

State of Nevada

Comprehensive Annual Financial Report

for the Fiscal Year
Ended June 30, 2006

Kathy Augustine
State Controller

In Memory of Kathy Augustine State Controller



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

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

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

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

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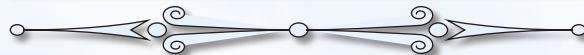
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Steve Martin State Controller



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

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

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

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



State of Nevada
Office of State Controller
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Steve Martin
State Controller

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December 15, 2006

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

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

Introduction to the Report

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

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

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

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

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

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

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

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

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

Profile of Government

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

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

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

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

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

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

Financial Information

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Major Initiatives

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

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

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

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

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

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

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

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

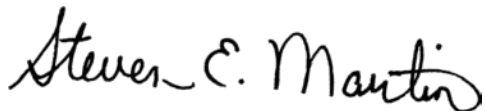
Other Information

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

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

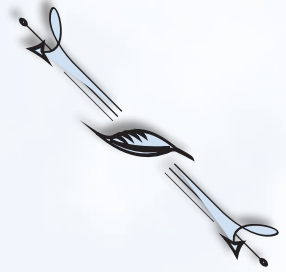
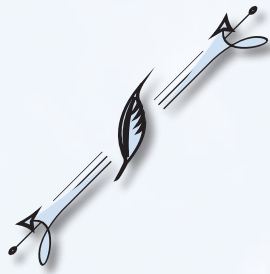
Acknowledgments and Conclusion: This report shows the commitment of the Nevada State Controller's Office staff and myself to inform and clearly demonstrate the financial condition of our State to our citizenry and the financial community. Considerable effort and cooperation has been exhibited by all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

Respectfully Submitted,



Steven Martin
Nevada State Controller

State of Nevada Constitutional Officers



Lorraine Hunt
Lieutenant Governor

Kenny Guinn
Governor



Dean Heller
Secretary of State



Kathy Augustine
Controller



Brian Krolicki
Treasurer



George Chanos
Attorney General

Organizational Chart



Certificate of Achievement for Excellence in Financial Reporting

Presented to

State of Nevada

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

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



President

Executive Director

One Hundred Years of Las Vegas

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

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

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

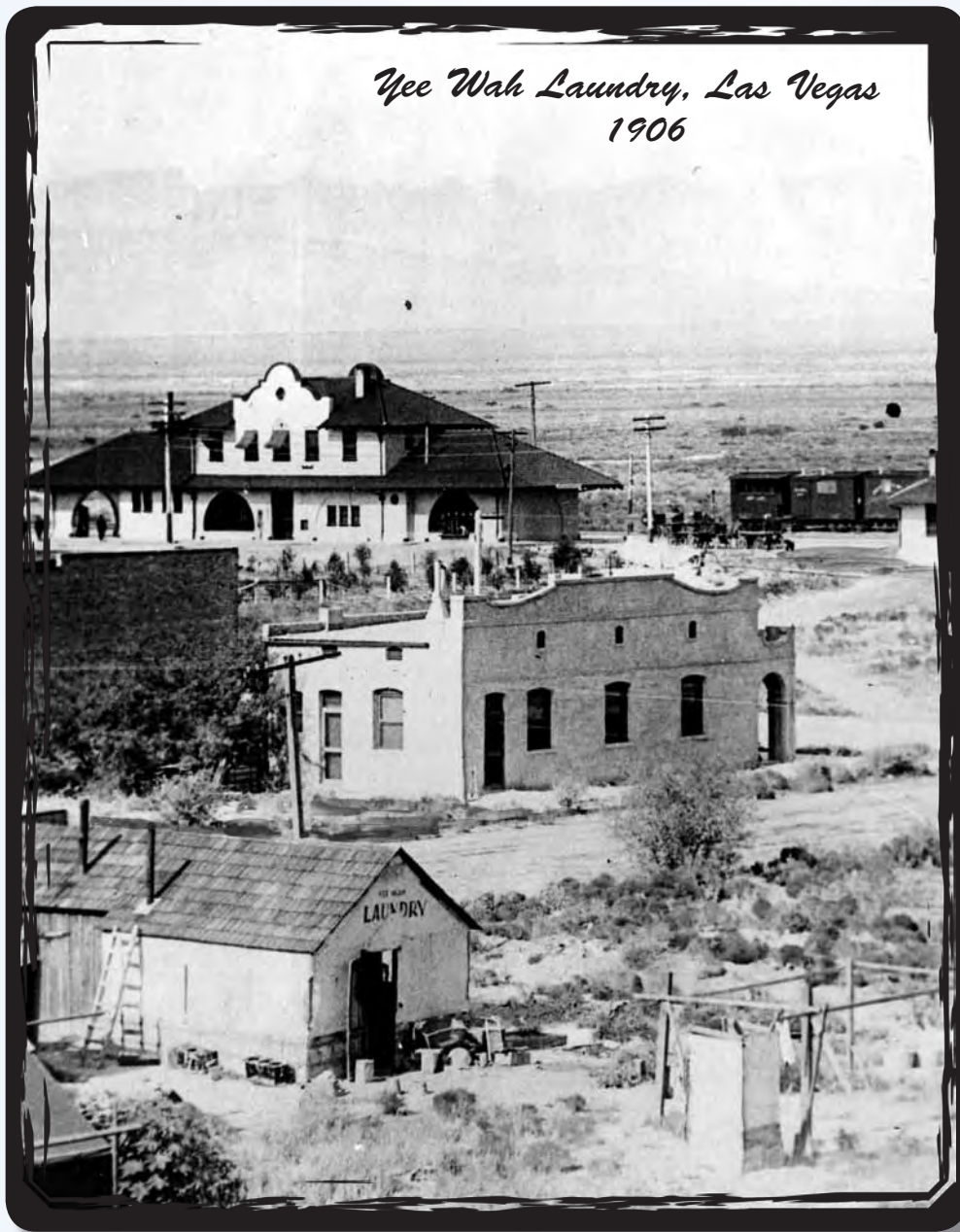
In 1881, Archibald and Helen Stewart acquired the Los Vegas Rancho from Gass. Only three years after moving to the prospering land, Archibald Stewart was killed under suspicious circumstances at a neighboring property. His wife Helen managed the ranch and raised her young family there for the next 18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

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



*Block 16, Las Vegas
1905*

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



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

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

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

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

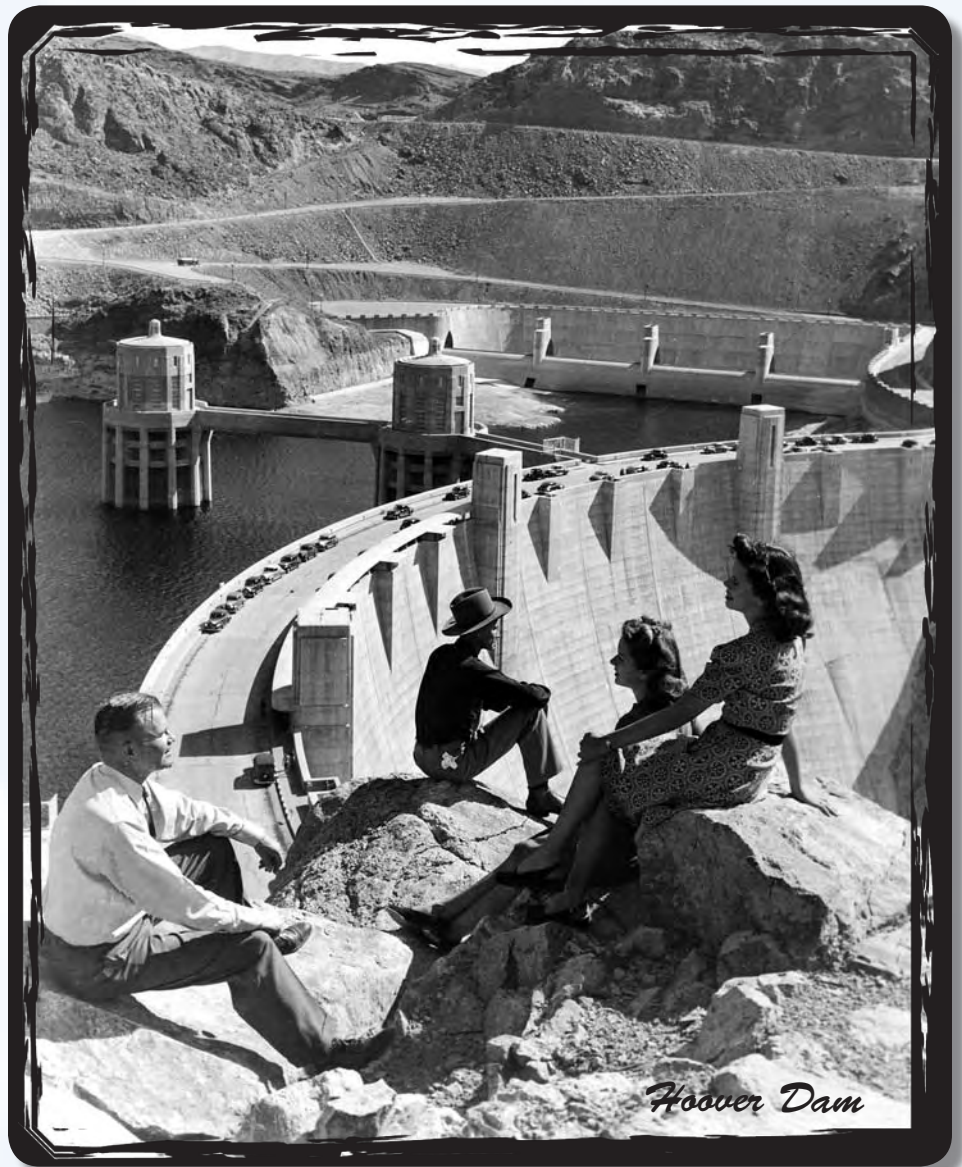
By 1934, many of the builders of Boulder Dam finished much of their work and began moving back to their homes throughout the country. This sudden but anticipated change in population threatened to leave the community without its much needed customer base. The Las Vegas Elks Lodge invented a multi-day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

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

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

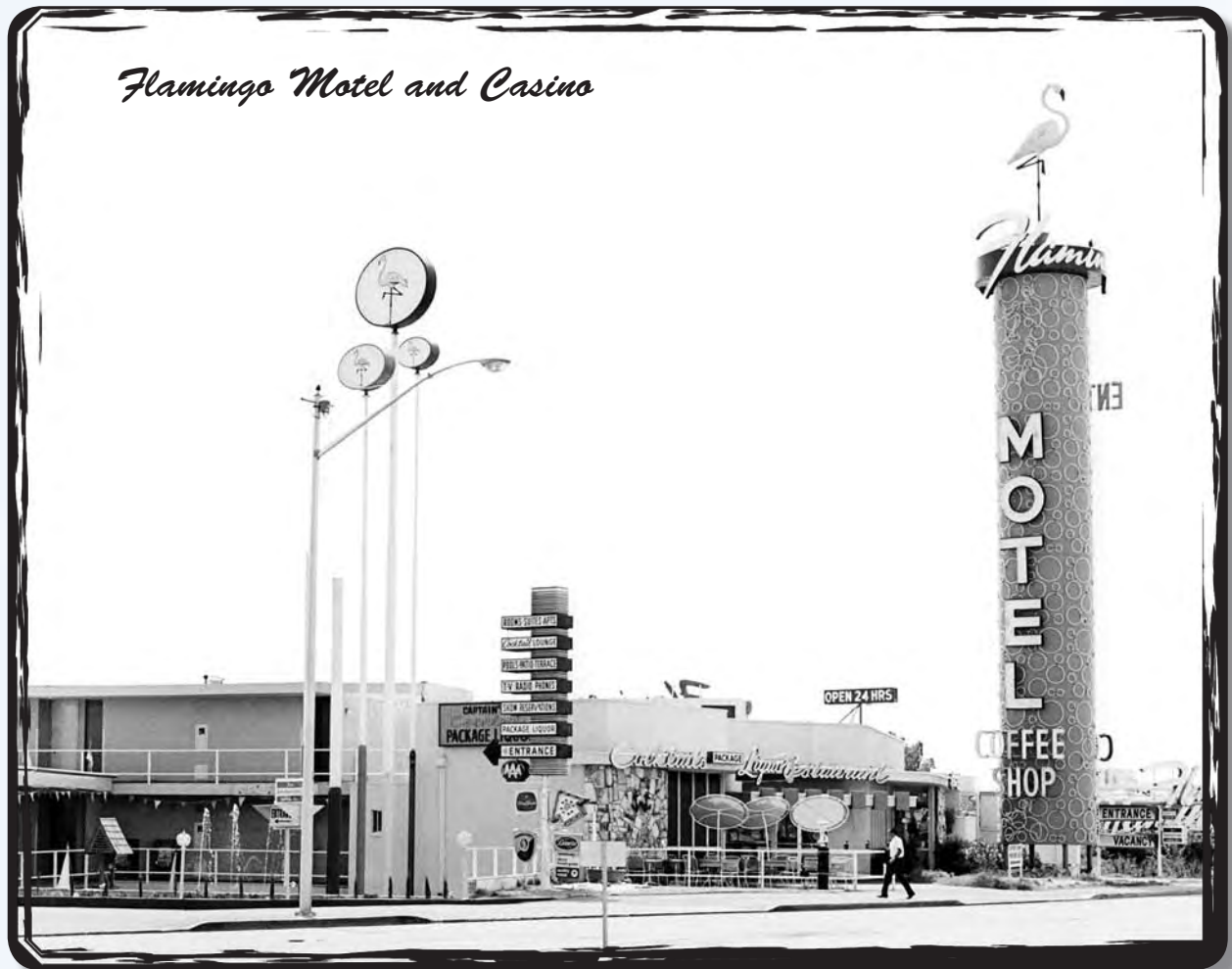
By 1940, as it became apparent the world was careening toward war, Senator Pat McCarran was a strong advocate for Las Vegas in Washington D.C. He was instrumental in procuring military and federal dollars before, during and after the war. Las Vegas benefited by having the Army Gunnery School (now Nellis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

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



Hoover Dam

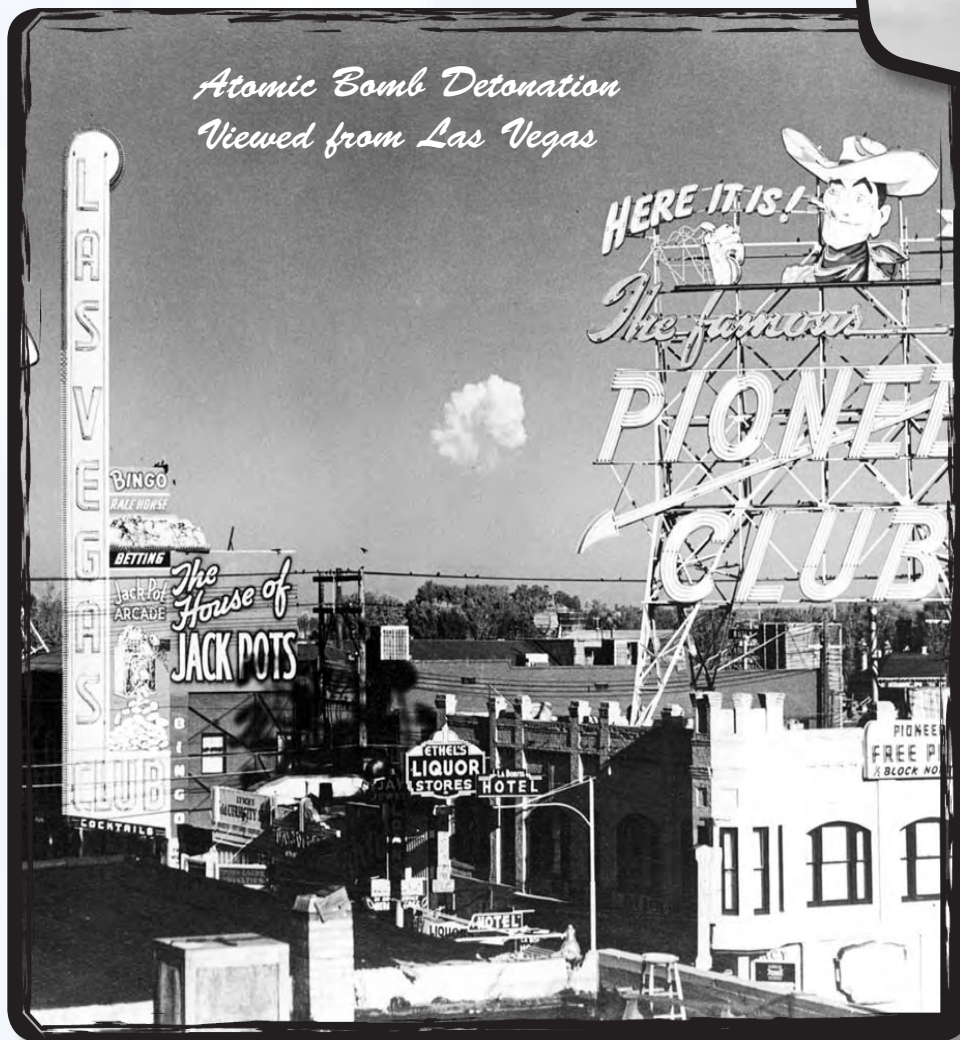
In 1941, a Los Angeles hotel man named Tom Hull purchased 33 acres of what was referred to by the seller as a dusty, worthless piece of land, 3 miles from downtown Las Vegas on Highway 91. Hull built a hotel and casino there and called it El Rancho Vegas, marking the birth of what is now known as The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



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

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

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



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

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

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



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

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



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

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

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

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

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

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



Financial Section





KAFOURY ARMSTRONG & CO.
A PROFESSIONAL CORPORATION
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

The Honorable Steve Martin, CPA, CFE
State Controller

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

We did not audit:

Government-Wide Financial Statements

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

Fund Financial Statements

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

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material

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

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

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

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

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

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



Reno, Nevada
December 15, 2006

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

Highlights

Government-wide:

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

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

Fund-level:

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

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

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

Long-term Debt (government-wide):

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

Overview of the Financial Statements

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

Government-wide Financial Statements:

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

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

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

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

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

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

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

Fund Financial Statements:

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

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

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

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

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

Notes to the Financial Statements:

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

Required Supplementary Information:

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

Other Supplementary Information:

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

Government-wide Financial Analysis

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

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

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

Net Assets:

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

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

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

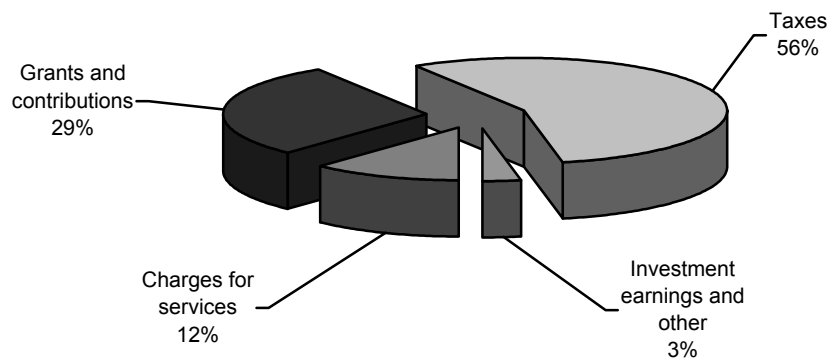
Changes in State of Nevada's Net Assets-Primary Government
(expressed in thousands)

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

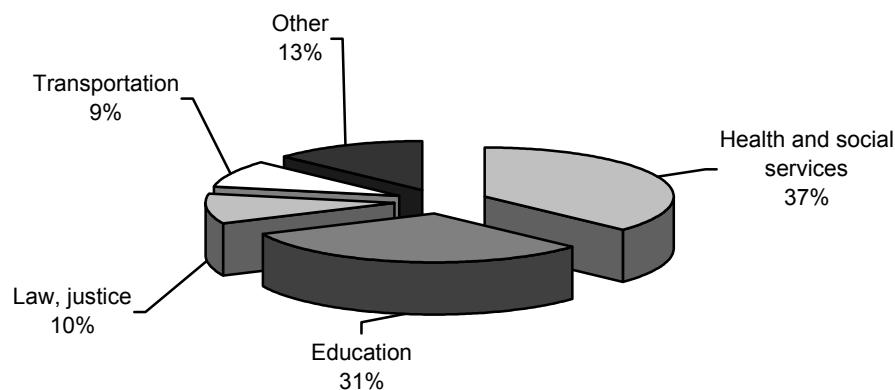
Changes in Net Assets:

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

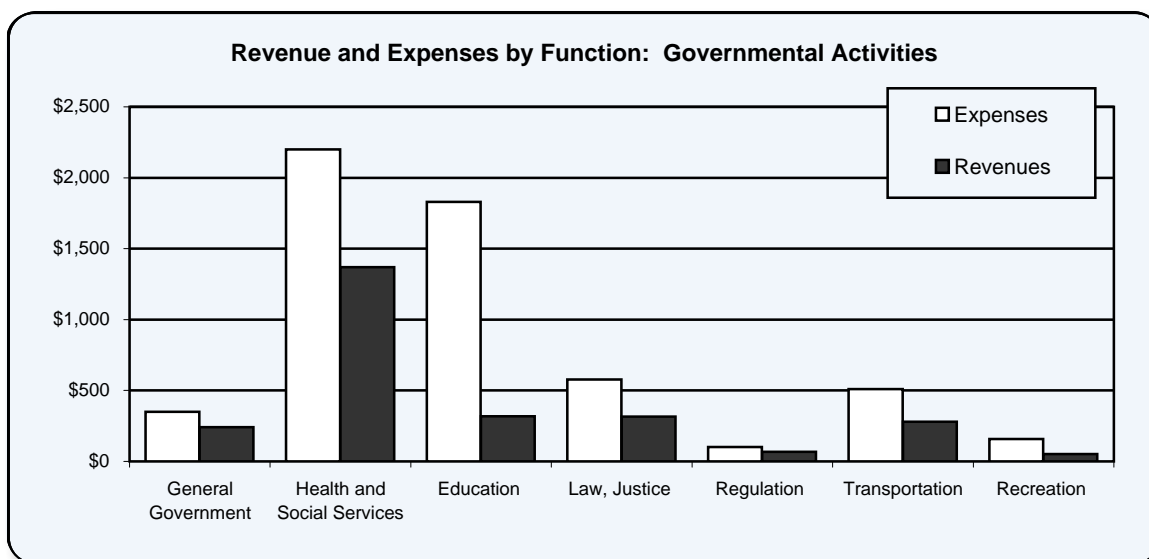
The following chart depicts the governmental activities revenues for the fiscal year:



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

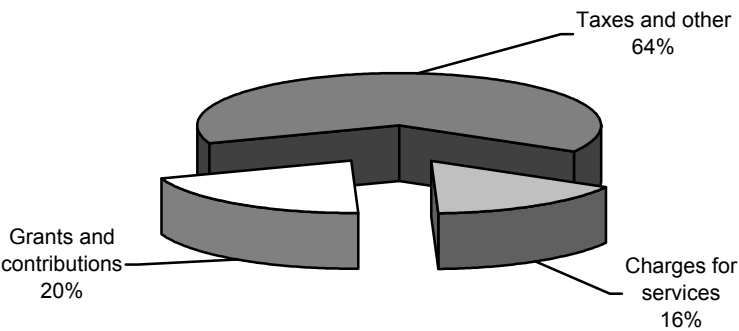


The following chart depicts the total program revenues and expenses for each function of governmental activities (expressed in millions):

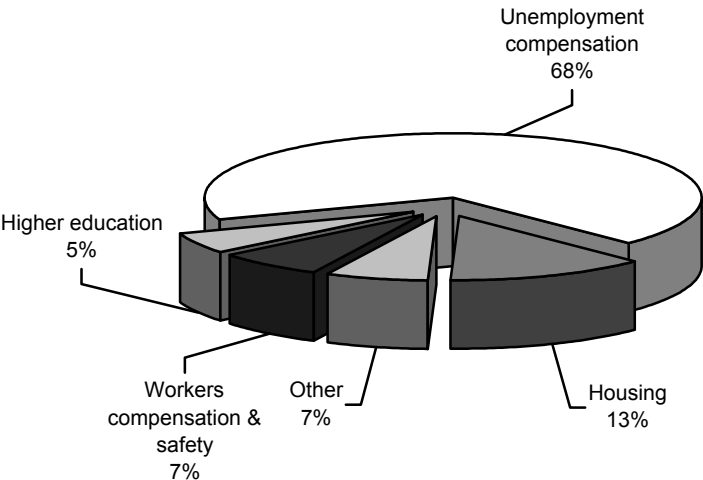


Business-type activities –The net assets increased by \$184.2 million or 19%. Approximately 64% of the total revenue came from taxes and other sources, while 20% was in the form of grants and contributions (including federal aid). Charges for various goods and services provided 16% of the total revenues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

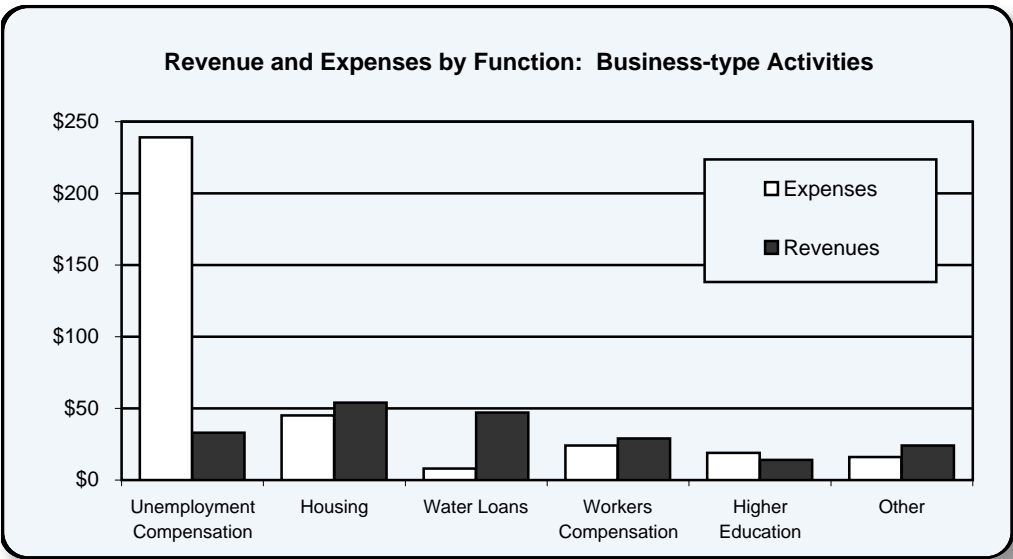
The following chart depicts the business-type activities revenues for the fiscal year:



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



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



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

Financial Analysis of the State's Funds

Governmental Funds:

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

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

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

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

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

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

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

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

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

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

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

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

Proprietary Funds:

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

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

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

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

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

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

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

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

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

Analysis of General Fund Budget Variations

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

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

Capital Assets and Debt Administration

Capital Assets:

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

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

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

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

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

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

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

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

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

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

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

Debt Administration:

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

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

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

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

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

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

Requests for Information

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





Basic Financial Statements



Statement of Net Assets

State
of
Nevada

June 30, 2006 (Expressed in Thousands)

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

Long-term liabilities:

Portion due or payable within one year:

Obligations under capital leases	-	2,387	-	2,387	-	2,832
Compensated absences	1,005	60,596	-	61,601	235	27,401
Benefits payable	4,400	-	-	4,400	-	-
Bonds payable	15,777	154,189	15,777	169,966	1,498	14,367
Certificates of participation payable	-	985	-	985	-	-
<i>Portion due or payable after one year:</i>						
Obligations under capital leases	-	7,479	-	7,479	-	12,742
Compensated absences	559	31,458	559	32,017	47	11,857
Benefits payable	103,558	-	103,558	103,558	-	-
Bonds payable	850,785	2,544,850	850,785	3,395,635	108,853	476,006
Certificates of participation payable	-	54,695	-	54,695	-	-
Total liabilities	1,056,263	5,511,149	1,056,263	6,567,412	149,189	670,298

Net Assets

Invested in capital assets, net of related debt

Restricted for:	2,824	3,445,629	2,824	3,448,453	118	1,015,389
Unemployment compensation	773,694	-	773,694	773,694	-	-
Security of outstanding obligations	154,875	-	154,875	154,875	-	-
Workers' compensation	25,705	-	25,705	25,705	-	-
Capital projects	-	4,191	-	4,191	-	239,986
Debt service	-	26,234	-	26,234	-	11,910
Education and support services	-	98,618	-	98,618	-	-
Transportation	-	215,438	-	215,438	-	-
Recreation and resource development	188,762	24,070	188,762	212,832	-	-
Law, justice and public safety	-	4,852	-	4,852	-	-
Health and social services	-	26,516	-	26,516	-	-
Regulation of business	212	12,108	212	12,320	-	-
Municipal securities	-	28	-	28	-	-
Scholarships	-	-	-	-	-	277,512
Loans	-	-	-	-	-	5,457
Operations and maintenance	-	-	-	-	716	-
Funds held as permanent investments:						
Nonexpendable	-	263,890	-	263,890	-	194,937
Expendable	-	21	-	21	-	-
Unrestricted	6,428	504,541	6,428	510,969	15,651	321,178
Total net assets	1,152,500	4,626,136	1,152,500	5,778,636	\$ 16,485	\$ 2,066,369

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

Statement of Activities

State
of
Nevada

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

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

General revenues:

Taxes:

Gaming	965,535	-	965,535	-	-
Sales and use	1,003,510	-	1,003,510	-	-
Modified business	255,252	-	255,252	-	-
Insurance premium	238,297	-	238,297	-	-
Property and transfer	164,841	-	164,841	-	-
Motor and special fuel	3,035	-	3,035	-	-
Other	274,157	-	274,157	-	-

Restricted for unemployment compensation:

Other taxes	-	365,598	365,598	-	-
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Restricted for educational purposes:

Sales and use taxes	94,429	-	94,429	-	-
Gaming taxes	36,757	-	36,757	-	-

Restricted for debt service purposes:

Property and transfer taxes	135,067	-	135,067	-	-
Motor and special fuel taxes	61,149	-	61,149	-	-
Other	52,395	-	52,395	-	-

Restricted for recreation and resource development purposes:

Other taxes	18,593	-	18,593	-	-
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Restricted for health and social services purposes:

Gaming taxes	819	-	819	-	-
Property and transfer taxes	19,033	-	19,033	-	-
Other taxes	28,799	-	28,799	-	-

Restricted for transportation purposes:

Motor and special fuel taxes	233,199	-	233,199	-	-
Other taxes	20,103	-	20,103	-	-

Restricted for regulation purposes:

Other taxes	4,413	-	4,413	-	-
Tobacco settlement income	32,345	-	32,345	-	-
Unrestricted investment earnings	87,729	-	87,729	1,412	69,292
Land sales	-	-	-	-	20,263

Gain on sale of assets

	119	-	119	-	-
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Other general revenues

	53,907	-	53,907	591	8,701
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Contributions to permanent funds

	76,553	-	76,553	-	10,539
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Payments from State of Nevada

	-	-	-	-	705,594
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Special item - one-time tax rebate

	(276,773)	-	(276,773)	-	-
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Transfers

	31,373	(31,373)	-	-	-
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Total general revenues, special items, and transfers

	3,614,636	334,225	3,948,861	2,003	814,389
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Change in net assets

	401,062	184,229	585,291	1,026	300,350
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Net assets - beginning

	4,225,074	968,271	5,193,345	15,459	1,766,019
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Net assets - ending

	\$ 4,626,136	\$ 1,152,500	\$ 5,778,636	\$ 16,485	\$2,066,369
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The notes to the financial statements are an integral part of this statement.

Balance Sheet Governmental Funds

June 30, 2006

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

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

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

State
of
Nevada

June 30, 2006

Total fund balances - governmental funds

\$ 2,604,042,433

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

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

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

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

160,934,051

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

7,440,932

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

57,174,375

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

12,564,315

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

7,516,355

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

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

Net assets of governmental activities

\$ 4,626,136,421

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

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the Fiscal Year Ended June 30, 2006

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

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

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

State
of
Nevada

June 30, 2006

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

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

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

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

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

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

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

(4,142,745)

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

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

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

13,064,828

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

43,329,958

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

(1,366,456)

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

1,126,475

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

(545,905)

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

(10,213,148)

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

6,943,096

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

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

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

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

Statement of Net Assets Proprietary Funds

June 30, 2006

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

Enterprise Funds

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

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

Net assets of business-type activities

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

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

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

State
of
Nevada

For the Fiscal Year Ended June 30, 2006

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

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

Change in net assets of business-type activities

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

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

Statement of Cash Flows Proprietary Funds

For the Fiscal Year Ended June 30, 2006

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

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

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

Statement of Fiduciary Net Assets

Fiduciary Funds

State
of
Nevada

June 30, 2006

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

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

Statement of Changes in Fiduciary Net Assets Fiduciary Funds

State
of
Nevada

For the Fiscal Year Ended June 30, 2006

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

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

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Note 1 - Summary of Significant Accounting Policies**A. Reporting Entity**

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

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

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

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

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

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

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

The *Nevada System of Higher Education* (NSHE) is governed by a Board of Regents elected by the voters. However, NSHE is fiscally dependent upon the State because of appropriations from the State Legislature, the Legislative approval of the budget for those appropriations, the levying of taxes, if necessary, and the issuance of debt to support NSHE. Because NSHE has a separate governing body and does not provide services entirely or almost entirely to the primary government, it is presented discretely in the financial statements.

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

(Note 1 Continued)

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

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

Public Employees' Retirement System
Carson City, NV
Legislators' Retirement System
Carson City, NV
Judicial Retirement System
Carson City, NV
Nevada System of Higher Education
Reno, NV
Colorado River Commission
Las Vegas, NV

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

B. Government-Wide and Fund Financial Statements

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

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

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

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

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

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

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

(Note 1 Continued)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(Note 1 Continued)

The State reports the following major enterprise funds:

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

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

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

Additionally, the State reports the following fund types:

Governmental Fund Types:

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

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

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

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

Proprietary Fund Types:

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

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

Fiduciary Fund Types:

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

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

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

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

D. Assets, Liabilities and Net Assets/Fund Balance

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

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

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

(Note 1 Continued)

relevant facts. Short-term investments are generally reported at cost, which approximates fair value. Securities, traded on a national or international exchange, are valued at the last reported sale price of the day. International securities prices incorporate end-of-day exchange rates. The fair value of real estate investments is based on estimated current value, and MAI (Member Appraisal Institute) independent appraisals. Investments that do not have an established market are reported at estimated fair value.

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

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

Investments are discussed further in Note 3.

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

Property taxes are levied July 1 on property values assessed by the prior January 1. Property tax billings are payable in

quarterly installments on the third Monday in August and the first Monday in October, January and March, after which time the bill is delinquent.

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

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

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

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

Inventories - Inventories are stated at cost on the first-in, first-out basis. Inventory in the State Highway Fund, a special revenue fund, consists of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are consumed. Inventory items in the funds are offset by a fund balance reserve to indicate that they are unavailable for appropriation.

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

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

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

(Note 1 Continued)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(Note 1 Continued)

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

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

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

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

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

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

E. Intergovernmental Assistance Programs

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

Note 2 - Budgetary and Legal Compliance

Budgetary Process and Control

The Governor must submit his proposed budget for the Executive Branch to the State Legislature not later than 14 calendar days before each regular session, which convenes every odd-numbered year. The presented budget spans the next two fiscal years and contains the detailed budgetary estimates of revenues and expenditures. The Legislature enacts the budget through passage of the General Appropriations Act, which allows expenditures from unrestricted revenues, and the Authorized Expenditures Act, which allows expenditures from revenues collected for specific purposes. Once passed and signed, the budget becomes the State’s financial plan for the next two fiscal years.

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

Limited budgetary revisions may be made without Legislative action through the following management/administrative procedures. The Legislative Interim Finance Committee (LIFC) must approve revisions of more than \$20,000 that would increase or decrease program expenditures by the lesser of 10% of the level approved by the Legislature or \$50,000. Revisions not exceeding this threshold require

only budget director approval. The LIFC approval is not equivalent to governing body approval, as total appropriations for a program may not be increased except as follows. The Legislature appropriates limited funds to the Contingency Fund, a Special Revenue Fund, which may be allocated to programs by the LIFC upon recommendation of the Board of Examiners. Allocations totaling \$18,206,226 were made in the 2006 fiscal year. Unencumbered appropriations lapse at the end of each fiscal year unless specific authority to carry forward is granted in the Appropriations Act. Unexpended authorized resources, under the Authorized Expenditures Act, are carried forward for expenditure in the next fiscal period.

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

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

(Note 2 Continued)

- 4) Expenditures are only recognized if the liability is liquidated within 45 days after the fiscal year end.
- 5) Revenue from grants is only recognized when it is received in cash.
- 6) Encumbrances for goods or services not received by fiscal year end are considered an expenditure of the current period if received and paid within 45 days.

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

Note 3 - Deposits and Investments

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

A. Deposits

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

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

B. Investments

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

the federal government. Additionally, the State may invest in limited types of repurchase agreements; however, statutes generally prohibit the State from entering into reverse-repurchase agreements. The State's Permanent School Fund is further limited by statute as to the types of investments in which it may invest (NRS 355.060). The investments of PERS are governed by the "prudent person" standard as set forth by NRS Chapter 286.682. Cash and Investments are also discussed at Note 1 under Assets, Liabilities and Net Assets/Fund Balance.

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

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

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

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

(Note 3 Continued)

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

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

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

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

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

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

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2006

State
of
Nevada

(Note 3 Continued)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(Note 3 Continued)

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

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

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

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

D. Derivatives

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

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

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

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

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

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

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

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

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

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

Notes to Financial Statements*For the Fiscal Year Ended June 30, 2006**State
of
Nevada***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
As shown on financial statements:		
Intergovernmental receivables	\$ 407,120	\$ 37,621
Notes/loans receivable	652	10,749
Total	\$ 407,772	\$ 48,370
Classified:		
Current portion	\$ 249,536	\$ 40,053
Noncurrent portion:		
Intergovernmental receivables	157,737	-
Notes/loans receivable	499	8,317
Total noncurrent portion	158,236	8,317
Total	\$ 407,772	\$ 48,370

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

Note 5 - Interfund Transactions**A. Interfund Advances**

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

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

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

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

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2006

State
of
Nevada

(Note 5 Continued)

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

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

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

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

(Note 5 Continued)

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

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

C. Transfers From/Transfers To Other Funds

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

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

(Note 5 Continued)

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

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

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

Note 6 - Restricted Assets

Various debt service, operation and maintenance, capital improvement and construction (acquisition) funding requirements of bond covenants, and trust indentures are recorded as restricted assets on the Statement of Net Assets. The components of restricted assets at June 30, 2006 are as follows (expressed in thousands):

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

Note 7- Capital Assets

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

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

(Note 7 Continued)

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

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

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

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

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

	Interest Rates	Original Amount	Principal Outstanding
Governmental activities:			
General obligation bonds:			
Subject to Constitutional Debt Limitation	2.0-6.5%	\$ 1,338,535	\$ 902,480
Exempt from Constitutional Debt Limitation	1.6-8.5%	1,604,926	1,173,278
Special obligation bonds:			
Exempt from Constitutional Debt Limitation- Highway Improvement Revenue Bonds	4.0-6.0%	641,225	541,680
Subtotal		3,584,686	2,617,438
Issuance premiums		96,032	81,601
Governmental activities bonds payable		<u>3,680,718</u>	<u>2,699,039</u>
Business-type activities:			
General obligation bonds:			
Exempt from Constitutional Debt Limitation	2.0-6.5%	138,595	118,540
Special obligation bonds:			
Housing Bonds	2.6-9.45%	1,685,307	745,780
Subtotal		1,823,902	864,320
Issuance premiums		2,757	2,242
Business-type activities bonds payable		<u>1,826,659</u>	<u>866,562</u>
Total bonds payable		<u>\$ 5,507,377</u>	<u>\$ 3,565,601</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, 2006 (expressed in thousands):

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

(Note 8 Continued)

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

C. Debt Service Requirements for Bonds

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

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

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

D. Constitutional Debt Limitations

Section 3, Article 9, of the State Constitution (as amended) limits the aggregate principal amount of the State's public debt to two percent (2%) of the assessed valuation of the State. Exempt from this limitation are debts authorized by the Legislature that are incurred for the protection and preservation of, or for obtaining the benefits of, any property or natural resources within the State. At June 30, 2006, the debt limitation and its unused portion are computed as follows (expressed in thousands):

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

E. Nevada Municipal Bond Bank

General obligation bonds have been issued through the Nevada Municipal Bond Bank, a special revenue fund, as authorized by NRS 350A. These bonds are subject to statutory limitation of \$1.8 billion and are exempt from the Constitutional Debt Limitation. Proceeds from the bonds are used to purchase

validly issued general obligation bonds of the State's local governments to finance projects related to natural resources. The State anticipates that the debt service revenue it receives from the participating local governments will be sufficient to pay the debt service requirements of the State bonds as they become due. Thirty-three projects were funded through the Nevada Municipal Bond Bank as of June 30, 2006, and total investments in local governments amounted to \$831,255,000.

F. Refunded Debt and Redemptions

In prior years, the State defeased certain general obligations and other bonds by placing the proceeds of new bonds and other monies in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the State's financial statements. The total amount of defeased issues at June 30, 2006 is \$662,734,000.

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

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

(Note 8 Continued)

The amount to be provided by other governments of \$161,275,000 is due from the Southern Nevada Water Authority (SNWA). Until January 1, 1996 the Colorado River Commission (CRC), a component unit responsible for managing Nevada's interest in the water and power resources available from the Colorado River, operated the Southern Nevada Water System (SNWS). In accordance with Chapter 393 of the 1995 Legislature, certain rights, powers, duties and liabilities of SNWS were transferred from the State and CRC to the SNWA effective January 1, 1996. These rights, powers, duties and liabilities included, but were not limited to, the State of Nevada general obligation bonds, the existing water user contracts, the Service Contract between CRC and the Las Vegas Valley Water District, and all other contracts related to the SNWS including contracts for capital improvement. Accordingly, the State records the general obligation bonds previously reported in CRC and an associated amount to be provided by other governments in the government-wide financial statements.

H. Bond Indenture Provisions

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

I. Capital Leases

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

For all capital leases of the primary government, the gross minimum lease payments and the present value of the net minimum lease payments as of June 30, 2006 follow (expressed in thousands):

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

J. Arbitrage Rebate Requirement

The Tax Reform Act of 1986 imposes a rebate requirement with respect to some bonds issued by the State. Under this requirement, an amount equal to the sum of (a) the excess of the aggregate amount earned on all investments (other than certain specified exceptions) over the amount that would have been earned if all investments were invested at a rate equal to the yield on the bonds, and (b) any income earned on the excess described in (a) must be rebated to the United States Treasury, in order for the interest on the bonds to be excluded from gross income for federal income tax purposes. In accordance with the Internal Revenue Service Regulations, arbitrage rebate liability has been calculated showing no rebate due as of June 30, 2006, and changes for the fiscal year then ended is presented in Section B of this note.

K. Certificates of Participation

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

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

(Note 8 Continued)

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

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

L. Conduit Debt Obligations

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

As of June 30, 2006, there are seventeen series of Industrial Revenue Bonds outstanding, with an aggregate principal amount payable of \$886,803,634.

M. Component Unit Obligations

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

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

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

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2006

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(Note 8 Continued)

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

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

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

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

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

(Note 8 Continued)

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

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

Note 9 - Pensions and Other Employee Benefits

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

A. PERS

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

Benefits, as required by statute, are determined by the number of years of accredited service at the time of retirement and the member's highest average compensation in any 36 consecutive months. Benefit payments to which participants may be entitled under the plan include pension benefits, disability benefits and death benefits. Monthly benefit allowances for regular members are computed at 2.5% of average compensation for each accredited year of service prior to July 1, 2001. For service earned after July 1, 2001, this multiplier is 2.67% of

average compensation. Regular members are eligible for retirement at age 65 with 5 years of service, at age 60 with 10 years of service or at any age with 30 years of service. Police and firemen are eligible for retirement at age 65 with 5 years of accredited police or fire service, at age 55 with 10 years of accredited police or fire service, at age 50 with 20 years of accredited police or fire service, or at any age with 25 years of accredited service. A member who retired on or after July 1, 1977, or is an active member whose effective date of membership is before July 1, 1985, is entitled to a benefit of up to 90% of average compensation. Regular members and police and firemen become fully vested as to benefits upon completion of 5 years of service.

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

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

(Note 9 Continued)

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

Actuarially required and statutory employee and employer contribution rates, as a percentage of covered payroll, for regular and police and fire members in effect for the fiscal year ended June 30, 2006, were as follows:

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

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

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

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

B. LRS

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

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2006

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(Note 9 Continued)

and investment earnings provide benefits under the system. Legislators become fully vested as to benefits at age 60 with 8 years of service before July 1, 1985, or at age 60 with 10 years of service after July 1, 1985.

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

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

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

<i>Actuarial Cost Method:</i>	Entry age normal cost
<i>Amortization Method:</i>	Level dollar closed
<i>Remaining Amortization Period:</i>	20 years
<i>Asset Valuation Method:</i>	Five year smoothed market
<i>Actuarial Assumptions:</i>	
<i>(Includes Inflation at 3.5% per year)</i>	
<i>Investment yield</i>	8%
<i>Projected salary increases</i>	None
<i>Retirement Age for Active Members:</i>	Age 60 and 8 years of service with service credit before July 1, 1985; age 60 and 10 years of service without service credit before July 1, 1985; Any age with 24 years of service after January 1, 1998
<i>Assumed Mortality Rate:</i>	1983 Group Annuity Mortality Table
<i>Cost of Living (Post-Retirement) Increases:</i>	2% after 3 years of receiving benefits 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
2004	\$ 177	\$ 177	100%	\$ -
2005	206	206	100%	-
2006	206	206	100%	-

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

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

(Note 9 Continued)

C. JRS

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

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

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

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

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

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

Actuarial Cost Method:	Entry age normal										
Amortization Method:	Level dollar closed										
Remaining Amortization Period:	31 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, maximum longevity increases of 22%										
Retirement Age for Active Members:	Retirement rates after completion of five years of service and attainment of the following ages:										
	<table> <tr> <th>Age</th><th>Rate per Age</th></tr> <tr> <td>60—64</td><td>35%</td></tr> <tr> <td>65—67</td><td>50%</td></tr> <tr> <td>68—69</td><td>75%</td></tr> <tr> <td>70</td><td>100%</td></tr> </table>	Age	Rate per Age	60—64	35%	65—67	50%	68—69	75%	70	100%
Age	Rate per Age										
60—64	35%										
65—67	50%										
68—69	75%										
70	100%										
Assumed Mortality Rate:	1994 Group Annuity Mortality Table (sex distinct) set forward one year										
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, 2006*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
2004	\$ 3,078	\$ 3,078	100%	\$ -
2005	3,363	3,363	100%	-
2006	3,580	2,649	74%	-

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

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

D. Post-Retirement Insurance Benefits

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

Note 10 - Risk Management

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

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

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

These liabilities are recorded in accordance with GASB Statement No. 10. This statement requires that a liability for claims be reported if information received before the issuance

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

There was no insurance coverage for excess liability insurance.

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

A. Self-Insurance Fund

The Self-Insurance Fund administers the group health, life and disability insurance for covered employees, both active and retired, of the State and certain other participating public employers within the State. All public employers in the State are eligible to participate in the activities of the Self-Insurance Fund and currently, in addition to the State, there are nine public employers whose employees are covered

(Note 10 Continued)

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

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

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

B. Insurance Premiums Fund

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

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

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

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

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

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

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

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

(Note 10 Continued)

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

Note 11 - Fund Balances and Net Assets

A. Net Assets Restricted by Enabling Legislation

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

B. Governmental Fund Balances

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

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

C. Individual Fund Deficits

Enterprise Fund

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

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

Internal Service Funds

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

Note 12 - Principal Tax Revenues

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

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

The following are the primary non-gaming tax revenues:

Sales and Use Taxes are imposed at a minimum rate of 6.5%, with county and local option up to an additional 1.25%, on all taxable sales and taxable items of use. The State receives tax revenue of 2% of total sales with the balance distributed to local governmental entities and school districts.

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

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

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

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

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

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

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

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

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

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

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

Note 13 - Works of Art and Historical Treasures

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

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

(Note 13 Continued)

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

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

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

Note 14 - Commitments and Contingencies

A. Primary Government

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

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

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

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

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

Leases - The State is obligated by leases for buildings and equipment accounted for as operating leases. Operating leases do not give rise to property rights as capital leases do. Therefore, the results of the lease agreements are not reflected in the Statement of Net Assets. Primary government lease expense for the year ended June 30, 2006 amounted to \$28.9 million. The following is the primary government's schedule of future minimum rental payments required under operating leases that have initial or remaining noncancelable lease terms in excess of one year as of June 30, 2006 (expressed in thousands):

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

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

(Note 14 Continued)

Rebate Arbitrage - The Tax Reform Act of 1986 imposes a rebate requirement with respect to some bonds issued by the State. Under this requirement, an amount equal to the sum of (a) the excess of the aggregate amount earned on all investments (other than certain specified exceptions) over the amount that would have been earned if all investments were invested at a rate equal to the yield on the bonds, and (b) any income earned on the excess described in (a) is required to be rebated to the U.S. Treasury, in order for the interest on the bonds to be excluded from gross income for federal income tax purposes. Rebateable arbitrage is computed as of each installment computation date. The arbitrage rebate calculation as of the most recent such date indicates that no amount is due. Future calculations might result in different rebateable arbitrage amounts.

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

B. Discretely Presented Component Units

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

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

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

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

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

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

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

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

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

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

(Note 14 Continued)

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

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

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

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

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

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

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

Note 15 - Subsequent Events

Primary Government

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

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

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

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

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

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

(Note 15 Continued)

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

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

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

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

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

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

Note 16 - Accounting Changes and Restatements

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

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

Required Supplementary Information



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

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

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

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
\$ -	\$ -	\$ -	\$ -	\$ 130,468	\$ 130,468	\$ 130,468	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
92,283	92,283	69,620	(22,663)	-	350	317	(33)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	37,000	64,749	64,748	(1)
-	-	-	-	-	-	-	-
92,283	92,283	69,620	(22,663)	167,468	195,567	195,533	(34)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	7,466	10,249	2,584	7,665
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	1,008	1,153	140	1,013
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
92,283	92,283	69,598	22,685	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
92,283	92,283	69,598	22,685	8,474	11,402	2,724	8,678
\$ -	\$ -	\$ 22	\$ 22	\$ 158,994	\$ 184,165	\$ 192,809	\$ 8,644

Notes to Required Supplementary Information Budgetary Reporting

State
of
Nevada

For the Fiscal Year Ended June 30, 2006

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

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

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

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

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

Total fund balance on the budgetary basis in the General Fund at June 30, 2006, is composed of both restricted funds, which are not available for appropriation, and unrestricted funds as follows (expressed in thousands):

Total fund balance (budgetary basis)	\$ 812,256
Restricted funds	<u>(413,310)</u>
Unrestricted fund balance (budgetary basis)	<u><u>\$ 398,946</u></u>

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

Schedule of Funding Progress Pension Plans

State
of
Nevada

For the Fiscal Year Ended June 30, 2006

Legislator's Retirement System (LRS)

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

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

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

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

Judicial Retirement System (JRS)

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

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

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

Schedule of Infrastructure Condition and Maintenance Data

State
of
Nevada

For the Fiscal Year Ended June 30, 2006

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

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

Condition Level of the Roadways

Percentage of roadways with an IRI of less than 80

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

Condition Level of the Bridges

Percentage of substandard bridges

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

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

Maintenance and Preservation Costs

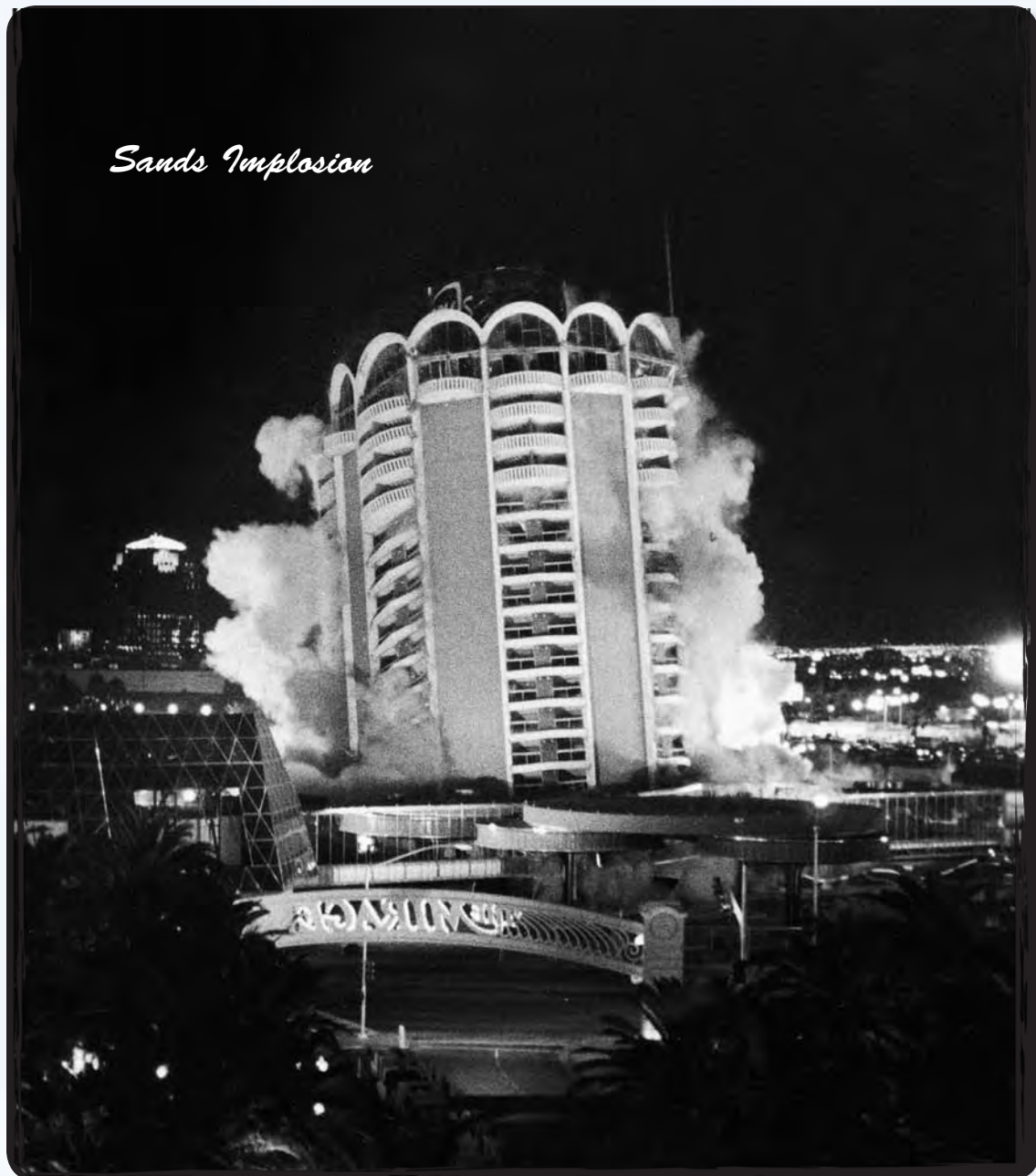
(Expressed in Thousands)

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

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



Combining Statements and Schedules



Nonmajor Governmental Funds

Nonmajor Special Revenue Funds

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Nonmajor Debt Service Fund

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

Nonmajor Capital Projects Funds

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

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

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

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

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

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

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

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

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

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

Nonmajor Permanent Funds

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

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

Combining Balance Sheet Nonmajor Governmental Funds

State
of
Nevada

June 30, 2006

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

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

State
of
Nevada

For the Fiscal Year Ended June 30, 2006

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

Combining Balance Sheet Nonmajor Special Revenue Funds

June 30, 2006

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

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

Combining Balance Sheet Nonmajor Special Revenue Funds

State
of
Nevada

June 30, 2006

Page 2 of 2

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

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

For the Fiscal Year Ended June 30, 2006

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

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

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

State
of
Nevada

For the Fiscal Year Ended June 30, 2006

Page 2 of 2

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

Combining Balance Sheet Other Nonmajor Governmental Funds

June 30, 2006

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

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

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

For the Fiscal Year Ended June 30, 2006

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

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

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

All General Fund Budgets

For the Fiscal Year Ended June 30, 2006

Page 1 of 8

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

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

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

All General Fund Budgets

For the Fiscal Year Ended June 30, 2006

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

Human Resources

Human Resources

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

Aging Services

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

Health Care Financing Division

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

Health

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

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

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

All General Fund Budgets

For the Fiscal Year Ended June 30, 2006

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

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

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

All General Fund Budgets

For the Fiscal Year Ended June 30, 2006

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

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

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

For the Fiscal Year Ended June 30, 2006

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

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

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

State
of
Nevada

For the Fiscal Year Ended June 30, 2006

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

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

For the Fiscal Year Ended June 30, 2006

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

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



Nonmajor Enterprise Funds

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

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

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

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

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

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

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

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

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

Combining Statement of Net Assets Nonmajor Enterprise Funds

June 30, 2006

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

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

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

For the Fiscal Year Ended June 30, 2006

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

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

Combining Statement of Cash Flows Nonmajor Enterprise Funds

For the Fiscal Year Ended June 30, 2006

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

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



Internal Service Funds

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

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

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

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

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

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

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

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

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

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

Combining Statement of Net Assets Internal Service Funds

June 30, 2006

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

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

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

For the Fiscal Year Ended June 30, 2006

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

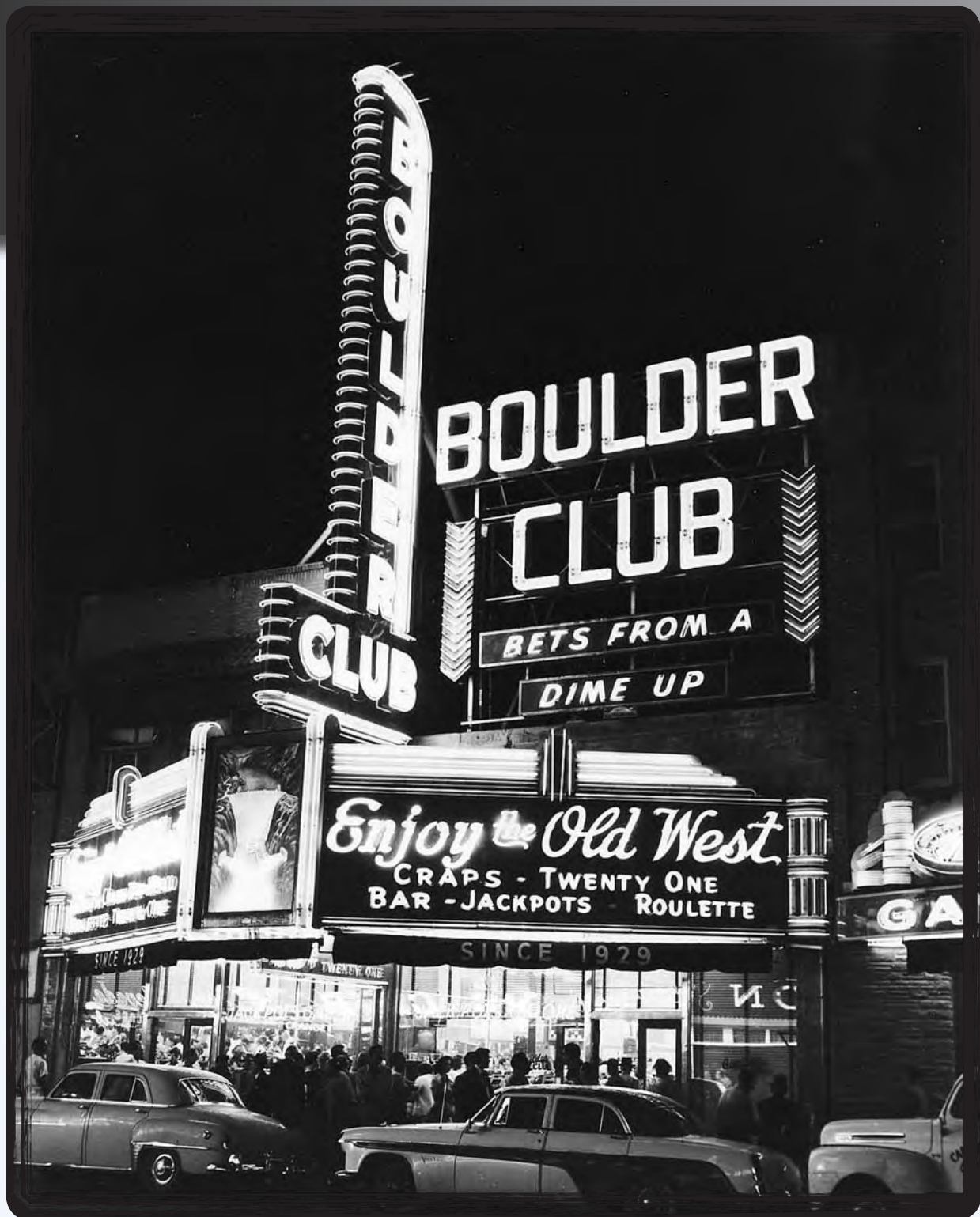
Insurance Premiums	Administrative Services	Personnel	Purchasing	Information Services	Printing	Total
\$ 21,771,620	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 254,024,264
-	-	-	1,000,015	-	3,225,610	4,238,640
-	1,332,368	11,468,937	2,601,010	24,868,676	-	48,094,433
-	-	-	1,813	451,574	-	18,948,524
183,894	-	27,177	1,023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

Combining Statement of Cash Flows Internal Service Funds

For the Fiscal Year Ended June 30, 2006

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

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



Fiduciary Funds

Pension Trust

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

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

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

Investment Trust

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

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

Agency

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

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

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

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

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

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

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

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

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

June 30, 2006

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

Investment Trust Funds

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

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

For the Fiscal Year Ended June 30, 2006

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

Investment Trust Funds

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

Combining Statement of Fiduciary Assets and Liabilities Agency Funds

June 30, 2006

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

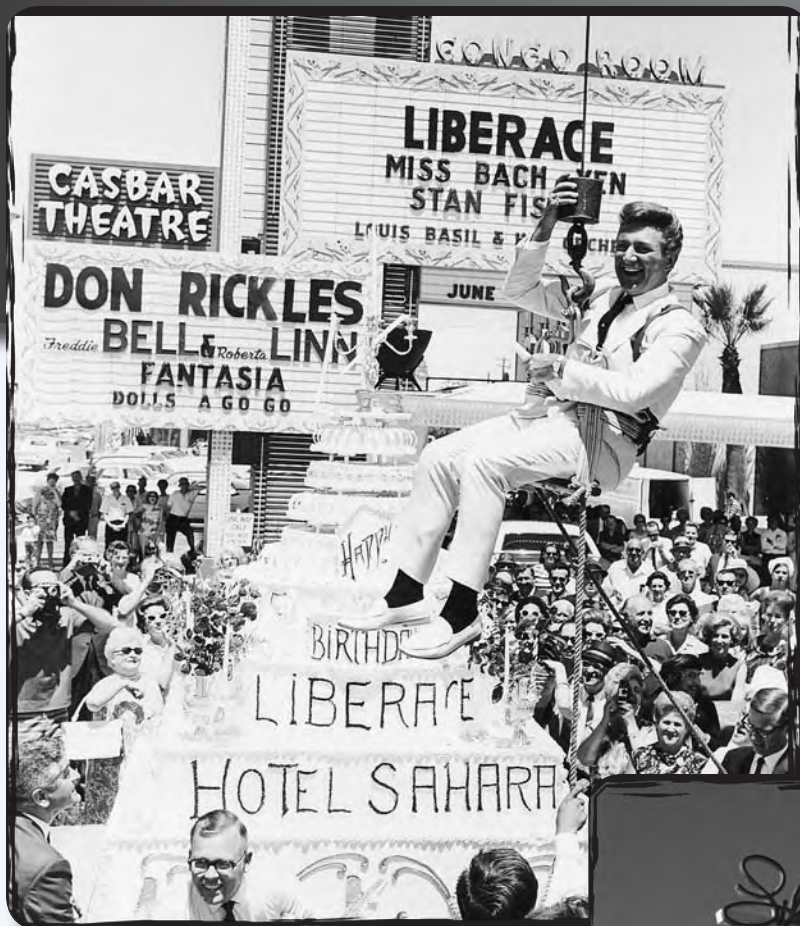
Child Welfare Trust	Restitution Trust	Veterans Custodial	State Payroll	Total
\$ 653,681	\$ 2,889,060	\$ 1,744,760	\$ 17,531,309	\$ 107,888,604
-	-	-	-	80,399,274
-	-	-	-	111,917,663
354,249	-	944,589	-	2,216,541
-	-	-	-	21,298,213
7,339	-	-	-	42,624,280
10,589	2,176	27,017	1,262,163	462,238,562
-	31,486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

Combining Statement of Changes in Assets and Liabilities Agency Funds

For the Fiscal Year Ended June 30, 2006

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

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



Statistical Section

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

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

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

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

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

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

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

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

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

Program Revenues

Governmental activities:

Charges for services:

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

Business-type activities:

Charges for services:

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

Net (Expense)/Revenue

Governmental activities

Business-type activities

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

General Revenues and Other Changes in Net Assets

Governmental activities:

Sales and use taxes

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

Business-type activities:

Other taxes

Other	240,608	250,325	273,357	320,622	365,598
Transfers	2	-	-	-	-
Total business-type activities	<u>(19,238)</u>	<u>(16,791)</u>	<u>(17,339)</u>	<u>(17,620)</u>	<u>(31,373)</u>

Total primary government

	<u>221,372</u>	<u>233,534</u>	<u>256,018</u>	<u>303,002</u>	<u>334,225</u>
	<u>\$ 2,611,431</u>	<u>\$ 2,774,205</u>	<u>\$ 3,392,171</u>	<u>\$ 3,827,421</u>	<u>\$ 3,948,861</u>

Change in Net Assets

Governmental activities

Business-type activities

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

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

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

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

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

Table 3 - Fund Balances of Governmental Funds*Last Five Fiscal Years, (Modified Accrual Basis of Accounting, Expressed in Thousands)*

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

Note: Due to changes in the State's fund structure initiated when GASB Statement 34 was implemented, the fund balance information is available only beginning in 2002.**Table 4 - Changes in Fund Balances of Governmental Funds***Last Five Fiscal Years, (Modified Accrual Basis of Accounting, Expressed in Thousands)*

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

Expenditures

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

Other Financing Sources (Uses)

Capital leases	1,488	3,538	1,073	1,113	4,143
Sale of general obligation bonds	112,107	68,890	375,702	293,921	231,623
Premium on general obligation bonds	2,860	1,631	35,228	51,003	9,703
Sale of certificates of participation	-	-	21,550	22,435	-
Premium (discount) on certificates of participation	-	-	555	(37)	-
Sale of capital assets	50	17,881	731	23,350	166
Sale of general obligation refunding bonds	19,961	13,135	80,791	677,231	-
Payment to refunded bond agent	(19,961)	(13,135)	(84,237)	(718,919)	-
Transfers in	253,220	398,068	341,819	436,899	380,858
Transfers out	(232,756)	(379,105)	(325,650)	(421,592)	(349,050)
Total other financing sources (uses)	136,969	110,903	447,562	365,404	277,443
Special Item					
One-time tax rebate	-	-	-	-	(276,773)
Net change in fund balances	\$ (148,810)	\$ (134,574)	\$ 367,029	\$ 418,116	\$ (6,610)

Debt service as a percentage of noncapital expenditures

5.42% 4.58% 4.85% 4.86% 6.98%

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

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

Table 5 - Taxable Sales by County

Last Ten Fiscal Years, (Expressed in Thousands)

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

Source: Department of Taxation

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

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

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

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

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

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

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

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

See table 11 for personal income and population data.

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

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

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

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

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

Table 9 - Legal Debt Margin Information

Last Ten Fiscal Years, (Expressed in Thousands)

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

Computation of Legal Debt Margin at June 30, 2006:

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

Note:

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

Statistical Tables

State
of
Nevada

Table 10 - Pledged Revenue Coverage

Last Ten Fiscal Years, (Expressed in Thousands)

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

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

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

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

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

Table 11 - Demographic and Economic Statistics

Last Ten Calendar Years

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

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

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

Table 12 - Principal Employers

Current Year and Nine Years Ago

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

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

Table 13 - School Enrollment

Last Ten Fiscal Years

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

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

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

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

Last Eight Fiscal Years

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

Sources: Nevada Department of Personnel and Legislative Counsel Bureau

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

Table 15 - Operating Indicators by Function

Last Ten Fiscal Years

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

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

Cases filed (c)

1,826 1,928 1,885 1,803 1,784 1,711 1,848 1,885 2,049 N/A

Cases disposed (c)

1,471 2,299 2,073 2,083 2,001 1,866 1,651 1,949 N/A

Number of opinions written (c)

156 155 63 123 80 97 68 105 90 N/A

Nevada Department of Corrections

Total admissions (c)

4,537 4,754 4,472 4,915 4,666 4,843 5,337 5,574 5,741 N/A

Total releases (c)

3,807 4,146 4,536 4,360 4,540 4,734 4,873 4,708 5,455 N/A

In-house population at year-end (c)

8,623 9,239 9,227 9,785 9,959 10,081 10,550 11,427 11,740 N/A

Department of Public Safety, Highway Patrol Division

Total number of DUI arrests

4,125 3,898 4,002 4,185 3,997 N/A 3,778 3,687 3,803 4,264

Total number of safety inspections

17,355 15,103 14,539 N/A 13,610 N/A 16,560 20,627 20,800 24,714

Department of Motor Vehicles

Motor vehicle registrations

1,242,398 1,288,565 776,438 1,133,264 1,489,555 1,488,540 1,543,514 1,790,456 1,884,816 2,262,743

Regulation of Business*Nevada Gaming Commission*

Licenses issued & active at fiscal year-end

2,663 2,700 2,741 2,814 2,806 2,846 2,829 2,913 2,905 2,924

Licensed devices at fiscal year-end:

Games

5,716 5,620 5,945 6,056 6,102 6,002 5,998 6,040 6,188 6,232

Tables

526 559 541 515 469 388 473 540 760 1,098

Slots

197,144 198,232 205,726 209,642 213,191 212,493 209,976 205,041 204,213 207,569

Department of Business and Industry

Units of affordable housing produced (b)

329 329 350 350 350 350 263 263 N/A N/A

Taxicab Authority notices of violation issued (b)

1,963 1,963 2,229 2,229 4,077 4,077 4,046 4,046 N/A N/A

Taxicab Authority vehicle inspections made (b)

3,770 3,770 5,125 5,125 7,147 7,147 6,836 6,836 N/A N/A

Number of worksite safety & health inspections

1,577 1,577 896 1,640 3,269 3,651 3,520 3,070 2,753 2,594

Number of boiler and elevator inspections

8,285 8,285 N/A 9,917 12,889 19,702 20,020 20,105 20,535 20,606

Insurance license and renewal applications processed (b)

14,416 14,416 14,416 14,416 23,911 23,911 30,621 30,621 N/A N/A

Transportation*Nevada Department of Transportation*

Miles of highways - rural (c)

4,795 4,893 4,899 4,901 4,899 4,898 4,900 4,900 4,694 N/A

Miles of highways - urban (c)

534 577 557 556 548 549 549 549 705 N/A

Recreation and Resource Development*Commission on Tourism*

Inquiries from advertising campaign (b)

290,872 290,872 272,332 272,332 177,350 177,350 194,727 194,727 N/A N/A

Tourism web site visitors (b)

360,000 360,000 642,226 642,226 1,033,601 1,033,601 1,345,708 1,345,708 N/A N/A

Commission on Economic Development

Number of projects requesting Community Development Block Grants (b)

35 35 53 53 53 53 43 43 N/A N/A

Number of projects funded (b)

19 19 40 40 40 40 28 28 N/A N/A

Department of Conservation and Natural Resources

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

N/A N/A N/A N/A 96% 96% 100% 100% N/A N/A

Number of State Park users (c)

3,173,470 2,841,138 3,229,043 5,491,935 3,315,158 3,305,115 3,296,020 3,219,061 3,207,537 N/A

Number of State Park users per FTE employees (b)

23,911 23,911 27,091 27,091 23,940 23,940 26,054 26,054 N/A N/A

Number of State Park users per arrest (b)

80,188 80,188 127,149 127,149 139,495 139,495 131,749 131,749 N/A N/A

N/A = not available

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

(a) See table 13 for public school enrollment.

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

(c) Data based on calendar year.

Table 16 - Capital Asset Statistics by Function

Last Ten Fiscal Years

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

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

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



Compliance Section





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

The Honorable Steve Martin, CPA, CFE
State Controller

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

Internal Control Over Financial Reporting:

In planning and performing our audit, we considered the State's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters:

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

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

Kafoury, Armstrong & Co.

Reno, Nevada
December 15, 2006

