
<b>Other Resources:</b>					
Net proceeds from debt financing	239,531	522,685	26,674	551,221	93,211
Net operating transfers	4,829	3,549	5,990	3,525	5,303
Other	357	3,226	31,196	450	531
<b>Total revenues and other resources</b>	<b>\$ 3,283,181</b>	<b>\$ 3,740,763</b>	<b>\$ 3,465,695</b>	<b>\$ 4,223,787</b>	<b>\$ 4,082,864</b>

<b>Revenues:</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>
Gaming taxes	\$ 724,981	\$ 697,482	\$ 735,652	\$ 834,791	\$ 900,261
Sales taxes	714,249	718,910	756,962	858,866	993,325
Modified business taxes	-	-	-	161,649	226,923
Other taxes	960,301	761,908	793,199	1,016,454	1,136,810
Intergovernmental	1,187,155	1,347,251	1,662,820	1,825,723	1,943,630
Licenses, fees and permits	241,940	270,724	281,165	344,238	377,419
Charges for service and sales	53,049	54,953	58,585	76,173	81,561
Interest and investment income	185,299	124,674	110,011	74,003	120,901
Other	108,086	102,815	114,841	118,101	150,256
<b>Other Resources:</b>					
Net proceeds from debt financing	256,473	114,967	70,521	429,589	325,634
Net operating transfers	7,766	20,464	18,964	16,169	15,307
Other	870	1,539	21,419	1,805	24,463
<b>Total revenues and other resources</b>	<b>\$ 4,440,169</b>	<b>\$ 4,215,687</b>	<b>\$ 4,624,139</b>	<b>\$ 5,757,561</b>	<b>\$ 6,296,490</b>

\* 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**

<b>Fiscal Year Ended June 30</b>	<b>General Fund Expenditures</b>	<b>Unreserved General Fund Balance (1)</b>	<b>"Rainy Day" Fund Balance</b>
1996	\$ 1,792,460	\$ 248,569	\$ 123,392
1997	1,869,807	259,275	128,867
1998	2,097,300	201,857	128,867
1999	2,215,598	171,673	128,867
2000	2,410,399	200,136	147,096
2001	2,550,207	177,685	136,341
2002	2,979,250	7,492	136,341
2003	3,614,491	40,981	1,341
2004	4,003,295	275,586	81,511
2005	4,380,848	474,342	155,704

(1) Fiscal years prior to June 30, 2005 have been restated to conform to the current year presentation in which balances forward (previously classified as reserved) are classified as unreserved.

**Table 4 - State Collected Gaming Taxes and Sales Taxes**

<b>Fiscal Year Ended June 30</b>	<b>Gaming Taxes</b>			<b>Sales Taxes</b>			
	<b>Gross Taxable Gaming Revenues</b>	<b>State Collections Gaming Taxes</b>	<b>State Share Gaming Taxes</b>	<b>Gross Taxable Sales</b>	<b>Gross Sales Tax Revenues</b>	<b>State General Fund Revenues</b>	<b>Sales Taxes Collected for Local Governments</b>
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
2005	10,609,980	904,217	901,525	43,960,514	3,279,621	993,325	2,286,296

Sources: Nevada Gaming Control Board, Department of Taxation

**Table 5 - Average Combined Property Tax Rates and State Levy**

<b>Fiscal Year Ended June 30</b>	<b>Tax Rates Per \$100 of Assessed Value</b>					<b>State Gov't Tax Levy</b>
	<b>Clark County</b>	<b>Washoe County</b>	<b>15 Other Counties</b>	<b>Average County Rate</b>	<b>State Gov't Rate</b>	
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
2006	3.0782	3.5492	3.0112	3.1124	0.1700	145,819,793

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
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
2006	64,498,993	11,979,349	9,298,007	85,776,349	245,075,283

Source: Department of Taxation

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

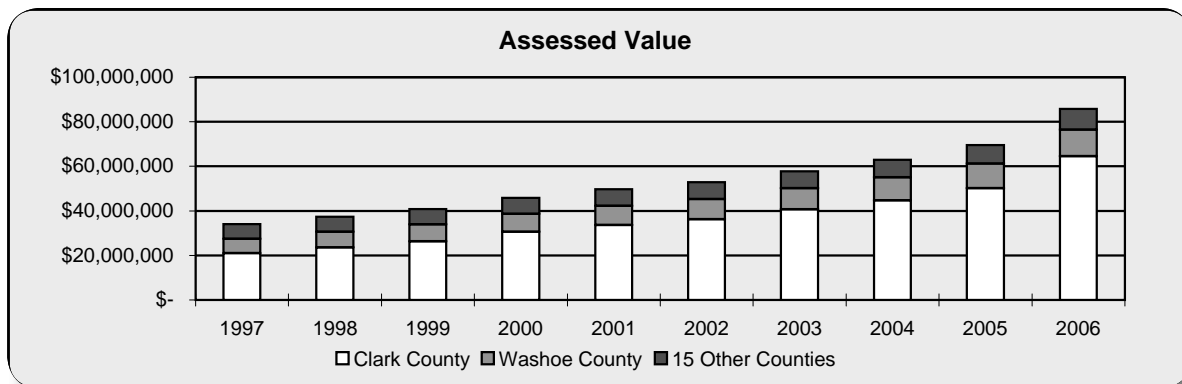


Table 7 - Ten Largest Taxable Property Owners

Taxpayer	FY 2005-2006 Secured Roll Assessed Value	Percentage of Total Assessed Value	
M.G.M. Mirage (Las Vegas)	\$ 1,810,600	2.08	%
Mandalay Resort Group (Las Vegas and Reno)	1,280,813	1.47	
General Growth Properties (Hughes) (Las Vegas)	1,205,889	1.38	
Caesars Entertainment (Las Vegas)	1,020,983	1.17	
Nevada Power Company	608,182	0.70	
Harrah's (Las Vegas, Reno, Lake Tahoe)	505,052	0.58	
Venetian Casino Resort, LLC (Las Vegas)	419,745	0.48	
Boyd/Coast Properties (Las Vegas)	407,435	0.47	
Sierra Pacific Power Company	399,956	0.46	
Pulte Homes (Las Vegas)	331,724	0.38	
<b>Totals</b>	<b>\$ 7,990,379</b>	<b>9.17</b>	<b>%</b>

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
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
2005	1,743,736	944,732	799,004

## Computation of Legal Debt Margin at June 30, 2005:

Assessed value of taxable property at June 30, 2005 (1)	\$ 87,186,787
Debt limitation (2% of assessed value)	\$ 1,743,736
<b>Total general and special obligation bonded debt</b>	<b>\$ 2,674,738</b>
Leases	7,712
Certificates of participation	56,400
<i>Less obligations exempt from debt margin:</i>	
Municipal bond bank bonds	(1,015,225)
Special obligation bonds	(380,945)
Protection of natural resources bonds	(350,178)
Leases - Internal service funds	(3,785)
Lease revenue certificates of participation	(43,985)
<b>Debt subject to debt limitation</b>	<b>944,732</b>
<b>Legal debt margin at June 30, 2005</b>	<b>\$ 799,004</b>

(1) Assessed value includes redevelopment assessed value of \$1,410,438

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 %
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
2005	103,245	116,095	219,340	5,878,373	3.73

(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.



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

**Table 10 - Highway Improvement Revenue (Motor Vehicle Fuel Tax) Bond Coverage**

Fiscal Year Ended June 30	Gross Resources (2)	Uses	Net Resources Available for Debt Service	Debt Service Requirements (1)			Coverage %
				Principal	Interest	Total	
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)
2005	912,649	854,835	57,814	30,665	18,719	49,384	1.17

**Table 11 - 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	
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
2005	251,806	9,512	242,294	155,791	42,298	198,089	1.22

**Table 12 - 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	
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
2005	148,808 (6)	134,866	13,942	1,225	6,128	7,353	1.90

(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 13 - Ratio of General Obligation Bonded Debt to Assessed Value and Net General Obligation Bonded Debt Per Capita***For the Last Ten Fiscal Years (Expressed in Thousands)*

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
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
2005	2,448	85,776,349	2,426,998	74,177	1,377,345	975,476	1.14	398

(1) Excludes redevelopment agency valuations.

(2) 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.

**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
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
2004	29,404	30,964	30,177	103	16

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

(Unaudited)

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
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
2005	1,751,608	385,887	310,706	2,448,201

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.

Table 16 - Public School Enrollment

For the Last Ten Fiscal Years

Grades	Fall Enrollment									
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Primary (K - 6)	164,654	173,618	181,612	189,755	198,863	207,039	211,260	217,488	223,973	229,419
Secondary (7 - 12)	117,477	123,003	129,451	135,855	141,843	149,775	158,225	167,926	177,245	183,833
<b>Total</b>	<b>282,131</b>	<b>296,621</b>	<b>311,063</b>	<b>325,610</b>	<b>340,706</b>	<b>356,814</b>	<b>369,485</b>	<b>385,414</b>	<b>401,218</b>	<b>413,252</b>
<b>County</b>										
Clark	179,106	190,822	203,777	217,526	231,655	245,659	255,316	270,529	283,235	293,961
Washoe	49,671	51,205	52,652	54,508	56,268	58,532	58,908	62,103	63,698	64,199
All Others	53,354	54,594	54,634	53,576	52,783	52,623	55,261	52,782	54,285	55,092
<b>Total</b>	<b>282,131</b>	<b>296,621</b>	<b>311,063</b>	<b>325,610</b>	<b>340,706</b>	<b>356,814</b>	<b>369,485</b>	<b>385,414</b>	<b>401,218</b>	<b>413,252</b>

Source: Nevada Department of Education

Table 17 - University, State College and Community College Enrollment

For the Last Ten Fiscal Years

Universities	Full Time Equivalent Students at Fall Enrollment									
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Reno	9,383	9,397	9,488	9,881	9,898	10,804	11,668	11,965	12,202	12,487
Las Vegas	13,661	14,447	15,318	15,428	15,093	16,232	17,777	18,639	19,887	20,424
Subtotal	23,044	23,844	24,806	25,309	24,991	27,036	29,445	30,604	32,089	32,911
<b>State College</b>										
Henderson	-	-	-	-	-	-	116	330	741	1,029
<b>Community Colleges (CC)</b>										
Southern Nevada	10,245	11,380	13,135	15,215	14,410	15,266	16,532	17,716	17,400	18,105
Great Basin	1,010	1,146	1,132	1,252	1,322	1,208	1,251	1,436	1,328	1,330
Truckee Meadows	3,848	4,377	4,560	4,867	5,032	4,889	5,324	5,559	5,957	6,206
Western Nevada	1,869	1,955	2,013	2,045	2,037	2,128	2,164	2,180	2,275	2,407
Subtotal	16,972	18,858	20,840	23,379	22,801	23,491	25,271	26,891	26,960	28,048
<b>Total</b>	<b>40,016</b>	<b>42,702</b>	<b>45,646</b>	<b>48,688</b>	<b>47,792</b>	<b>50,527</b>	<b>54,832</b>	<b>57,825</b>	<b>59,790</b>	<b>61,988</b>

Source: Nevada System of Higher Education

(Unaudited)

**Table 18 - Average Annual Employment***For the Last Ten Calendar Years (Expressed in Thousands)*

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
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	1,141.3	59.4	5.2	6.0	1,087.4	152.4	935.0
2004	1,177.6	51.2	4.4	5.5	1,152.4	173.1	979.3

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.

**Table 19 - Revenues Collected from Counties***For the Last Ten Fiscal Years (Expressed in Thousands)*

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005 (1)
<b>County:</b>										
Carson City	\$ 1,696	\$ 1,676	\$ 1,785	\$ 2,076	\$ 2,340	\$ 2,416	\$ 2,208	\$ 2,321	\$ 2,488	\$ 4,717
Churchill	684	756	750	874	892	824	815	875	997	2,072
Clark	45,462	49,796	53,698	70,399	82,802	92,243	82,753	88,778	109,205	299,114
Douglas	2,541	2,728	2,766	3,176	3,542	3,730	3,364	3,581	4,134	9,694
Elko	1,814	2,073	1,975	2,099	2,199	2,411	2,284	2,202	2,300	3,252
Esmeralda	119	107	175	225	170	196	199	189	226	253
Eureka	1,020	986	899	933	827	906	815	525	777	796
Humboldt	869	1,028	1,100	1,292	1,227	1,196	1,066	1,034	1,073	1,475
Lander	359	400	414	458	496	497	417	425	468	602
Lincoln	198	260	228	244	244	284	262	242	286	606
Lyon	940	1,072	1,188	1,454	1,666	1,724	1,530	1,627	1,940	6,100
Mineral	269	309	314	225	207	496	159	216	279	289
Nye	1,062	1,273	1,296	1,559	1,949	2,131	1,780	1,920	2,087	5,768
Pershing	259	272	289	339	336	293	317	302	308	423
Storey	129	142	253	242	220	246	293	309	383	768
Washoe	13,385	14,550	13,256	19,398	21,589	22,346	20,199	21,141	24,760	56,935
White Pine	405	391	332	369	374	330	274	269	309	471
<b>Total revenues collected from counties</b>	<b>\$ 71,211</b>	<b>\$ 77,819</b>	<b>\$ 80,718</b>	<b>\$ 105,362</b>	<b>\$ 121,080</b>	<b>\$ 132,269</b>	<b>\$ 118,735</b>	<b>\$ 125,956</b>	<b>\$ 152,020</b>	<b>\$ 393,335</b>

(1) Beginning with fiscal year 2005, real property taxes and real property transfer taxes received from counties are included in this table. Prior fiscal years have not been restated.

## Compliance Section

### Carson City Rendezvous

The Carson City Rendezvous is a popular summer event featuring displays of authentic Mountain Man encampments, re-enactments of Civil War skirmishes, and a Native American village with traditional dance exhibitions. Some of the weekend activities include fire starting with flint and steel, muzzle loading a rifle or pistol, tomahawk and knife throwing contests, Dutch Oven Cook-off, and a Pony Express demonstration.





**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, 2005, and have issued our report thereon dated December 16, 2005. 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 16, 2005, 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 caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving 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 16, 2005

