

# State of Nevada

## Comprehensive Annual Financial Report

for the Fiscal Year  
Ended June 30, 2002

Kathy Augustine  
State Controller

# Kathy Augustine State Controller



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

Ms. Augustine was sworn in as Nevada's first female State Controller on January 4, 1999. She serves as a member of the State Board of Finance, the Department of Transportation Board of Directors and the Executive Branch Audit Committee.

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

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

Table of Contents

<b>INTRODUCTORY SECTION</b>	<b><u>PAGE</u></b>
Letter of Transmittal .....	1
Constitutional Officers .....	7
Organizational Chart.....	8
GFOA Certificate of Achievement.....	9
<b>FINANCIAL SECTION</b>	
Independent Auditor's Report.....	17
Management's Discussion and Analysis.....	19
<b>Basic Financial Statements</b>	
<i>Government-Wide Financial Statements</i>	
Statement of Net Assets.....	33
Statement of Activities.....	35
<i>Fund Financial Statements</i>	
Balance Sheet - Governmental Funds.....	37
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets.....	39
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds.....	41
Reconciliation of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	43
Statement of Net Assets - Proprietary Funds.....	45
Statement of Revenues, Expenses, and Changes in Fund Net Assets - Proprietary Funds.....	47
Statement of Cash Flows - Proprietary Funds.....	49
Statement of Fiduciary Net Assets - Fiduciary Funds.....	51
Statement of Changes in Fiduciary Net Assets - Fiduciary Funds.....	52
Notes to the Financial Statements	54
<b>Required Supplementary Information</b>	
Budgetary Comparison Schedule - General Fund and Major Special Revenue Funds.....	95
Notes to Required Supplementary Information - Budgetary Reporting.....	97
Schedule of Funding Progress.....	98
Schedule of Infrastructure Condition and Maintenance Data.....	99
<b>Combining Statements and Schedules</b>	
<i>Nonmajor Governmental Funds</i>	
Combining Balance Sheet.....	105
Combining Statement of Revenues, Expenditures and Changes in Fund Balances.....	106
<i>Nonmajor Special Revenue Funds</i>	
Combining Balance Sheet.....	107
Combining Statement of Revenues, Expenditures and Changes in Fund Balances.....	111
<i>Other Nonmajor Governmental Funds</i>	
Combining Balance Sheet.....	115
Combining Statement of Revenues, Expenditures and Changes in Fund Balances.....	117

Table of Contents (continued)

<b>FINANCIAL SECTION (continued)</b>	<u>PAGE</u>
<i>Nonmajor Enterprise Funds</i>	
Combining Statement of Net Assets.....	121
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets.....	123
Combining Statement of Cash Flows.....	125
<i>Internal Service Funds</i>	
Combining Statement of Net Assets.....	129
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets.....	131
Combining Statement of Cash Flows.....	133
<i>Fiduciary Funds</i>	
Combining Statement of Fiduciary Net Assets - Pension Trust, Investment Trust and Private-Purpose Trust Funds.....	137
Combining Statement of Changes in Fiduciary Net Assets - Pension Trust, Investment Trust and Private-Purpose Trust Funds.....	139
Combining Statement of Fiduciary Assets and Liabilities - Agency Funds.....	141
Combining Statement of Changes in Assets and Liabilities - Agency Funds.....	143
<i>Budgetary Schedules</i>	
Schedule of Total Uses - Budget and Actual, Non-GAAP Budgetary Basis - All General Fund Budgets.....	147
Schedule of Total Uses - Budget and Actual, Non-GAAP Budgetary Basis - All Special Revenue Fund Budgets.....	155
Schedule of Revenues - Budget and Actual, Non-GAAP Budgetary Basis - All Nonmajor Special Revenue Fund Budgets.....	159
 <b>STATISTICAL SECTION</b>	
Table 1 - General Governmental Expenditures and Other Uses by Function.....	163
Table 2 - General Governmental Revenues and Other Resources by Source.....	163
Table 3 - General Fund Expenditures and Unreserved Fund Balance.....	164
Table 4 - State Collected Gaming Taxes and Sales Taxes.....	165
Table 5 - Average Combined Property Tax Rates and State Levy.....	165
Table 6 - Assessed Value of Taxable Property.....	166
Table 7 - Ten Largest Taxable Property Owners.....	166
Table 8 - Constitutional Debt Limit.....	167
Table 9 - Ratio of Annual Debt Service Expenditures for General Bonded Debt to Total General Expenditures.....	168
Table 10 - Ratio of Net General Obligation Bonded Debt to Assessed Value and Net General Obligation Bonded Debt per Capita.....	168
Table 11 - Highway Improvement Revenue (Motor Vehicle Fuel Tax) Bond Coverage.....	169
Table 12 - Mortgage Revenue Bond Coverage (Housing Division Revenues).....	169
Table 13 - Colorado River Commission General Obligation/Revenue Bonded Debt Coverage.....	169
Table 14 - Disposable Per Capita Income.....	170
Table 15 - Population.....	170
Table 16 - Public School Enrollment.....	171
Table 17 - University, State College and Community College Enrollment.....	171
Table 18 - Average Annual Employment.....	172
Table 19 - Revenues Collected from Counties.....	172
 <b>COMPLIANCE SECTION</b>	
Independent Auditor's Report on Compliance and on Internal Control.....	175



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December 16, 2002

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, 2002. This is our first 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. I believe this new presentation will provide more useful information to the users of the CAFR.

### **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.

**Format of Report:** The CAFR is presented in four sections: Introductory, Financial, Statistical and Compliance. The Introductory Section includes this letter, a list of statewide elected officials, our State government organizational chart and our GFOA Certificate of Achievement. The Financial Section includes the Independent Auditor's Report; Management's Discussion and Analysis; the Basic Financial Statements, including government-wide financial statements and fund financial statements, together with notes to the financial statements; Required Supplementary Information, which presents budgetary comparison schedules, the schedule of funding progress and the schedule of infrastructure condition and maintenance data; and the supplemental financial data which includes combining financial statements and other budgetary schedules. The Statistical Section includes trend information on fiscal, social and demographic measures. The Compliance Section includes the Independent Auditor's Report on Compliance and on Internal Control.

**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 of the United States and Canada (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 administration of federal awards. This report can be found in the Compliance Section of the CAFR as well as in the State of Nevada's separately issued Single Audit Report.

**Internal Control Structure:** The State of Nevada has established a comprehensive internal control framework that is designed both to safeguard the government's assets against loss from unauthorized use or theft and to properly record and adequately document transactions in order to compile information for the presentation of the State's financial statements in conformity with GAAP. Because 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 biennial basis to determine if the agency is in compliance with the Uniform System of Internal Accounting and Administrative Controls adopted pursuant to NRS 353A.020. Agencies are required to report on, or before, July 1<sup>st</sup> of even-numbered years the status of their internal controls to the Department of Administration.

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

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

## Profile of Government

**Background:** Originally part of the Utah Territory, the Nevada Territory was created in 1861, and the State admitted to the Union in 1864. Nicknamed the "Silver State" due to the vast quantities of silver mined from the Comstock Lode in the 1800s, Nevada is bordered by California, Oregon, Idaho, Utah and Arizona. The State lies primarily in the Great Basin Desert, the largest U.S. desert bordered by the Sierra Nevada Mountains on the west, the Rocky Mountains on the east, the Columbia Plateau to the north and the Mojave and Sonoran deserts to the south. Approximately 87 percent of our 110,540 square miles of valleys and north-south mountain ranges are owned and managed by the federal government.

The State's economy and tax base are dependent upon the interrelated gaming and tourism industries, as well as upon federal activities, mining, warehousing, manufacturing and agriculture. Over the past decade, Nevada has experienced one of the fastest population growth rates in the nation. The 2000 census showed a 62% increase over 1990, with over 2 million residents now calling Nevada home.

The State operates under a constitution, ratified in 1864, providing for a full range of services, including education, health and social services, highway maintenance and construction, law enforcement, judicial, 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 on the fundamental concept that publicly elected officials are accountable to their constituents and that the financial statements should emphasize the primary government and permit financial statement users to distinguish between the primary government and its component units. State agencies and entities included in this report are those for which the State is considered financially accountable. There are several occupational licensing boards where the State's

accountability is limited to State officials making appointments to the licensing boards. The State does not exercise financial, or administrative, control over these boards, so they are excluded from this report.

There are approximately a dozen state agencies that issue independent financial reports, including the Retirement Systems and the State's two discretely presented component units, the Colorado River Commission and the University and Community College System of Nevada. Copies of these independently audited reports are available upon request from the respective agency.

The State's reporting entity includes two discretely presented component units. A component unit is a legally separate entity which meets one of three conditions: the governing board is appointed by the primary government, the entity is fiscally dependent on the primary government, or excluding the entity could potentially result in misleading financial reporting. The component unit should be blended with the primary government if they share a governing body, and if the component unit almost exclusively provides services or benefits to the primary government; otherwise, it must be presented discretely.

The first discretely presented component unit is the Colorado River Commission. Seven commissioners, four of whom, including the Chairman, are appointed by the Governor, have broad statutory authority to govern the Commission, which is responsible for managing Nevada's interest in water and power resources available from the Colorado River. The Commission is empowered to receive, protect, safeguard and hold in trust all rights, interest and benefits in, and to, the waters of the Colorado River and such power generated thereon to which Nevada is entitled. Activities of the Commission are funded from revenue received from power and water contractors. The Commission also owns land for future development in both the Eldorado Valley and the Mohave Valley in Southern Nevada.

The second discretely presented component unit is the University and Community College System of Nevada. An elected eleven-member Board of Regents supervises the operation of the University System, comprised of two universities, four community colleges and a research institute. Additionally, in the Fall of 2002, Nevada State College in Henderson admitted its first class. The University System receives significant financial support from the State. Enrollment data for the University System is available in Table XVII of the Statistical Section.

**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. It also includes a means of financing the proposals, historic expenditures data, detailed budget estimates, the State's bonded indebtedness and summary detail to support the general appropriations bill for all proposed expenditures of the two-year period. The Governor is required to submit the proposed budget to the State Legislature 14 days prior to each regular session, which convenes the first Monday in February 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.

NRS 353.213 restricts appropriations by requiring the State to reserve not less than 5% and not more than 10% of the total of all appropriations for operations (including gaming but excluding any one-time appropriations) from the General Fund. NRS 353.288 requires a computed amount of the unrestricted fund balance at the close of each fiscal year be transferred to the "Rainy Day Fund". The Rainy Day Fund balance may not exceed 10% of the total appropriations for the year in which the transfer is being made, and the fund may only be expended if the actual revenues of the State fall short by more than 5% or if the Governor and the Legislature declare a fiscal emergency.

## Financial Information

**Cash Management:** As discussed more fully in Notes 1 and 3 to the basic financial statements, the State Treasurer invests temporarily idle cash in a statewide investment pool. All cash, except for monies in pension trust funds, Unemployment Compensation Fund, statute or Board of Finance approved State agency outside bank accounts and the University System are combined in the State Treasurer's investment pool. Uncommitted balances are invested in collateralized repurchase agreements, bankers' acceptances (only those eligible for discount with the Federal Reserve), commercial paper issued by U.S. corporations (rated A-1, P-1 or better), corporate bonds issued by U.S. corporations (rated A or better) and securities of the U.S. government with most maturities ranging from one day to five years.

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

**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.

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

**Pension Trust Operations:** The Public Employees' Retirement System (PERS) covers most public employees of the State and its political subdivisions. PERS net assets, held in trust for pension benefits, decreased \$164 million in 2002 and the unfunded accrued liability, using the entry age normal cost method, increased \$575 million to \$3,208 million on June 30, 2002. The funded ratio decreased from 84.2% in 2001, to 82.4% in 2002. Under the present plan and actuarial method, the unfunded liability is being amortized over a period of 22 years from July 1, 2002. Additional information is available in the separately issued financial statements of the PERS Actuarial Section.

**Economic Outlook:** The national economic outlook is clouded in uncertainty. So much has happened over the past fiscal year with the terrorist attacks and subsequent military response, accounting scandals, declining stock markets and the pending threat of war with Iraq. Still, the consensus calls for an economy that will grow in the foreseeable future, but at a slower pace when compared to previous recovery periods. For instance, DRI-WEFA, Inc., a nationally and internationally known forecasting firm under contract with the State of Nevada, is forecasting real GDP growth of just 2.4% in 2002 and 3% in 2003.

Against this backdrop, expectations are for Nevada to gradually rebound. However, as with the U.S. economy, recovery in the Silver State will likely be relatively weak, especially when measured against the high-growth period during most of the 1990's and the year 2000. During that time period, job growth in Nevada averaged over 5% per year. Currently, the Department of Employment, Training and Rehabilitation is forecasting some job growth in Nevada, which will gradually rise to just 3.3% in FY 2005. On a positive note, however, should this occur, it will most likely still leave job growth (and overall economic growth) in the State well in excess of the nation as a whole. DRI-WEFA, Inc., is forecasting national job growth of between 1.4% and 2.6% over roughly the same period.

## Major Initiatives

During the last year, Governor Kenny C. Guinn continued to pursue several major initiatives that were central to his 1999 and 2001 State of the State speeches. Many earlier initiatives which were related to state administrative and operational cost savings, education, health care, and long-range planning have been implemented and continue to expand within the state's fiscal constraints. In addition, a number of other key issues emerged following the terrorist attacks and economic downturn of 2001 and the resulting loss of revenue to our tourist-based economy. Facing the challenges of constrained budgets and reduced program funding, the Governor has asked departments to curtail spending by deferring program enhancements and the purchase of much needed equipment, by not filling vacant positions, and by further reducing agency budgets a minimum of 3 percent. At the same time, he has enjoined state employees to continue to seek more effective and efficient ways to improve government services. The major biennial initiatives are:

**Child Welfare:** Assembly Bill 343 (A.B. 1 of the Special Session) provided for the transfer of selected duties of the State's Division of Child and Family Services, Department of Human Resources, to large counties (those with a population of 100,000 or more). The transfer of duties (including case management functions for foster care and adoption, emergency shelter care, family foster care and other related programs), is aimed at providing a more seamless and accessible system for those affected by these programs. However, due to budgetary constraints, the



transfer is currently being affected only in Washoe County and the scope of the project is being scaled-down. It is anticipated that implementation in Clark County will occur as revenues become available. Services to counties with smaller populations will remain with the state. The stresses exerted on families, especially since September of 2001, have been tremendous, and Nevada's caseload growth in Temporary Assistance for Needy Families had one of the highest expansion rates in the nation, reaching a peak of nearly 70 percent .

**Energy:** Governor Guinn's energy initiatives have stabilized energy markets in Nevada, assisted new energy projects in obtaining the necessary permitting and siting authorizations, promoted the development of renewable energy in Nevada and supported improvements in energy efficiency in the State and private sectors. In signing Assembly Bill 369 into law the Governor stopped the divestiture of generation plants and provided Sierra Pacific Resources and Nevada Power Company with the regulatory mechanism to recover all prudently incurred energy expenses. The application of this regulatory mechanism by the Public Utilities Commission over the past year has shown that proving prudence is a rigorous process that demands utility companies be accountable for their decisions. Nevada Power disallowances have exceeded \$400 million and Sierra Pacific disallowances have exceeded \$100 million.

Examples of assisting new energy projects include the groundbreaking and construction of five significant generation projects in Southern Nevada which, when energized, will supply more than 2,000 megawatts of energy to the grid, support for gas pipeline and electric transmission line expansions in Southern, Northern and Eastern Nevada, and regular expressions of support for the complete implementation of the renewable portfolio standard. The contracts between the utility and renewable energy providers are imminent. Support for renewable energy is further supported by the outreach and grant support efforts of the Nevada State Office of Energy (NSOE). The NSOE has played an essential role in grant efforts that have resulted in more than \$4 million in support coming to Nevada for technical and financial support for renewable energy and energy efficiency projects. NSOE has also supported extensive outreach efforts to energy consumers including small businesses, low-income households, purchasers of new homes, industrial operations, and state agencies.

**Environment and Conservation:** Governor Guinn has led the effort in Nevada to ensure our drinking water supplies are safe and public water supply contamination is prevented; to ensure the clarity of Lake Tahoe is maintained and the basin's environment is improved and protected; to work with various organizations to foster and promote development of a native seed production industry to provide a readily available supply of adapted plant materials for use in wildfire restoration efforts. In addition, Nevada's sage grouse conservation efforts have produced a statewide strategy that will directly benefit the state's ecosystems. The recently awarded federal grant funds will establish a revolving loan program in Nevada for the cleanup of contaminated industrial properties. Other funding sources, both private and public, have been received, or are being sought to assist with the threat of bioterrorism, environmental cleanup, hazardous waste reduction and environmental education.

**Health Care:** Fiscal challenges from the state's economic downturn during the past year have resulted in deferring, or cutting back, many of the 2001 expansion and enhancement proposals for programs that were designed to serve children, families, citizens with disabilities, seniors, and to generally improve the effectiveness of program administration and oversight. Nevertheless, the focus on improving these programs remains strong.

**Unemployment and Welfare Divisions:** Due to the negative economic impact the September 11, 2001 terrorist attacks had on Nevada, Governor Guinn announced supplemental funding would be made available to aid employees who were subsequently laid off, or lost their jobs. Unemployment benefits were temporarily extended and exempted from counting as earned income for purposes of qualifying for many state family assistance programs such as Temporary Assistance for Needy Families, the Child Health Assurance Program, Low-Income Home Energy Assistance, Nevada Check-Up, and child care assistance programs.

**Yucca Mountain:** The Nevada Protection Account is being used to fund activities aimed at preventing the location of a federal nuclear waste repository in Nevada. The State of Nevada has filed suit challenging the Department of Energy's final Yucca Mountain Environmental Impact Statement as inadequate and in violation of both the national Environmental Policy Act and the Nuclear Waste Policy Act. In addition, the state has initiated a national education and awareness campaign to emphasize the risks associated with the transportation of nuclear waste through communities all along the transport routes.

## Follow-up on Previous Years' Initiatives

**Fundamental Review:** The Governor's Fundamental Review of State Government, instituted to review state programs and services, continued; however, the structure was revised to focus on specific areas of operation. This year, reports were received from the Department of Corrections, the Department of Personnel, the Nevada Board of Parole Commissioners, the Nevada Juvenile Justice Commission, the State Fire Marshal, and the Department of Public Safety. Recommendations included in these reports have been integrated into agency budgets and procedures.

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

**Motor Vehicles Registration and Driver Licensing:** The Department of Motor Vehicles (DMV) and Public Safety was divided into two departments, during the 2001 legislative session in order to strengthen administrative and operational efficiencies. The bifurcation has been successfully completed. As a result, the DMV has made use of improved Internet and interactive phone technologies to complete registration and licensure activities which has substantially decreased wait times at DMV offices statewide and reduced turnaround time for most transactions.

**Senior Rx:** Nevada's privately administered insurance coverage for seniors' prescription medicine, known as Senior Rx, is available to all seniors who have lived in Nevada for more than one year, who are at least 62 years of age, who have income that does not exceed \$21,500 per year, and who do not qualify for prescription coverage under Nevada Medicaid. The plan provides up to \$5,000 in prescription benefits per enrollee and requires only minimal co-payments. Limited to a maximum of 7,500 recipients, the program is functioning at near capacity.

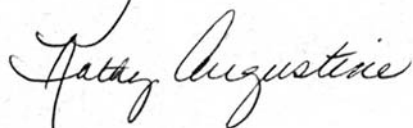
## Other Information

**GFOA Certificate of Achievement:** The GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to the State of Nevada for its Comprehensive Annual Financial Report for the fiscal year ending June 30, 2001. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A copy of the GFOA Certificate of Achievement is included in the Introductory section of the CAFR.

A Certificate of Achievement is valid for a period of one year only. We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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

Respectfully submitted,



Kathy Augustine  
Nevada State Controller

# State of Nevada Constitutional Officers



**Kenny C. Guinn**  
Governor



**Lorraine Hunt**  
Lieutenant Governor



**Dean Heller**  
Secretary of State



**Kathy Augustine**  
Controller



**Brian Krolicki**  
Treasurer



**Frankie Sue Del Papa**  
Attorney General

# Organizational Chart



\* Elected Officials

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

State of  
Nevada

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2001

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.



*William Patrick Pate*  
President

*Jeffrey L. Esler*  
Executive Director

## **Independent Auditor's Report**

The Honorable Kathy Augustine  
State Controller

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Nevada, as of and for the year ended June 30, 2002, 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 64.5 percent of the assets and 16.1 percent of the revenues of the business-type activities;
- the financial statements of the University and Community College System of Nevada and the Colorado River Commission, both of which are discretely presented component units.

### Fund Financial Statements

- the financial statements of the Housing Division Enterprise Fund;
- the financial statements of the Self Insurance and Insurance Premiums Internal Service Funds, which in the aggregate represent less than one percent of the assets and 8.2 percent of the revenues and additions of the aggregate remaining fund information;
- the financial statements of the Pension Trust Funds, which in the aggregate represent 87.4 percent of the assets and 20.2 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 report, of the other auditors.

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

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Nevada, as of June 30, 2002, and the respective changes in financial position and cash flows, where applicable, thereof and for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 16 to the financial statements, the State of Nevada adopted the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*; Statement No. 35, *Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities*; Statement No. 37, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments: Omnibus*; and Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*, as of July 1, 2001. This results in a change in the format and content of the basic financial statements.

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

Management's discussion and analysis on pages 19 through 30; and 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 95 through 100, are not required parts of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. 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 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 13, 2002

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

## 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, 2002. We encourage readers to consider this information in conjunction with the additional information furnished in the letter of transmittal.

Because the State implemented the provisions of the Governmental Accounting Standards Board's (GASB) Statement No. 34 for the first time this fiscal year, certain fund balances from the prior year had to be restated. However, not all financial statements were restated, and therefore, not all comparisons to prior year can be provided. These comparisons will be required information in future years. See Note 16 for further explanation of the changes under GASB 34.

### HIGHLIGHTS

#### **Government-wide:**

*Net Assets* – The assets of the State exceeded its liabilities at the close of the fiscal year ended June 30, 2002 by \$4.357 billion (reported as *net assets*). Of the \$4.357 billion in net assets, \$1.229 million was restricted and not available to meet the State's general obligations.

*Changes in Net Assets* – The State's total net assets (as restated) decreased by \$105.4 million in fiscal year 2002. Net assets of governmental activities decreased by \$91.0 million (a 2.5% decrease), while net assets of the business-type activities showed a decrease of \$14.4 million (a 1.7% decrease).

#### **Fund-level:**

At the close of the fiscal year, the State's governmental funds reported a combined ending fund balance of \$1.96 billion, a decrease of \$148.8 million from the prior year (as restated), attributable primarily to the General Fund. Of this amount, \$247.2 million represents the *unreserved fund balance*.

The State's enterprise funds reported a combined ending net assets of \$837.5 million, a decrease of \$13.8 million from the prior year (as restated), attributable primarily to the Unemployment Compensation fund. Of this amount, \$8.6 million represents the *unrestricted net assets*.

The State's fiduciary funds reported a combined ending net assets of \$13.8 billion, a decrease of \$160.6 million from the prior year (as restated), attributable primarily to the Pension Trust Funds and the Investment Trust Funds.

#### **Long-term Debt (government-wide):**

The State's long-term debt obligations (as restated) decreased by \$64.0 million (a 1.7% 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. This report also contains required supplementary information and other supplementary information in addition to the basic financial statements.

#### **Government-wide Financial Statements:**

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

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

The *statement of net assets* presents *all* of the State's assets and liabilities, with the difference between the two reported as "net assets". The statement combines and consolidates all of the State's current financial resources



with capital assets and long-term obligations. Over time, increases and decreases in net assets measure whether the State's financial position is improving or deteriorating.

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

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

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

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

*Discretely Presented Component Units* – Component units are legally separate organizations for which the elected officials of the government are financially accountable or have significant influence in governing board appointments. The State has two discretely presented component units – the University and Community College System of Nevada 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 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 proprietary 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. The State's fiduciary activities are reported in separate Statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets. These 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 a schedule of revenues for non-major special revenue fund budgets.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

The State's overall financial position and operations for the past year for the primary government are summarized as follows based on the information included in the government-wide financial statements:

**State of Nevada's Net Assets-Primary Government**

(expressed in thousands)

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Assets</b>			
Current and other assets	\$ 3,696,929	\$ 2,285,931	\$ 5,982,860
Net capital assets	3,924,966	2,764	3,927,730
<b>Total assets</b>	<b>7,621,895</b>	<b>2,288,695</b>	<b>9,910,590</b>
<b>Liabilities</b>			
Current liabilities	1,715,839	79,301	1,795,140
Long-term liabilities	2,385,833	1,372,536	3,758,369
<b>Total liabilities</b>	<b>4,101,672</b>	<b>1,451,837</b>	<b>5,553,509</b>
<b>Net assets</b>			
Invested in capital assets, net of related debt	3,149,657	2,659	3,152,316
Restricted	402,535	826,190	1,228,725
Unrestricted	(31,969)	8,009	(23,960)
<b>Total net assets</b>	<b>\$ 3,520,223</b>	<b>\$ 836,858</b>	<b>\$ 4,357,081</b>

**Net Assets:**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The State's combined net assets (government and business-type activities) totaled \$4.357 billion at the end of 2002, compared with \$4.462 billion at the end of the previous year (as restated).

The largest portion of the State's net assets (\$3.152 billion or 72.3%) reflects its investment in capital assets such as land, buildings, improvements other than buildings, equipment, construction in progress, infrastructure and right-of-way costs, 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 (\$1.229 billion or 28.2%) represents resources that are subject to external restrictions on how they may be used. The unrestricted balance is a *negative* \$23.9 million because the

State issues general obligation bonds for the University, a discretely presented component unit, for which there are no offsetting assets included in the financial statements of the primary government.

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

**Changes in State of Nevada's Net Assets-Primary Government**

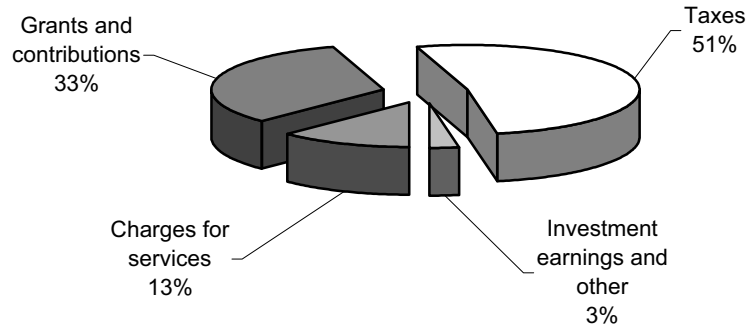
(expressed in thousands)

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Revenues</b>			
Program revenues			
Charges for services	\$ 528,010	\$ 106,208	\$ 634,218
Operating grants and contributions	1,361,370	179,379	1,540,749
Capital grants and contributions	7,210	-	7,210
General Revenues			
Sales and use taxes	724,399	-	724,399
Gaming taxes	697,482	-	697,482
Fuel taxes	242,670	-	242,670
Property taxes	99,234	-	99,234
Other taxes	415,064	240,608	655,672
Investment earnings	35,839	-	35,839
Other	79,188	2	79,190
<b>Total Revenues</b>	<b>4,190,466</b>	<b>526,197</b>	<b>4,716,663</b>
<b>Expenses</b>			
General government	184,935	-	184,935
Health and social services	1,554,450	-	1,554,450
Education and support services	970,419	-	970,419
Law, justice and public safety	440,559	-	440,559
Regulation of business	77,914	-	77,914
Transportation	349,025	-	349,025
Recreation and resource development	101,242	-	101,242
Intergovernmental - grant & revenue sharing	93,082	-	93,082
Payments to component units	406,818	-	406,818
Interest on long-term debt	121,092	-	121,092
Unallocated depreciation	1,144	-	1,144
Unemployment insurance	-	407,241	407,241
Housing	-	76,904	76,904
Water loans	-	4,930	4,930
Workers compensation and safety	-	19,581	19,581
Other	-	12,695	12,695
<b>Total Expenses</b>	<b>4,300,680</b>	<b>521,351</b>	<b>4,822,031</b>
Excess (deficiency) in net assets before transfers	(110,214)	4,846	(105,368)
Transfers	19,238	(19,238)	-
<b>Changes in net assets</b>	<b>(90,976)</b>	<b>(14,392)</b>	<b>(105,368)</b>
Net Assets, Beginning of Year	3,611,199	851,250	4,462,449
Net Assets, End of Year	<u>\$ 3,520,223</u>	<u>\$ 836,858</u>	<u>\$ 4,357,081</u>

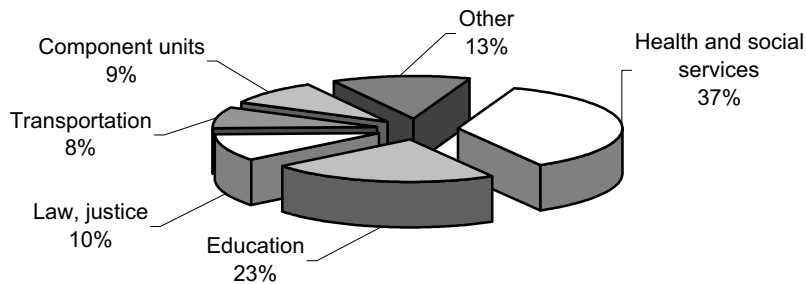
**Changes in Net Assets:**

*Governmental activities* –The net assets decreased by \$91.0 million or 2.5%. Approximately 51% of the total revenue came from taxes, while 33% was in the form of grants and contributions (including federal aid). Charges for various goods and services provided 13% 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 (23%) (see chart below). In 2002, governmental activity expenses exceeded program revenues, resulting in the use of \$2.4 billion in general revenues, which were generated to support the government.

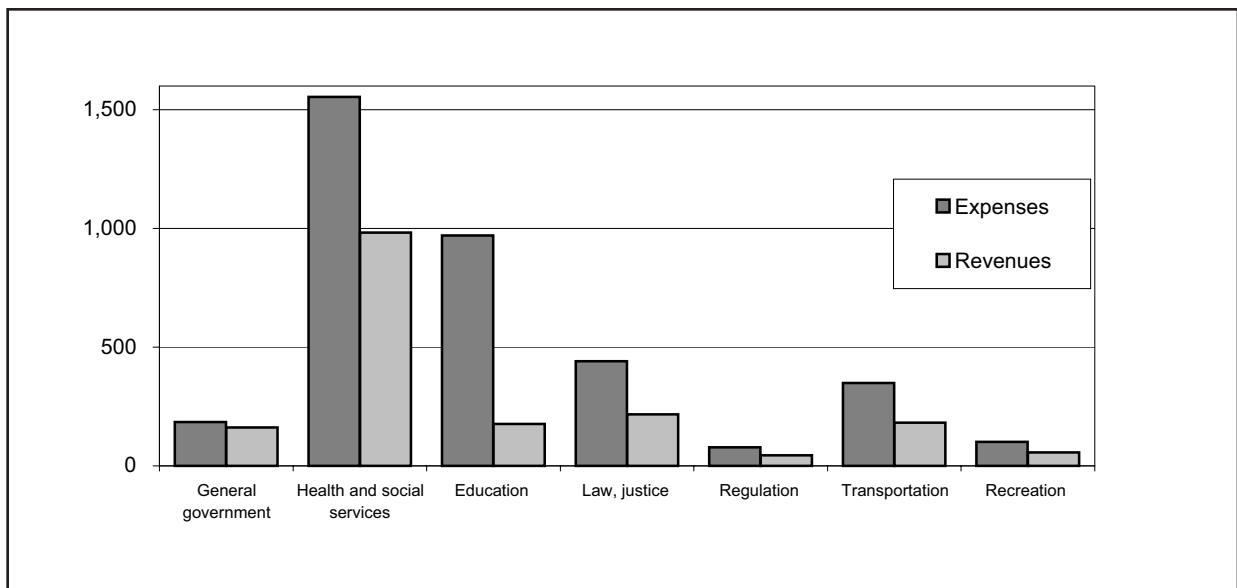
The following chart depicts the governmental activities revenues for the fiscal year:



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

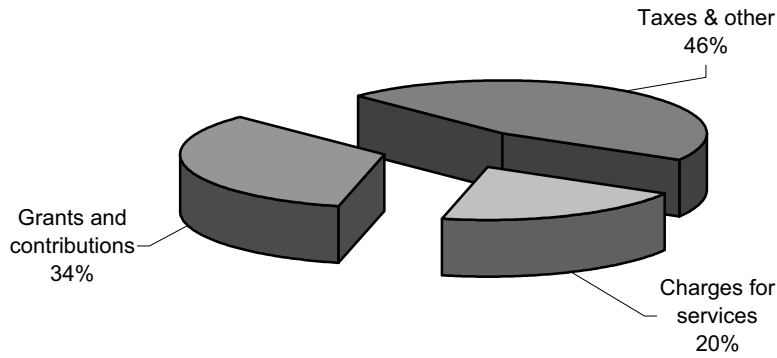


The following chart depicts the total program revenue and expenses for each function for governmental activities:

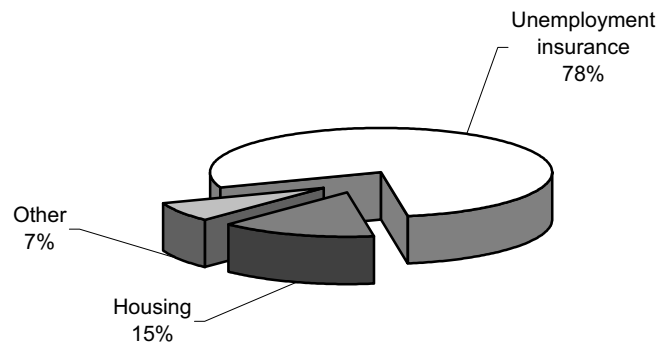


*Business-type activities* –The net assets decreased by \$14.4 million or 1.7%. Approximately 46% of the total revenue came from taxes and other sources, while 34% was in the form of grants and contributions (including federal aid). Charges for various goods and services provided 20% of the total revenues (see chart below). The State’s business-type activities expenses cover a range of services. The largest expenses were for unemployment compensation (78%) and housing (15%) (see chart below). In 2002, business-type expenses exceeded program revenues, resulting in the use of \$236 million in general revenues generated by and restricted to the Unemployment Compensation Fund.

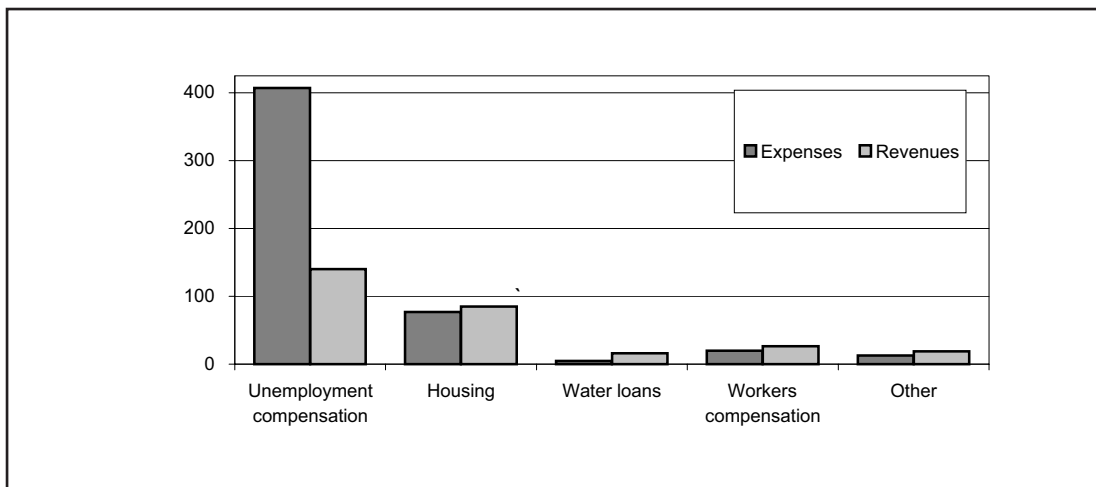
The following chart depicts the business-type activities revenues for the fiscal year:



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



The following chart depicts the total program revenue and expenses for each function for business-type activities:



In conclusion, the State government’s overall financial position deteriorated over the past fiscal year, with a \$91 million decrease in the net assets of the government-wide activities, caused primarily by the declines in the General Fund and the major internal service funds, and a \$14 million dollar decrease in the net assets of the business-type activities, caused primarily by the decline in the Unemployment Compensation Fund. The economic information presented later in this discussion and analysis provides insight into the conditions of the State that have caused this to occur.

## FINANCIAL ANALYSIS OF THE STATE'S FUNDS

### Governmental Funds:

As of the end of the current fiscal year, the State's governmental funds reported combined ending fund balances of \$1.96 billion, a decrease of \$148.8 million in comparison with the prior year (as restated). Just less than 13% 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 \$50.7 million, of which (\$167.3) was unreserved. The fund balance decreased by \$186 million during the current fiscal year, which is a 78.6% decrease from the prior year. This was caused primarily by the net effect of the increases in entitlement payments as mentioned below.

The following schedule presents a summary of revenues of the General Fund for the fiscal years ended June 30, 2002 and 2001 (expressed in thousands). Other financing sources are not included. Some of the revenue for 2001 was reclassified to meet the new definitions under GASB 34:

<b>General Fund Revenues</b>						
<i>(Expressed in thousands)</i>						
	2002		2001 (as reclassified)		Increase (Decrease)	
	Amount	Percent	Amount	Percent	Amount	Percent
Gaming taxes, fees & licenses	\$ 681,625	22.2%	\$ 702,396	24.4%	\$ (20,771)	-3.0%
Sales taxes	718,910	23.4%	714,249	24.9%	4,661	0.7%
Intergovernmental	1,104,440	36.0%	917,241	31.9%	187,199	20.4%
Other taxes	360,114	11.8%	341,153	11.9%	18,961	5.6%
Licenses, fees and permits	109,555	3.6%	91,546	3.2%	18,009	19.7%
Sales and charges for services	32,109	1.0%	33,046	1.2%	(937)	-2.8%
Interest and investment income	24,474	0.8%	49,647	1.7%	(25,173)	-50.7%
Other revenues	36,097	1.2%	23,163	0.8%	12,934	55.8%
<b>Total revenue</b>	<b>\$ 3,067,324</b>	<b>100.0%</b>	<b>\$ 2,872,441</b>	<b>100.0%</b>	<b>\$ 194,883</b>	<b>6.8%</b>

The total General Fund revenues increased 6.8%. The largest revenue source, intergovernmental revenues, is predominantly federal funds and there was a 20.4% increase in this category. This was due to the large increase in Medicaid and Welfare payments, which are partially reimbursed by the Federal Government. The 50.7% decrease in interest and investment income was due primarily to decreases in interest rates for short-term investments.

The following schedule presents a summary of expenses by function of the General Fund for the fiscal years ended June 30, 2002 and 2001 (expressed in thousands). Other financing uses are not included. Some of the expenditures for 2001 were reclassified to meet the new definitions under GASB 34:

<b>General Fund Expenditures</b>						
<i>(Expressed in thousands)</i>						
	2002		2001 (as reclassified)		Increase (Decrease)	
	Amount	Percent	Amount	Percent	Amount	Percent
General government	\$ 69,584	2.4%	\$ 64,681	2.5%	\$ 4,903	7.6%
Health, social services	1,465,759	49.2%	1,160,779	45.9%	304,980	26.3%
Education	959,105	32.2%	862,993	34.1%	96,112	11.1%
Law, justice, public safety	280,915	9.4%	259,922	10.3%	20,993	8.1%
Regulation of business	57,694	1.9%	50,916	2.0%	6,778	13.3%
Recreation	78,587	2.6%	70,225	2.8%	8,362	11.9%
Intergovernmental	66,901	2.3%	58,240	2.3%	8,661	14.9%
Debt service	705	0.0%	2,684	0.1%	(1,979)	-73.7%
<b>Total expenditures</b>	<b>\$ 2,979,250</b>	<b>100.0%</b>	<b>\$ 2,530,440</b>	<b>100.0%</b>	<b>\$ 448,810</b>	<b>17.7%</b>

The total General Fund expenditures increased 17.7%. Expenditures for health and social services increased over \$304 million or 26.3% due to the increases in Medicaid, Welfare and other entitlement programs because of the economic impact of September 11<sup>th</sup>.

*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 and other charges. The fund balance increased by \$31.6 million during the current fiscal year, which is a 16.6% increase from the prior year. The revenues from taxes and fees have increased because of the population growth in the State, but the highway projects are progressing at a slower rate than in the past year because of difficulty in obtaining rights-of-way and fear of an economic downturn. The unreserved fund balance is \$137 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 (as restated) decreased by \$13.2 million during the current fiscal year, which is a 1.2% decrease from the prior year. This decrease is due primarily to a reduction in bond issuances.

*The Consolidated Bond Interest and Redemption Fund* is a debt service fund used to accumulated monies for the payment of leases and principal and interest on general obligation bonds of the State. The fund balance decreased by \$.4 million during the current fiscal year, which is a 1.1% decrease from the prior year. In addition to the normal operations, there was a \$10 million transfer out to the General Fund of accumulated excess earnings.

*The Stabilize the Operations of State Government 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. This fund is also known as the "Rainy Day" fund. The fund balance remained the same at \$136.3 million during the current fiscal year. There were no additions to the fund during the year because the unrestricted fund balance of the General Fund did not meet the threshold amount needed to make a contribution.

#### **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 only two *major* enterprise funds, the Housing Division fund and the Unemployment Compensation fund. The combined assets of the two major funds comprise over 82% of the total combined net assets of all enterprise funds. Combined net assets of enterprise funds (as restated) decreased by \$13.8 million in 2002. 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 \$5.1 million during the current fiscal year, although the results of operations were down 41% from last year. There was a decline in income primarily attributable to a drop in investment income and a decrease in mortgages yielding more than 6% and an increase in payroll expenses due primarily to a large increase in healthcare benefits.

*The Unemployment Compensation Fund* accounts for the payment of unemployment compensation benefits to unemployed State citizens. This fund was an expendable trust fund in prior years. The net assets (as restated) decreased by \$27.2 million during the current fiscal year, which is a 4.7% decrease from the prior year. The unemployment claims paid this year were 70% higher than last year primarily because of the effects of September 11<sup>th</sup>. Although the state received federal grants to offset the higher costs, the claims still exceeded the income.

**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 2002, these funds showed a net loss of \$31.3 million, for a final deficit of \$25 million. The two funds contributing most to the deficit 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 loss of \$16.3 million for the year, leaving a fund deficit of \$15.9 million. This loss was due primarily to an increase in claims expenses of 34.3%, without a corresponding increase in premiums.

*The Insurance Premiums Fund* accounts for general, civil (tort), auto and property casualty liabilities of State agencies. The deficit increased by \$14.7 million during fiscal year 2002, to a total deficit of \$32.5 million. The fund has sustained substantial operating losses in recent years. There was an increase in claims expense of 89.9% this year.

## **ANALYSIS OF GENERAL FUND BUDGET VARIATIONS**

The State's tourism and gaming based economy has not escaped the economic downturn affecting the rest of the country. Projected revenue shortfalls mirrored the national economic condition. The General Fund revenue shortfall was \$273 million or 6.5% less than the final budget.

The General Fund expenditure budget increased by \$632 million from the original to the final budget. Much of the increase was due to \$176 million in balances carried forward from the prior fiscal year. Other differences were due to the original budget consisting only of budgets subject to the General Appropriations Act. Many budgets are not part of this original budget and are added later. Some of these revisions included: \$16 million to the general government function for flood relief; \$28 million government-wide for the state employees' salary adjustment; \$80 million in federal grants and state funding to enhance reading skills and career programs; \$93 million to the health and social services function for increased welfare costs; \$13 million to the University for energy bill increases and \$5 million to the education function for "at-risk" programs.

In November 2001, State agencies were asked to voluntarily cut spending as it became apparent that state revenues were declining. Differences between the final budget and actual spending resulted from this voluntary cost cutting as well as a statewide hiring freeze for non-essential positions. The General Fund difference between final budget and actual was \$470 million.

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

### **Capital Assets:**

The State's capital assets for its governmental and business-type activities as of June 30, 2002, amounts to \$4.4 billion, net of accumulated depreciation of \$472 million, leaving a net book value of \$3.9 billion. This investment in capital assets includes land, buildings, improvements other than buildings, equipment, 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. For this fiscal year, the State has met the requirements of the modified approach, as follows.



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

	<u>Category</u>				
	<u>I</u>	<u>II</u>	<u>III</u>	<u>IV</u>	<u>V</u>
State Policy-minimum percentage	70%	65%	60%	40%	10%
Actual results of 2001 condition assessment	83%	77%	86%	65%	19%

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

State Policy-maximum percentage	10%
Actual results of 2001 condition assessment	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 2002 by \$119.7 million. This is due to an overall trend in the Department of Transportation to delay construction and maintenance/preservation activities of assets as a result of the uncertainty in the economy created by the events of September 11<sup>th</sup>. Even though actual spending for maintenance and preservation of infrastructure assets fell below estimated, condition levels are expected to continue to meet or exceed the target condition levels, as the most recent condition assessment indicates that the State already exceeds the established benchmarks in all categories. See the Schedule of Infrastructure Condition and Maintenance Data for more detailed information about the State's infrastructure.

To keep pace with the demands of a growing population and economy, the State also has a substantial capital projects program. The following is a summary of major projects in progress or approved during 2002 (expressed in millions):

	<u>Expended by June 30, 2002</u>	<u>Total Budget</u>
High Desert State Prison, Phase I, Indian Springs	\$91.6	\$91.9
High Desert State Prison, Phase II, Indian Springs	45.2	46.7
High Desert State Prison, Phase III, Indian Springs	0.1	49.0
Integrated Financial System	35.1	35.1
Southern Nevada Veterans Home, Las Vegas	20.2	21.1
Nevada National Guard State Command Complex, Carson City	8.7	11.1
Nevada Highway Patrol Office Building, Las Vegas	0.1	15.2
Nevada Mental Health Institute Hospital, Sparks	9.9	10.0

The total increase in the State's capital assets for the primary government for the current fiscal year was \$175 million or about 2.3% in terms of net book value. This increase included current expenditures to purchase capital assets and completed projects from construction in progress. Depreciation charges for the year totaled \$54 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 \$3.758 billion in long-term debt outstanding, compared to \$3.823 billion last year, a decrease of \$64.0 million or 1.7% during the current fiscal year. The key factor in this decrease was the payoff of the Federal Repayment Contract for approximately \$116 million.

The most current bond ratings from Fitch, Standard and Poor's and Moody's Investor Service were AAA, AAA and Aaa, 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 2002 fiscal year and still outstanding at year end were (*expressed in thousands*):

General Obligation Capital Improvement	09/01/2001A	\$ 54,430
General Obligation Capital Improvement and Refunding	02/01/2002A	48,895
General Obligation Safe Drinking Water	09/01/2001C	1,560
General Obligation Natural Resources	09/01/2001B	16,200
General Obligation Fish Hatchery Improvement and Refunding	02/01/2002B	4,285
Nevada Municipal Bond Bank Project 72, 73 and 74	02/01/2002C	9,015
Housing Single Family Refunding 2001 Issue C	11/9/2001C	15,000
Housing Single Family Refunding 2002 Series 1 and 2	3/06/2002	44,030
Housing Single Family Refunding 2002 Issue A	3/22/2002A	30,000
Housing Multi-unit Lake Vista	09/28/2001	2,750
Housing Multi-unit Parkside Gardens	11/29/2001	11,270
Housing Multi-unit Villanova	12/05/2001	19,900
Housing Multi-unit Silver Creek	12/05/2001	13,540
Housing Multi-unit City Center Las Vegas	03/27/2002	14,000
Housing Multi-unit Silver Pines	04/18/2002	11,800
Housing Multi-unit Oakmont at Reno	06/06/2002	4,350
Housing Multi-unit Parkway Plaza	04/30/2002	13,250
CRC Hoover Uprating Refunding	10/01/2001	6,305

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

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

## **ECONOMIC CONDITION AND OUTLOOK**

The Nevada economy has struggled since mid-2001. Prior to the terrorist attacks of September 11<sup>th</sup> of that year, there were some signs that economic conditions were easing slightly. However, since then, the across-the-board decline in the State's economic health is undeniable. Practically every indicator of the economy's performance—jobs, income, gaming activity, etc.—has deteriorated, if not in actual terms, at least with respect to growth rates.

As a result, the State's fiscal health has been impacted significantly. Nevada's largest revenue source, the sales tax, barely managed to surpass year-ago readings in FY 2002. The second largest revenue source, percentage fee collections from gaming operations, failed to match FY 2001 collections. Needless to say, General Fund revenue fell well short of the projections upon which the FY 2002 budget was built.

Nationally, it has been determined that the economy officially fell into recession in March 2001. While an official end to the downturn has yet to be identified, the consensus among those that track the economy is that it was most likely near the end of calendar year 2001. If that is the case, the unfolding recovery is proving to be relatively weak. Job gains, at best, are minimal, the financial markets are struggling, and considerable uncertainty on a number of fronts, both domestic and international, is resulting in a recovery that, to date, is very hesitant.

### **Visitor Volume:**

Nevada's tourism-based economy is driven by visitor volume. While visitor volume growth was positive prior to then, the events of September 11, 2001 reversed what gains there were, pushing down visitor numbers. For instance, for the fiscal year ended June 2001, Las Vegas visitor volume growth came in at 2.5%, down considerably from the near 10% gain in the prior year. However, as FY 2002 unfolded, the impacts of September's catastrophic events brought about outright declines in visitors. September 2001 visitors were down over 14% from the prior year. In fact, visitor declines of at least 5% were registered in every month between September and December. Declines continued through the first six months of 2002, but the losses were not as pronounced. All told, FY 2002 Las Vegas visitor volume was off 4.1%. To put this in perspective, the most pronounced declines in visitor volume during the recessions of the early 1980s were less than 1%. During the downturn in the early 1990s, visitor growth remained positive, never falling below 2.7% in any fiscal year.

**Labor Markets:**

Recent employment-related trends also highlight the reversal of Nevada's economic fortunes since mid-2001. During calendar year 2000, job growth in Nevada hovered between 4% and 5%. While growth was easing by September 2001, the terrorist attacks pushed job growth negative. Department of Employment, Training, and Rehabilitation preliminary estimates suggest that jobs declined in each of the final three quarters of FY 2002. Historically, job growth in Nevada has surpassed that for the nation as a whole. Despite the deterioration in the State's labor markets of late, trends have still held up well relative to the nation as a whole.

**Taxable Sales:**

The State's largest General Fund revenue source is the sales tax. Here, too, the economy's slowdown during FY 2002 is evident. Total taxable sales grew at a 5.8% pace in FY 2001. But in FY 2002, sales actually declined 0.5%. Sales in eating and drinking establishments represent the largest sales category. The impact of September 2001's events on tourism are clear in looking at developments in these sales. During FY 2001, sales were up 8%, driven, in part, by continued visitor volume growth in response to the completion of a number of new megaresort projects on the Las Vegas Strip. In FY 2002, sales declined by 1.4%. All of the decline occurred during September and beyond. During July and August, the first two months of FY 2002, eating and drinking sales were up 2.6%. The downward pressure on sales was not across the board. In the State's second largest sales category, autos, FY 2002 sales were up 9%, spurred on by attractive financing packages. During the prior year, auto-related sales were up 6%.

**Gaming Win:**

Gaming activity soared during the late 1990s in response to the most recent round of expansions. Even in FY 2001, gaming win grew 2.5%. However, conditions in FY 2002 deteriorated markedly throughout much of the year, and gaming win ended the year off by 2.9% from FY 2001. Declines were especially pronounced on the games and tables side, where win was off by 7.2%. For the less volatile slots, win was off just 0.5%.

In conclusion, all of the above factors will be considered by legislative leaders and management in preparing the State's budget for future years. Of special consideration are the proposals made by the Governor's Task Force on Tax Policy. The results of the task force led to a multi-tiered proposal of tax hikes on cigarettes, liquor and property, and new levies on entertainment and business receipts that will be considered during the next legislative session. Although final tax revenue projections for the 2003-05 biennium released by the Nevada Economic Forum show that Nevada's economy is slowly climbing out of recession, projected revenues on current taxes for the upcoming biennium are still about \$800 million short of what is needed to keep State services at their current level. Therefore, the decisions made during the upcoming legislative session will be a key factor in the future of Nevada's financial position.

**REQUESTS FOR INFORMATION**

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

# Statement of Net Assets

State of Nevada

June 30, 2002 (Expressed in Thousands)

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Colorado River Commission	University System
<b>Assets</b>					
Cash and pooled investments	\$ 983,464	\$ 556,072	\$ 1,539,536	\$ 47,366	\$ 47,354
Investments	1,183,022	479,300	1,662,322	-	378,445
Collateral on loaned securities	542,585	34,593	577,178	32,960	-
Food stamp coupons	15,299	-	15,299	-	-
Internal balances	616	(616)	-	-	-
Due from the state	-	-	-	450	78,915
Accounts receivable	28,743	1,338	30,081	13,153	105,467
Taxes/assessments receivable	489,659	78,315	567,974	-	-
Intergovernmental receivables	389,043	1,980	391,023	-	26,884
Accrued interest and dividends	14,903	11,643	26,546	459	-
Mortgages receivable	-	939,691	939,691	-	-
Notes/loans receivable	862	61,191	62,053	-	10,014
Other receivables	3,044	-	3,044	-	-
Inventory	10,832	1,581	12,413	-	4,803
Prepaid expenses	33,576	50	33,626	43,379	-
Deferred charges	683	10,992	11,675	-	-
<b>Restricted assets:</b>					
Cash	-	-	-	14,650	9,977
Noncash	-	105,685	105,685	-	-
Other assets	598	4,116	4,714	-	2,552
<b>Capital assets:</b>					
Land, infrastructure and construction in progress	3,201,022	435	3,201,457	4,429	85,496
Other capital assets, net of depreciation	723,944	2,329	726,273	72,199	904,253
Total capital assets	3,924,966	2,764	3,927,730	76,628	989,749
<b>Total assets</b>	<b>7,621,895</b>	<b>2,288,695</b>	<b>9,910,590</b>	<b>229,045</b>	<b>1,654,160</b>
<b>Liabilities</b>					
Accounts payable	492,657	22,020	514,677	14,135	24,816
Accrued payroll and related liabilities	46,194	667	46,861	-	18,780
Intergovernmental payables	57,586	5	57,591	-	7,294
Interest payable	30,667	17,096	47,763	-	4,180
Due to component unit	79,343	22	79,365	-	-
Contracts/retentions payable	19,672	-	19,672	-	-
Obligations under securities lending	542,585	34,593	577,178	32,960	-
Deferred revenues	354,487	4,891	359,378	-	24,830
Reserve for losses	63,218	-	63,218	-	-
Other liabilities	29,432	7	29,439	48,238	6,472
Long-term liabilities:					
Portion due or payable within one year:					
Obligations under capital leases	1,675	-	1,675	-	1,478
Compensated absences	46,916	813	47,729	-	20,551
Bonds payable	89,765	74,521	164,286	1,045	7,022

Certificates of participation payable	630	-	630	-	-
<i>Portion due or payable after one year:</i>					
Obligations under capital leases	3,726	-	3,726	-	9,461
Compensated absences	27,435	430	27,865	171	7,478
Bonds payable	2,187,968	1,296,729	3,484,697	121,172	172,928
Certificates of participation payable	13,765	-	13,765	-	-
Arbitrage rebate liability	562	43	605	-	-
Judicial retirement system net pension obligation	13,389	-	13,389	-	-
<b>Total liabilities</b>	<b>4,101,672</b>	<b>1,451,837</b>	<b>5,553,509</b>	<b>217,721</b>	<b>305,290</b>

**Net Assets**

Invested in capital assets, net of related debt	3,149,657	2,659	3,152,316	170	825,002
Restricted for:					
Unemployment compensation	-	548,532	548,532	-	-
Security of outstanding obligations	-	138,838	138,838	-	-
Workers compensation	-	23,831	23,831	-	-
Capital projects	-	-	-	-	167,852
Debt service	5,301	-	5,301	-	2,373
Education and support services	1,140	-	1,140	-	-
Transportation	206,041	-	206,041	-	-
Recreation and resource development	38,914	114,288	153,202	-	-
Law, justice and public safety	5,018	-	5,018	-	-
Health and social services	39,178	-	39,178	-	-
Regulation of business	7,870	701	8,571	-	-
Municipal securities	4,019	-	4,019	-	-
Scholarships	-	-	-	-	88,018
Loans	-	-	-	-	4,334
Operations and maintenance	-	-	-	707	-
Funds held as permanent investments:					
Nonexpendable	95,033	-	95,033	-	109,070
Expendable	21	-	21	-	-
Unrestricted (deficit)	(31,969)	8,009	(23,960)	10,447	152,221
<b>Total net assets</b>	<b>\$ 3,520,223</b>	<b>\$ 836,858</b>	<b>\$ 4,357,081</b>	<b>\$ 11,324</b>	<b>\$ 1,348,870</b>

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

# Statement of Activities

State of Nevada

For the Fiscal Year Ended June 30, 2002 (Expressed in Thousands)

Functions/Programs	Program Revenues				Net (Expenses) Revenues and Changes in Net Assets				Component Units	
	Charges for Services		Capital Grants and Contributions		Primary Government		Business-type Activities			Total
	Expenses	Operating Grants and Contributions	Contributions	Governmental Activities	Governmental Activities	Business-type Activities	Total			
<b>Primary Government</b>										
Governmental activities:										
General government	\$ 184,935	\$ 141,442	\$ 19,897	\$ -	\$ (23,596)	\$ -	\$ (23,596)	\$ -	\$ (23,596)	\$ -
Health and social services	1,554,450	106,846	875,174	8	(572,422)	-	(572,422)	-	(572,422)	-
Education and support services	970,419	2,901	173,254	445	(793,819)	-	(793,819)	-	(793,819)	-
Law, justice and public safety	440,559	187,717	24,947	4,962	(222,933)	-	(222,933)	-	(222,933)	-
Regulation of business	77,914	40,123	3,870	-	(33,921)	-	(33,921)	-	(33,921)	-
Transportation	349,025	13,983	166,612	1,188	(167,242)	-	(167,242)	-	(167,242)	-
Recreation and resource development	101,242	34,998	20,699	607	(44,938)	-	(44,938)	-	(44,938)	-
Intergovernmental - grants and revenue sharing	93,082	-	-	-	(93,082)	-	(93,082)	-	(93,082)	-
Payments to component units	406,818	-	-	-	(406,818)	-	(406,818)	-	(406,818)	-
Debt service received from local governments	-	-	76,917	-	76,917	-	76,917	-	76,917	-
Interest on long-term debt	121,092	-	-	-	(121,092)	-	(121,092)	-	(121,092)	-
Unallocated depreciation	1,144	-	-	-	(1,144)	-	(1,144)	-	(1,144)	-
Total governmental activities	4,300,680	528,010	1,361,370	7,210	(2,404,090)	-	(2,404,090)	-	(2,404,090)	-
Business-type activities:										
Unemployment insurance	407,241	-	139,399	-	-	-	(267,842)	-	(267,842)	-
Housing	76,904	61,682	23,074	-	-	-	7,852	-	7,852	-
Water loans	4,930	3,355	12,828	-	-	-	11,253	-	11,253	-
Workers compensation and safety	19,581	22,694	3,812	-	-	-	6,925	-	6,925	-
Other	12,695	18,477	266	-	-	-	6,048	-	6,048	-
Total business-type activities	521,351	106,208	179,379	-	-	-	(235,764)	-	(235,764)	-
Total primary government	\$ 4,822,031	\$ 634,218	\$ 1,540,749	\$ 7,210	(2,404,090)	-	(235,764)	-	(2,639,854)	-
<b>Component Units</b>										
Colorado River Commission	\$ 162,577	\$ 163,501	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	924
University System	876,793	246,737	310,388	10,094	-	-	-	-	-	(309,574)
Total component units	\$ 1,039,370	\$ 410,238	\$ 310,388	\$ 10,094	\$ -	\$ -	\$ -	\$ -	\$ -	(308,650)
General revenues:										
Taxes:										
Sales and use					660,558					660,558
Gaming					659,053					659,053
Fuel					3,304					3,304
Other					383,442					383,442
Restricted for unemployment compensation:										
Other taxes					-		240,608			240,608
Restricted for educational purposes:										
Sales and use taxes					63,841					63,841

Gaming taxes	38,429	-	38,429	-
Restricted for debt service purposes:				
Property taxes	78,659	-	78,659	-
Fuel taxes	13,051	-	13,051	-
Restricted for recreation and resource development purposes:				
Other taxes	24,353	-	24,353	-
Restricted for health and social services purposes:				
Property taxes	20,575	-	20,575	-
Other taxes	6,830	-	6,830	-
Restricted for transportation purposes:				
Fuel taxes	226,315	-	226,315	-
Restricted for regulation purposes:				
Other taxes	439	-	439	-
Contributions to permanent funds	8,759	-	8,759	1,137
Tobacco settlement income	44,628	-	44,628	-
Unrestricted investment earnings	35,839	-	35,839	(3,063)
Gain on sale of assets	-	2	2	-
Other general revenues	25,801	-	25,801	49
Payments from State of Nevada	-	-	-	406,818
Transfers	19,238	(19,238)	-	-
Total general revenues, special items, and transfers	2,313,114	221,372	2,534,486	404,941
Change in net assets	(90,976)	(14,392)	(105,368)	96,291
Net assets - beginning (as restated)	3,611,199	851,250	4,462,449	1,263,903
Net assets - ending	\$ 3,520,223	\$ 836,858	\$ 4,357,081	\$ 1,360,194

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

# Balance Sheet Governmental Funds

June 30, 2002

	General Fund	State Highway	Municipal Bond Bank
<b>Assets</b>			
<i>Cash and pooled investments:</i>			
Cash with treasurer	\$ 111,088,539	\$ 236,763,509	\$ 2,791,973
Cash in custody of other officials	9,444,593	83,858	-
Investments	4,033,477	-	1,090,275,000
Collateral on loaned securities	214,371,597	119,904,958	8,372,458
Food stamp coupons	15,299,024	-	-
<i>Receivables:</i>			
Accounts receivable	18,939,093	4,859,372	-
Taxes receivable	442,366,078	40,693,318	-
Intergovernmental receivables	165,982,117	10,286,163	-
Accrued interest and dividends	13,683,714	-	-
Notes/loans receivable	620,947	3,470	-
Other receivables	53,766	1,667	-
Due from other funds	47,819,990	6,886,765	27,862
Due from fiduciary funds	155,581	-	-
Due from component unit	1,314,940	266	-
Inventory	-	8,773,607	-
Advances to other funds	6,417,874	15,494	-
Advances to fiduciary funds	2,986,187	-	-
Prepaid items	29,313,990	247,368	-
<b>Total assets</b>	<b>\$ 1,083,891,507</b>	<b>\$ 428,519,815</b>	<b>\$ 1,101,467,293</b>
<b>Liabilities and Fund Balances</b>			
<i>Accounts payable and accruals:</i>			
Accounts payable	\$ 184,565,156	\$ 20,392,166	\$ 250
Accrued payroll and related liabilities	27,715,895	11,433,802	-
Intergovernmental payables	53,037,476	2,359,207	-
Interest payable	-	-	-
Contracts/retentions payable	338,158	9,740,729	-
Obligations under securities lending	214,371,597	119,904,958	8,372,458
Due to other funds	28,605,197	36,011,446	2,340,042
Due to fiduciary funds	274,325,662	2,133,634	-
Due to component unit	8,617,508	236,612	-
Advances from general fund	-	-	-
Deferred revenues	213,856,893	3,141,849	325,000
Bonds payable	-	-	-
<i>Other liabilities:</i>			
Other	27,710,222	1,260,882	-
<b>Total liabilities</b>	<b>1,033,143,764</b>	<b>206,615,285</b>	<b>11,037,750</b>
<b>Fund balances:</b>			
<i>Reserved:</i>			
Encumbrances and contracts	3,916,361	55,346,472	-
Inventories	-	8,773,607	-
Advances	9,404,061	15,494	-
Balances forward	174,788,905	20,633,011	-
Investment in municipal securities	-	-	1,090,429,543
Permanent fund principal	-	-	-
Fiscal emergency	-	-	-
Debt service	-	-	-
Other	29,934,937	247,368	-
Unreserved	(167,296,521)	136,888,578	-
<i>Unreserved, reported in nonmajor:</i>			
Special revenue funds	-	-	-
Capital project funds	-	-	-
Permanent funds	-	-	-
<b>Total fund balances</b>	<b>50,747,743</b>	<b>221,904,530</b>	<b>1,090,429,543</b>
<b>Total liabilities and fund balances</b>	<b>\$ 1,083,891,507</b>	<b>\$ 428,519,815</b>	<b>\$ 1,101,467,293</b>

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





<u>Cons Bond Interest and Redemption</u>	<u>Stabilize the Operations of State Government</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 46,651,272	\$ 136,340,970	\$ 407,712,852	\$ 941,349,115
-	-	684,320	10,212,771
-	-	88,713,492	1,183,021,969
78,891,184	-	114,491,939	536,032,136
-	-	-	15,299,024
-	-	3,988,261	27,786,726
-	-	6,599,159	489,658,555
196,764,700	-	4,695,335	377,728,315
-	-	1,219,342	14,903,056
-	-	73,536	697,953
-	-	1,909	57,342
3,876,471	-	39,346,677	97,957,765
-	-	360,468	516,049
-	-	50	1,315,256
-	-	1,342,919	10,116,526
3,400,054	-	-	9,833,422
-	-	-	2,986,187
-	-	3,871,226	33,432,584
<u>\$ 329,583,681</u>	<u>\$ 136,340,970</u>	<u>\$ 673,101,485</u>	<u>\$ 3,752,904,751</u>
\$ 3,725	\$ -	\$ 5,922,301	\$ 210,883,598
-	-	2,793,015	41,942,712
-	-	2,186,309	57,582,992
5,900,355	-	-	5,900,355
-	-	9,593,223	19,672,110
78,891,184	-	114,491,939	536,032,136
-	-	37,442,848	104,399,533
-	-	65,142	276,524,438
-	-	72,091,063	80,945,183
-	-	590,796	590,796
197,831,334	-	4,646,866	419,801,942
9,115,000	-	-	9,115,000
-	-	460,741	29,431,845
<u>291,741,598</u>	<u>-</u>	<u>250,284,243</u>	<u>1,792,822,640</u>
-	-	13,686,304	72,949,137
-	-	1,342,919	10,116,526
3,400,054	-	-	12,819,609
-	-	-	195,421,916
-	-	-	1,090,429,543
-	-	95,033,208	95,033,208
-	136,340,970	-	136,340,970
34,442,029	-	5,301,226	39,743,255
-	-	29,832,535	60,014,840
-	-	-	(30,407,943)
-	-	226,247,477	226,247,477
-	-	51,352,393	51,352,393
-	-	21,180	21,180
<u>37,842,083</u>	<u>136,340,970</u>	<u>422,817,242</u>	<u>1,960,082,111</u>
<u>\$ 329,583,681</u>	<u>\$ 136,340,970</u>	<u>\$ 673,101,485</u>	<u>\$ 3,752,904,751</u>

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

State  
of  
Nevada

June 30, 2002

**Total fund balances - governmental funds** \$ 1,960,082,111

Amounts reported for governmental activities in the statement of nets 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	453,694,426	
Infrastructure assets	2,524,111,890	
Buildings	744,582,992	
Improvements other than buildings	72,007,887	
Furniture and equipment	310,841,731	
Construction in progress	220,328,595	
Accumulated depreciation	(421,414,726)	
<b>Total capital assets</b>		<b>3,904,152,795</b>

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. 65,341,075

A portion of the interest accrued on bonds payable (not reported in the funds) is due from local governments. 10,707,601

The Judicial Retirement System pension plan has a net pension obligation not reported as an expenditure in the funds. (13,389,455)

Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets. (24,349,958)

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. 682,543

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	(2,267,861,076)	
Accrued interest on bonds	(24,766,259)	
Arbitrage rebate liability	(562,494)	
Certificates of participation	(14,395,000)	
Capital leases	(3,900,112)	
Compensated absences	(71,518,668)	
<b>Total long-term liabilities</b>		<b>(2,383,003,609)</b>

**Net assets of governmental activities** \$ 3,520,223,103

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, 2002

	General Fund	State Highway	Municipal Bond Bank	Cons Bond Interest and Redemption
<b>Revenues</b>				
Gaming taxes, fees, licenses	\$ 681,624,495	\$ -	\$ -	\$ -
Sales taxes	718,909,975	-	-	-
Intergovernmental	1,104,440,484	174,090,216	-	18,595,405
Other taxes	360,113,916	240,443,163	-	78,658,917
Licenses, fees and permits	109,555,570	136,746,331	-	-
Sales and charges for services	32,108,683	10,468,684	-	-
Interest and investment income	24,473,604	13,875,419	58,951,668	8,751,315
Tobacco settlement income	-	-	-	-
<i>Other:</i>				
Fines	-	-	-	-
Land sales	-	-	-	-
Other	36,097,464	9,027,571	-	-
<b>Total revenues</b>	<b>3,067,324,191</b>	<b>584,651,384</b>	<b>58,951,668</b>	<b>106,005,637</b>
<b>Expenditures</b>				
<i>Current:</i>				
General government	69,583,866	3,063,277	246,341	1,686,665
Health and social services	1,465,759,338	-	-	-
Education and support services	959,104,823	-	-	-
Law, justice and public safety	280,914,716	117,315,850	-	-
Regulation of business	57,693,501	-	500	-
Transportation	-	418,870,433	-	-
Recreation, resource development	78,587,243	-	-	-
Intergovernmental	66,901,001	7,695,958	-	-
Capital outlay	-	-	-	-
<i>Debt service:</i>				
Principal	311,144	700,603	-	99,947,658
Interest, fiscal charges	394,178	114,751	-	114,138,728
Bond issuance costs	-	-	-	994,404
Arbitrage payments	-	-	-	580,800
<b>Total expenditures</b>	<b>2,979,249,810</b>	<b>547,760,872</b>	<b>246,841</b>	<b>217,348,255</b>
Excess (deficiency) of revenues over expenditures	88,074,381	36,890,512	58,704,827	(111,342,618)
<b>Other Financing Sources (Uses)</b>				
Capital leases	981,879	-	-	-
Sale of general obligation bonds	995,980	-	9,015,000	21,987,644
Premium on general obligation bonds	-	-	-	2,860,064
Sale of fixed assets	49,468	1,282	-	-
Sale of general obligation refunding bonds	-	-	-	19,960,559
Payment to refunded bond agent	-	-	-	(19,960,559)
Transfers in	114,402,828	4,224,294	-	96,190,025
Transfers from component units	27,624	-	-	-
Transfers out	(41,480,616)	(9,511,805)	(80,919,048)	(10,000,000)
Transfers to component units	(349,118,526)	-	-	(109,660)
Total other financing sources (uses)	<b>(274,141,363)</b>	<b>(5,286,229)</b>	<b>(71,904,048)</b>	<b>110,928,073</b>
Net change in fund balances	(186,066,982)	31,604,283	(13,199,221)	(414,545)
Fund balances, July 1 (as restated)	236,814,725	190,300,247	1,103,628,764	38,256,628
<b>Fund balances, June 30</b>	<b>\$ 50,747,743</b>	<b>\$ 221,904,530</b>	<b>\$ 1,090,429,543</b>	<b>\$ 37,842,083</b>

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



<b>Stabilize the Operations of State Government</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ -	\$ 15,857,307	\$ 697,481,802
-	-	718,909,975
-	50,124,664	1,347,250,769
-	82,691,946	761,907,942
-	24,422,469	270,724,370
-	12,375,700	54,953,067
-	18,621,789	124,673,795
-	44,628,083	44,628,083
-	3,779,828	3,779,828
-	4,975,686	4,975,686
-	4,306,411	49,431,446
-	261,783,883	4,078,716,763
-	33,926,853	108,507,002
-	70,936,987	1,536,696,325
-	9,379,154	968,483,977
-	14,086,263	412,316,829
-	17,494,908	75,188,909
-	-	418,870,433
-	17,282,087	95,869,330
-	18,485,475	93,082,434
-	18,404,315	18,404,315
-	8,207,272	109,166,677
-	4,840,551	119,488,208
-	-	994,404
-	30,500	611,300
-	213,074,365	3,957,680,143
-	48,709,518	121,036,620
-	506,383	1,488,262
-	80,108,785	112,107,409
-	-	2,860,064
-	-	50,750
-	-	19,960,559
-	-	(19,960,559)
-	38,403,558	253,220,705
-	-	27,624
-	(90,844,748)	(232,756,217)
-	(57,617,243)	(406,845,429)
-	(29,443,265)	(269,846,832)
-	19,266,253	(148,810,212)
136,340,970	403,550,989	2,108,892,323
<u>\$ 136,340,970</u>	<u>\$ 422,817,242</u>	<u>\$ 1,960,082,111</u>

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

State  
of  
Nevada

June 30, 2002

**Net change in fund balances - total governmental funds** \$ (148,810,212)

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	115,886,088	
Depreciation expense	(48,375,933)	
Excess of capital outlay over depreciation expense		67,510,155

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	(112,107,409)	
Refunding bonds issued	(19,960,559)	
Total bond proceeds		(132,067,968)

Some capital additions were financed through capital leases. In the governmental funds, a capital lease arrangement is considered a source of financing, but in the statement of net assets, the lease obligation is reported as a liability. 1,488,262

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	82,928,327	
Certificates of participation retirement	605,000	
Capital lease payments	22,833,329	
Payments to the bond refunding agent	19,960,559	
Total long-term debt repayment		126,327,215

Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (loss) of the internal service funds is reported with governmental activities. (30,801,170)

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. 36,684,197

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. (1,413,380)

In the statement of activities, the change in the net pension obligation for the Judicial Retirement System is reported as an expense. (2,909,277)

Amortization of deferred loss on early retirement of debt is reported as an expense for the statement of activities. (68,016)

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 increase in accrued interest	(645,999)	
Increase in compensated absences	(8,217,503)	
Decrease in arbitrage liability	1,948,035	
Total additional expenditures		(6,915,467)

**Change in net assets of governmental activities** \$ (90,975,661)

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

# Statement of Net Assets Proprietary Funds

June 30, 2002

	Enterprise Funds				Internal Service Funds
	Housing Division	Unemployment Compensation	Other Enterprise Funds	Total	
<b>Assets</b>					
<b>Current assets:</b>					
<i>Cash and pooled investments:</i>					
Cash with treasurer	\$ 256,726	\$ -	\$ 71,020,758	\$ 71,277,484	\$ 31,901,960
Cash in custody of other officials	35,451	484,528,938	230,478	484,794,867	275
Investments	121,018,955	-	-	121,018,955	-
Collateral on loaned securities	-	-	34,593,436	34,593,436	6,552,815
<i>Receivables:</i>					
Accounts receivable	-	78,315,046	1,327,707	79,642,753	407,719
Intergovernmental receivables	-	-	1,980,272	1,980,272	607,016
Accrued interest and dividends	9,393,328	-	2,249,894	11,643,222	-
Notes/loans receivable	-	-	-	-	6,200
Due from other funds	5,516	-	1,912,493	1,918,009	10,526,146
Due from fiduciary funds	-	-	10,040	10,040	32,786
Due from component unit	-	-	16,351	16,351	354,427
Inventory	-	-	1,581,184	1,581,184	715,323
Prepaid expenses	-	-	49,506	49,506	143,784
<i>Restricted Assets:</i>					
Noncash	45,424,788	-	-	45,424,788	-
<b>Total current assets</b>	<b>176,134,764</b>	<b>562,843,984</b>	<b>114,972,119</b>	<b>853,950,867</b>	<b>51,248,451</b>
<b>Noncurrent assets:</b>					
Investments	286,024,893	-	72,256,128	358,281,021	-
<i>Receivables:</i>					
Mortgages receivable	939,690,617	-	-	939,690,617	-
Notes/loans receivable	-	-	61,191,249	61,191,249	158,200
Deferred charges	9,889,982	-	1,101,606	10,991,588	-
<i>Restricted assets:</i>					
Noncash	60,260,324	-	-	60,260,324	-
Other assets	4,116,378	-	-	4,116,378	598,522
<i>Capital assets:</i>					
Land	-	-	435,251	435,251	130,954
Buildings	-	-	2,978,264	2,978,264	7,259,937
Improvements other than buildings	-	-	630,647	630,647	727,317
Furniture and equipment	310,295	-	4,200,019	4,510,314	54,878,852
Construction in progress	-	-	-	-	2,755,879
Less accumulated depreciation	(296,978)	-	(5,493,257)	(5,790,235)	(44,939,758)
<b>Total noncurrent assets</b>	<b>1,299,995,511</b>	<b>-</b>	<b>137,299,907</b>	<b>1,437,295,418</b>	<b>21,569,903</b>
<b>Total assets</b>	<b>1,476,130,275</b>	<b>562,843,984</b>	<b>252,272,026</b>	<b>2,291,246,285</b>	<b>72,818,354</b>



	Enterprise Funds				Internal Service Funds
	Housing Division	Unemployment Compensation	Other Enterprise Funds	Total	
<b>Liabilities</b>					
<b>Current liabilities:</b>					
<i>Accounts payable and accruals:</i>					
Accounts payable	6,137,468	14,312,161	1,434,807	21,884,436	4,751,882
Interest payable	15,885,642	-	1,210,046	17,095,688	-
Accrued payroll and related liabilities	-	-	666,513	666,513	1,339,550
Intergovernmental payables	-	-	5,068	5,068	3,243
Bank overdraft	-	-	-	-	2,911,537
Obligations under securities lending	-	-	34,593,436	34,593,436	6,552,815
Due to other funds	7,782	-	1,761,198	1,768,980	4,233,407
Due to fiduciary funds	-	-	135,319	135,319	496,463
Due to component unit	-	-	38,904	38,904	67,109
Deferred revenues	-	-	4,890,741	4,890,741	26,065
Other liabilities	-	-	7,056	7,056	-
<i>Short-term portion of long-term liabilities:</i>					
Obligations under capital leases	-	-	-	-	442,063
Compensated absences	81,001	-	731,916	812,917	1,756,640
Bonds payable	71,307,000	-	3,214,129	74,521,129	-
<b>Total current liabilities</b>	<b>93,418,893</b>	<b>14,312,161</b>	<b>48,689,133</b>	<b>156,420,187</b>	<b>22,580,774</b>
<b>Noncurrent liabilities:</b>					
Advances from funds	-	-	124,784	124,784	9,117,842
Reserve for losses	-	-	-	-	63,217,888
Obligations under capital leases	-	-	-	-	1,059,468
Compensated absences	71,911	-	357,969	429,880	1,075,931
Bonds payable	1,241,728,000	-	55,000,997	1,296,728,997	757,033
Arbitrage rebate liability	-	-	43,381	43,381	-
<b>Total noncurrent liabilities</b>	<b>1,241,799,911</b>	<b>-</b>	<b>55,527,131</b>	<b>1,297,327,042</b>	<b>75,228,162</b>
<b>Total liabilities</b>	<b>1,335,218,804</b>	<b>14,312,161</b>	<b>104,216,264</b>	<b>1,453,747,229</b>	<b>97,808,936</b>
<b>Net Assets</b>					
Invested in capital assets, net of related debt	13,317	-	2,646,140	2,659,457	12,060,920
Restricted for unemployment compensation	-	548,531,823	-	548,531,823	-
Restricted for security of outstanding obligations	138,837,683	-	-	138,837,683	-
Restricted for workers compensation	-	-	23,831,393	23,831,393	-
Restricted for revolving loans	-	-	114,287,972	114,287,972	-
Restricted for regulation of business	-	-	701,309	701,309	-
Unrestricted	2,060,471	-	6,588,948	8,649,419	(37,051,502)
<b>Total net assets</b>	<b>\$ 140,911,471</b>	<b>\$ 548,531,823</b>	<b>\$148,055,762</b>	<b>837,499,056</b>	<b>\$ (24,990,582)</b>

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

	(640,624)
Net assets of business-type activities	<u>\$ 836,858,432</u>

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, 2002

	Enterprise Funds				
	Housing Division	Unemployment Compensation	Other Enterprise Funds	Total	Internal Service Funds
<b>Operating Revenues</b>					
Sales	\$ -	\$ -	\$ 5,943,235	\$ 5,943,235	\$ 4,715,095
Assessments	-	240,608,601	20,561,434	261,170,035	-
Net premium income	-	-	-	-	159,853,766
Charges for services	-	-	9,564,990	9,564,990	46,640,281
Rental income	-	-	190,555	190,555	15,613,771
Interest income on loans/notes	58,855,556	-	4,344,266	63,199,822	-
Interest and investment income	20,892,278	31,502,672	-	52,394,950	-
Federal grants	2,181,347	38,778,950	9,371,206	50,331,503	-
Licenses, fees and permits	-	-	2,829,380	2,829,380	-
Contributions	-	-	110,706	110,706	-
Other	2,826,743	-	2,011,435	4,838,178	1,336,027
<b>Total operating revenues</b>	<b>84,755,924</b>	<b>310,890,223</b>	<b>54,927,207</b>	<b>450,573,354</b>	<b>228,158,940</b>
<b>Operating Expenses</b>					
Salaries and benefits	1,700,219	-	14,638,310	16,338,529	29,857,081
Operating	4,053,117	-	11,686,285	15,739,402	33,042,319
Administrative expense	-	-	59,987	59,987	-
Claims expense	-	407,240,872	3,960,440	411,201,312	148,989,482
Interest on bonds payable	67,796,377	-	-	67,796,377	-
Materials or supplies used	-	-	2,098,929	2,098,929	2,220,030
Servicers' fees	1,805,488	-	-	1,805,488	-
Depreciation	9,591	-	329,178	338,769	5,690,801
Insurance premiums	-	-	-	-	38,926,256
Bond issuance costs	1,485,078	-	150,729	1,635,807	-
<b>Total operating expenses</b>	<b>76,849,870</b>	<b>407,240,872</b>	<b>32,923,858</b>	<b>517,014,600</b>	<b>258,725,969</b>
Operating income (loss)	7,906,054	(96,350,649)	22,003,349	(66,441,246)	(30,567,029)
<b>Nonoperating Revenues (Expenses)</b>					
Interest and investment income	-	-	4,379,221	4,379,221	747,192
Interest expense	-	-	(3,823,870)	(3,823,870)	(288,548)
Federal grants	-	69,117,410	2,125,795	71,243,205	-
Gain (loss) on disposal of assets	-	-	2,015	2,015	(54,532)
Arbitrage rebate	-	-	60,704	60,704	-
<b>Total nonoperating revenues (expenses)</b>	<b>-</b>	<b>69,117,410</b>	<b>2,743,865</b>	<b>71,861,275</b>	<b>404,112</b>
Income (loss) before transfers	7,906,054	(27,233,239)	24,747,214	5,420,029	(30,162,917)
<b>Transfers</b>					
Transfers in	-	-	431,829	431,829	272,387
Transfer out	(2,790,780)	-	(16,879,396)	(19,670,176)	(1,484,306)
Change in net assets	5,115,274	(27,233,239)	8,299,647	(13,818,318)	(31,374,836)
<b>Net assets, July 1 (as restated)</b>	<b>135,796,197</b>	<b>575,765,062</b>	<b>139,756,115</b>		<b>6,384,254</b>
<b>Net assets, June 30</b>	<b>\$ 140,911,471</b>	<b>\$ 548,531,823</b>	<b>\$ 148,055,762</b>		<b>\$ (24,990,582)</b>

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

Change in net assets of business-type activities (573,666)  
\$ (14,391,984)

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, 2002

	Enterprise Funds				
	Housing	Unemployment Compensation	Other Enterprise Funds	Totals	Internal Service Funds
<b>Cash flows from operating activities</b>					
Receipts from customers and users	\$ 1,366,319	\$ 272,707,863	\$ 29,987,032	\$ 304,061,214	\$ 4,914,187
Receipts from interfund services provided	5,865	1,071,133	10,896,402	11,973,400	186,283,750
Receipts from component units	-	-	15,879	15,879	39,615,293
Receipts of principal/interest on loans, notes	183,218,802	-	9,890,607	193,109,409	-
Payments to suppliers, other governments and beneficiaries	(1,989,825)	(402,970,607)	(23,459,153)	(428,419,585)	(196,744,424)
Payments to employees	(1,663,459)	-	(13,890,278)	(15,553,737)	(28,596,940)
Payments for interfund services used	(433,779)	-	(2,923,162)	(3,356,941)	(6,976,624)
Payments to component units	(8,500)	-	(124,358)	(132,858)	(343,182)
Purchase of mortgage loans and notes	(106,720,752)	-	(21,327,229)	(128,047,981)	-
Net cash provided by (used for) operating activities	73,774,671	(129,191,611)	(10,934,260)	(66,351,200)	(1,847,940)
<b>Cash flows from noncapital financing activities</b>					
Grant receipts	-	69,117,410	9,918,126	79,035,536	-
Proceeds from sale of bonds	223,745,000	-	1,566,162	225,311,162	-
Transfers from other funds	2,255,143	-	491,041	2,746,184	1,869,991
Principal paid on noncapital debt	(187,664,000)	-	(1,745,000)	(189,409,000)	-
Interest paid on noncapital debt	(68,510,418)	-	(3,060,179)	(71,570,597)	-
Transfers to other funds	(2,864,576)	-	(17,678,776)	(20,543,352)	(828,636)
Other cash provided by (used for) noncapital financing activities	(2,799,887)	-	(336,029)	(3,135,916)	(50)
Net cash provided by (used for) noncapital financing activities	(35,838,738)	69,117,410	(10,844,655)	22,434,017	1,041,305
<b>Cash flows from capital and related financing activities</b>					
Proceeds from sale of capital assets	-	-	1,648	1,648	86,995
Purchase of capital assets	(14,287)	-	(630,946)	(645,233)	(2,635,086)
Principal paid on capital debt	-	-	(10,540)	(10,540)	(1,777,706)
Interest paid on capital debt	-	-	-	-	(127,795)
Construction	-	-	-	-	(274,378)
Net cash provided by (used for) capital and related financing activities	(14,287)	-	(639,838)	(654,125)	(4,727,970)
<b>Cash flows from investing activities</b>					
Proceeds from sales and maturities of investments	416,636,640	-	-	416,636,640	-
Purchase of investments	(475,269,709)	-	-	(475,269,709)	-
Interest and dividends received	20,863,386	31,502,672	3,035,706	55,401,764	701,737
Net cash provided by (used for) investing activities	(37,769,683)	31,502,672	3,035,706	(3,231,305)	701,737
Net increase (decrease) in cash	151,963	(28,571,529)	(19,383,047)	(47,802,613)	(4,832,868)
Cash and cash equivalents, July 1	140,214	513,100,467	90,634,283	603,874,964	36,735,103
Cash and cash equivalents, June 30	\$ 292,177	\$ 484,528,938	\$ 71,251,236	\$ 556,072,351	\$ 31,902,235



	Enterprise Funds				
	Housing	Unemployment Compensation	Other Enterprise Funds	Totals	Internal Service Funds
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities</b>					
Operating income (loss)	\$ 7,906,054	\$ (96,350,649)	\$ 22,003,349	\$ (66,441,246)	\$ (30,567,029)
<b>Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities</b>					
Depreciation expense	9,591	-	329,178	338,769	5,690,801
Amortization expense	1,485,078	-	150,729	1,635,807	-
Grant receipts	-	-	(7,755,307)	(7,755,307)	-
Income on investments	(20,892,278)	(31,502,672)	-	(52,394,950)	-
Interest on bonds payable	67,796,377	-	-	67,796,377	-
Decrease (increase) in loans and notes receivable	15,112,840	-	(15,294,148)	(181,308)	-
Decrease (increase) in accrued receivables	2,234,269	(5,608,555)	(3,801,188)	(7,175,474)	2,633,222
Decrease (increase) in inventory, deferred charges and other assets	-	-	1,317,619	1,317,619	(786,395)
Increase (decrease) in accounts payable, accruals, other liabilities	122,740	4,270,265	(7,834,824)	(3,441,819)	21,181,461
Other adjustments	-	-	(49,668)	(49,668)	-
Total adjustments	65,868,617	(32,840,962)	(32,937,609)	90,046	28,719,089
Net cash provided by (used for) operating activities	\$ 73,774,671	\$ (129,191,611)	\$ (10,934,260)	\$ (66,351,200)	\$ (1,847,940)
<b>Noncash investing, capital and financing activities</b>					
Property leased, accrued or acquired	\$ -	\$ -	\$ -	\$ -	\$ 291,802
Construction completed or in progress	-	-	-	-	672,877
Interest/dividends on investments accrued	-	-	1,828,001	1,828,001	67,520
Change in fair value of investments	1,436,421	-	418,908	1,855,329	83,272

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, 2002

	Pension Trust Funds	Investment Trust Funds	Private-Purpose Trust Funds	Agency Funds
<b>Assets</b>				
<i>Cash and pooled investments:</i>				
Cash with treasurer	\$ -	\$ 264	\$ 3,248,640	\$ 67,793,008
Cash in custody of other officials	359,788,931	-	164,889	68,018,298
<i>Investments:</i>				
Investments	-	523,676,111	35,390,571	97,290,669
Fixed income securities	5,011,769,288	-	-	-
Marketable equity securities	4,159,016,849	-	-	-
International securities	2,385,727,480	-	-	-
Mutual funds	507,866,631	-	-	-
Mortgage loans	3,540,771	-	-	-
Real estate	1,177,947,422	-	-	-
Alternative investments	133,574,912	-	-	-
Collateral on loaned securities	1,436,110,145	79,881,522	257,742	2,724,396
<i>Receivables:</i>				
Accounts receivable	-	-	42,656	-
Accrued interest and dividends	83,929,005	2,904,584	180,999	-
Taxes receivable	-	-	-	6,189,044
Trades pending settlement	13,039	-	-	-
Intergovernmental receivables	46,182,714	-	846	6,505,302
Other receivables	15	-	-	31,745,712
Due from other funds	-	175	362,021	276,794,382
Due from fiduciary funds	9,108,216	-	-	9,613,057
Other assets	557,183	-	-	-
Furniture and equipment	22,096,474	-	-	-
Accumulated depreciation	(10,517,061)	-	-	-
<b>Total assets</b>	<b>15,326,712,014</b>	<b>606,462,656</b>	<b>39,648,364</b>	<b>566,673,868</b>
<b>Liabilities</b>				
<i>Accounts payable and accruals:</i>				
Accounts payable	10,891,211	-	17,680	-
Accrued payroll and related liabilities	-	-	12,215	130,633
Intergovernmental payables	-	805,438	9,036	343,110,630
Trades pending settlement	661,619,180	-	-	-
Obligations under securities lending	1,436,110,145	79,881,522	257,742	2,724,396
Due to other funds	31,868	3,235	523,772	-
Due to fiduciary funds	-	-	21,787	18,699,844
Advance from general fund	-	-	2,986,187	-
Deferred revenues	-	-	4,280	-
<i>Other liabilities:</i>				
Deposits	-	-	-	193,285,315
Other liabilities	44,588	-	-	8,723,050
<b>Total liabilities</b>	<b>2,108,696,992</b>	<b>80,690,195</b>	<b>3,832,699</b>	<b>566,673,868</b>
<b>Net Assets</b>				
<i>Held in trust for:</i>				
Employees' pension benefits	13,218,015,022	-	-	-
Individuals, organizations and other governments	-	525,772,461	35,815,665	-
<b>Total net assets</b>	<b>\$ 13,218,015,022</b>	<b>\$ 525,772,461</b>	<b>\$ 35,815,665</b>	<b>\$ -</b>

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

# Statement of Changes in Fiduciary Net Assets Fiduciary Funds

State  
of  
Nevada

For the Fiscal Year Ended June 30, 2002

	Pension Trust Funds	Investment Trust Funds	Private-Purpose Trust Funds
<b>Additions</b>			
<i>Contributions:</i>			
Employer	\$ 685,903,569	\$ -	\$ -
Plan members	53,958,244	-	-
Participants	-	-	23,424,668
Repayment and purchase of service	24,702,680	-	-
Total contributions	<u>764,564,493</u>	<u>-</u>	<u>23,424,668</u>
<i>Investment income:</i>			
Net increase in fair value of investments	(841,482,571)	1,385,735	(2,694,872)
Interest, dividends	396,976,973	14,665,905	1,408,096
Securities lending income	49,687,972	980,589	-
Other	93,129,707	-	-
	<u>(301,687,919)</u>	<u>17,032,229</u>	<u>(1,286,776)</u>
Less investment expense:			
Cost of securities lending	(43,280,076)	(980,589)	(9,095)
Other	(23,104,238)	(103,631)	-
Net investment income	<u>(368,072,233)</u>	<u>15,948,009</u>	<u>(1,295,871)</u>
<i>Other:</i>			
Investment from local governments	-	970,951,034	-
Reinvestment from interest income	-	12,982,714	-
Sales and charges for services	-	-	24,653
Other	2,124,689	-	105,534
Total other	<u>2,124,689</u>	<u>983,933,748</u>	<u>130,187</u>
<b>Total additions</b>	<u>398,616,949</u>	<u>999,881,757</u>	<u>22,258,984</u>
<b>Deductions</b>			
Principal redeemed	-	995,614,625	-
Benefit payments	533,391,366	-	12,028,298
Refunds	15,835,321	-	488,457
Dividends to investors	-	14,242,846	-
Administrative expense	8,715,439	-	1,014,245
Transfer out	-	-	14,222
<b>Total deductions</b>	<u>557,942,126</u>	<u>1,009,857,471</u>	<u>13,545,222</u>
Change in net assets	(159,325,177)	(9,975,714)	8,713,762
<b>Net assets, July 1</b>	<u>13,377,340,199</u>	<u>535,748,175</u>	<u>27,101,903</u>
<b>Net assets, June 30</b>	<u>\$ 13,218,015,022</u>	<u>\$ 525,772,461</u>	<u>\$ 35,815,665</u>

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



**INDEX**



	<u>PAGE</u>
Note 1 - Summary of Significant Accounting Policies.....	55
Note 2 - Budgetary and Legal Compliance.....	61
Note 3 - Deposits and Investments.....	62
Note 4 - Receivables.....	67
Note 5 - Interfund Transactions.....	67
Note 6 - Restricted Assets.....	70
Note 7 - Capital Assets.....	70
Note 8 - Long-Term Obligations.....	72
Note 9 - Pensions and Other Employee Benefits.....	77
Note 10 - Risk Management.....	82
Note 11 - Fund Balances.....	84
Note 12 - Principal Tax Revenues.....	85
Note 13 - Works of Art and Historical Treasures.....	85
Note 14 - Commitments and Contingencies.....	87
Note 15 - Subsequent Events.....	89
Note 16 - Accounting Changes and Restatements.....	90

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

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

Financial accountability is defined in GASB statement No. 14, The Financial Reporting Entity. The State is financially accountable for those entities in which the State appoints a voting majority of an organization's governing authority, and either is able to impose its will upon the entity or there exists a financial benefits 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 authority.

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

The Public Employees' Retirement System (PERS), the Legislators' Retirement System (LRS) and the Judicial Retirement System (JRS) are administered by a seven-member board appointed by the Governor. PERS is the administrator of a cost-sharing, multiple-employer, defined benefit public employees' retirement system established by the Nevada Legislature in 1947 to provide a reasonable base income to qualified employees who have been employed by a public employer and whose earning capacities have been removed or substantially impaired by age or disability. LRS is the administrator of a single employer public employees' defined benefit retirement system established in 1967 by the Nevada Legislature to provide a reasonable base income to Legislators at retirement. JRS is the administrator of a single employer public employees' defined benefit retirement system established by the Nevada Legislature in 2001 to provide a reasonable base income

to justices of the Supreme Court and district judges at retirement.

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

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

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

The Colorado River Commission (CRC) is a legally separate entity responsible for managing Nevada's interests in the water and power resources available from the Colorado River. It is governed by seven commissioners, a majority of whom are appointed by the State: four are appointed by the Governor and three appointed by the board of directors of the Southern Nevada Water Authority. CRC provides services to citizens through the distribution and sale of electric power. As CRC has a separate governing body and does not provide services entirely or almost entirely to the primary government, it is presented discretely in the financial statements.

Complete financial statements for each of the individ-

(Note 1 Continued)

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

*Public Employees' Retirement System  
Carson City, NV*

*Legislators' Retirement System  
Carson City, NV*

*Judicial Retirement System  
Carson City, NV*

*University and Community College System of  
Nevada  
Reno, NV*

*Colorado River Commission  
Las Vegas, NV*

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

## **B. Government-Wide and Fund Financial Statements**

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

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

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

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

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

The *Statement of Activities* demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable within a specific function. Certain indirect 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. 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.

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

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

**Measurement Focus and Basis of Accounting:** The government-wide statements are reported using the economic resources management 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 rec-

(Note 1 Continued)

ognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

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

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.

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 Trust Fund accounts for the payment of unemployment compensation benefits.



(Note 1 Continued)

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 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, defined contribution plans, and other postemployment benefit plans.

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

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

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

Cash and Pooled Investments - The State Treasurer manages a cash pool where all temporary surplus cash is invested. These investments are reported on the Statement of Net Assets and Balance Sheet as cash and pooled investments. Earnings from these pooled investments are credited to the General Fund and certain other funds that have specific statutory authority to receive a prorated share based on weekly cash balances. No entry is made to reduce the cash balance in each fund since the cash management pool has the same general characteristics as demand deposit accounts. Also 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 deposits with original maturities of three months or less. Cash and cash equivalents are reported in the Statement of Cash Flows for proprietary fund types.

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

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

The Local Government Investment Pool and Nevada Enhanced Savings Term are investment trust funds as defined in Governmental Accounting Standards Board Statement No. 31. The investments in this fund are subject to the general limitation of section 355.170 of Nevada Revised Statutes. Security transactions are accounted for on the trade date (the date the order to buy or sell is executed). Interest income is determined on an accrual basis with discounts earned and premi-

(Note 1 Continued)

ums 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 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), 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 categorized and discussed further in Note 3.

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

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

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

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

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

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

Inventories - Inventories are stated at cost on the first-in, first-out basis. Inventory in the State Highway Fund, a special revenue fund, consists of expendable supplies

held for consumption. The cost is recorded as an expenditure at the time individual inventory items are consumed. On the governmental funds Balance Sheet, the reserve for inventory of supplies is equal to the amount of inventory of supplies and recognizes that a portion of the fund balance is not available for expenditure on a budgetary basis.

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 at June 30, 2002 is presented in Note 5.

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

Infrastructure, such as road and bridges, is 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 improvements and 3 to 30 years for furniture and equipment. However, the State's significant infrastructure assets utilize an alternative accounting treatment in which costs to maintain and preserve these assets are expensed and no depreciation expense is recorded. This approach is discussed further in the Required Supplementary Information portion of this report.

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

(Note 1 Continued)

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 food stamp coupons, refundable gaming taxes and fees, and nonexchange transactions for which the revenue is measurable but not available. Deferred revenue in the debt service funds consists primarily of amounts due from other governments to retire long-term debt.

**Long-Term Obligations** - 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.

The State enters into interest rate swap agreements to modify interest rates on outstanding debt. Other than the net interest expenditures resulting from these agree-

ments, no amounts are recorded in the financial statements.

Long-Term Obligations are more fully described in Note 8.

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

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

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

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

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

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

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

"Investment in municipal securities" indicates assets restricted for the purchase of municipal securities.

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

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

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

(Note 1 Continued)

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

“Unreserved, designated” indicates assets that have been designated by the Legislature or governing board for specific purposes.

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

### **F. Change in Accounting Standards/Comparative Data**

During fiscal year 2002, the State implemented several new accounting standards issued by the Governmental Accounting Standards Board. Because of the significant changes between this year’s financial model and the prior year, comparative data from fiscal year 2001 has not been presented. However, some beginning balances have been restated in order to comply with the new accounting standards. For further detail on the accounting changes and restatements, refer to Note 16.

## **Note 2 - Budgetary and Legal Compliance**

### **A. Individual Fund Deficits**

#### **Enterprise Fund**

Nevada Magazine – The Nevada Magazine shows an increase in net assets of \$120,079 for the fiscal year ended June 30, 2002, but continues to operate in a deficit situation showing net liabilities (negative net assets) of \$455,519 at June 30, 2002.

#### **Internal Service Funds**

Self-Insurance - The Self-Insurance Fund accounts for self-insured group life, accident and health insurance plans for State and other government employees. The fund recorded a decrease in net assets of \$16,259,905 for the year ended June 30, 2002, resulting in net liabilities (negative net assets) of \$15,851,845 at June 30, 2002.

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 \$14,722,361 for the year ended June 30, 2002, resulting in net liabilities (negative net assets) of \$32,536,247 at June 30, 2002.

### **B. Budgetary Process and Control**

The Governor must submit his proposed budget for the Executive Branch to the State Legislature not later than the 14<sup>th</sup> day before each regular session, which con-

venes every odd-numbered year. The budget presented spans the next two fiscal years, and contains detailed estimates of revenues and expenditures. The Legislature enacts the budget through passage of the General Appropriations Act, which allows expenditures from unrestricted revenues, and the Authorized Expenditures Act, which allows expenditures from revenues collected for specific purposes. Once passed and signed, the budget becomes the State’s financial plan for the next two fiscal years.

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

Limited budgetary revisions may be made without Legislative action through the following management/administrative procedures. Revisions of more than \$20,000, which would increase or decrease program expenditures by the lesser of 10% of the level approved by the Legislature or \$50,000, must be approved by the Legislative Interim Finance Committee (LIFC). Revisions not exceeding this threshold require only budget director approval. The LIFC approval is not equivalent to governing body approval as total appropriations for a program may not be increased except as follows.

# Notes to Financial Statements

For the Fiscal Year Ended June 30, 2002

State  
of  
Nevada

(Note 2 Continued)

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 \$18,838,445 were made in the 2002 fiscal year. Unencumbered appropriations lapse at the end of each fiscal year, unless specific authority to carry forward is granted in the Appropriations Act. Unexpended authorized resources under the Authorized Expenditures Act are carried forward for expenditure in the next fiscal period.

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

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

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

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

## Note 3 - Deposits and Investments

### A. Summary of Deposit and Investment Balances

Following is a reconciliation of the State and its component units' deposit and investment balances as of June 30, 2002 (expressed in thousands):

	Government-Wide Statement of Net Assets	Fiduciary Funds Statement of Net Assets	Total Primary Government	Component Units	Total Reporting Entity
Cash and pooled investments	\$ 1,539,536	\$ 499,014	\$ 2,038,550	\$ 94,720	\$ 2,133,270
Investments	1,662,322	14,035,801	15,698,123	378,445	16,076,568
Collateral on loaned securities	577,178	1,518,974	2,096,152	32,960	2,129,112
Restricted assets (Note 6)	105,685	-	105,685	24,627	130,312
<b>Total</b>	<b>\$ 3,884,721</b>	<b>\$ 16,053,789</b>	<b>\$ 19,938,510</b>	<b>\$ 530,752</b>	<b>\$ 20,469,262</b>
Carrying amount of deposits			\$ 588,540	\$ 58,006	\$ 646,546
Total investments			19,349,970	472,746	19,822,716
<b>Total</b>			<b>\$ 19,938,510</b>	<b>\$ 530,752</b>	<b>\$ 20,469,262</b>

(Note 3 Continued)

**B. Deposits**

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

which the State is permitted to invest. Additionally, various statutes have authorized State agencies to deposit funds in accounts outside the custody of the State Treasurer. These outside accounts must follow the same guidelines as deposits made by the State Treasurer.

At June 30, 2002, deposits were held in various institutions throughout the State as follows (expressed in thousands):

	<u>Carrying Value</u>	<u>Bank Balance</u>
<i>Primary government:</i>		
Insured or collateralized with securities held by the State or by an agent of the State in State's name	\$ 37,903	\$ 115,061
Deposits in the U.S. Treasury investment pool in the name of the State	484,480	484,480
Uncollateralized or collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the State's name	66,157	66,129
<b>Total primary government</b>	<u>588,540</u>	<u>665,670</u>
<i>Component units:</i>		
Component unit's share in State Pool of deposits	675	716
Uncollateralized or collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the State's name	57,331	57,331
<b>Total component units</b>	<u>58,006</u>	<u>58,047</u>
<b>Total deposits reporting entity</b>	<u>\$ 646,546</u>	<u>\$ 723,717</u>

**C. Investments**

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

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

During fiscal year 2002, the Public Employees' Retirement System (PERS) and the Legislators' Retirement System (LRS) entered into certain derivative transactions. These transactions included foreign exchange forward contracts, exchange traded fixed income futures and options, asset-backed securities and mortgage backed securities. In addition, PERS and LRS have investments in commingled funds that include derivative instruments such as foreign exchange forward con-

Investments can only be made after a diligent inquiry

# Notes to Financial Statements

For the Fiscal Year Ended June 30, 2002

State  
of  
Nevada

(Note 3 Continued)

tracts, futures contracts and fixed income futures contracts.

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

The following table (expressed in thousands) categorizes the State's investments to give an indication of the level of risk associated with those investments at June 30, 2002. Category 1 includes investments that are insured or registered or for which the securities are held by the State or its agent in the State's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the State's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the State's name.

	Category			Unclassified as to Risk	Fair Value
	1	2	3		
<b>Primary government:</b>					
Equity securities	\$ 5,084,775	\$ -	\$ -	\$ -	\$ 5,084,775
Fixed income securities	4,410,659	-	-	-	4,410,659
Foreign investments	2,253,233	-	-	-	2,253,233
Municipal bonds	1,183,714	-	-	-	1,183,714
U.S. Government securities	927,360	-	183,938	-	1,111,298
Commercial paper	468,178	-	-	-	468,178
Asset backed securities	158,089	-	-	-	158,089
Mortgage backed loans	65,808	-	-	-	65,808
Repurchase agreements	65,072	-	-	-	65,072
Negotiable certificates of deposit	58,417	-	-	-	58,417
Corporate notes	20,937	-	-	-	20,937
Corporate bonds	12,112	-	-	-	12,112
Other short term investments	7,251	-	121,193	-	128,444
Bank acceptances	3,360	-	-	-	3,360
Partnership securities	3	-	-	-	3
Investment agreements	-	-	207,598	-	207,598
	<u>14,718,968</u>	<u>-</u>	<u>512,729</u>	<u>-</u>	<u>15,231,697</u>
Mortgage loans				3,541	3,541
Other investments				133,575	133,575
Real estate				1,177,947	1,177,947
Securities loaned				679,023	679,023
				<u>1,994,086</u>	<u>1,994,086</u>
<b>Investments held by broker-dealers under securities loans:</b>					
Equity securities				515,985	515,985
Fixed income securities				751,095	751,095
Foreign investments				132,494	132,494
				<u>1,399,574</u>	<u>1,399,574</u>
<b>Investments held by agents in mutual funds for:</b>					
Fiduciary funds				724,613	724,613
<b>Total primary government</b>	<u>14,718,968</u>	<u>-</u>	<u>512,729</u>	<u>4,118,273</u>	<u>19,349,970</u>

(Table Continued on Next Page)

# Notes to Financial Statements

For the Fiscal Year Ended June 30, 2002

State  
of  
Nevada

(Note 3 Continued)

	Category			Unclassified as to Risk	Fair Value
	1	2	3		
<b>Component units:</b>					
Equity securities	-	-	29,946	-	29,946
U. S. Government securities	86,975	-	801	-	87,776
Corporate bonds	-	-	1,191	-	1,191
Other short term investments	-	-	3,739	-	3,739
Negotiable certificates of deposits	1,581	-	-	-	1,581
Bank acceptances	187	-	-	-	187
Commercial paper	1,053	-	-	-	1,053
Corporate notes	844	-	-	-	844
Mortgage backed loans	3,661	-	-	-	3,661
	<u>94,301</u>	<u>-</u>	<u>35,677</u>	<u>-</u>	<u>129,978</u>
Investments in partnerships				83,603	83,603
<b>Investments held by agents in mutual funds for:</b>					
University System				259,165	259,165
<b>Total component units</b>	<u>94,301</u>	<u>-</u>	<u>35,677</u>	<u>342,768</u>	<u>472,746</u>
<b>Total investments reporting entity</b>	<u>\$ 14,813,269</u>	<u>\$ -</u>	<u>\$ 548,406</u>	<u>\$ 4,461,041</u>	<u>\$ 19,822,716</u>

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

## D. Securities Lending

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

Securities on loan as of June 30, 2002 for cash collateral are presented as unclassified in the preceding table of credit risk. At year-end, the State has no credit risk exposure to borrowers because the amount the State owes to borrowers exceeds the amounts the borrowers owe to the State. The collateral securities cannot be pledged or sold by the State unless the borrower defaults. The contract with the securities lending agent requires it to indemnify the State for all losses relating to securities lending transactions. There were no losses resulting from borrower default during the period nor were there any recoveries of prior period losses.

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

The fair value of securities on loan at June 30, 2002 is \$679,023,347. The fair value of the cash collateral received in securities lending arrangements



*(Note 3 Continued)*

of \$693,002,148 is reported on the Statement of Net Assets as an asset with a related liability. At June 30, 2002, the State has collateral with a fair value totaling \$694,942,064 which consists of cash, commercial paper, repurchase agreements, and domestic corporate/ fixed income securities. The total collateral received is in excess of the fair value of the investments held by brokers/dealers under the securities lending agreement. The State incurred costs of \$15,119,096 relating to securities lending transactions. These costs are included as general government expenditures for governmental funds, as interest expense for proprietary fund types, and as cost of securities lending on the statement of changes in fiduciary net assets for the fiduciary funds.

PERS also maintains a securities lending program under the authority of the "prudent person" standard of NRS 286.682. Securities loaned under this program consist of U.S. Treasury Obligations, corporate fixed income securities, international fixed income securities, equity securities and international equity securities. Collateral received is made up of cash, cash equivalents, corporate fixed income securities and U.S. Treasury Obligations equal to at least 102% of the fair value of the loaned securities plus accrued interest. The collateral for the loans is maintained at 102%, and the value of the securities borrowed must be determined on a daily basis.

Securities on loan as of June 30, 2002 for cash collateral are presented as unclassified in the preceding table of credit risk. At year-end, PERS has no credit risk exposure to borrowers because the amount PERS owes to borrowers exceeds the amounts the borrowers owe to PERS. PERS has no discretionary authority to sell or pledge collateral received or securities loaned. The contract with the securities lending agent requires it to indemnify PERS for all losses relating to securities lending transactions. There were no losses resulting from borrower default during the period nor were there any recoveries of prior period losses.

PERS may only loan up to 33 1/3% of its total portfolio. Either PERS or the borrower can terminate all securities loans on demand. Cash collateral is only invested in high quality short-term securities in accordance with

PERS' Investment Objectives and Policies. The maturities of the investments made with cash collateral generally match the maturities of the securities loaned.

The fair value of securities on loan at June 30, 2002 is \$1,399,573,601. The fair value of the cash collateral received in securities lending arrangements of \$1,436,110,145 is reported on the Statement of Fiduciary Net Assets as an asset with a related liability. At June 30, 2002, PERS has collateral with a fair value of \$1,444,763,027 consisting of cash, cash equivalents, corporate fixed income securities and U.S. Treasury Obligations in excess of the market value of investments held by brokers/dealers under a securities lending agreement. PERS incurred costs of \$39,247,176 relating to securities lending transactions.

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

The Public Employees' Retirement System of Nevada has entered into investment funding commitments as of June 30, 2002. For alternative investments, PERS has committed to fund \$361,723,088 at some future date. Alternative investments consist of acquisitions, industry consolidations, subordinated debt instruments, special situations, and venture capital.

As of June 30, 2002, the University and Community College System of Nevada (UCCSN), a component unit, had entered into various investment agreements with private equity partnerships. Under the terms of certain of these investment agreements, UCCSN is obligated to make additional investments in these private equity partnerships of \$19,223,000.

# Notes to Financial Statements

For the Fiscal Year Ended June 30, 2002

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):

	<u>Governmental Funds</u>	<u>University System</u>
<b>As shown on financial statements:</b>		
Intergovernmental receivables	\$ 377,728	\$ 26,884
Notes/loans receivable	698	10,014
<b>Total</b>	<u>\$ 378,426</u>	<u>\$ 36,898</u>
<b>Classified:</b>		
<i>Noncurrent portion:</i>		
Intergovernmental receivables	\$ 192,299	\$ -
Notes/loans receivable	694	8,210
<b>Total noncurrent portion</b>	<u>192,993</u>	<u>8,210</u>
<i>Current portion</i>	<u>185,433</u>	<u>28,688</u>
<b>Total</b>	<u>\$ 378,426</u>	<u>\$ 36,898</u>

Not included in the receivable balances are amounts considered to be uncollectible. \$42.4 million of taxes receivable in the Governmental funds are estimated to be uncollectible, of which \$24.5 million are from businesses filing bankruptcy. Uncollectible accounts receivable in the Governmental funds total \$15.6 million. The proprietary funds have \$12.8 million in uncollectible accounts receivable of which \$8.6 million is from unemployment contributions and benefit overpayments.

## Note 5 - Interfund Transactions

### A. Interfund Advances

A summary of interfund advances at June 30, 2002, follows (expressed in thousands):

	<u>Advances From</u>			
	<u>Major Funds</u>			
	<u>General</u>	<u>State Highway</u>	<u>Consolidated Bond Interest and Redemption</u>	<u>Total</u>
<b>Advances To</b>				
Nonmajor governmental	\$ 591	\$ -	\$ -	\$ 591
Nonmajor enterprise	125	-	-	125
Internal Service	5,702	15	3,400	9,117
Total other funds	6,418	15	3,400	9,833
Fiduciary	2,986	-	-	2,986
<b>Total</b>	<u>\$ 9,404</u>	<u>\$ 15</u>	<u>\$ 3,400</u>	<u>\$ 12,819</u>

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

The increase in the advance between the General Fund and the fiduciary funds is a loan for operating purposes for the Higher Education Tuition Trust. The Consolidated Bond Interest and Redemption Fund advance to the Internal Service Funds is for computer facility capital expenditures.

# Notes to Financial Statements

For the Fiscal Year Ended June 30, 2002

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, 2002, is shown below (expressed in thousands):

	Due To					
	Major Governmental Funds					Total Governmental
<u>Due From</u>	General	State Highway	Municipal Bond Bank	Cons Bond Interest and Redemption	Nonmajor Governmental	
Major Governmental Funds:						
General	\$ -	\$ 3,828	\$ 28	\$ 1,155	\$ 16,427	\$ 21,438
State Highway	14,559	-	-	-	19,196	33,755
Municipal Bond Bank	128	-	-	2,045	-	2,173
Nonmajor governmental	29,406	1,551	-	426	3,717	35,100
Total Governmental	<u>44,093</u>	<u>5,379</u>	<u>28</u>	<u>3,626</u>	<u>39,340</u>	<u>92,466</u>
Major Enterprise Funds:						
Housing Division	3	-	-	-	-	3
Nonmajor enterprise	1,615	5	-	-	2	1,622
Total Enterprise	<u>1,618</u>	<u>5</u>	<u>-</u>	<u>-</u>	<u>2</u>	<u>1,625</u>
Internal Service	2,109	1,503	-	250	5	3,867
Total other funds	<u>\$ 47,820</u>	<u>\$ 6,887</u>	<u>\$ 28</u>	<u>\$ 3,876</u>	<u>\$ 39,347</u>	<u>\$ 97,958</u>
Total Fiduciary	<u>\$ 156</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 360</u>	<u>\$ 516</u>
Component Units:						
University System	\$ 1,312	\$ -	\$ -	\$ -	\$ -	\$ 1,312
Colorado River Commission	3	-	-	-	-	3
Total Component Units	<u>\$ 1,315</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,315</u>

	Due To					
	Major Enterprise Funds		Total Enterprise	Internal Service	Total Other Funds	Fiduciary
<u>Due From</u>	Housing Division	Nonmajor Enterprise				
Major Governmental Funds:						
General	\$ 4	\$ 1,656	\$ 1,660	\$ 5,507	\$ 28,605	\$ 274,326
State Highway	-	42	42	2,214	36,011	2,134
Municipal Bond Bank	-	167	167	-	2,340	-
Nonmajor governmental	-	30	30	2,313	37,443	65
Total Governmental	<u>4</u>	<u>1,895</u>	<u>1,899</u>	<u>10,034</u>	<u>104,399</u>	<u>276,525</u>
Major Enterprise Funds:						
Housing Division	-	-	-	5	8	-
Nonmajor enterprise	-	-	-	139	1,761	135
Total Enterprise	<u>-</u>	<u>-</u>	<u>-</u>	<u>144</u>	<u>1,769</u>	<u>135</u>
Internal Service	2	17	19	347	4,233	496
Total other funds	<u>\$ 6</u>	<u>\$ 1,912</u>	<u>\$ 1,918</u>	<u>\$ 10,525</u>	<u>\$ 110,401</u>	<u>\$ 277,156</u>
Fiduciary	<u>\$ -</u>	<u>\$ 10</u>	<u>\$ 10</u>	<u>\$ 33</u>	<u>\$ 559</u>	<u>\$ 18,722</u>
Component Units:						
University System	\$ -	\$ 16	\$ 16	\$ 349	\$ 1,677	\$ -
Colorado River Commission	-	-	-	6	9	-
Total Component Units	<u>\$ -</u>	<u>\$ 16</u>	<u>\$ 16</u>	<u>\$ 355</u>	<u>\$ 1,686</u>	<u>\$ -</u>

	Due To		
	Component Units		Total Component Units
<u>Due From</u>	University System	Colorado River Commission	
Major Governmental Funds:			
General	\$ 8,158	\$ 459	\$ 8,617
State Highway	237	-	237
Nonmajor governmental	72,091	-	72,091
Total Governmental	<u>80,486</u>	<u>459</u>	<u>80,945</u>
Nonmajor enterprise	<u>39</u>	<u>-</u>	<u>39</u>
Internal Service	67	-	67
Total other funds	<u>\$ 80,592</u>	<u>\$ 459</u>	<u>\$ 81,051</u>

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.

# Notes to Financial Statements

For the Fiscal Year Ended June 30, 2002

State  
of  
Nevada

(Note 5 Continued)

## C. Transfers To/Transfers From Other Funds and Component Units

A summary of transfers between funds and between the primary government and the component units for the year ended June 30, 2002, is shown below (expressed in thousands):

	Transfers Out/To						
	Major Governmental Funds					Nonmajor Governmental	Total Governmental
	General	State Highway	Municipal Bond Bank	Cons Bond Interest and Redemption			
<b>Transfers In/From</b>							
Major Governmental Funds:							
General	\$ -	\$ 2,970	\$ 237	\$ 10,000	\$ 80,407	\$ 93,614	
State Highway	3,767	-	-	-	411	4,178	
Consolidated Bond Interest and Redemption	7,157	-	80,682	-	8,348	96,187	
Nonmajor governmental	30,109	6,542	-	-	1,423	38,074	
Total Governmental	41,033	9,512	80,919	10,000	90,589	232,053	
Nonmajor enterprise	316	-	-	-	116	432	
Internal Service	132	-	-	-	140	272	
Total other funds	\$ 41,481	\$ 9,512	\$ 80,919	\$ 10,000	\$ 90,845	\$ 232,757	
Total Fiduciary	\$ -	\$ -	\$ -	\$ -	\$ 14	\$ 14	
Component Units:							
University System	\$ 349,118	\$ -	\$ -	\$ 110	\$ 57,617	\$ 406,845	
Colorado River Commission	-	-	-	-	-	-	
Total Component Units	\$ 349,118	\$ -	\$ -	\$ 110	\$ 57,617	\$ 406,845	

	Transfers Out/To						
	Major Enterprise Funds		Nonmajor Enterprise	Total Enterprise	Internal Service	Fiduciary	Total Other Funds
	Housing Division						
<b>Transfers In/From</b>							
Major Governmental Funds:							
General	\$ 2,791	\$ 16,810	\$ 19,601	\$ 1,188	\$ -	\$ 114,403	
State Highway	-	-	-	46	-	4,224	
Consolidated Bond Interest and Redemption	-	3	3	-	-	96,190	
Nonmajor governmental	-	66	66	250	14	38,404	
Total Governmental	2,791	16,879	19,670	1,484	14	253,221	
Nonmajor enterprise	-	-	-	-	-	432	
Internal Service	-	-	-	-	-	272	
Total other funds	\$ 2,791	\$ 16,879	\$ 19,670	\$ 1,484	\$ 14	\$ 253,925	
Fiduciary	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14	
Component Units:							
University System	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 406,845	
Colorado River Commission	-	-	-	-	-	-	
Total Component Units	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 406,845	

	Transfers Out/To		
	Component Units		
	University System	Colorado River Commission	Total Component Units
<b>Transfers In/From</b>			
Major Governmental Funds:			
General	\$ 28	\$ -	\$ 28
Total other funds	\$ 28	\$ -	\$ 28

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. The exceptions were two transfers to the General Fund: 1) \$2,750,000 was transferred from the Housing fund to help finance low income housing and energy assistance provided by the Welfare Division, and 2) \$10,000,000 was transferred from the Consolidated Bond Interest and Redemption fund, representing a return of accumulated interest which was not needed for debt service.

# Notes to Financial Statements

For the Fiscal Year Ended June 30, 2002

State  
of  
Nevada

## 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, 2002 are as follows (expressed in thousands):

	Business-Type Activities	Total Primary Government	Component Units
<b>Restricted:</b>			
Cash	\$ -	\$ -	\$ 24,627
Investments	105,685	105,685	-
<b>Total</b>	<b>\$ 105,685</b>	<b>\$ 105,685</b>	<b>\$ 24,627</b>
<b>Restricted for:</b>			
Debt service	\$ -	\$ -	\$ 7,446
Debt service reserve	105,685	105,685	-
Construction reserve	-	-	16,474
Other and all purpose reserve	-	-	707
<b>Total</b>	<b>\$ 105,685</b>	<b>\$ 105,685</b>	<b>\$ 24,627</b>

## Note 7 - Capital Assets

Capital asset activity of the primary government for the year ended June 30, 2002, was as follows (expressed in thousands):

	Beginning Balance	Increases and Other Additions	Decreases and Other Deletions	Ending Balance
<b>Governmental activities:</b>				
<i>Capital assets, not being depreciated</i>				
Land	\$ 93,153	\$ 7,011	\$ -	\$ 100,164
Construction in progress	255,677	21,367	(53,960)	223,084
Infrastructure	2,454,379	69,734	-	2,524,113
Rights-of-way	350,365	3,296	-	353,661
Total capital assets, not being depreciated	3,153,574	101,408	(53,960)	3,201,022
<i>Capital assets, being depreciated</i>				
Buildings	684,640	67,873	(670)	751,843
Improvements other than buildings	68,556	4,179	-	72,735
Furniture and equipment	350,823	28,912	(14,014)	365,721
Total capital assets, being depreciated	1,104,019	100,964	(14,684)	1,190,299
<i>Less accumulated depreciation for:</i>				
Buildings	(164,277)	(20,333)	16	(184,594)
Improvements other than buildings	(29,814)	(2,999)	-	(32,813)
Furniture and equipment	(227,674)	(33,147)	11,873	(248,948)
Total accumulated depreciation	(421,765)	(56,479)	11,889	(466,355)
Total capital assets, being depreciated, net	682,254	44,485	(2,795)	723,944
<b>Governmental activity capital assets, net</b>	<b>\$ 3,835,828</b>	<b>\$ 145,893</b>	<b>\$ (56,755)</b>	<b>\$ 3,924,966</b>
<b>Business-type activities:</b>				
<i>Capital assets, not being depreciated</i>				
Land	\$ 435	\$ -	\$ -	\$ 435
Construction in progress	330	-	(330)	-
Total capital assets, not being depreciated	765	-	(330)	435
<i>Capital assets, being depreciated</i>				
Buildings	2,648	330	-	2,978
Improvements other than buildings	631	-	-	631
Furniture and equipment	4,130	453	(73)	4,510
Total capital assets, being depreciated	7,409	783	(73)	8,119
<i>Less accumulated depreciation for:</i>				
Buildings	(1,031)	(33)	-	(1,064)
Improvements other than buildings	(450)	(64)	-	(514)
Furniture and equipment	(3,913)	(365)	66	(4,212)
Total accumulated depreciation	(5,394)	(462)	66	(5,790)
Total capital assets, being depreciated, net	2,015	321	(7)	2,329
<b>Business-type activities capital assets, net</b>	<b>\$ 2,780</b>	<b>\$ 321</b>	<b>\$ (337)</b>	<b>\$ 2,764</b>

# Notes to Financial Statements

For the Fiscal Year Ended June 30, 2002

State  
of  
Nevada

(Note 7 Continued)

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

<b>Governmental activities:</b>	
General government	\$ 3,397
Education, support services	1,261
Health, social services	8,318
Law, justice, public safety	17,408
Recreation, resource development	4,828
Transportation	11,403
Regulation of business	617
Unallocated	1,144
Depreciation on capital assets held by the State's internal service funds is charged to the various functions based on their use of the assets	<u>5,691</u>
<b>Total depreciation expense - governmental activities</b>	<b><u>\$ 54,067</u></b>
<b>Business-type activities:</b>	
Enterprise	<u>338</u>
<b>Total depreciation expense - business-type activities</b>	<b><u>\$ 338</u></b>

Capital asset activity of the University System for the year ended June 30, 2002, was as follows (expressed in thousands):

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
<b>University System:</b>				
<i>Capital assets, not being depreciated</i>				
Construction in progress	\$ 48,795	\$ 31,036	\$ (44,701)	\$ 35,130
Land	36,773	9,334	(25)	46,082
Collections	3,884	400	-	4,284
Total capital assets, not being depreciated	<u>89,452</u>	<u>40,770</u>	<u>(44,726)</u>	<u>85,496</u>
<i>Capital assets, being depreciated</i>				
Buildings	983,233	76,428	-	1,059,661
Land and improvements	62,916	5,390	-	68,306
Machinery and equipment	181,363	27,599	(13,887)	195,075
Library books and media	71,759	7,402	(2,239)	76,922
Total capital assets, being depreciated	<u>1,299,271</u>	<u>116,819</u>	<u>(16,126)</u>	<u>1,399,964</u>
<i>Less accumulated depreciation for:</i>				
Buildings	(243,215)	(23,609)	-	(266,824)
Land and improvements	(40,540)	(3,308)	-	(43,848)
Machinery and equipment	(118,314)	(19,354)	12,483	(125,185)
Library books and media	(53,778)	(8,316)	2,240	(59,854)
Total accumulated depreciation	<u>(455,847)</u>	<u>(54,587)</u>	<u>14,723</u>	<u>(495,711)</u>
Total capital assets, being depreciated, net	<u>843,424</u>	<u>62,232</u>	<u>(1,403)</u>	<u>904,253</u>
<b>University System activity capital assets, net</b>	<b><u>\$ 932,876</u></b>	<b><u>\$ 103,002</u></b>	<b><u>\$ (46,129)</u></b>	<b><u>\$ 989,749</u></b>

## Note 8 - Long - Term Obligations

**A. Bonds Payable**

The State issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds and special obligation bonds are direct obligations and pledge the full faith and credit of the State. General obligation bonds and special obligation bonds of the primary government outstanding at June 30, 2002 are comprised of the following (expressed in thousands):

	<u>Interest Rates</u>	<u>Original Amount</u>	<u>Principal Outstanding</u>
<b>Governmental activities:</b>			
<i>General obligation bonds:</i>			
Subject to Constitutional Debt Limitation	3.0-10.0%	\$ 978,320	\$ 786,565
Exempt from Constitutional Debt Limitation	3.0-8.5%	2,073,496	1,399,233
<i>Special obligation bonds:</i>			
Exempt from Constitutional Debt Limitation- Highway Improvement Revenue Bonds	4.5-5.25%	100,000	91,935
<b>Governmental activity bonds payable</b>		<u>3,151,816</u>	<u>2,277,733</u>
<b>Business-type activities:</b>			
<i>General obligation bonds:</i>			
Exempt from Constitutional Debt Limitation	1.7-9.65%	2,162,207	1,371,250
<b>Business-type activity bonds payable</b>		<u>2,162,207</u>	<u>1,371,250</u>
Total bonds payable		<u>\$ 5,314,023</u>	<u>\$ 3,648,983</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, 2002 (expressed in thousands):

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental activities:</b>					
Bonds payable:					
General obligation bonds	\$ 2,146,506	\$ 133,427	\$ (94,135)	\$ 2,185,798	\$ 81,335
Special obligation bonds	100,000	-	(8,065)	91,935	8,430
Total bonds payable	<u>2,246,506</u>	<u>133,427</u>	<u>(102,200)</u>	<u>2,277,733</u>	<u>89,765</u>
Obligations under capital leases	30,432	1,699	(26,729)	5,402	1,675
Compensated absences obligations	65,707	94,371	(85,727)	74,351	46,916
Arbitrage rebate liability	2,511	-	(1,949)	562	-
Certificates of participation	15,000	-	(605)	14,395	630
Federal repayment contract	116,028	-	(116,028)	-	-
Judicial retirement net pension obligation	10,480	5,511	(2,602)	13,389	1,301
<b>Governmental activity long-term obligations</b>	<u>\$ 2,486,664</u>	<u>\$ 235,008</u>	<u>\$ (335,840)</u>	<u>\$ 2,385,832</u>	<u>\$ 140,287</u>
<b>Business-type activities:</b>					
Bonds payable	\$ 1,335,352	\$ 225,341	\$ (189,443)	\$ 1,371,250	\$ 74,521
Compensated absences obligations	1,077	1,916	(1,750)	1,243	813
Arbitrage rebate liability	104	-	(61)	43	-
<b>Business-type activity long-term obligations</b>	<u>\$ 1,336,533</u>	<u>\$ 227,257</u>	<u>\$ (191,254)</u>	<u>\$ 1,372,536</u>	<u>\$ 75,334</u>

**C. Debt Service Requirements for Bonds**

Debt service requirements (principal and interest) for all long-term bonds and notes outstanding at June 30, 2002, of the primary government are summarized in the table following (expressed in thousands). Debt service requirements for all capital leases and installment purchases are presented in Section I of this note. No debt service requirements are presented for compensated absences obligations since the repayment dates are unknown.

# Notes to Financial Statements

For the Fiscal Year Ended June 30, 2002

State  
of  
Nevada

(Note 8 Continued)

Year Ended June 30	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2003	\$ 89,765	\$ 116,936	\$ 74,558	\$ 62,801
2004	99,489	112,305	26,058	67,563
2005	109,166	107,085	27,607	66,605
2006	118,200	101,543	29,392	64,025
2007	122,067	97,817	31,795	62,167
2008-2012	642,196	382,005	172,653	285,223
2013-2017	476,835	229,607	237,981	230,451
2018-2022	304,570	127,071	242,343	166,076
2023-2027	294,095	49,643	266,621	92,959
2028-2032	21,350	1,068	165,212	38,283
2033-2037	-	-	97,030	5,264
<b>Total</b>	<b>\$ 2,277,733</b>	<b>\$ 1,325,080</b>	<b>\$ 1,371,250</b>	<b>\$ 1,141,417</b>

## 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, 2002, the debt limitation and its unused portion are computed as follows (expressed in thousands):

Debt limitation (2% of total assessed valuation)	\$ 1,172,317
Less : Bonds and leases payable as of June 30, 2002, subject to limitation	<u>804,860</u>
Remaining debt capacity	<u>\$ 367,457</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-seven projects were funded through the Nevada Municipal Bond Bank as of June 30, 2002, and total investments in local governments amounted to \$1,090,275,000.

## F. Refunded Debt and Redemptions

On February 14, 2002 the State issued \$48,895,000 General Obligation (Limited Tax) Capital Improvement and Refunding Bonds and \$4,285,000 General Obligation (Limited Tax) Fish Hatchery Improvement and Reservoir Refunding Bonds to partially advance refund \$15,965,000 of the April 1, 1992 General Obligation (Limited Tax) Prison Refunding Bonds and to partially advance refund \$3,245,000 of the April 1, 1992 General Obligation (Limited Tax) Fish Hatchery Improvement and Reservoir Refunding Bonds. The reacquisition price exceeded the carrying amount of the old debt by \$750,559. This amount is being reported as a deferred charge and amortized over the remaining life of the refunded debt, which is shorter than the life of the new debt. The State completed the refunding to reduce its total debt service payments by \$1,709,814 and to obtain an economic gain or present value savings of \$1,501,636.

In the current and prior years, the State defeased certain general obligations and other bonds by placing the proceeds of new bonds and other monies in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the State's financial statements. The total amount of defeased issues at June 30, 2002 is \$891,936,000.

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

At June 30, 2002, the amount available to service debt in the Consolidated Bond Interest and Redemption debt service fund is \$34,442,029. At June 30, 2002, the amount available to service debt in the Highway Revenue Bonds debt service fund is \$5,301,226. At June



(Note 8 Continued)

30, 2002, the amount available to service the debt in the Municipal Bond Bank special revenue fund is \$1,090,429,543. At June 30, 2002, the amount available to service the Water Project Bonds in the Water Project Loans proprietary fund is \$114,287,972.

The amount to be provided by other governments of \$196,225,000 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 government in the Government-wide Financial Statements.

**H. Bond Indenture Provisions**

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

**I. Capital Leases**

The State has entered into various agreements for the lease of equipment. Assets acquired under such leases at June 30, 2002, have a historical cost of \$12,201,000 with accumulated depreciation of \$7,688,000.

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, 2002 follow (expressed in thousands):

Year Ended June 30	Governmental Activities
2003	\$ 1,943
2004	1,590
2005	1,035
2006	534
2007	340
2008-2012	659
Total minimum lease payments	6,101
Less: amount representing interest	(699)
Obligations under capital leases	<u>\$ 5,402</u>

**J. Arbitrage Rebate Requirement**

The Tax Reform Act of 1986 imposes a rebate requirement with respect to some bonds issued by the State. Under this requirement, an amount equal to the sum of (a) the excess of the aggregate amount earned on all investments (other than certain specified exceptions) over the amount that would have been earned if all investments were invested at a rate equal to the yield on the bonds, and (b) any income earned on the excess described in (a), must be rebated to the United States Treasury, in order for the interest on the bonds to be excluded from gross income for federal income tax purposes. In accordance with the Internal Revenue Service Regulations, an arbitrage rebate liability has been calculated as of June 30, 2002. The liability as of June 30, 2002, and changes for the fiscal year then ended is presented in Section B of this note.

**K. Certificates of Participation**

In fiscal year 1999, the Nevada Real Property Corporation, a blended component unit, issued \$15,000,000 of general obligation certificates of participation to finance the acquisition, construction, installation and equipping of a secured juvenile treatment facility.

Under the certificate of participation financing arrangements, the State is required to make payments from general (ad valorem) taxes in the Consolidated Bond Interest and Redemption debt service fund that approximate the interest and principal payments made by trustees to certificate holders.

The following schedule presents future certificates of participation payments as of June 30, 2002 (expressed in thousands):

Year Ended June 30	Principal	Interest
2003	\$ 630	\$ 642
2004	660	613
2005	690	583
2006	720	553
2007	755	522
2008-2012	4,290	2,081
2013-2017	5,405	971
2018-2022	1,245	31
<b>Total</b>	<u>\$ 14,395</u>	<u>\$ 5,996</u>

(Note 8 Continued)

**L. Forward Delivery Agreement**

The State has entered into a Forward Delivery Agreement for the payment of certain debt service payments through 2028. Under the agreement the State has received a lump sum payment of \$20,475,000 in exchange for giving up the right to receive future interest earnings on investments of debt service balances. The State has no liability or continuing exposure for interest rate risk related to the future earnings on such balances. Such risk is retained by the counterparty. The fee received has been recorded as deferred revenue and will be amortized over the life of the agreement.

**M. Interest Rate Swap Agreements**

On May 19, 1999, the State entered into a ten-year interest rate swap agreement for \$100 million of its fixed rate General Obligation Bonds. Based upon the swap agreement, the State owes interest calculated at a variable rate based upon the Bond Market Association (BMA) Municipal Swap Index. In return, the counterparty owes the State interest based upon the fixed rate that matches the rate required by the bonds. Only the net difference in the interest payments is actually exchanged with the counterparty. The \$100 million in bond principal is not exchanged; it is only the basis on which the interest payments are calculated. The State continues to pay interest to the bondholders at the fixed rate provided by the bonds. However, during the term of the swap agreement, the State effectively pays interest at the variable rate on the debt. The debt service requirements to maturity for these bonds (Note 8C) are based upon the fixed rate.

On August 8, 2001, the State entered into a two-year interest rate swap agreement for \$100 million of its fixed rate General Obligation Bonds. Based upon the swap agreement, the State owes interest calculated at a fixed

rate. In return, the counterparty owes the State interest based upon variable rate based upon the Bond Market Association (BMA) Municipal Swap Index. Only the net difference in the interest payments is actually exchanged with the counterparty. The \$100 million in bond principal is not exchanged; it is only the basis on which the interest payments are calculated. This swap, in essence, was to reverse the original swap for the two-year period.

On September 19, 2002, the State terminated both swap agreements in exchange for a fee of \$ 2.24 million. During the year ended June 30, 2002 the State received \$769,246 related to these agreements.

**N. 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, 2002, there were fifteen series of Industrial Revenue Bonds outstanding, with an aggregate principal amount payable of \$740,983,349.

**O. Component Unit Obligations**

University System – Bonds, notes and capital leases payable by the University System at June 30, 2002 and the changes for the year then ended, consist of the following (expressed in thousands):

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
Bonds and notes payable	\$ 121,915	\$ 64,396	\$ (6,361)	\$ 179,950	\$ 7,022
Capital leases	33,062	5,728	(27,851)	10,939	1,478
Total	<u>\$ 154,977</u>	<u>\$ 70,124</u>	<u>\$ (34,212)</u>	<u>\$ 190,889</u>	<u>\$ 8,500</u>

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

The following table presents annual principal and interest payments for bonds and notes payable outstanding at June 30, 2002 (expressed in thousands):

**Notes to Financial Statements**

For the Fiscal Year Ended June 30, 2002

State  
of  
Nevada

(Note 8 Continued)

<b>Year Ended June 30</b>	<b>Principal</b>	<b>Interest</b>
2003	\$ 7,022	\$ 9,045
2004	7,498	9,091
2005	11,018	8,601
2006	8,413	8,065
2007	8,631	7,612
2008-2012	38,077	31,129
2013-2017	35,510	21,817
2018-2022	32,475	12,999
2023-2027	15,480	7,123
2028-2032	15,826	2,534
<b>Total</b>	<u>\$ 179,950</u>	<u>\$ 118,016</u>

Accrued compensated absences payable by the University System at June 30, 2002 are \$28,029,000.

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

<b>Year Ended June 30</b>	<b>Amount</b>
2003	\$ 2,069
2004	1,878
2005	1,660
2006	1,466
2007	1,293
2008-2012	<u>5,604</u>
Total minimum lease payments	13,970
Less: amount representing interest	<u>(3,031)</u>
Obligations under capital leases	<u>\$ 10,939</u>

At June 30, 2002 debt in the amount of \$5,210,000 is considered to be extinguished by the University System through refunding of prior issues by a portion of the current issues. Sufficient proceeds were invested in state and local government securities and placed in escrow to assure the timely payment of the maturities of prior issues. Neither the debt nor the escrowed assets are reflected on the financial statements.

Colorado River Commission – Bonds payable by the Colorado River Commission (CRC) at June 30, 2002 and the changes for the year then ended, consist of the following (expressed in thousands):

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
Bonds payable	\$ 126,074	\$ 6,321	\$ (10,179)	\$ 122,216	\$ 1,045

# Notes to Financial Statements

For the Fiscal Year Ended June 30, 2002

State  
of  
Nevada

(Note 8 Continued)

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

Year Ended June 30	Principal	Interest
2003	\$ 1,045	\$ 7,161
2004	1,135	7,112
2005	1,225	7,054
2006	1,420	6,984
2007	1,620	6,904
2008-2012	26,445	30,655
2013-2017	45,970	20,188
2018-2022	16,180	10,131
2023-2027	20,990	4,993
2028-2032	7,520	402
<b>Total</b>	<b>\$ 123,550</b>	<b>\$ 101,584</b>

Accrued compensated absences payable by CRC at June 30, 2002 are \$171,184.

## Note 9 - Pensions and Other Employee Benefits

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

### A. PERS

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

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

of average compensation. Regular members are eligible for retirement at age 65 with 5 years of service, at age 60 with 10 years of service or at any age with 30 years of service. Police and firemen are eligible for retirement at age 65 with 5 years of accredited police or fire service, at age 55 with 10 years of accredited police or fire service, at age 50 with 20 years of accredited police or fire service, or at any age with 25 years of accredited service. A member who retired on or after July 1, 1977, or is an active member whose effective date of membership is before July 1, 1985, is entitled to a benefit of up to 90% of average compensation with 36 or more years of service. Regular members and police and firemen become fully vested as to benefits upon completion of 5 years of service.

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

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

# Notes to Financial Statements

For the Fiscal Year Ended June 30, 2002

State  
of  
Nevada

(Note 9 Continued)

centage 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, 2002, were as follows:

	Funding Basis	GASB Disclosure Basis	Statutory Rate
<b>Regular employees:</b>			
Employer-pay plan	18.96%	19.45%	18.75%
Employee/employer plan	9.91%	10.16%	9.75%
<b>Police and Fire employees:</b>			
Employer-pay plan	28.45%	29.70%	28.50%
Employee/employer plan	14.68%	15.30%	14.75%

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

	2002			2001 (restated)			2000 (restated)		
	Employees' Contribution	Employers' Contribution	Total State Contribution Requirement	Employees' Contribution	Employers' Contribution	Total State Contribution Requirement	Employees' Contribution	Employers' Contribution	Total State Contribution Requirement
Primary Government	\$ 39,227	\$ 94,966	\$ 134,193	\$ 35,348	\$ 85,654	\$ 121,002	\$ 33,190	\$ 80,703	\$ 113,893
<b>Component Units:</b>									
Colorado River Commission	110	206	316	73	166	239	49	126	175
University System	6,452	16,587	23,039	5,896	15,115	21,011	5,383	14,160	19,543
<b>Total component units</b>	<b>6,562</b>	<b>16,793</b>	<b>23,355</b>	<b>5,969</b>	<b>15,281</b>	<b>21,250</b>	<b>5,432</b>	<b>14,286</b>	<b>19,718</b>
<b>Total reporting entity</b>	<b>\$ 45,789</b>	<b>\$ 111,759</b>	<b>\$ 157,548</b>	<b>\$ 41,317</b>	<b>\$ 100,935</b>	<b>\$ 142,252</b>	<b>\$ 38,622</b>	<b>\$ 94,989</b>	<b>\$ 133,611</b>
Contributions as % of covered payroll	6%	15%	21%	6%	15%	21%	6%	15%	21%
Contributions as % of total contributions of all participating entities of \$759,356, \$716,085 and \$661,769	6%	14%	20%	6%	14%	20%	6%	14%	20%

Required Supplementary Information - Schedules of funding progress and employer contributions are presented in the PERS June 30, 2002, 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

(Note 9 Continued)

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

**Funding Policy** - The Legislator contribution of 15% of compensation is paid by the Legislator only when the Legislature is in session, as required by statute. The Legislature holds sessions every two years. Prior to 1985, the employee contributions were matched by the employer. The 1985 Legislators' Retirement Act includes NRS 218.2387(2) which states, "The Director of the Legislative Counsel Bureau shall pay to the Board from the Legislative Fund an amount as the contribution of the State of Nevada as employer which is actuarially determined to be sufficient to provide the System with enough money to pay all benefits for which the System will be liable." The Legislature appropriated \$345,632 for fiscal years 2001 and 2002, which is the required biennial State contribution as determined by the actuary. This amount was paid by the Legislative Fund in fiscal 2001 and was recognized half each year as an employer contribution in the fiscal years ended June 30, 2001 and 2002. Employee contributions of \$71,370 were received in fiscal year 2001 for fiscal years 2001 and 2002. Of the total employee contributions, \$35,285 was recorded for the year ending June 30, 2001 and \$36,085 was recorded for the year ending June 30, 2002.

**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, 2001, actuarial valuation include the following:

**Actuarial Cost Method:** Entry age normal cost

**Amortization Method:** Level percent closed

**Remaining Amortization Period:** 24 years

**Asset Valuation Method:** 5 year smoothed market

**Actuarial Assumptions:**

Investment yield	8%
Projected salary increases	None

**Retirement Age for Active Members:** Earlier of age 63 or age 60 with 24 years of service

**Assumed Mortality Rate:** 1983 Group Annuity Mortality Table

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

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

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

Fiscal Year Ended	Annual Pension Cost	State Contribution Made	Percentage of Annual Pension Cost Contributed	Net Pension Obligation
6/30/2000	\$ 167	\$ -	0%	\$ -
6/30/2001	173	346	200%	-
6/30/2002	173	-	0%	-

(Note 9 Continued)

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

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

**C. JRS**

Plan Description - The Judicial Retirement System of Nevada (JRS) is in transition from a single-employer, State of Nevada, defined benefit, unfunded plan to a single-employer, State of Nevada, defined benefit plan funded on an actuarial reserve basis. The new plan was established on July 20, 2001, by the Nevada Legislature to provide a reasonable base income to justices of the Supreme Court and district judges at retirement. The JRS is legislated by and functions in accordance with laws established by the Nevada Legislature. The JRS was established to provide benefits in the event of retirement, disability, or death of justices of the Supreme Court and district judges, funded on an actuarial reserve basis. The JRS began with initial funding from the State of Nevada on July 20, 2001, although the JRS is not effective until January 1, 2003. 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. Members of the System 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 year of service.

Under the old plan, separate financial statements were not issued, nor was the plan included in the report of another PERS. The old plan will cease to exist when the new plan becomes effective January 1, 2003. Until then it will continue to be administered by the Office of the Courts. An actuarial valuation for this plan was prepared according to the provisions of Government Accounting Standards Board Statement No. 27, Accounting for Pensions by State and Local Government Employers. At the actuarial valuation date of July 1, 2001, (the most recent valuation date) members consisted of 33 active members and 34 retirees and beneficiaries receiving benefits.

Benefits to which members may be entitled under the old plan are defined by statute and include pension ben-

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

Contributions and Funding - Beginning January 1, 2003, the Administrative Office of the Courts shall submit the percentage of compensation determined by the actuary to pay the normal costs and administrative expenses of the JRS. Beginning July 1, 2003, the State of Nevada, as employer, will pay to the JRS an amount on the unfunded liability that is actuarially determined to be sufficient to provide the JRS with enough money to pay all benefits for which the JRS will be liable. Until the new plan becomes effective, no contributions are required of the justices or judges. Funding is provided from the General Fund on a pay-as-you-go basis, according to statute. Benefit expenditures are reported in the law, justice and public safety function of the General Fund. The State's contributions for the years ended June 30, 2001 and 2002 were \$1,320,903 and \$1,301,240, respectively. The actuarial valuation at July 1, 2001, determined the annual required contribution for the year ended June 30, 2002, using the entry-age-normal level percent of pay cost method for salary related benefits and the level dollar cost method for non-salary related benefits. The annual required contribution, annual pension cost and net pension obligation for the year ended June 30, 2002, are as follows (expressed in thousands):

<i>Annual required contribution</i>	
Annual normal cost, beginning of year	\$ 659
Amortization of unfunded actuarial accrued liability by June 30, 2035	2,018
Interest to end of year	214
<b>Annual required contribution, end of year</b>	<b>2,891</b>
Interest on net pension obligation	943
Adjustment to annual required contribution	(937)
<b>Annual pension cost</b>	<b>2,897</b>
Benefits paid	(1,301)
Increase in net pension obligation	1,596
Net pension obligation, beginning of year	11,793
<b>Net pension obligation, end of year</b>	<b>\$ 13,389</b>

# Notes to Financial Statements

For the Fiscal Year Ended June 30, 2002

State  
of  
Nevada

(Note 9 Continued)

The net pension obligation of the old plan of \$13,389,455 is reported as a non-current liability in the Statement of Net Assets. Historically, an actuarial determination of the actuarially required contribution has not been made. The contribution to the old plan has equaled the benefit payments from the plan. As a result, the net pension obligation at transition was equal to zero as of July 1, 1995, in accordance with GASB Statement No. 27.

The old plan accumulates no assets to pay benefits. The unfunded actuarial accrued liability as of July 1, 2001, was \$25,259,000. This unfunded actuarial accrued liability is to be amortized, using the level dollar method, over a period of 40 years on a closed basis from July 1, 1995.

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

Interest Rate: 8%

Salary Increase: Position pay increases are assumed to be 3% per year in anticipation of legislated increases. Members serving at least four years are entitled to a salary increase of 2% of base for each year of service, which must not exceed 22% of base.

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

Termination Prior to Retirement: None.

Permanent Incapacity: None.

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

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

Cost of Living (Post-retirement) Increases:

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

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

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost</u>	<u>% of Annual Pension Cost Contributed</u>	<u>Net Pension Obligation</u>
6/30/2000	\$ 2,616	48.80%	\$ 10,480
6/30/2001	2,614	49.78%	11,793
6/30/2002	2,897	44.91%	13,389

For the new plan, 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 and a schedule of employer contributions for the old plan are presented in the accompanying Required Supplementary Information (RSI).



(Note 9 Continued)

**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 covered or had dependents covered by any group insurance or medical and hospital service, has the option upon retirement to continue group insurance. NRS 287.023 establishes this benefit upon the retiree assuming the portion of the premium not covered by the State. The Public Employees' Benefits Program administers these insur-

ance benefits. For the year ended June 30, 2002, there were 5,275 retirees covered at a cost of \$12,587,718 which represents 62% of total costs. The State allocates funds for payment of insurance benefits as a percentage of payroll. The cost of the employer contribution is recognized in the year the costs are charged. Any unused funds are carried forward to the next fiscal year. The carry forward to fiscal year 2003 was \$18,388.

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

	<b>Self Insurance Fund</b>	<b>Insurance Premiums Fund</b>
Balance, June 30, 2000	\$ 12,066	\$ 19,355
Claims and changes in estimates	95,648	10,787
Claim payments	(87,701)	(3,416)
Balance, June 30, 2001	20,013	26,726
Claims and changes in estimates	128,430	20,656
Claim payments	(123,561)	(9,046)
<b>Balance June 30, 2002</b>	<b>\$ 24,882</b>	<b>\$ 38,336</b>

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

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

There are several pending lawsuits or unresolved disputes involving the State or its representatives at June 30, 2002. The estimated liability for these claims has been factored into the calculation of the reserve for losses and loss adjustment expenses developed. There were no material settlements in excess of insurance coverage for each of the past three fiscal years.

**A. Self-Insurance Fund**

The Self-Insurance Fund administers the group health, life and disability insurance for covered employees, both active and retired, of the State and certain other participating public employers within the State. All public employers in the State are eligible to participate in the activities of the Self-Insurance Fund and currently, in addition to the State, there are forty-seven public employers participating. The fund is overseen by the Public Employees' Benefit Program. The Board is composed of nine members: eight members appointed by the Governor, and the Director of the Department of Administration or his designee.

The Self-Insurance Fund contracts with a third-party administrator to pay the Self-Insurance Fund's claims and also contracts with medical providers to determine the price of services to be provided. The Self-Insurance Fund is self-insured for medical, dental and vision 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, mental health and substance abuse, and life insurance benefits are fully insured by outside carriers. The Self-Insurance Fund does not retain any risk of loss regarding those plans covered by independent insurance providers.

For the self-insured benefits, fund rate-setting policies have been established after consultation with the Self-Insurance Fund's actuary. Premiums are based upon

*(Note 10 Continued)*

anticipated claims in the upcoming year and any remaining fund equity available for claims. The participating employers pay monthly premiums for each employee and employees pay for dependent coverage. The participating public employers, with the exception of the State, are not subject to supplemental assessment in the event of deficiencies.

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

### **B. Insurance Premiums Fund**

The Insurance Premiums Fund provides self-insurance for general, civil (tort), auto and property casualty liabilities of State agencies, workers' compensation insurance for State employees and auto physical damage and property insurance for State agencies.

Under the retrospectively rated contracts with Employers Insurance Company of Nevada (EICON), each calendar year is a separate plan subject to its own premium determinations based on the actual loss experience for that year, with contractually negotiated basic and maximum premiums. Each plan year is subject to five premium determinations, at which point, based on loss experience, there is either an amount due to or from EICON. The first determination is eight months after the close of the plan year, and annually thereafter. Each plan year may be closed at any determination if the Insurance Premiums Fund and EICON mutually agree; the cost to close a plan year includes a charge for incurred but not reported claims. Plan years 1998, 1999 and 2000 are still open as of June 30, 2002 and are

subject to additional premiums based on the loss experience of the plan. Liabilities in the amount of \$6,425,713 as of June 30, 2002 have been accrued as an estimate for these potential additional premiums; however, the actual liability may be in excess of or less than the amount accrued, but under no circumstances will it exceed the contractually determined maximum premium. For the period beginning January 1, 2001 and ending December 31, 2001, the Fund purchased a high deductible policy with loss retention of \$750,000 per accident. Beginning January 1, 2002, the loss retention was increased to \$1,000,000 per accident. A liability in the amount of \$14,662,241 as of June 30, 2002 was determined using standard actuarial techniques as an estimate for the incurred but not reported losses to the plan.

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 also self-insured for comprehensive and collision loss to automobiles, self-insured to \$100,000 for property loss with commercial insurance purchased to cover the excess above \$100,000, and commercially insured for losses to boilers and machinery and certain other risks. The fund also purchases excess liability insurance for claims in excess of \$1,000,000 with coverage up to a maximum of \$10,000,000 per incident.

At June 30, 2002, incurred but not reported claims liability for general, civil and auto insurance is based upon standard actuarial techniques, which take into account financial data, loss experience of other self-insurance programs and the insurance industry and from the development of known claims, estimates of the cost of reported claims, incurred but not reported claims, and allocated loss adjustment expenses. The incurred but not reported claims liability for property casualty insurance is based upon the estimated cost to replace damaged property. Incurred but not reported claims liabilities are included in the reserve for losses.

The Fund has sustained substantial operating losses in recent years. Further, at June 30, 2002 total liabilities

# Notes to Financial Statements

For the Fiscal Year Ended June 30, 2002

State  
of  
Nevada

(Note 10 Continued)

exceed total assets by \$32,536,247. According to figures derived from actuarial estimates, the Fund is liable for approximately \$32,500,000 in potential claims settlements, which have yet to be funded through premium contributions. As Nevada Revised Statute 331.187 provides that if money in the Fund is insufficient to pay

a tort claim, the claim is to be paid from the reserve for statutory contingency account, and, as management assesses premiums to cover current claims payments, management believes that this provides the opportunity for the Fund to satisfy these liabilities.

## Note 11 - Fund Balances

Governmental fund balances, reserved for other at June 30, 2002, are explained as follows (expressed in thousands):

	<u>General</u>	<u>State Highway</u>	<u>Other Governmental</u>	<u>Total</u>
<b><i>Fund balances, reserved for other:</i></b>				
Reserved for prepaid items	\$ 29,314	\$ 247	\$ 3,871	\$ 33,432
Reserved for noncurrent receivables - notes	621	-	73	694
Reserved for fiscal emergency	-	-	7,729	7,729
Reserved for specific future allocations	-	-	18,160	18,160
<b>Total fund balances, reserved for other</b>	<b>\$ 29,935</b>	<b>\$ 247</b>	<b>\$ 29,833</b>	<b>\$ 60,015</b>

Fund balances, unreserved, reported in non-major governmental funds at June 30, 2002, are explained as follows (expressed in thousands):

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Permanent Funds</u>	<u>Total</u>
<b><i>Fund balances, unreserved, designated:</i></b>				
Designated for approved capital projects	\$ 10	\$ 51,352	\$ -	\$ 51,362
Designated for museum projects	42	-	-	42
Designated for principal preservation	900	-	-	900
<b><i>Undesignated</i></b>	<b>225,296</b>	<b>-</b>	<b>21</b>	<b>225,317</b>
<b>Total fund balances, unreserved reported in nonmajor</b>	<b>\$ 226,248</b>	<b>\$ 51,352</b>	<b>\$ 21</b>	<b>\$ 277,621</b>

**Note 12 - Principal Tax Revenues**

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

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

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

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

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

Other Sources of tax revenues include: Business Tax, Cigarette Tax, Controlled Substance Tax, Estate Tax, Jet Fuel, Liquor Tax, Lodging Tax, Motor Carrier Fees, Motor Vehicle Registration Fees, Net Proceeds of Minerals Tax, Petroleum Products Cleanup Fees, Property Tax, Special Drug Manufacturing Tax, Short-Term Lessor Fees and Tire Tax.

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

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

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

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

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

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

**Note 13 - 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. 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.

As required by GASB Statement No. 34, a description of each noncapitalized collection held by the State follows.

Lost City Museum – The mission of the Lost City Museum 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 based at the museum facility. The collection consists of 80 historic and prehistoric Native American Baskets; about 40 historic Native American ceramic vessels and about 250 prehistoric ceramic vessels; and various prehistoric bone and shell archaeological objects. The collection also includes historic Euro-

(Note 13 Continued)

American and Native American leather objects; historic Euro-American and historic and prehistoric Native American textiles; glass and wood historic Euro-American objects; and stone prehistoric archaeological objects, some turquoise and lithic materials, and lapidary, mineral and fossil objects.

East Ely Railroad Depot Museum – The mission of the East Ely Railroad Depot Museum is to interpret and preserve eastern Nevada’s industrial heritage. It is located on Nevada’s most significant historical industrial complex, the former site of the Nevada Northern Railroad, and its collections include extensive archival documents, including photographs on the railroad, mining and smelting history of eastern Nevada. Three-dimensional artifacts include about 1,000 objects including wooden patterns for locomotive parts and the historical furnishings of the depot building. The majority of the collections are two-dimensional artifacts, with photographs totaling 400 and documents totaling 9,600 cubic feet highlighted by payroll records from 1906 through 1983 covering the entire history of the railroad. There are also administrative, legal and operation records covering the same period. The map and drawing collection relating to railroads numbers 500 and is one of the finest in the western United States.

Nevada Historical Society – The mission of the Nevada Historical Society is to collect, preserve, interpret and research for educational and aesthetic purposes, the materials which represent the history of the State of Nevada. The Nevada Historical Society holds a large number of valuable collections relating to the history of Nevada, the Great Basin and the West. The bulk of the collections are used primarily for research. Most of the museum collections are also available for exhibition, and a limited number of artifacts are used in educational programs. The collections are divided into four sections: library, manuscripts, photography and museum. The library collections consist of purchased books (20,000 titles), journals and periodicals, state and federal documents, most of the state’s newspapers in hardcopy and on microfilm, and ephemera. There are 3,500 collections in the manuscripts section, and some 500,000 images in the photography section. The museum section has about 8,000 objects.

Nevada State Museum and Historical Society – The mission of the Nevada State Museum and Historical Society, Las Vegas, is to advance the understanding of the prehistory, history, anthropology and natural history of Nevada emphasizing southern Nevada and its relationship with the surrounding area by collecting, interpreting, exhibiting and preserving Nevada’s heritage for present and future generations. The historical collections number over 12,000 and many reflect the major themes of the state—transportation, mining and tourism—as well as the artifacts of everyday life such as clothing, historical correspondence and business records. The archival photograph collection numbers around 40,000 images. The natural history collections include an emphasis on Lepidoptera (butterflies and moths) and number well over 100,000.

Nevada State Museum and Nevada State Railroad Museum – The mission of the Nevada State Museum is to engage diverse audiences in understanding and appreciating Nevada’s natural and cultural heritage. The museum achieves this through collecting, documenting and studying objects and information significant to heritage. The museum preserves this heritage for long-term public benefits, and presents heritage to broad audiences through exhibits, educational programs, publications and research services. The museum optimizes its educational mission by cultivating effective partnerships and attaining high standards of public service. Collections are significant to the natural and cultural history of Nevada and the Great Basin region. The museum collects, preserves and documents three general types of collections: anthropology, history and natural history. The anthropology collection includes 6,220 cubic feet of important western U.S. ethnographic and archaeological collections. Artifacts date as early as 9,400 years in age and include little-known technologies unique to the western Great Basin. Ethnographic collections feature 16 baskets woven by the internationally known Washoe weaver Louisa Key (a.k.a. Dat So La Lee). The collection also contains over 1,000 complete baskets and beadwork by other Washoe, Northern Paiute and Western Shoshone artisans. Archaeological materials include extensive collections of prehistoric artifacts from Nevada with materials recovered from dry caves of particular importance. The museum also serves as a repository for archaeological collections excavated in Nevada by

*(Note 13 Continued)*

public and private organizations and holds 1,700 cubic feet. History collections number 110,000 objects and encompass a wide variety of objects related to the material culture of Nevada and Great Basin such as clothing and textiles, historic photographs and documents, mining technology, gaming artifacts, vehicles, ranching and western memorabilia, ceramics, furniture and decorative arts. The Nevada State Railroad Museum's collections are currently managed by the Nevada State Museum and include 4,000 historical artifacts.

Natural history collections number 94,600 specimens and include representative samples of flora and fauna from throughout Nevada. The butterfly, amphibian, reptile and bird collections are the most complete and easily accessed of such collections in the northern part of the state. The plant and mammal collections are the most complete and easily accessed of such collections statewide. Rocks and minerals document the state's geology and mining heritage.

## Note 14 - Commitments and Contingencies

### Primary Government

**A.** In 1977 and 1989 the State issued \$13,730,000 and \$14,755,000, respectively, in General Obligation Sewer Improvement Bonds for and on behalf of Clark County. To date, the bonds have been completely serviced by Clark County; however, the State remains contingently liable on the bonds through maturity on July 1, 2004. The amount of bonds outstanding at June 30, 2002, is \$6,270,000.

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

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

The State is a party to several lawsuits that have been filed under the federal civil rights statutes. In the district of Nevada, none of the United States district judges have ruled that the State is directly liable for damages awarded under federal civil rights statutes. However, the

State is statutorily required to indemnify its officers and employees held liable in damages for acts or omissions on the part of its officers and employees occurring in the course of their public employment. Several claims may thus be filed against the State based on alleged civil rights violations by its officers and employees. Since the statutory limit of liability (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.

**C.** The Public Employees' Retirement System (PERS) has entered into investment funding commitments as of June 30, 2002. For alternative investments, PERS has committed to fund \$361,723,088 at some future date.

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

**D.** 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

(Note 14 Continued)

June 30, 2002 amounted to \$23,815,435. 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, 2002 (expressed in thousands):

For the Year Ended June 30	Amount
2003	\$ 19,931
2004	17,989
2005	14,854
2006	9,611
2007	4,282
2008-2012	7,157
<b>Total</b>	<b>\$ 73,824</b>

**E.** 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, 2002, 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.

**F.** The Tax Reform Act of 1986 imposes a rebate requirement with respect to some bonds issued by the State. Under this requirement, an amount equal to the sum of (a) the excess of the aggregate amount earned on all investments (other than certain specified exceptions) over the amount that would have been earned if all investments were invested at a rate equal to the yield on the bonds, and (b) any income earned on the excess described in (a), is required to be rebated to the U.S. Treasury, in order for the interest on the bonds to be excluded from gross income for federal income tax purposes. Rebateable arbitrage is computed as of each installment computation date. The present value of the rebateable arbitrage has been recorded as a liability in the Statement of Net Assets at June 30, 2002. Future calculations might result in different rebateable arbitrage amounts.

**Discretely Presented Component Unit**

**G.** The management of the Colorado River Commission (CRC), a discretely presented component unit, estimates that construction in progress will require an additional outlay of approximately \$5,000,000 to bring the related projects to completion.

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

All of the CRC's power customers are contractually obligated for electrical power purchased or sold on their behalf by the CRC. The customers may either pay or receive contract payments directly, or reimburse or be reimbursed by the CRC. These contracts are generally "take or pay" contracts, meaning that the customer is required to make or receive payment regardless of whether or not the power is actually delivered. One of the CRC's power customers has also filed Chapter 11 and, based upon the plan of reorganization and the customer's explicit and publicly declared intention, it appears likely that the customer will contest its forward contracts with the CRC. Although the failure on the part of the customer to honor its contracts could result in a loss to the CRC of approximately \$100,000,000, it is not currently possible to determine the outcome of this contingency.

**Note 15 - Subsequent Events****Primary Government**

**Bonds** - The following General Obligation Bonds were sold after June 30, 2002:

\$82,415,000 Series July 1, 2002, A, B, C and D General Obligation (Limited Tax) Bonds: Series 2002A are \$60,915,000 Capital Improvement, Cultural Affairs and Refunding Bonds, due in annual installments ranging from \$1,835,000 to \$4,580,000 through April 1, 2021, plus semi-annual interest payments, at rates from 3.25% to 5.00%. Interest payments on the bonds are payable April 1 and October 1 and payments commence October 1, 2002. Series 2002B are \$8,500,000 TMCC Bonds, due in annual installments ranging from \$230,000 to \$655,000 through April 1, 2021, plus semi-annual interest payments, at rates from 4.00% to 5.25%. Interest payments on the bonds are payable April 1 and October 1 and payments commence October 1, 2002. Series 2002C are \$8,000,000 Natural Resources Bonds, due in annual installments ranging from \$285,000 to \$615,000 through April 1, 2022, plus semi-annual interest payments, at rates from 3.00% to 5.00%. Interest payments on the bonds are payable April 1 and October 1 and payments commence October 1, 2002. Series 2002D are \$5,000,000 Nevada Municipal Bond Bank Project Nos. 75 and 76 Bonds, due in annual installments ranging from \$175,000 to \$390,000 through July 1, 2022, plus semi-annual interest payments, at rates from 4.00% to 5.25%. Interest payments on the bonds are payable January 1 and July 1 and payments commence January 1, 2003. Series 2002A Bonds, Series 2002B Bonds and Series 2002C Bonds maturing on and after April 1, 2013 will be subject to redemption on or after October 1, 2012 at the option of the State. Series 2002D Bonds maturing on and after July 1, 2013 will be subject to redemption on or after July 1, 2012 at the option of the State. The Series 2002A Bonds and Series 2002B Bonds are subject to the Constitutional Debt Limit.

**Housing Division** – The Housing Division has issued the following bonds since June 30, 2002:

\$14,770,000 St. Rose Seniors Apartments Variable-Rate Demand Multi-Unit Housing Revenue Bonds, 2002 Series A due October 15, 2035.

\$21,000,000 The Bluffs at Reno Apartments Variable-Rate Demand Multi-Unit Housing Revenue Bonds, 2002 Series A and B due October 15, 2035.

\$10,320,000 Sunset Canyon Apartments Multi-Unit Housing Revenue Bonds, 2002 Series A-1 and A-2. Series A-1 has two Term Bonds due October 1, 2035 and April 1, 2036 of \$4,190,000 and \$4,195,000 respectively. Series A-2 has one Term Bond due April 1, 2017 of \$1,935,000.

\$8,800,000 Los Pecos Senior Apartments Multi-Unit Housing Revenue Bonds, 2002 Series A. The bonds consist of serial and four Term Bonds. The serial bonds of \$940,000 are due in semi-annual payments ranging from \$40,000 to \$80,000 with a final maturity date of October 1, 2012. The first Term Bond of \$450,000 is due October 1, 2021, the second of \$1,695,000 is due October 1, 2022, the third of \$2,855,000 is due October 1, 2035 and the fourth of \$2,860,000 is due April 1, 2036.

\$8,290,000 Whittell Pointe Apartments Multi-Unit Housing Revenue Bonds, 2002 Series A and B. Series A has two Term Bonds due April 1, 2035 and 2036 of \$3,520,000 and \$3,525,000 respectively. Series B has one Term Bond due April 1, 2016 of \$1,245,000.

\$8,920,000 Wood Creek Apartments Multi-Unit Housing Revenue Bonds, 2002 Series A and B. Series A has one Term Bond due October 1, 2034 of \$7,580,000. Series B has two Term Bonds due April 1, 2007 and October 1, 2014 of \$245,000 and \$1,095,000 respectively.



*(Note 15 Continued)*

**Interest Rate Swap Agreement** – The State of Nevada had executed two interest rate swaps with Lehman Brothers, which were terminated subsequent to June 30, 2002. Each interest rate swap was associated with a \$100 million notional amount and was executed pursuant to the provisions of the International Swap Derivatives Association Master Agreement. On September 19, 2002, the swap agreements were terminated in a simultaneous agreement with Lehman Brothers that resulted in a \$2.24 million net payment to the State.

**Legislative Counsel Bureau** - Subsequent to year end, the Governor called a Special Legislative Session to deal with the issue of medical malpractice insurance. The special session, held in August 2002, lasted three days. The Legislature appropriated \$160,000 to pay the session costs. The costs to date are \$233,633 and the additional unfunded amount will be paid from savings from the last regular legislative session.

**Discretely Presented Component Unit**

**Bonds** - The following General Obligation Bonds were sold after June 30, 2002:

\$36,420,000 Series 2002 Colorado River Commission General Obligation (Limited Tax) (Revenue Supported) Hoover Uprating Refunding Bonds: Series 2002 Bonds will mature on October 1, 2016, due in annual installments ranging from \$3,240,000 to \$4,970,000. Interest is payable at 5.375% per annum in semi-annual payments on April 1 and October 1 commencing October 1, 2002. Series 2002 Bonds maturing on and after October 1, 2013 will be subject to redemption on and after October 1, 2012 at the option of the State. The Bonds were issued to refund the remaining obligations of the 1992 Hoover Uprating Refunding Bonds.

**Note 16- Accounting Changes and Restatements****A. Prior Period Adjustments**

The July 1, 2001 fund balance in the State Highway Fund, a special revenue fund, has been adjusted because a transfer to the General Fund for fiscal year 2001 computer capital expenditures was not recorded in fiscal year 2001. The prior period adjustment increases General Fund fund balance by \$13,575,895 and decreases the State Highway Fund fund balance by the same amount. The adjustment is included in the following schedule of changes to fund balances and net assets for the fiscal year 2001. The other prior period adjustments listed on the schedule were required by implementation of the accounting changes discussed below.

**B. Accounting Changes**

During fiscal year 2002, the State implemented new accounting standards issued by the Governmental Accounting Standards Board (GASB). The new standards are:

Statement No. 34, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments,

Statement No. 35, Basic Financial Statements – and Management’s Discussion and Analysis – for Public Colleges and Universities,

Statement No. 37, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments: Omnibus, and

Statement No. 38, Certain Financial Statement Note Disclosures.

These new accounting standards changed the financial reporting model used by governments and universities. Governments are now required to present government-wide financial statements prepared using the accrual basis of accounting and the economic resources measurement focus. In addition, new definitions for fund types resulted in fund reclassifications and adjustments to fund equities as reported in the prior financial statements. The changes required by these statements are presented in the following table (expressed in thousands):

# Notes to Financial Statements

For the Fiscal Year Ended June 30, 2002

State  
of  
Nevada

(Note 16 Continued)

	June 30, 2001 As Previously Reported	Fund Reclassifications	Prior Period Adjustments	June 30, 2001 As Restated
<b>Governmental Funds and Activities</b>				
<b>Major Fund:</b>				
General Fund	\$ 223,239	\$ -	\$ 13,576	\$ 236,815
<b>Major Special Revenue Funds:</b>				
State Highway	203,876	-	(13,576)	190,300
Municipal Bond Bank	1,282,007	(178,378)	-	1,103,629
Stabilize the Operations of State Government	136,341	-	-	136,341
<b>Other Special Revenue Funds:</b>				
School Improvement	34,488	-	-	34,488
Employment Security	14,904	-	-	14,904
Regulatory	7,985	(911)	-	7,074
Legislative	8,085	-	-	8,085
Workers' Compensation and Safety	25,843	(25,843)	-	-
Higher Education Capital Construction	11,681	-	-	11,681
Cleaning Up Petroleum Discharges	4,175	-	-	4,175
Hospital Care to Indigent Persons	11,015	-	-	11,015
Tourism Promotion	6,183	-	-	6,183
Offenders' Store	1,832	622	-	2,454
Tobacco Settlement	71,652	-	-	71,652
Contingency	43,077	-	-	43,077
Care of Sites for Radioactive Waste Disposal	10,992	-	-	10,992
Natural Resources	-	17,379	-	17,379
Gift	-	2,902	-	2,902
Miscellaneous Funds	11,530	(1,581)	-	9,949
Total Other Special Revenue Funds	263,442	(7,432)	-	256,010
Total Special Revenue Funds	1,885,666	(185,810)	(13,576)	1,686,280
<b>Major Debt Service Fund:</b>				
Consolidated Bond Interest and Redemption	37,497	-	760	38,257
<b>Other Debt Service Fund:</b>				
Highway Revenue Bonds	5,122	-	-	5,122
Total Debt Service Funds	42,619	-	760	43,379
<b>Other Capital Projects Funds:</b>				
Parks Capital Project Construction	808	-	-	808
CIP Motor Vehicle	13,294	-	-	13,294
CIP Human Resources	4,254	-	-	4,254
CIP General State Gov't	15,786	-	-	15,786
CIP Prison System	6,265	-	-	6,265
CIP Military	1,068	-	-	1,068
CIP Wildlife	1,708	-	-	1,708
CIP Assist School Districts	13,420	-	-	13,420
Total Capital Projects Funds	56,603	-	-	56,603
<b>Other Permanent Funds:</b>				
Permanent School	-	85,767	(3)	85,764
Henry Wood Christmas	-	51	-	51
Total Permanent Funds	-	85,818	(3)	85,815
Total Governmental Funds	\$ 2,208,127	\$ (99,992)	\$ 757	\$ 2,108,892
<b>Adoption of GASB Statement No. 34</b>				
Revenue recognition	\$ -	\$ -	\$ 28,657	\$ 28,657
Capital assets, net of depreciation	-	1,389,881	2,448,175	3,838,056
Long-term bonds and notes payable	-	-	(2,252,931)	(2,252,931)
Other liabilities and long-term obligations	-	-	(104,514)	(104,514)
Internal service fund conversion	-	6,384	67	6,451
Expense recognition	-	-	(13,412)	(13,412)
Adoption of GASB Statement No. 34	-	1,396,265	106,042	1,502,307
Total Governmental Activities	\$ 2,208,127	\$ 1,296,273	\$ 106,799	\$ 3,611,199

# Notes to Financial Statements

For the Fiscal Year Ended June 30, 2002

State  
of  
Nevada

(Note 16 Continued)

	June 30, 2001 As Previously Reported	Fund Reclassifications	Prior Period Adjustments	June 30, 2001 As Restated
<b>Proprietary Funds and Business-Type Activities</b>				
<b>Major Funds:</b>				
Housing Division	\$ 135,796	\$ -	\$ -	\$ 135,796
Unemployment Compensation	-	569,420	6,345	575,765
<b>Other Funds:</b>				
Workers' Compensation and Safety	-	25,843	(359)	25,484
Insurance Examination	-	659	-	659
Gaming Investigative	-	252	-	252
Forestry Nurseries	473	-	-	473
Prison Industry	4,921	-	-	4,921
Nevada Magazine	(576)	-	-	(576)
WICHE Student Loans	-	3,036	571	3,607
Marlette Lake Water System	1,006	-	-	1,006
Water Project Loans	-	160,999	(57,069)	103,930
Internal Service Funds	6,384	-	-	6,384
Total Proprietary Funds	<u>\$ 148,004</u>	<u>\$ 760,209</u>	<u>\$ (50,512)</u>	<u>\$ 857,701</u>
<b>Adoption of GASB Statement No. 34</b>				
Internal service fund conversion	-	(6,384)	(67)	(6,451)
Total Business-Type Activities	<u>\$ 148,004</u>	<u>\$ 753,825</u>	<u>\$ (50,579)</u>	<u>\$ 851,250</u>
<b>Fiduciary Funds</b>				
Private Purpose Funds:				
Higher Education Tuition Trust	\$ -	\$ 24,199	\$ -	\$ 24,199
Prisoners' Personal Property	-	179	2,724	2,903
Total Private Purpose Funds	-	24,378	2,724	27,102
Funds previously reported as Expendable Trust Funds:				
Unemployment Compensation	569,420	(569,420)	-	-
Higher Education Tuition Trust	24,199	(24,199)	-	-
Museums and History	1,455	(1,455)	-	-
Gift Funds	2,902	(2,902)	-	-
Custodial Funds	801	(801)	-	-
Total Expendable Trust Funds	598,777	(598,777)	-	-
Funds previously reported as Nonexpendable Trust Funds:				
Henry Wood Christmas	51	(51)	-	-
Permanent School	85,767	(85,767)	-	-
Total Nonexpendable Trust Funds	85,818	(85,818)	-	-
Investment Trust Funds	535,748	-	-	535,748
Pension Trust Funds	13,377,340	-	-	13,377,340
Total Fiduciary Funds	<u>\$ 14,597,683</u>	<u>\$ (660,217)</u>	<u>\$ 2,724</u>	<u>\$ 13,940,190</u>
<b>Account Group</b>				
General Fixed Assets	\$ 1,389,881	\$ (1,389,881)	\$ -	\$ -
Total Account Group	1,389,881	(1,389,881)	-	-
<b>Total Primary Government</b>	<u>\$ 18,343,695</u>	<u>\$ -</u>	<u>\$ 58,944</u>	<u>\$ 18,402,639</u>

# Budgetary Comparison Schedule

## General Fund and Major Special Revenue Funds

*For the Fiscal Year Ended June 30, 2002 (Expressed in Thousands)*

	General Fund				Highway Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>Sources of Financial Resources</b>								
Fund balances, July 1	\$ 380,110	\$ 380,110	\$ 380,110	\$ -	\$ 180,980	\$ 180,980	\$ 180,980	\$ -
Prior period adjustment	-	-	13,576	13,576	-	-	9,002	9,002
<b>Revenues:</b>								
Sales taxes	681,382	681,382	655,068	(26,314)	-	-	-	-
Gaming taxes, fees, licenses	687,639	687,639	654,613	(33,026)	-	241	540	299
Intergovernmental	900,920	1,133,470	918,934	(214,536)	206,928	212,993	169,126	(43,867)
Other taxes	471,057	474,642	484,386	9,744	260,959	266,961	253,405	(13,556)
Sales, charges for services	120,177	130,551	110,448	(20,103)	14,323	15,071	10,945	(4,126)
Licenses, fees and permits	231,380	242,290	234,796	(7,494)	130,927	137,385	135,938	(1,447)
Interest	16,149	16,149	33,040	16,891	10,010	10,010	8,102	(1,908)
Other	282,797	319,304	321,031	1,727	16,263	17,397	21,675	4,278
<b>Other financing sources:</b>								
Proceeds from sale of bonds	-	-	-	-	123,000	123,000	-	(123,000)
Transfers from other funds	94,632	145,847	113,953	(31,894)	4,570	7,679	5,219	(2,460)
Reversions from other funds	-	-	17,957	17,957	-	-	299	299
<b>Total sources</b>	<b>3,866,243</b>	<b>4,211,384</b>	<b>3,937,912</b>	<b>(273,472)</b>	<b>947,960</b>	<b>971,717</b>	<b>795,231</b>	<b>(176,486)</b>
<b>Uses of Financial Resources</b>								
<b>Expenditures and encumbrances:</b>								
Constitutional agencies	70,347	116,964	76,718	40,246	-	-	-	-
Finance and administration	43,504	88,261	60,818	27,443	-	-	-	-
Education	904,232	1,050,439	964,736	85,703	-	-	-	-
Human services	1,576,506	1,778,933	1,576,737	202,196	-	-	-	-
Commerce and industry	81,403	99,897	71,229	28,668	-	-	-	-
Public safety	258,251	291,194	248,337	42,857	130,484	151,210	128,432	22,778
Infrastructure	105,908	183,626	96,750	86,876	674,997	691,602	424,262	267,340
Special purpose agencies	5,466	5,974	5,827	147	-	-	-	-
Transportation	-	-	-	-	-	-	-	-
<b>Other financing uses:</b>								
Transfers to other funds	494,346	557,146	553,407	3,739	23,580	19,299	19,299	-
Reversions to other funds	-	-	4,175	(4,175)	-	-	-	-
Refunds	-	-	4,419	(4,419)	-	-	-	-
<b>Projected reversions</b>	<b>(38,920)</b>	<b>(38,920)</b>	<b>-</b>	<b>(38,920)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total uses</b>	<b>3,501,043</b>	<b>4,133,514</b>	<b>3,663,153</b>	<b>470,361</b>	<b>829,061</b>	<b>862,111</b>	<b>571,993</b>	<b>290,118</b>
<b>Fund balances, June 30</b>	<b>\$ 365,200</b>	<b>\$ 77,870</b>	<b>\$ 274,759</b>	<b>\$ 196,889</b>	<b>\$ 118,899</b>	<b>\$ 109,606</b>	<b>\$ 223,238</b>	<b>\$ 113,632</b>

Municipal Bond Bank				Stabilize the Operations of State Government			
Original Budget	Final Budget	Actual	Variance with Final Budget	Original Budget	Final Budget	Actual	Variance with Final Budget
\$ 4	\$ 4	\$ 4	\$ -	\$ 136,341	\$ 136,341	\$ 136,341	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
79,419	80,231	80,223	(8)	-	-	-	-
573	573	573	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>79,996</u>	<u>80,808</u>	<u>80,800</u>	<u>(8)</u>	<u>136,341</u>	<u>136,341</u>	<u>136,341</u>	<u>-</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
577	577	574	3	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
79,419	80,231	80,223	8	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>79,996</u>	<u>80,808</u>	<u>80,797</u>	<u>11</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3</u>	<u>\$ 3</u>	<u>\$ 136,341</u>	<u>\$ 136,341</u>	<u>\$ 136,341</u>	<u>\$ -</u>

# Notes to Required Supplementary Information Budgetary Reporting

State  
of  
Nevada

For the Fiscal Year Ended June 30, 2002

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 9 are reported instead of the amounts disclosed in the original budget. The September 9, 2002 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, 2002 budget as permitted by NRS 353.220.

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

	<u>General Fund</u>	<u>State Highway</u>	<u>Municipal Bond Bank</u>	<u>Stabilize the Operations of State Government</u>
<b>Fund balances (budgetary basis) June 30, 2002</b>	\$ 274,759	\$ 223,238	\$ 3	\$ 136,341
<b>Adjustments:</b>				
<i>Basis differences:</i>				
Petty cash or outside bank accounts	9,445	84	-	-
Investments not recorded on the budgetary basis	4,033	-	1,090,275	-
Accrual of certain other receivables	88,534	2,561	-	-
Inventory	-	8,774	-	-
Advances to other funds	10,159	20	-	-
Deferred charges and other assets	6,065	247	-	-
Accrual of certain accounts payable and accruals	(164,825)	(17,568)	-	-
Accrual of longevity pay	(947)	(136)	-	-
Contract retentions payable	(315)	-	-	-
Deferred revenues	(183,835)	(20)	-	-
Encumbrances	3,916	4,823	-	-
Other	3,759	(118)	152	-
<b>Fund balances (GAAP basis) June 30, 2002</b>	<u>\$ 50,748</u>	<u>\$ 221,905</u>	<u>\$ 1,090,430</u>	<u>\$ 136,341</u>

Total fund balance on the budgetary basis in the General Fund at June 30, 2002, 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)	\$ 274,759
Restricted funds	<u>(182,383)</u>
<b>Unrestricted fund balance (budgetary basis)</b>	<u>\$ 92,376</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, 2002

## 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
1997	\$ 4,778	\$ 2,957	\$ 1,821	62%	\$ 491	371%
1999	5,075	3,527	1,548	70%	491	315%
2001	5,399	3,812	1,587	71%	476	333%

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

## Judicial Retirement System (JRS)

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

Valuation Date	Actuarial Accrued Liability (AAL)	Actuarial Value of Assets	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
7/1/1997	\$ 24,864	\$ -	\$ 24,864	0%	\$ 5,239	475%
7/1/1999	23,462	-	23,462	0%	3,243	723%
7/1/2001	25,259	-	25,259	0%	3,700	683%

Schedule of Employer Contributions (old plan) - A schedule of employer contributions follows (expressed in thousands):

Fiscal Year Ended	Annual Required Contribution (ARC)	State Contribution	State Contribution as a % ARC
6/30/2000	\$ 2,604	\$ 1,277	49%
6/30/2001	2,604	1,301	50%
6/30/2002	2,891	1,301	45%

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

The State has adopted the modified approach for reporting infrastructure assets. Under this approach, the State expenses certain maintenance and preservation costs and does not report depreciation expense. Assets accounted for under the modified approach include approximately 5,300 centerline miles of roads and approximately 1,000 bridges.

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

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

	<u>Category</u>				
	<u>I</u>	<u>II</u>	<u>III</u>	<u>IV</u>	<u>V</u>
State Policy-minimum percentage	70%	65%	60%	40%	10%
Actual results of 2001 condition assessment	83%	77%	86%	65%	19%

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

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

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

**Maintenance and Preservation Costs**  
**(expressed in thousands)**

	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>
Estimated	\$255,575	\$94,194	\$97,038	\$129,255	\$203,986
Actual	\$135,898	\$75,080	\$91,615	\$125,506	\$135,549

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



# Nonmajor Governmental Funds

## **Nonmajor Special Revenue Funds**

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

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

**Regulatory** Accounts for receipts and expenditures related to enforcement of regulations on manufactured housing (NRS 489.491), enforcement of regulations pursuant to dairy products (NRS 584.460), legal judgments against real estate licensees (NRS 645.842), regulation of transportation services (NRS 706.1516), regulation of public utilities (NRS 703.147), and regulation of taxicabs (NRS 706.8825).

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

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

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

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

**Tourism Promotion** Accounts for room taxes and other

monies designated for the support of the Commission on Tourism (NRS 231.250).

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

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

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

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

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

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

**Miscellaneous** Accounts for receipts and expenditures related to compensation of victims of crime (NRS 217.260); fees related to private investigators and recoveries for unfair trade practices (NRS 228.096); prosecution of racketeering (NRS 207.415); the office of advocate for customers of public utilities (NRS 228.310); administration of capital improvement projects (NRS 341.146); and substance abuse education, prevention, enforcement and treatment (NRS 458.400). It also accounts for appropriations and interest income for support of museums and history (NRS 381.0064); loans for farm projects (NRS 561.405); and fees collected from owners of mobile home parks to provide mobile home lot rent assistance to low-income mobile home owners (NRS 118B.215). Furthermore, it accounts for appropriations, donations and interest income to support the National Judicial College and the National College of Juvenile and Family Law (NRS 1.470 and 1.480); appropriations for disaster relief grants and loans to state agencies and local governments (NRS 353.2735); receipts and expenditures related to assisting counties with the institutional care of the medically indigent (NRS 428.470); and the residual activity of emergency distribution of SCCRT (Supplemental City-County Relief Tax) originally authorized by NRS 354.5988.

### **Nonmajor Debt Service Fund**

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

### **Nonmajor Capital Projects Funds**

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

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

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

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

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

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

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

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

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

### **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, 2002

	Special Revenue Funds	Highway Revenue Bonds Debt Service	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
<b>Assets</b>					
<i>Cash and pooled investments:</i>					
Cash with treasurer	\$ 265,996,496	\$ 4,215,000	\$ 128,320,006	\$ 9,181,350	\$ 407,712,852
Cash in custody of other officials	684,320	-	-	-	684,320
Investments	1,260,875	-	-	87,452,617	88,713,492
Collateral on loaned securities	106,181,461	-	3,533,749	4,776,729	114,491,939
<i>Receivables:</i>					
Accounts receivable	3,988,261	-	-	-	3,988,261
Taxes receivable	6,599,159	-	-	-	6,599,159
Intergovernmental receivables	3,521,060	-	873,758	300,517	4,695,335
Accrued interest and dividends	2,660	-	-	1,216,682	1,219,342
Notes/loans receivable	73,416	-	-	120	73,536
Other receivables	1,137	-	772	-	1,909
Due from other funds	16,225,310	1,086,226	21,906,721	128,420	39,346,677
Due from fiduciary funds	360,468	-	-	-	360,468
Due from component unit	50	-	-	-	50
Inventory	1,342,919	-	-	-	1,342,919
Prepaid items	3,871,226	-	-	-	3,871,226
<b>Total assets</b>	<b>\$ 410,108,818</b>	<b>\$ 5,301,226</b>	<b>\$ 154,635,006</b>	<b>\$ 103,056,435</b>	<b>\$ 673,101,485</b>
<b>Liabilities and Fund Balances</b>					
<i>Accounts payable and accruals:</i>					
Accounts payable	5,673,293	-	249,008	-	5,922,301
Accrued payroll and related liabilities	2,793,015	-	-	-	2,793,015
Intergovernmental payables	2,170,086	-	16,223	-	2,186,309
Contracts payable	24,967	-	5,993,094	-	6,018,061
Retention payable	-	-	3,575,162	-	3,575,162
Obligations under securities lending	106,181,461	-	3,533,749	4,776,729	114,491,939
Due to other funds	29,806,056	-	4,692,215	2,944,577	37,442,848
Due to fiduciary funds	65,142	-	-	-	65,142
Due to component unit	771,542	-	71,319,521	-	72,091,063
Advances from general fund	-	-	590,796	-	590,796
Deferred revenues	4,646,866	-	-	-	4,646,866
Other liabilities	-	-	-	460,741	460,741
<b>Total liabilities</b>	<b>152,132,428</b>	<b>-</b>	<b>89,969,768</b>	<b>8,182,047</b>	<b>250,284,243</b>
<b>Fund balances:</b>					
<i>Reserved for:</i>					
Encumbrances and contracts	373,459	-	13,312,845	-	13,686,304
Inventories	1,342,919	-	-	-	1,342,919
Funds held as permanent investments	180,000	-	-	94,853,208	95,033,208
Debt service	-	5,301,226	-	-	5,301,226
Other	29,832,535	-	-	-	29,832,535
<i>Unreserved:</i>					
<i>Designated:</i>					
Principal preservation	900,000	-	-	-	900,000
Approved capital projects	-	-	51,352,393	-	51,352,393
Other	52,183	-	-	-	52,183
Undesignated	225,295,294	-	-	21,180	225,316,474
<b>Total fund balances</b>	<b>257,976,390</b>	<b>5,301,226</b>	<b>64,665,238</b>	<b>94,874,388</b>	<b>422,817,242</b>
<b>Total liabilities and fund balances</b>	<b>\$ 410,108,818</b>	<b>\$ 5,301,226</b>	<b>\$ 154,635,006</b>	<b>\$ 103,056,435</b>	<b>\$ 673,101,485</b>

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

State  
of  
Nevada

For the Fiscal Year Ended June 30, 2002

	Special Revenue Funds	Highway Revenue Bonds Debt Service	Capital Projects	Permanent Funds	Total Nonmajor Governmental Funds
<b>Revenues</b>					
Gaming taxes, fees, licenses	\$ 15,857,307	\$ -	\$ -	\$ -	\$ 15,857,307
Intergovernmental	45,109,481	-	5,015,183	-	50,124,664
Other taxes	69,641,296	13,050,650	-	-	82,691,946
Licenses, fees and permits	24,422,469	-	-	-	24,422,469
Sales and charges for services	12,375,700	-	-	-	12,375,700
Interest and investment income	10,731,706	-	547,042	7,343,041	18,621,789
Tobacco settlement income	44,628,083	-	-	-	44,628,083
<i>Other:</i>					
Fines	-	-	-	3,779,828	3,779,828
Land sales	-	-	-	4,975,686	4,975,686
Other	4,090,973	-	205,351	10,087	4,306,411
<b>Total revenues</b>	<b>226,857,015</b>	<b>13,050,650</b>	<b>5,767,576</b>	<b>16,108,642</b>	<b>261,783,883</b>
<b>Expenditures</b>					
<i>Current:</i>					
General government	33,616,735	-	126,463	183,655	33,926,853
Health and social services	70,936,987	-	-	-	70,936,987
Education and support services	556,017	-	8,823,137	-	9,379,154
Law, justice and public safety	14,086,263	-	-	-	14,086,263
Regulation of business	17,494,908	-	-	-	17,494,908
Recreation, resource development	17,282,087	-	-	-	17,282,087
Intergovernmental	18,485,475	-	-	-	18,485,475
Capital outlay	-	-	18,404,315	-	18,404,315
<i>Debt service:</i>					
Principal	142,272	8,065,000	-	-	8,207,272
Interest, fiscal charges	34,213	4,806,338	-	-	4,840,551
Arbitrage payments	30,500	-	-	-	30,500
<b>Total expenditures</b>	<b>172,665,457</b>	<b>12,871,338</b>	<b>27,353,915</b>	<b>183,655</b>	<b>213,074,365</b>
Excess (deficiency) of revenues over expenditures	54,191,558	179,312	(21,586,339)	15,924,987	48,709,518
<b>Other Financing Sources (Uses)</b>					
Capital leases	506,383	-	-	-	506,383
Sale of general obligation bonds	16,569,633	-	63,539,152	-	80,108,785
Transfers in	30,530,563	-	7,872,995	-	38,403,558
Transfers out	(81,165,058)	-	(2,813,959)	(6,865,731)	(90,844,748)
Transfer to component unit	(18,666,832)	-	(38,950,411)	-	(57,617,243)
Total other financing sources (uses)	(52,225,311)	-	29,647,777	(6,865,731)	(29,443,265)
Net change in fund balances	1,966,247	179,312	8,061,438	9,059,256	19,266,253
Fund balances, July 1 (as restated)	256,010,143	5,121,914	56,603,800	85,815,132	403,550,989
<b>Fund balances, June 30</b>	<b>\$ 257,976,390</b>	<b>\$ 5,301,226</b>	<b>\$ 64,665,238</b>	<b>\$ 94,874,388</b>	<b>\$ 422,817,242</b>

# Combining Balance Sheet Nonmajor Special Revenue Funds

June 30, 2002

	School Improvement	Employment Security	Regulatory	Legislative	Higher Education Capital Construction
<b>Assets</b>					
<i>Cash and pooled investments:</i>					
Cash with treasurer	\$ 20,303,600	\$ 14,119,919	\$ 9,240,469	\$ 6,220,223	\$ 7,686,257
Cash in custody of other officials	-	125	1,825	605,057	-
Investments	-	-	-	-	-
Collateral on loaned securities	10,793,762	7,730,412	524,726	-	-
<i>Receivables:</i>					
Accounts receivable	-	384,964	430,215	92,915	-
Taxes receivable	-	2,401,056	94,222	-	-
Intergovernmental receivables	-	1,904,252	1,494	-	-
Accrued interest and dividends	-	-	-	-	-
Notes/loans receivable	-	-	-	-	-
Other receivables	-	-	-	-	-
Due from other funds	971,914	177,475	52,881	126,545	9,448,971
Due from fiduciary funds	-	-	-	-	-
Due from component unit	-	-	-	50	-
Inventory	-	-	-	746,719	-
Prepaid items	-	93,725	337	52,720	-
<b>Total assets</b>	<b>\$ 32,069,276</b>	<b>\$ 26,811,928</b>	<b>\$ 10,346,169</b>	<b>\$ 7,844,229</b>	<b>\$ 17,135,228</b>
<b>Liabilities and Fund Balances</b>					
<i>Accounts payable and accruals:</i>					
Accounts payable	-	916,055	238,001	160,058	5,534
Accrued payroll and related liabilities	-	1,047,116	599,939	542,091	-
Intergovernmental payables	-	19,412	88,034	609	-
Contracts/retentions payable	-	-	-	7,741	-
Obligations under securities lending	10,793,762	7,730,412	524,726	-	-
Due to other funds	-	793,589	331,280	739,240	7,500,000
Due to fiduciary funds	-	5,005	748	-	200
Due to component unit	-	121,158	2,500	-	-
Deferred revenues	-	370,066	1,001,360	-	-
<b>Total liabilities</b>	<b>10,793,762</b>	<b>11,002,813</b>	<b>2,786,588</b>	<b>1,449,739</b>	<b>7,505,734</b>
<b>Fund balances:</b>					
<i>Reserved for:</i>					
Encumbrances and contracts	-	37,791	68,007	181,681	-
Inventories	-	-	-	746,719	-
Funds held as permanent investments	-	-	-	-	-
Other	-	93,725	337	1,807,634	-
<i>Unreserved:</i>					
<i>Designated:</i>					
Principal preservation	-	-	-	-	-
Other	-	-	-	-	-
Undesignated	21,275,514	15,677,599	7,491,237	3,658,456	9,629,494
<b>Total fund balances</b>	<b>21,275,514</b>	<b>15,809,115</b>	<b>7,559,581</b>	<b>6,394,490</b>	<b>9,629,494</b>
<b>Total liabilities and fund balances</b>	<b>\$ 32,069,276</b>	<b>\$ 26,811,928</b>	<b>\$ 10,346,169</b>	<b>\$ 7,844,229</b>	<b>\$ 17,135,228</b>

<u>Cleaning Up Petroleum Discharges</u>	<u>Hospital Care to Indigent Persons</u>	<u>Tourism Promotion</u>	<u>Offenders' Store</u>	<u>Tobacco Settlement</u>	<u>Contingency</u>
\$ 9,226,911	\$ 15,686,486	\$ 4,170,178	\$ 1,947,469	\$ 83,656,112	\$ 37,782,492
-	-	-	-	-	-
-	-	-	-	-	-
4,905,193	8,339,220	-	2,324,069	44,463,501	-
-	-	5,650	1,950,741	932,714	-
-	4,103,881	-	-	-	-
-	168,806	1,222,275	46,760	1,177	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
53,538	176,318	136,521	47,049	882,158	2,711,073
-	-	-	301,829	87	-
-	-	-	-	-	-
-	-	-	403,655	-	-
-	-	-	25,493	3,698,951	-
<u>\$ 14,185,642</u>	<u>\$ 28,474,711</u>	<u>\$ 5,534,624</u>	<u>\$ 7,047,065</u>	<u>\$ 133,634,700</u>	<u>\$ 40,493,565</u>
\$ 421,815	\$ -	\$ 735,931	\$ 89,320	\$ 1,660,301	\$ 246,556
-	-	71,345	182,314	27,678	-
-	-	341,783	-	503,535	-
-	-	-	-	-	17,226
4,905,193	8,339,220	-	2,324,069	44,463,501	-
75,329	-	23,027	310,269	221,465	16,122,564
-	-	400	43,038	2,927	-
-	-	-	-	647,079	-
-	-	8,460	1,950,539	932,714	-
<u>5,402,337</u>	<u>8,339,220</u>	<u>1,180,946</u>	<u>4,899,549</u>	<u>48,459,200</u>	<u>16,386,346</u>
-	-	1,926	14,290	8,082	-
-	-	-	403,655	-	-
-	-	-	-	-	-
-	-	-	25,493	3,698,951	16,403,880
-	-	-	-	-	-
-	-	-	-	-	9,500
<u>8,783,305</u>	<u>20,135,491</u>	<u>4,351,752</u>	<u>1,704,078</u>	<u>81,468,467</u>	<u>7,693,839</u>
<u>8,783,305</u>	<u>20,135,491</u>	<u>4,353,678</u>	<u>2,147,516</u>	<u>85,175,500</u>	<u>24,107,219</u>
<u>\$ 14,185,642</u>	<u>\$ 28,474,711</u>	<u>\$ 5,534,624</u>	<u>\$ 7,047,065</u>	<u>\$ 133,634,700</u>	<u>\$ 40,493,565</u>

# Combining Balance Sheet Nonmajor Special Revenue Funds

State  
of  
Nevada

June 30, 2002

Page 2 of 2

	Care of Sites for Radioactive Waste Disposal	Gift	Natural Resources	Miscellaneous	Total Nonmajor Special Revenue Funds
<b>Assets</b>					
<i>Cash and pooled investments:</i>					
Cash with treasurer	\$ 11,215,428	\$ 2,913,480	\$ 28,495,293	\$ 13,332,179	\$ 265,996,496
Cash in custody of other officials	-	10,815	-	66,498	684,320
Investments	-	278,880	-	981,995	1,260,875
Collateral on loaned securities	5,962,325	1,185,916	15,148,614	4,803,723	106,181,461
<i>Receivables:</i>					
Accounts receivable	21,883	2,117	-	167,062	3,988,261
Taxes receivable	-	-	-	-	6,599,159
Intergovernmental receivables	-	65,554	-	110,742	3,521,060
Accrued interest and dividends	-	-	-	2,660	2,660
Notes/loans receivable	-	-	-	73,416	73,416
Other receivables	-	1,067	-	70	1,137
Due from other funds	83,932	23,673	292,990	1,040,272	16,225,310
Due from fiduciary funds	-	-	-	58,552	360,468
Due from component unit	-	-	-	-	50
Inventory	-	-	-	192,545	1,342,919
Prepaid items	-	-	-	-	3,871,226
<b>Total assets</b>	<b>\$ 17,283,568</b>	<b>\$ 4,481,502</b>	<b>\$ 43,936,897</b>	<b>\$ 20,829,714</b>	<b>\$ 410,108,818</b>
<b>Liabilities and Fund Balances</b>					
<i>Accounts payable and accruals:</i>					
Accounts payable	\$ 4,686	\$ 141,064	\$ 12,220	\$ 1,041,752	\$ 5,673,293
Accrued payroll and related liabilities	-	2,894	-	319,638	2,793,015
Intergovernmental payables	-	-	1,213,606	3,107	2,170,086
Contracts/retentions payable	-	-	-	-	24,967
Obligations under securities lending	5,962,325	1,185,916	15,148,614	4,803,723	106,181,461
Due to other funds	588	4,034	236,114	3,448,557	29,806,056
Due to fiduciary funds	-	24	-	12,800	65,142
Due to component unit	-	-	-	805	771,542
Deferred revenues	-	-	-	383,727	4,646,866
<b>Total liabilities</b>	<b>5,967,599</b>	<b>1,333,932</b>	<b>16,610,554</b>	<b>10,014,109</b>	<b>152,132,428</b>
<b>Fund balances:</b>					
<i>Reserved for:</i>					
Encumbrances and contracts	-	-	-	61,682	373,459
Inventories	-	-	-	192,545	1,342,919
Funds held as permanent investments	-	-	-	180,000	180,000
Other	-	-	-	7,802,515	29,832,535
<i>Unreserved:</i>					
<i>Designated:</i>					
Principal preservation	-	900,000	-	-	900,000
Other	-	-	-	42,683	52,183
Undesignated	11,315,969	2,247,570	27,326,343	2,536,180	225,295,294
<b>Total fund balances</b>	<b>11,315,969</b>	<b>3,147,570</b>	<b>27,326,343</b>	<b>10,815,605</b>	<b>257,976,390</b>
<b>Total liabilities and fund balances</b>	<b>\$ 17,283,568</b>	<b>\$ 4,481,502</b>	<b>\$ 43,936,897</b>	<b>\$ 20,829,714</b>	<b>\$ 410,108,818</b>

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

For the Fiscal Year Ended June 30, 2002

	School Improvement	Employment Security	Regulatory	Legislative	Higher Education Capital Construction
<b>Revenues</b>					
Gaming taxes, fees, licenses	\$ -	\$ -	\$ -	\$ -	\$ 15,857,307
Intergovernmental	-	43,162,211	191,480	-	-
Other taxes	15,043,786	8,510,764	211,913	-	-
Licenses, fees and permits	-	335,287	15,573,975	-	-
Sales and charges for services	-	530,555	26,123	874,964	-
Interest and investment income	1,602,881	826,207	82,360	-	-
Tobacco settlement income	-	-	-	-	-
Other	-	1,169,768	284,606	67,007	-
<b>Total revenues</b>	<b>16,646,667</b>	<b>54,534,792</b>	<b>16,370,457</b>	<b>941,971</b>	<b>15,857,307</b>
<b>Expenditures</b>					
<i>Current:</i>					
General government	359,677	178,503	18,662	22,016,632	-
Health and social services	-	46,320,343	-	-	-
Education and support services	-	-	-	-	-
Law, justice and public safety	-	-	-	-	-
Regulation of business	-	-	17,009,945	-	-
Recreation, resource development	-	-	-	-	-
Intergovernmental	-	-	-	-	-
<i>Debt service:</i>					
Principal	-	31,082	13,548	97,642	-
Interest	-	5,928	3,025	25,260	-
Arbitrage payments	-	-	-	-	-
<b>Total expenditures</b>	<b>359,677</b>	<b>46,535,856</b>	<b>17,045,180</b>	<b>22,139,534</b>	<b>-</b>
Excess (deficiency) of revenues over expenditures	16,286,990	7,998,936	(674,723)	(21,197,563)	15,857,307
<b>Other Financing Sources (Uses)</b>					
Capital leases	-	-	-	506,383	-
Sale of general obligation bonds	-	-	-	-	-
Transfers in	-	889,356	1,864,290	19,000,843	-
Transfers out	(29,500,000)	(7,983,577)	(704,149)	-	(12,908,858)
Transfers to component units	-	-	-	-	(5,000,000)
Total other financing sources (uses)	(29,500,000)	(7,094,221)	1,160,141	19,507,226	(17,908,858)
Net change in fund balances	(13,213,010)	904,715	485,418	(1,690,337)	(2,051,551)
Fund balances, July 1 (as restated)	34,488,524	14,904,400	7,074,163	8,084,827	11,681,045
<b>Fund balances, June 30</b>	<b>\$ 21,275,514</b>	<b>\$ 15,809,115</b>	<b>\$ 7,559,581</b>	<b>\$ 6,394,490</b>	<b>\$ 9,629,494</b>



Cleaning Up Petroleum Discharges	Hospital Care to Indigent Persons	Tourism Promotion	Offenders' Store	Tobacco Settlement	Contingency	Care of Sites for Radioactive Waste Disposal
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	335,817	-	331,896	1,177	-	-
11,461,924	20,574,813	12,472,813	-	-	-	-
416,000	-	92,032	-	-	-	88,509
-	-	-	10,397,349	-	-	-
377,308	937,842	-	295,628	4,051,637	-	648,043
-	-	-	-	44,628,083	-	-
36,000	-	-	22,506	8,000	-	-
<u>12,291,232</u>	<u>21,848,472</u>	<u>12,564,845</u>	<u>11,047,379</u>	<u>48,688,897</u>	<u>-</u>	<u>736,552</u>
75,871	207,652	-	65,834	1,171,742	218,619	140,768
-	6,524,019	-	-	17,919,320	-	69,878
-	-	-	-	-	-	-
-	-	-	9,800,780	-	-	-
-	-	-	-	-	-	-
6,809,841	-	8,978,581	-	-	-	-
284,515	5,995,906	-	-	1,275,591	4,560,304	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>7,170,227</u>	<u>12,727,577</u>	<u>8,978,581</u>	<u>9,866,614</u>	<u>20,366,653</u>	<u>4,778,923</u>	<u>210,646</u>
<u>5,121,005</u>	<u>9,120,895</u>	<u>3,586,264</u>	<u>1,180,765</u>	<u>28,322,244</u>	<u>(4,778,923)</u>	<u>525,906</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	202,420	52,929	4,648,071	-
(513,021)	-	(5,415,483)	(1,689,840)	(1,184,932)	(18,838,445)	(202,290)
-	-	-	-	(13,666,832)	-	-
<u>(513,021)</u>	<u>-</u>	<u>(5,415,483)</u>	<u>(1,487,420)</u>	<u>(14,798,835)</u>	<u>(14,190,374)</u>	<u>(202,290)</u>
4,607,984	9,120,895	(1,829,219)	(306,655)	13,523,409	(18,969,297)	323,616
4,175,321	11,014,596	6,182,897	2,454,171	71,652,091	43,076,516	10,992,353
<u>\$ 8,783,305</u>	<u>\$ 20,135,491</u>	<u>\$ 4,353,678</u>	<u>\$ 2,147,516</u>	<u>\$ 85,175,500</u>	<u>\$ 24,107,219</u>	<u>\$ 11,315,969</u>

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

State  
of  
Nevada

For the Fiscal Year Ended June 30, 2002

Page 2 of 2

	Gift	Natural Resources	Miscellaneous	Total Nonmajor Special Revenue Funds
<b>Revenues</b>				
Gaming taxes, fees, licenses	\$ -	\$ -	\$ -	\$ 15,857,307
Intergovernmental	-	-	1,086,900	45,109,481
Other taxes	-	-	1,365,283	69,641,296
Licenses, fees and permits	678,582	-	7,238,084	24,422,469
Sales and charges for services	-	-	546,709	12,375,700
Interest and investment income	(50,799)	1,638,426	322,173	10,731,706
Tobacco settlement income	-	-	-	44,628,083
Other	98,413	-	2,404,673	4,090,973
<b>Total revenues</b>	<b>726,196</b>	<b>1,638,426</b>	<b>12,963,822</b>	<b>226,857,015</b>
<b>Expenditures</b>				
<i>Current:</i>				
General government	28,240	354,762	8,779,773	33,616,735
Health and social services	103,427	-	-	70,936,987
Education and support services	13,681	-	542,336	556,017
Law, justice and public safety	-	-	4,285,483	14,086,263
Regulation of business	1,860	-	483,103	17,494,908
Recreation, resource development	316,810	1,176,855	-	17,282,087
Intergovernmental	-	6,369,159	-	18,485,475
<i>Debt service:</i>				
Principal	-	-	-	142,272
Interest	-	-	-	34,213
Arbitrage payments	-	30,500	-	30,500
<b>Total expenditures</b>	<b>464,018</b>	<b>7,931,276</b>	<b>14,090,695</b>	<b>172,665,457</b>
Excess (deficiency) of revenues over expenditures	262,178	(6,292,850)	(1,126,873)	54,191,558
<b>Other Financing Sources (Uses)</b>				
Capital leases	-	-	-	506,383
Sale of general obligation bonds	-	16,569,633	-	16,569,633
Transfers in	1,105	-	3,871,549	30,530,563
Transfers out	(17,230)	(329,806)	(1,877,427)	(81,165,058)
Transfers to component units	-	-	-	(18,666,832)
Total other financing sources (uses)	(16,125)	16,239,827	1,994,122	(52,225,311)
Net change in fund balances	246,053	9,946,977	867,249	1,966,247
Fund balances, July 1 (as restated)	2,901,517	17,379,366	9,948,356	256,010,143
<b>Fund balances, June 30</b>	<b>\$ 3,147,570</b>	<b>\$ 27,326,343</b>	<b>\$ 10,815,605</b>	<b>\$ 257,976,390</b>

# Combining Balance Sheet Other Nonmajor Governmental Funds

June 30, 2002

	Capital Projects Funds				
	Parks Capital Project Construction	CIP Motor Vehicle	CIP Human Resources	CIP University System	CIP General State Gov't
<b>Assets</b>					
<i>Cash and pooled investments:</i>					
Cash with treasurer	\$ 1,912,064	\$ 19,849	\$ 5,005,237	\$ 73,075,076	\$ 23,108,895
Investments	-	-	-	-	-
Collateral on loaned securities	-	-	-	-	-
<i>Receivables:</i>					
Intergovernmental receivables	753	-	-	-	-
Accrued interest and dividends	-	-	-	-	-
Notes receivable	-	-	-	-	-
Other receivables	-	-	-	-	272
Due from other funds	6,628	17,116,606	-	2,500,000	1,916,032
<b>Total assets</b>	<b>\$ 1,919,445</b>	<b>\$ 17,136,455</b>	<b>\$ 5,005,237</b>	<b>\$ 75,575,076</b>	<b>\$ 25,025,199</b>
<b>Liabilities and Fund Balances</b>					
<i>Accounts payable and accruals:</i>					
Accounts payable	\$ 4,003	\$ 5,040	\$ 9,682	\$ 129,127	\$ 27,604
Intergovernmental payables	-	-	-	-	-
Contracts payable	34,389	27,472	186,954	2,215,944	1,325,460
Retention payable	10,837	-	30,086	1,905,152	394,002
Obligations under securities lending	-	-	-	-	-
Due to other funds	45	94,104	184,242	5,332	2,787,695
Due to component units	-	-	-	71,319,521	-
Advances from general fund	-	-	-	-	-
Other liabilities	-	-	-	-	-
<b>Total liabilities</b>	<b>49,274</b>	<b>126,616</b>	<b>410,964</b>	<b>75,575,076</b>	<b>4,534,761</b>
<b>Fund balances:</b>					
<i>Reserved</i>					
Encumbrances and contracts	322,021	1,129,228	623,188	-	1,890,330
Permanent fund principal	-	-	-	-	-
<i>Unreserved:</i>					
Designated for approved capital projects	1,548,150	15,880,611	3,971,085	-	18,600,108
Undesignated	-	-	-	-	-
<b>Total fund balances</b>	<b>1,870,171</b>	<b>17,009,839</b>	<b>4,594,273</b>	<b>-</b>	<b>20,490,438</b>
<b>Total liabilities and fund balances</b>	<b>\$ 1,919,445</b>	<b>\$ 17,136,455</b>	<b>\$ 5,005,237</b>	<b>\$ 75,575,076</b>	<b>\$ 25,025,199</b>

Capital Projects Funds					Permanent Funds		
CIP Prison System	CIP Military	CIP Wildlife	CIP Assist School Districts	Total	Permanent School Fund	Henry Wood Christmas Fund	Total
\$ 12,176,122	\$ 5,022,122	\$ 1,353,484	\$ 6,647,157	\$ 128,320,006	\$ 9,130,170	\$ 51,180	\$ 9,181,350
-	-	-	-	-	87,452,617	-	87,452,617
-	-	-	3,533,749	3,533,749	4,776,729	-	4,776,729
-	873,005	-	-	873,758	300,517	-	300,517
-	-	-	-	-	1,216,682	-	1,216,682
-	-	-	-	-	120	-	120
300	200	-	-	772	-	-	-
-	316,150	-	51,305	21,906,721	128,420	-	128,420
<u>\$ 12,176,422</u>	<u>\$ 6,211,477</u>	<u>\$ 1,353,484</u>	<u>\$ 10,232,211</u>	<u>\$ 154,635,006</u>	<u>\$ 103,005,255</u>	<u>\$ 51,180</u>	<u>\$ 103,056,435</u>
\$ 1,783	\$ 66,855	\$ 4,871	\$ 43	\$ 249,008	\$ -	\$ -	\$ -
-	-	-	16,223	16,223	-	-	-
76,354	1,185,361	-	941,160	5,993,094	-	-	-
7,961	508,861	-	718,263	3,575,162	-	-	-
-	-	-	3,533,749	3,533,749	4,776,729	-	4,776,729
1,448,544	138,919	-	33,334	4,692,215	2,944,577	-	2,944,577
-	-	-	-	71,319,521	-	-	-
-	590,796	-	-	590,796	-	-	-
-	-	-	-	-	460,741	-	460,741
<u>1,534,642</u>	<u>2,490,792</u>	<u>4,871</u>	<u>5,242,772</u>	<u>89,969,768</u>	<u>8,182,047</u>	<u>-</u>	<u>8,182,047</u>
1,069,617	3,720,685	-	4,557,776	13,312,845	-	-	-
-	-	-	-	-	94,823,208	30,000	94,853,208
9,572,163	-	1,348,613	431,663	51,352,393	-	-	-
-	-	-	-	-	-	21,180	21,180
<u>10,641,780</u>	<u>3,720,685</u>	<u>1,348,613</u>	<u>4,989,439</u>	<u>64,665,238</u>	<u>94,823,208</u>	<u>51,180</u>	<u>94,874,388</u>
<u>\$ 12,176,422</u>	<u>\$ 6,211,477</u>	<u>\$ 1,353,484</u>	<u>\$ 10,232,211</u>	<u>\$ 154,635,006</u>	<u>\$ 103,005,255</u>	<u>\$ 51,180</u>	<u>\$ 103,056,435</u>

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

For the Fiscal Year Ended June 30, 2002

	Capital Projects Funds				
	Parks Capital Project Construction	CIP Motor Vehicle	CIP Human Resources	CIP University System	CIP General State Gov't
<b>Revenues</b>					
Intergovernmental	\$ 84,365	\$ -	\$ -	\$ -	\$ -
Interest and investment income	168	-	3,499	-	-
<i>Other:</i>					
Fines	-	-	-	-	-
Land sales	-	-	-	-	-
Other	-	-	-	-	4,708
<b>Total revenues</b>	84,533	-	3,499	-	4,708
<b>Expenditures</b>					
<i>Current:</i>					
General government	-	-	-	-	-
Education and support services	-	-	-	-	-
Capital outlay	317,764	721,380	2,508,951	-	8,358,429
<b>Total expenditures</b>	317,764	721,380	2,508,951	-	8,358,429
Excess (deficiency) of revenues over expenditures	(233,231)	(721,380)	(2,505,452)	-	(8,353,721)
<b>Other Financing Sources (Uses)</b>					
Sale of general obligation bonds	-	-	3,030,446	38,950,411	12,000,575
Transfers in	1,295,451	4,437,327	1,000	-	1,930,337
Transfers out	-	-	(185,885)	-	(872,754)
Transfer to component unit	-	-	-	(38,950,411)	-
Total other financing sources (uses)	1,295,451	4,437,327	2,845,561	-	13,058,158
Net change in fund balances	1,062,220	3,715,947	340,109	-	4,704,437
Fund balances, July 1 (as restated)	807,951	13,293,892	4,254,164	-	15,786,001
Fund balances, June 30	\$ 1,870,171	\$ 17,009,839	\$ 4,594,273	\$ -	\$ 20,490,438

Capital Projects Funds					Permanent Funds		
CIP Prison System	CIP Military	CIP Wildlife	CIP Assist School Districts	Total	Permanent School Fund	Henry Wood Christmas Fund	Total
\$ -	\$ 4,930,818	\$ -	\$ -	\$ 5,015,183	\$ -	\$ -	\$ -
-	-	-	543,375	547,042	7,341,936	1,105	7,343,041
-	-	-	-	-	3,779,828	-	3,779,828
-	-	-	-	-	4,975,686	-	4,975,686
200,643	-	-	-	205,351	10,087	-	10,087
<u>200,643</u>	<u>4,930,818</u>	<u>-</u>	<u>543,375</u>	<u>5,767,576</u>	<u>16,107,537</u>	<u>1,105</u>	<u>16,108,642</u>
-	-	-	126,463	126,463	183,655	-	183,655
-	-	-	8,823,137	8,823,137	-	-	-
851,605	5,287,005	359,181	-	18,404,315	-	-	-
<u>851,605</u>	<u>5,287,005</u>	<u>359,181</u>	<u>8,949,600</u>	<u>27,353,915</u>	<u>183,655</u>	<u>-</u>	<u>183,655</u>
<u>(650,962)</u>	<u>(356,187)</u>	<u>(359,181)</u>	<u>(8,406,225)</u>	<u>(21,586,339)</u>	<u>15,923,882</u>	<u>1,105</u>	<u>15,924,987</u>
6,464,281	3,093,439	-	-	63,539,152	-	-	-
208,880	-	-	-	7,872,995	-	-	-
(1,645,320)	(85,000)	-	(25,000)	(2,813,959)	(6,864,626)	(1,105)	(6,865,731)
-	-	-	-	(38,950,411)	-	-	-
<u>5,027,841</u>	<u>3,008,439</u>	<u>-</u>	<u>(25,000)</u>	<u>29,647,777</u>	<u>(6,864,626)</u>	<u>(1,105)</u>	<u>(6,865,731)</u>
4,376,879	2,652,252	(359,181)	(8,431,225)	8,061,438	9,059,256	-	9,059,256
6,264,901	1,068,433	1,707,794	13,420,664	56,603,800	85,763,952	51,180	85,815,132
<u>\$ 10,641,780</u>	<u>\$ 3,720,685</u>	<u>\$ 1,348,613</u>	<u>\$ 4,989,439</u>	<u>\$ 64,665,238</u>	<u>\$ 94,823,208</u>	<u>\$ 51,180</u>	<u>\$ 94,874,388</u>



# Nonmajor Enterprise Funds



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

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

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

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

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

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

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

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

**Water Projects Loans** Accounts for revenues and expenses associated with operating a revolving fund to finance local government pollution control projects (NRS 445A.120), and with operating revolving and set-aside program funds to finance local public water systems' safe drinking water act projects (NRS 445A.255).

# Combining Statement of Net Assets Nonmajor Enterprise Funds

June 30, 2002

	Workers' Compensation and Safety	Insurance Examination	Gaming Investigative	Forestry Nurseries
<b>Assets</b>				
<b>Current assets:</b>				
<i>Cash and pooled investments:</i>				
Cash with treasurer	\$ 24,596,105	\$ 470,402	\$ 4,927,324	\$ 364,855
Cash in custody of other officials	300	-	213,746	-
Collateral on loaned securities	13,075,735	-	-	-
<i>Receivables:</i>				
Accounts receivable	13,169	820,807	94,800	7,820
Intergovernmental receivables	278,699	-	-	18,919
Accrued interest and dividends	-	-	-	-
Due from other funds	1,085,171	27,563	12,398	33,499
Due from fiduciary funds	-	-	-	15
Due from component unit	-	-	-	414
Inventory	-	-	-	108,773
Prepaid expenses	-	-	16,063	-
<b>Total current assets</b>	<b>39,049,179</b>	<b>1,318,772</b>	<b>5,264,331</b>	<b>534,295</b>
<b>Noncurrent assets:</b>				
Investments	-	-	-	-
<i>Receivables:</i>				
Notes/loans receivable	-	-	-	-
Deferred charges	-	-	-	-
<i>Capital assets:</i>				
Land	-	-	-	-
Buildings	-	-	-	-
Improvements other than buildings	-	-	-	-
Furniture and equipment	1,692,126	-	-	71,763
Less accumulated depreciation	(1,239,381)	-	-	(71,763)
<b>Total noncurrent assets</b>	<b>452,745</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total assets</b>	<b>39,501,924</b>	<b>1,318,772</b>	<b>5,264,331</b>	<b>534,295</b>
<b>Liabilities</b>				
<b>Current Liabilities:</b>				
<i>Accounts payable and accruals:</i>				
Accounts payable	678,582	171,621	92,788	13,062
Accrued payroll and related liabilities	526,764	-	-	8,845
Interest payable	-	-	-	-
Intergovernmental payables	-	-	68	-
Obligations under securities lending	13,075,735	-	-	-
Due to other funds	125,756	447,842	563,160	2,595
Due to fiduciary funds	1,103	-	-	2,305
Due to component unit	4,420	-	-	-
Deferred revenues	-	-	4,356,315	-
Other liabilities	-	-	-	-
<i>Short-term portion of long-term liabilities:</i>				
Compensated absences	568,730	-	-	19,215
Bonds payable	-	-	-	-
<b>Total current liabilities</b>	<b>14,981,090</b>	<b>619,463</b>	<b>5,012,331</b>	<b>46,022</b>
<b>Noncurrent liabilities:</b>				
Advances from general fund	-	-	-	-
Compensated absences	236,696	-	-	21,400
Bonds payable	-	-	-	-
Arbitrage rebate liability	-	-	-	-
<b>Total noncurrent liabilities</b>	<b>236,696</b>	<b>-</b>	<b>-</b>	<b>21,400</b>
<b>Total liabilities</b>	<b>15,217,786</b>	<b>619,463</b>	<b>5,012,331</b>	<b>67,422</b>
<b>Net Assets</b>				
Invested in capital assets, net of related debt	452,745	-	-	-
Restricted for workers compensation	23,831,393	-	-	-
Restricted for revolving loans	-	-	-	-
Restricted for regulation of business	-	699,309	2,000	-
Unrestricted	-	-	250,000	466,873
<b>Total net assets</b>	<b>\$ 24,284,138</b>	<b>\$ 699,309</b>	<b>\$ 252,000</b>	<b>\$ 466,873</b>





Prison Industry	Nevada Magazine	WICHE Student Loans	Marlette Lake Water System	Water Projects Loans	Total
\$ 2,021,990	\$ -	\$ 262,715	\$ 78,589	\$ 38,298,778	\$ 71,020,758
-	16,432	-	-	-	230,478
1,072,094	-	-	-	20,445,607	34,593,436
308,272	81,990	-	849	-	1,327,707
53,301	9,377	-	4,077	1,615,899	1,980,272
-	-	438,258	-	1,811,636	2,249,894
249,836	1,066	-	33,692	469,268	1,912,493
9,893	-	-	132	-	10,040
11,977	-	-	3,960	-	16,351
1,452,442	19,969	-	-	-	1,581,184
3,130	30,313	-	-	-	49,506
<u>5,182,935</u>	<u>159,147</u>	<u>700,973</u>	<u>121,299</u>	<u>62,641,188</u>	<u>114,972,119</u>
-	-	-	-	72,256,128	72,256,128
-	-	2,267,931	-	58,923,318	61,191,249
-	-	-	-	1,101,606	1,101,606
20,579	-	-	414,672	-	435,251
2,479,651	-	-	498,613	-	2,978,264
-	-	-	630,647	-	630,647
910,652	10,394	-	1,506,417	8,667	4,200,019
<u>(2,102,004)</u>	<u>(10,394)</u>	<u>-</u>	<u>(2,066,836)</u>	<u>(2,879)</u>	<u>(5,493,257)</u>
<u>1,308,878</u>	<u>-</u>	<u>2,267,931</u>	<u>983,513</u>	<u>132,286,840</u>	<u>137,299,907</u>
<u>6,491,813</u>	<u>159,147</u>	<u>2,968,904</u>	<u>1,104,812</u>	<u>194,928,028</u>	<u>252,272,026</u>
262,274	7,794	46	22,515	186,125	1,434,807
80,490	33,065	-	4,847	12,502	666,513
-	-	-	-	1,210,046	1,210,046
-	-	-	-	5,000	5,068
1,072,094	-	-	-	20,445,607	34,593,436
36,173	11,579	80,600	22,278	471,215	1,761,198
131,911	-	-	-	-	135,319
-	-	-	-	34,484	38,904
45,725	488,701	-	-	-	4,890,741
5,956	-	-	1,100	-	7,056
98,081	36,026	-	2,689	7,175	731,916
-	-	-	-	3,214,129	3,214,129
<u>1,732,704</u>	<u>577,165</u>	<u>80,646</u>	<u>53,429</u>	<u>25,586,283</u>	<u>48,689,133</u>
20,000	-	-	104,784	-	124,784
54,673	37,501	-	4,092	3,607	357,969
-	-	-	-	55,000,997	55,000,997
-	-	-	-	43,381	43,381
<u>74,673</u>	<u>37,501</u>	<u>-</u>	<u>108,876</u>	<u>55,047,985</u>	<u>55,527,131</u>
<u>1,807,377</u>	<u>614,666</u>	<u>80,646</u>	<u>162,305</u>	<u>80,634,268</u>	<u>104,216,264</u>
1,308,878	-	-	878,729	5,788	2,646,140
-	-	-	-	-	23,831,393
-	-	-	-	114,287,972	114,287,972
-	-	-	-	-	701,309
3,375,558	(455,519)	2,888,258	63,778	-	6,588,948
<u>\$ 4,684,436</u>	<u>\$ (455,519)</u>	<u>\$ 2,888,258</u>	<u>\$ 942,507</u>	<u>\$ 114,293,760</u>	<u>\$ 148,055,762</u>

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

For the Fiscal Year Ended June 30, 2002

	Workers' Compensation and Safety	Insurance Examination	Gaming Investigative	Forestry Nurseries
<b>Operating Revenues</b>				
Sales	\$ -	\$ -	\$ -	\$ 224,905
Assessments	20,561,434	-	-	-
Charges for services	5,858	-	7,849,438	-
Rental income	-	-	-	-
Interest income on loans	-	-	-	-
Federal grants	-	-	-	-
Licenses, fees and permits	229,689	2,599,691	-	-
Contributions	-	-	-	-
Other	1,897,225	-	-	5,659
<b>Total operating revenues</b>	<b>22,694,206</b>	<b>2,599,691</b>	<b>7,849,438</b>	<b>230,564</b>
<b>Operating Expenses</b>				
Salaries and benefits	11,759,695	-	-	142,074
Operating	2,856,282	1,939,322	1,017,143	53,893
Administrative costs	26,250	33,737	-	-
Claims expense	3,960,440	-	-	-
Materials or supplies used	-	-	-	69,920
Depreciation	176,102	-	-	-
Bond issuance costs	-	-	-	-
<b>Total operating expenses</b>	<b>18,778,769</b>	<b>1,973,059</b>	<b>1,017,143</b>	<b>265,887</b>
Operating income (loss)	3,915,437	626,632	6,832,295	(35,323)
<b>Nonoperating Revenues (Expenses)</b>				
Interest and investment income	1,705,543	-	-	-
Interest expense	(389,952)	-	-	-
Federal grants	2,106,876	-	-	18,919
Gain (loss) on disposal of assets	665	-	-	-
Arbitrage rebate	-	-	-	-
<b>Total nonoperating revenues (expenses)</b>	<b>3,423,132</b>	<b>-</b>	<b>-</b>	<b>18,919</b>
Income (loss) before transfers	7,338,569	626,632	6,832,295	(16,404)
<b>Transfers</b>				
Transfers in	-	-	22,377	15,298
Transfer out	(8,539,115)	(585,878)	(6,854,672)	(4,663)
Change in net assets	(1,200,546)	40,754	-	(5,769)
<b>Net assets, July 1 (as restated)</b>	<b>25,484,684</b>	<b>658,555</b>	<b>252,000</b>	<b>472,642</b>
<b>Net assets, June 30</b>	<b>\$ 24,284,138</b>	<b>\$ 699,309</b>	<b>\$ 252,000</b>	<b>\$ 466,873</b>

Prison Industry	Nevada Magazine	WICHE Student Loans	Marlette Lake Water System	Water Project Loans	Total
\$ 4,090,551	\$ 1,324,947	\$ -	\$ 302,832	\$ -	\$ 5,943,235
-	-	-	-	-	20,561,434
1,074,044	635,650	-	-	-	9,564,990
177,355	-	-	13,200	-	190,555
-	-	70,425	-	4,273,841	4,344,266
-	-	-	-	9,371,206	9,371,206
-	-	-	-	-	2,829,380
110,706	-	-	-	-	110,706
99,599	6,259	2,693	-	-	2,011,435
<u>5,552,255</u>	<u>1,966,856</u>	<u>73,118</u>	<u>316,032</u>	<u>13,645,047</u>	<u>54,927,207</u>
1,644,485	782,695	-	42,315	267,046	14,638,310
2,745,462	555,699	1,070,023	288,529	1,159,932	11,686,285
-	-	-	-	-	59,987
-	-	-	-	-	3,960,440
1,404,626	624,383	-	-	-	2,098,929
100,409	-	-	49,788	2,879	329,178
-	-	-	-	150,729	150,729
<u>5,894,982</u>	<u>1,962,777</u>	<u>1,070,023</u>	<u>380,632</u>	<u>1,580,586</u>	<u>32,923,858</u>
<u>(342,727)</u>	<u>4,079</u>	<u>(996,905)</u>	<u>(64,600)</u>	<u>12,064,461</u>	<u>22,003,349</u>
136,370	-	-	-	2,537,308	4,379,221
(30,454)	-	-	-	(3,403,464)	(3,823,870)
-	-	-	-	-	2,125,795
-	-	-	1,350	-	2,015
-	-	-	-	60,704	60,704
<u>105,916</u>	<u>-</u>	<u>-</u>	<u>1,350</u>	<u>(805,452)</u>	<u>2,743,865</u>
<u>(236,811)</u>	<u>4,079</u>	<u>(996,905)</u>	<u>(63,250)</u>	<u>11,259,009</u>	<u>24,747,214</u>
-	116,000	278,154	-	-	431,829
-	-	-	-	(895,068)	(16,879,396)
<u>(236,811)</u>	<u>120,079</u>	<u>(718,751)</u>	<u>(63,250)</u>	<u>10,363,941</u>	<u>8,299,647</u>
<u>4,921,247</u>	<u>(575,598)</u>	<u>3,607,009</u>	<u>1,005,757</u>	<u>103,929,819</u>	<u>139,756,115</u>
<u>\$ 4,684,436</u>	<u>\$ (455,519)</u>	<u>\$ 2,888,258</u>	<u>\$ 942,507</u>	<u>\$ 114,293,760</u>	<u>\$ 148,055,762</u>

# Combining Statement of Cash Flows Nonmajor Enterprise Funds

For the Fiscal Year Ended June 30, 2002

	<b>Worker's Compensation and Safety</b>	<b>Insurance Examination</b>	<b>Gaming Investigative</b>	<b>Forestry Nurseries</b>
<b>Cash flows from operating activities</b>				
Receipts from customers and users	\$ 22,945,728	\$ 1,751,321	\$ -	\$ 196,419
Receipts for interfund services provided	7,398	-	7,644,702	19,643
Receipts from component units	-	-	-	-
Receipts of principal on loans and notes	-	-	-	-
Receipts of interest on loans and notes	-	-	-	-
Payments to suppliers, other governments and beneficiaries	(14,696,492)	(1,749,495)	(945,802)	(75,509)
Payments to employees	(11,308,892)	-	-	(104,486)
Payments for interfund services used	(720,072)	(99,650)	(164,883)	(19,358)
Payments to component units	(12,839)	-	-	-
Purchase of loans and notes	-	-	-	-
Net cash provided by (used for) operating activities	<u>(3,785,169)</u>	<u>(97,824)</u>	<u>6,534,017</u>	<u>16,709</u>
<b>Cash flows from noncapital financing activities</b>				
Grant receipts	2,162,819	-	-	-
Proceeds from sale of bonds	-	-	-	-
Transfers from other funds	-	-	16,287	-
Principal paid on noncapital debt	-	-	-	-
Interest paid on noncapital debt	-	-	-	-
Transfers to other funds	(9,343,575)	(354,508)	(7,375,999)	(4,663)
Other noncapital financing activities	(71,514)	-	-	-
Net cash provided by (used for) noncapital financing activities	<u>(7,252,270)</u>	<u>(354,508)</u>	<u>(7,359,712)</u>	<u>(4,663)</u>
<b>Cash flows from capital and related financing activities</b>				
Proceeds from sale of capital assets	665	-	-	-
Purchase of capital assets	(222,706)	-	-	-
Principal paid on capital debt	-	-	-	-
Net cash provided by (used for) capital and related financing activities	<u>(222,041)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Cash flows from investing activities</b>				
Interest and dividends received	1,490,492	-	-	-
Net cash provided by (used for) investing activities	<u>1,490,492</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net increase (decrease) in cash	(9,768,988)	(452,332)	(825,695)	12,046
Cash and cash equivalents, July 1	34,365,393	922,734	5,966,765	352,809
Cash and cash equivalents, June 30	<u>\$ 24,596,405</u>	<u>\$ 470,402</u>	<u>\$ 5,141,070</u>	<u>\$ 364,855</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities</b>				
Operating income (loss)	\$ 3,915,437	\$ 626,632	\$ 6,832,295	\$ (35,323)
<b>Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities</b>				
Depreciation	176,102	-	-	-
Amortization	-	-	-	-
Grants	-	-	-	-
Decrease (increase) in loans and notes receivable	-	-	-	-
Decrease (increase) in accrued interest and receivables	258,920	(848,370)	10,607	(14,502)
Decrease (increase) in inventory, deferred charges, other assets	-	-	(15,013)	26,280
Increase (decrease) in accounts payable, accruals, other liabilities	(8,135,628)	123,914	(293,872)	40,254
Other adjustments	-	-	-	-
Total adjustments	<u>(7,700,606)</u>	<u>(724,456)</u>	<u>(298,278)</u>	<u>52,032</u>
Net cash provided by (used for) operating activities	<u>\$ (3,785,169)</u>	<u>\$ (97,824)</u>	<u>\$ 6,534,017</u>	<u>\$ 16,709</u>
<b>Noncash investing, capital and financing activities</b>				
Interest/dividends on investments accrued	\$ -	\$ -	\$ -	\$ -
Change in fair value of investments	162,030	-	-	-

Prison Industry	Nevada Magazine	Wiche Student Loans	Marlette Lake Water System	Water Projects Loans	Total Nonmajor Enterprise Funds
\$ 3,252,144	\$ 1,130,664	\$ 572,752	\$ 138,004	\$ -	\$ 29,987,032
2,370,526	661,437	-	186,169	6,527	10,896,402
-	966	-	14,913	-	15,879
-	-	-	-	5,814,425	5,814,425
-	-	-	-	4,076,182	4,076,182
(2,766,749)	(1,063,230)	(1,171,232)	(220,319)	(770,325)	(23,459,153)
(1,486,160)	(709,595)	-	(29,215)	(251,930)	(13,890,278)
(1,634,593)	(124,170)	(47,455)	(57,271)	(55,710)	(2,923,162)
-	(2,429)	-	-	(109,090)	(124,358)
-	-	-	-	(21,327,229)	(21,327,229)
<u>(264,832)</u>	<u>(106,357)</u>	<u>(645,935)</u>	<u>32,281</u>	<u>(12,617,150)</u>	<u>(10,934,260)</u>
-	-	-	-	7,755,307	9,918,126
-	-	-	-	1,566,162	1,566,162
-	116,000	358,754	-	-	491,041
-	-	-	-	(1,745,000)	(1,745,000)
-	-	-	-	(3,060,179)	(3,060,179)
-	-	-	-	(600,031)	(17,678,776)
(5,052)	-	-	-	(259,463)	(336,029)
<u>(5,052)</u>	<u>116,000</u>	<u>358,754</u>	<u>-</u>	<u>3,656,796</u>	<u>(10,844,655)</u>
-	-	-	983	-	1,648
(390,289)	-	-	(17,951)	-	(630,946)
-	-	-	(10,540)	-	(10,540)
<u>(390,289)</u>	<u>-</u>	<u>-</u>	<u>(27,508)</u>	<u>-</u>	<u>(639,838)</u>
121,096	-	-	-	1,424,118	3,035,706
<u>121,096</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,424,118</u>	<u>3,035,706</u>
(539,077)	9,643	(287,181)	4,773	(7,536,236)	(19,383,047)
2,561,067	6,789	549,896	73,816	45,835,014	90,634,283
<u>\$ 2,021,990</u>	<u>\$ 16,432</u>	<u>\$ 262,715</u>	<u>\$ 78,589</u>	<u>\$ 38,298,778</u>	<u>\$ 71,251,236</u>
\$ (342,727)	\$ 4,079	\$ (996,905)	\$ (64,600)	\$ 12,064,461	\$ 22,003,349
100,409	-	-	49,788	2,879	329,178
-	-	-	-	150,729	150,729
-	-	-	-	(7,755,307)	(7,755,307)
-	-	218,656	-	(15,512,804)	(15,294,148)
44,375	19,995	132,268	23,054	(3,427,535)	(3,801,188)
165,799	38,947	-	-	1,101,606	1,317,619
(232,688)	(169,378)	46	24,039	808,489	(7,834,824)
-	-	-	-	(49,668)	(49,668)
<u>77,895</u>	<u>(110,436)</u>	<u>350,970</u>	<u>96,881</u>	<u>(24,681,611)</u>	<u>(32,937,609)</u>
<u>\$ (264,832)</u>	<u>\$ (106,357)</u>	<u>\$ (645,935)</u>	<u>\$ 32,281</u>	<u>\$ (12,617,150)</u>	<u>\$ (10,934,260)</u>
\$ 16,365	\$ -	\$ -	\$ -	\$ 1,811,636	\$ 1,828,001
13,974	-	-	-	242,904	418,908



# 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, 2002

	Self-Insurance	Buildings and Grounds	Motor Pool	Communications
<b>Assets</b>				
<b>Current assets:</b>				
<i>Cash and pooled investments:</i>				
Cash with treasurer	\$ 12,344,429	\$ 1,786,763	\$ 1,324,205	\$ 135,268
Cash in custody of other officials	-	-	-	-
Collateral on loaned securities	6,552,815	-	-	-
<i>Receivables:</i>				
Accounts receivable	342,529	4,330	-	430
Intergovernmental receivables	480,218	4,593	2,159	1,780
Notes receivable	-	-	-	-
Due from other funds	941,322	218,022	328,042	614,416
Due from fiduciary funds	24,331	-	-	964
Due from component unit	328,397	-	10,901	619
Inventory	-	-	-	-
Prepaid expenses	1,720	625	-	-
<b>Total current assets</b>	<b>21,015,761</b>	<b>2,014,333</b>	<b>1,665,307</b>	<b>753,477</b>
<b>Noncurrent assets:</b>				
Notes receivable	-	-	-	-
Other assets	-	-	-	-
<i>Capital assets:</i>				
Land	-	20,400	-	-
Buildings	-	2,268,068	1,037,144	-
Improvements other than buildings	-	291,216	13,650	422,451
Furniture and equipment	1,118,478	652,024	12,732,045	801,680
Construction in progress	-	-	-	-
Less accumulated depreciation	(980,648)	(1,637,263)	(8,935,773)	(449,325)
<b>Total noncurrent assets</b>	<b>137,830</b>	<b>1,594,445</b>	<b>4,847,066</b>	<b>774,806</b>
<b>Total assets</b>	<b>21,153,591</b>	<b>3,608,778</b>	<b>6,512,373</b>	<b>1,528,283</b>
<b>Liabilities</b>				
<b>Current Liabilities:</b>				
<i>Accounts payable and accruals:</i>				
Accounts payable	1,732,833	611,445	267,177	53,135
Accrued payroll and related liabilities	61,025	186,142	30,647	35,885
Intergovernmental payables	-	2,922	321	-
Bank overdraft	2,911,537	-	-	-
Obligations under securities lending	6,552,815	-	-	-
Due to other funds	754,207	287,556	851,728	56,741
Due to fiduciary funds	-	3,601	930	358
Due to component unit	-	-	327	-
Deferred revenues	23,948	2,117	-	-
<i>Short-term portion of long-term liabilities:</i>				
Compensated absences	66,577	246,955	50,893	49,310
Obligations under capital leases	-	-	-	68,789
<b>Total current liabilities</b>	<b>12,102,942</b>	<b>1,340,738</b>	<b>1,202,023</b>	<b>264,218</b>
<b>Noncurrent liabilities:</b>				
<i>Advances:</i>				
Advances from general fund	-	1,070,718	297,854	295,719
Advances from special revenue fund	-	-	15,494	-
Advances from debt service fund	-	-	-	-
Reserve for losses	24,882,355	-	-	-
Compensated absences	20,139	194,451	38,842	31,196
Bonds payable	-	-	-	-
Obligations under capital leases	-	-	-	37,422
<b>Total noncurrent liabilities</b>	<b>24,902,494</b>	<b>1,265,169</b>	<b>352,190</b>	<b>364,337</b>
<b>Total liabilities</b>	<b>37,005,436</b>	<b>2,605,907</b>	<b>1,554,213</b>	<b>628,555</b>
<b>Net Assets</b>				
Invested in capital assets, net of related debt	137,830	604,125	4,480,307	301,754
Unrestricted	(15,989,675)	398,746	477,853	597,974
<b>Total net assets</b>	<b>\$ (15,851,845)</b>	<b>\$ 1,002,871</b>	<b>\$ 4,958,160</b>	<b>\$ 899,728</b>

Insurance Premiums	Administrative Services	Personnel	Purchasing	Information Services	Printing	Total
\$ 6,133,729	\$ 277,081	\$ 2,333,430	\$ 346,400	\$ 6,966,219	\$ 254,436	\$ 31,901,960
-	-	-	-	200	75	275
-	-	-	-	-	-	6,552,815
2,835	-	-	8,324	49,271	-	407,719
7	-	-	97,011	6,246	15,002	607,016
6,200	-	-	-	-	-	6,200
1,046,460	717	8,916	199,883	6,909,877	258,491	10,526,146
-	-	-	1,006	6,485	-	32,786
853	-	-	9,280	4,347	30	354,427
-	-	-	350,938	16,203	348,182	715,323
-	-	1,458	-	138,506	1,475	143,784
<u>7,190,084</u>	<u>277,798</u>	<u>2,343,804</u>	<u>1,012,842</u>	<u>14,097,354</u>	<u>877,691</u>	<u>51,248,451</u>
158,200	-	-	-	-	-	158,200
598,522	-	-	-	-	-	598,522
-	-	-	95,554	15,000	-	130,954
-	-	-	140,000	3,070,108	744,617	7,259,937
-	-	-	-	-	-	727,317
36,103	50,117	311,745	494,635	35,425,900	3,256,125	54,878,852
-	-	-	-	2,615,728	140,151	2,755,879
(29,969)	(31,143)	(258,496)	(570,884)	(29,124,160)	(2,922,097)	(44,939,758)
<u>762,856</u>	<u>18,974</u>	<u>53,249</u>	<u>159,305</u>	<u>12,002,576</u>	<u>1,218,796</u>	<u>21,569,903</u>
<u>7,952,940</u>	<u>296,772</u>	<u>2,397,053</u>	<u>1,172,147</u>	<u>26,099,930</u>	<u>2,096,487</u>	<u>72,818,354</u>
981,660	344	100,947	6,691	882,682	114,968	4,751,882
27,808	45,169	234,290	65,791	580,449	72,344	1,339,550
-	-	-	-	-	-	3,243
-	-	-	-	-	-	2,911,537
-	-	-	-	-	-	6,552,815
554,495	2,729	192,169	285,213	1,067,390	181,179	4,233,407
485,269	-	5,606	-	699	-	496,463
66,782	-	-	-	-	-	67,109
-	-	-	-	-	-	26,065
27,282	48,598	267,000	91,672	793,844	114,509	1,756,640
-	-	-	-	320,802	52,472	442,063
<u>2,143,296</u>	<u>96,840</u>	<u>800,012</u>	<u>449,367</u>	<u>3,645,866</u>	<u>535,472</u>	<u>22,580,774</u>
-	-	-	252,095	3,362,132	423,776	5,702,294
-	-	-	-	-	-	15,494
-	-	-	-	3,400,054	-	3,400,054
38,335,533	-	-	-	-	-	63,217,888
10,358	30,811	192,294	84,816	376,232	96,792	1,075,931
-	-	-	-	757,033	-	757,033
-	-	-	-	799,501	222,545	1,059,468
<u>38,345,891</u>	<u>30,811</u>	<u>192,294</u>	<u>336,911</u>	<u>8,694,952</u>	<u>743,113</u>	<u>75,228,162</u>
<u>40,489,187</u>	<u>127,651</u>	<u>992,306</u>	<u>786,278</u>	<u>12,340,818</u>	<u>1,278,585</u>	<u>97,808,936</u>
6,134	18,974	53,249	97,704	5,282,198	1,078,645	12,060,920
(32,542,381)	150,147	1,351,498	288,165	8,476,914	(260,743)	(37,051,502)
<u>\$ (32,536,247)</u>	<u>\$ 169,121</u>	<u>\$ 1,404,747</u>	<u>\$ 385,869</u>	<u>\$ 13,759,112</u>	<u>\$ 817,902</u>	<u>\$ (24,990,582)</u>



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

For the Fiscal Year Ended June 30, 2002

	Self-Insurance	Buildings and Grounds	Motor Pool	Communications
<b>Operating Revenues</b>				
Net premium income	\$ 146,343,773	\$ -	\$ -	\$ -
Sales	-	-	35,895	-
Charges for services	-	836,222	-	6,382,859
Rental income	-	11,826,851	3,156,920	-
Other	1,159,273	7,539	21,210	-
<b>Total operating revenues</b>	<b>147,503,046</b>	<b>12,670,612</b>	<b>3,214,025</b>	<b>6,382,859</b>
<b>Operating Expenses</b>				
Salaries and benefits	1,294,959	4,313,965	697,385	865,067
Operating	608,157	7,992,788	964,398	5,601,473
Claims expense	128,430,462	-	-	-
Materials or supplies used	-	-	374,374	-
Depreciation	66,010	68,749	1,556,819	86,745
Insurance premiums	33,960,619	-	-	-
<b>Total operating expenses</b>	<b>164,360,207</b>	<b>12,375,502</b>	<b>3,592,976</b>	<b>6,553,285</b>
Operating income (loss)	<b>(16,857,161)</b>	<b>295,110</b>	<b>(378,951)</b>	<b>(170,426)</b>
<b>Nonoperating Revenues (Expenses)</b>				
Interest and investment income	746,988	-	-	-
Interest expense	(161,925)	-	-	(15,900)
Gain (loss) on disposal of assets	-	-	(42,821)	-
<b>Total nonoperating revenues (expenses)</b>	<b>585,063</b>	<b>-</b>	<b>(42,821)</b>	<b>(15,900)</b>
Income (loss) before transfers	<b>(16,272,098)</b>	<b>295,110</b>	<b>(421,772)</b>	<b>(186,326)</b>
<b>Transfers</b>				
Transfers in	12,193	71,082	13,800	-
Transfers out	-	(46,014)	(700,000)	(16,494)
Change in net assets	<b>(16,259,905)</b>	<b>320,178</b>	<b>(1,107,972)</b>	<b>(202,820)</b>
<b>Net assets, July 1</b>	<b>408,060</b>	<b>682,693</b>	<b>6,066,132</b>	<b>1,102,548</b>
<b>Net assets, June 30</b>	<b>\$ (15,851,845)</b>	<b>\$ 1,002,871</b>	<b>\$ 4,958,160</b>	<b>\$ 899,728</b>

Insurance Premiums	Administrative Services	Personnel	Purchasing	Information Services	Printing	Total
\$ 13,509,993	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 159,853,766
-	-	-	865,375	-	3,813,825	4,715,095
-	1,261,618	7,640,495	1,979,953	28,539,134	-	46,640,281
-	-	-	1,813	628,187	-	15,613,771
43,989	-	23,802	78,453	1,761	-	1,336,027
<u>13,553,982</u>	<u>1,261,618</u>	<u>7,664,297</u>	<u>2,925,594</u>	<u>29,169,082</u>	<u>3,813,825</u>	<u>228,158,940</u>
542,532	956,779	4,722,768	1,475,196	13,026,262	1,962,168	29,857,081
1,951,936	170,230	2,149,535	568,746	12,028,209	1,006,847	33,042,319
20,559,020	-	-	-	-	-	148,989,482
-	-	-	856,996	-	988,660	2,220,030
2,087	4,805	14,860	15,644	3,585,041	290,041	5,690,801
4,965,637	-	-	-	-	-	38,926,256
<u>28,021,212</u>	<u>1,131,814</u>	<u>6,887,163</u>	<u>2,916,582</u>	<u>28,639,512</u>	<u>4,247,716</u>	<u>258,725,969</u>
<u>(14,467,230)</u>	<u>129,804</u>	<u>777,134</u>	<u>9,012</u>	<u>529,570</u>	<u>(433,891)</u>	<u>(30,567,029)</u>
-	-	-	204	-	-	747,192
-	-	-	(11,685)	(78,141)	(20,897)	(288,548)
-	-	-	-	(11,711)	-	(54,532)
-	-	-	(11,481)	(89,852)	(20,897)	404,112
<u>(14,467,230)</u>	<u>129,804</u>	<u>777,134</u>	<u>(2,469)</u>	<u>439,718</u>	<u>(454,788)</u>	<u>(30,162,917)</u>
-	-	-	35,161	-	140,151	272,387
<u>(255,131)</u>	<u>-</u>	<u>(466,667)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,484,306)</u>
<u>(14,722,361)</u>	<u>129,804</u>	<u>310,467</u>	<u>32,692</u>	<u>439,718</u>	<u>(314,637)</u>	<u>(31,374,836)</u>
<u>(17,813,886)</u>	<u>39,317</u>	<u>1,094,280</u>	<u>353,177</u>	<u>13,319,394</u>	<u>1,132,539</u>	<u>6,384,254</u>
<u>\$ (32,536,247)</u>	<u>\$ 169,121</u>	<u>\$ 1,404,747</u>	<u>\$ 385,869</u>	<u>\$ 13,759,112</u>	<u>\$ 817,902</u>	<u>\$ (24,990,582)</u>

# Combining Statement of Cash Flows Internal Service Funds

For the Fiscal Year Ended June 30, 2002

	Self- Insurance	Buildings and Grounds	Motor Pool	Communications
<b>Cash flows from operating activities</b>				
Receipts from customers and users	\$ 2,843,829	\$ 743,747	\$ 52,599	\$ 817,852
Receipts for interfund services provided	108,818,444	12,421,512	3,266,562	5,750,065
Receipts from component units	37,835,159	-	85,470	-
Payments to suppliers, other governments and beneficiaries	(153,993,873)	(7,384,371)	(994,879)	(5,123,809)
Payments to employees	(1,228,046)	(4,118,283)	(657,867)	(818,795)
Payments for interfund services used	(491,362)	(680,543)	(547,468)	(397,393)
Payments to component units	-	(362)	-	-
Net cash provided by (used for) operating activities	(6,215,849)	981,700	1,204,417	227,920
<b>Cash flows from noncapital financing activities</b>				
Transfers from other funds	12,193	78,515	1,744,122	-
Transfers to other funds	-	(50,387)	(14,021)	(16,494)
Other noncapital financing activities	-	-	(50)	-
Net cash provided by (used for) noncapital financing activities	12,193	28,128	1,730,051	(16,494)
<b>Cash flows from capital and related financing activities</b>				
Proceeds from sale of capital assets	-	-	86,995	-
Purchase of capital assets	-	(71,763)	(2,039,405)	(57,815)
Principal paid on capital debt	-	(97,421)	(51,200)	(82,562)
Interest paid on capital debt	-	-	-	(15,900)
Construction	-	-	-	-
Net cash provided by (used for) capital and related financing activities	-	(169,184)	(2,003,610)	(156,277)
<b>Cash flows from investing activities</b>				
Interest/dividends on investments	701,533	-	-	-
Net cash provided by (used for) investing activities	701,533	-	-	-
Net increase (decrease) in cash	(5,502,123)	840,644	930,858	55,149
Cash and cash equivalents, July 1	17,846,552	946,119	393,347	80,119
Cash and cash equivalents, June 30	\$ 12,344,429	\$ 1,786,763	\$ 1,324,205	\$ 135,268
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities</b>				
Operating income (loss)	\$ (16,857,161)	\$ 295,110	\$ (378,951)	\$ (170,426)
<b>Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities</b>				
Depreciation	66,010	68,749	1,556,819	86,745
Decrease (increase) in receivables	1,970,438	492,530	190,606	185,057
Decrease (increase) in inventory and prepaid expenses	(1,720)	(625)	-	136,000
Increase (decrease) in accounts payable, accruals and other liabilities	8,606,584	125,936	(164,057)	(9,456)
Total adjustments	10,641,312	686,590	1,583,368	398,346
Net cash provided by (used for) operating activities	\$ (6,215,849)	\$ 981,700	\$ 1,204,417	\$ 227,920
<b>Noncash investing, capital and financing activities</b>				
Property leased, accrued or acquired	\$ -	\$ -	\$ -	\$ -
Construction completed or in progress	-	-	-	-
Interest/dividends on investments accrued	67,520	-	-	-
Change in fair value of investments	83,272	-	-	-

Insurance Premiums	Administrative Services	Personnel	Purchasing	Information Services	Printing	Total
\$ 57,368	\$ 72,958	\$ -	\$ -	\$ 307,794	\$ 18,040	\$ 4,914,187
11,489,228	1,261,646	7,075,997	2,955,784	29,307,690	3,936,822	186,283,750
1,055,291	-	579,449	8,680	49,139	2,105	39,615,293
(14,423,196)	(57,393)	(1,376,493)	(644,429)	(11,044,954)	(1,701,027)	(196,744,424)
(515,527)	(916,396)	(4,526,529)	(1,382,824)	(12,554,651)	(1,878,022)	(28,596,940)
(594,909)	(177,054)	(1,372,284)	(1,119,212)	(1,245,523)	(350,876)	(6,976,624)
(281,292)	-	(517)	(470)	(60,541)	-	(343,182)
(3,213,037)	183,761	379,623	(182,471)	4,758,954	27,042	(1,847,940)
-	-	-	35,161	-	-	1,869,991
(255,131)	-	(466,667)	-	-	(25,936)	(828,636)
-	-	-	-	-	-	(50)
(255,131)	-	(466,667)	35,161	-	(25,936)	1,041,305
-	-	-	-	-	-	86,995
-	-	-	(9,134)	(433,734)	(23,235)	(2,635,086)
-	-	-	(15,237)	(1,531,286)	-	(1,777,706)
-	-	-	(11,685)	(78,141)	(22,069)	(127,795)
-	-	-	-	(274,378)	-	(274,378)
-	-	-	(36,056)	(2,317,539)	(45,304)	(4,727,970)
-	-	-	204	-	-	701,737
-	-	-	204	-	-	701,737
(3,468,168)	183,761	(87,044)	(183,162)	2,441,415	(44,198)	(4,832,868)
9,601,897	93,320	2,420,474	529,562	4,525,004	298,709	36,735,103
\$ 6,133,729	\$ 277,081	\$ 2,333,430	\$ 346,400	\$ 6,966,419	\$ 254,511	\$ 31,902,235
\$ (14,467,230)	\$ 129,804	\$ 777,134	\$ 9,012	\$ 529,570	\$ (433,891)	\$ (30,567,029)
2,087	4,805	14,860	15,644	3,585,041	290,041	5,690,801
(947,096)	72,986	(8,851)	38,869	495,541	143,142	2,633,222
(598,522)	-	(1,458)	(44,385)	(241,801)	(33,884)	(786,395)
12,797,724	(23,834)	(402,062)	(201,611)	390,603	61,634	21,181,461
11,254,193	53,957	(397,511)	(191,483)	4,229,384	460,933	28,719,089
\$ (3,213,037)	\$ 183,761	\$ 379,623	\$ (182,471)	\$ 4,758,954	\$ 27,042	\$ (1,847,940)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 291,802	\$ 291,802
-	-	-	-	532,726	140,151	672,877
-	-	-	-	-	-	67,520
-	-	-	-	-	-	83,272



# Fiduciary Funds



## Pension Trust

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

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

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

## Investment Trust

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

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

## Private-purpose Trust

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

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

## Agency

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

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

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

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

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

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

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

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

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

June 30, 2002

Pension Trust Funds				
	Public Employees' Retirement	Legislators' Retirement	Judicial Retirement	Total
<b>Assets</b>				
<i>Cash and pooled investments:</i>				
Cash with treasurer	\$ -	\$ -	\$ -	\$ -
Cash in custody of other officials	359,692,666	52,509	43,756	359,788,931
<i>Investments:</i>				
Investments	-	-	-	-
Fixed income securities	5,006,995,300	2,091,705	2,682,283	5,011,769,288
Marketable equity securities	4,155,258,627	1,617,468	2,140,754	4,159,016,849
International securities	2,385,727,480	-	-	2,385,727,480
Mutual funds	507,866,631	-	-	507,866,631
Mortgage loans	3,540,771	-	-	3,540,771
Real estate	1,177,947,422	-	-	1,177,947,422
Alternative investments	133,574,912	-	-	133,574,912
Collateral on loaned securities	1,436,110,145	-	-	1,436,110,145
<i>Receivables:</i>				
Accounts receivable	-	-	-	-
Accrued interest and dividends	83,872,922	26,503	29,580	83,929,005
Trades pending settlement	-	3,973	9,066	13,039
Intergovernmental receivables	46,182,714	-	-	46,182,714
Other receivables	-	15	-	15
Due from other funds	-	-	-	-
Due from fiduciary funds	9,108,216	-	-	9,108,216
Other assets	557,183	-	-	557,183
Furniture and equipment	22,096,474	-	-	22,096,474
Accumulated depreciation	(10,517,061)	-	-	(10,517,061)
<b>Total assets</b>	<b>15,318,014,402</b>	<b>3,792,173</b>	<b>4,905,439</b>	<b>15,326,712,014</b>
<b>Liabilities</b>				
<i>Accounts payable and accruals:</i>				
Accounts payable	10,886,816	895	3,500	10,891,211
Accrued payroll and related liabilities	-	-	-	-
Intergovernmental payables	-	-	-	-
Trades pending settlement	661,582,097	20,843	16,240	661,619,180
Obligations under securities lending	1,436,110,145	-	-	1,436,110,145
Due to other funds	31,868	-	-	31,868
Due to fiduciary funds	-	-	-	-
Advances from general fund	-	-	-	-
Deferred revenues	-	-	-	-
Other liabilities	-	44,588	-	44,588
<b>Total liabilities</b>	<b>2,108,610,926</b>	<b>66,326</b>	<b>19,740</b>	<b>2,108,696,992</b>
<b>Net Assets</b>				
<i>Held in trust for:</i>				
Employees' pension benefits	13,209,403,476	3,725,847	4,885,699	13,218,015,022
Individuals, organizations and other governments	-	-	-	-
<b>Total net assets</b>	<b>\$ 13,209,403,476</b>	<b>\$ 3,725,847</b>	<b>\$ 4,885,699</b>	<b>\$ 13,218,015,022</b>

Investment Trust Funds			Private-Purpose Trust Funds		
Local Government Investment Pool	Nevada Enhanced Savings Term	Total	Higher Education Tuition Trust	Prisoners' Personal Property	Total
\$ 264	\$ -	\$ 264	\$ 447,760	\$ 2,800,880	\$ 3,248,640
-	-	-	-	164,889	164,889
499,899,498	23,776,613	523,676,111	35,390,571	-	35,390,571
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
79,881,522	-	79,881,522	257,742	-	257,742
-	-	-	38,881	3,775	42,656
2,765,993	138,591	2,904,584	180,999	-	180,999
-	-	-	-	-	-
-	-	-	-	846	846
-	-	-	-	-	-
175	-	175	17,930	344,091	362,021
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
582,547,452	23,915,204	606,462,656	36,333,883	3,314,481	39,648,364
-	-	-	17,680	-	17,680
-	-	-	12,215	-	12,215
805,438	-	805,438	-	9,036	9,036
-	-	-	-	-	-
79,881,522	-	79,881,522	257,742	-	257,742
3,235	-	3,235	42,702	481,070	523,772
-	-	-	-	21,787	21,787
-	-	-	2,986,187	-	2,986,187
-	-	-	-	4,280	4,280
-	-	-	-	-	-
80,690,195	-	80,690,195	3,316,526	516,173	3,832,699
-	-	-	-	-	-
501,857,257	23,915,204	525,772,461	33,017,357	2,798,308	35,815,665
\$ 501,857,257	\$ 23,915,204	\$ 525,772,461	\$ 33,017,357	\$ 2,798,308	\$ 35,815,665

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

For the Fiscal Year Ended June 30, 2002

	Pension Trust Funds			
	Public Employees' Retirement	Legislators' Retirement	Judicial Retirement	Total
<b>Additions</b>				
<i>Contributions:</i>				
Employer	\$ 680,730,753	\$ 172,816	\$ 5,000,000	\$ 685,903,569
Plan members	53,922,159	36,085	-	53,958,244
Participants	-	-	-	-
Repayment and purchase of service	24,702,680	-	-	24,702,680
<b>Total contributions</b>	<b>759,355,592</b>	<b>208,901</b>	<b>5,000,000</b>	<b>764,564,493</b>
<i>Investment income:</i>				
Net increase (decrease) in fair value of investments	(840,939,305)	(251,761)	(291,505)	(841,482,571)
Interest, dividends	396,643,044	153,225	180,704	396,976,973
Securities lending income	49,687,972	-	-	49,687,972
Other	93,129,707	-	-	93,129,707
	(301,478,582)	(98,536)	(110,801)	(301,687,919)
Less Investment expense:				
Cost of securities lending	(43,280,076)	-	-	(43,280,076)
Other	(23,097,677)	(3,061)	(3,500)	(23,104,238)
<b>Net investment income</b>	<b>(367,856,335)</b>	<b>(101,597)</b>	<b>(114,301)</b>	<b>(368,072,233)</b>
<i>Other:</i>				
Investment from local governments	-	-	-	-
Reinvestment from interest income	-	-	-	-
Sales and charges for services	-	-	-	-
Other	2,104,359	20,330	-	2,124,689
<b>Total other</b>	<b>2,104,359</b>	<b>20,330</b>	<b>-</b>	<b>2,124,689</b>
<b>Total additions</b>	<b>393,603,616</b>	<b>127,634</b>	<b>4,885,699</b>	<b>398,616,949</b>
<b>Deductions</b>				
Principal redeemed	-	-	-	-
Benefit payments	533,012,667	378,699	-	533,391,366
Refunds	15,826,195	9,126	-	15,835,321
Dividends to investors	-	-	-	-
Administrative expense	8,697,923	17,516	-	8,715,439
Transfer out	-	-	-	-
<b>Total deductions</b>	<b>557,536,785</b>	<b>405,341</b>	<b>-</b>	<b>557,942,126</b>
Change in net assets	(163,933,169)	(277,707)	4,885,699	(159,325,177)
<b>Net assets, July 1</b>	<b>13,373,336,645</b>	<b>4,003,554</b>	<b>-</b>	<b>13,377,340,199</b>
<b>Net assets, June 30</b>	<b>\$ 13,209,403,476</b>	<b>\$ 3,725,847</b>	<b>\$ 4,885,699</b>	<b>\$ 13,218,015,022</b>



Investment Trust Funds			Private-Purpose Trust Funds		
Local Government Investment Pool	Nevada Enhanced Savings Term	Total	Higher Education Tuition Trust	Prisoners' Personal Property	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	11,488,454	11,936,214	23,424,668
-	-	-	-	-	-
-	-	-	11,488,454	11,936,214	23,424,668
944,919	440,816	1,385,735	(2,694,872)	-	(2,694,872)
14,326,444	339,461	14,665,905	1,407,932	164	1,408,096
980,589	-	980,589	-	-	-
-	-	-	-	-	-
16,251,952	780,277	17,032,229	(1,286,940)	164	(1,286,776)
(980,589)	-	(980,589)	(9,095)	-	(9,095)
(85,419)	(18,212)	(103,631)	-	-	-
15,185,944	762,065	15,948,009	(1,296,035)	164	(1,295,871)
947,797,895	23,153,139	970,951,034	-	-	-
12,982,714	-	12,982,714	-	-	-
-	-	-	24,653	-	24,653
-	-	-	105,534	-	105,534
960,780,609	23,153,139	983,933,748	130,187	-	130,187
975,966,553	23,915,204	999,881,757	10,322,606	11,936,378	22,258,984
995,614,625	-	995,614,625	-	-	-
-	-	-	1,834	12,026,464	12,028,298
-	-	-	488,457	-	488,457
14,242,846	-	14,242,846	-	-	-
-	-	-	1,014,245	-	1,014,245
-	-	-	-	14,222	14,222
1,009,857,471	-	1,009,857,471	1,504,536	12,040,686	13,545,222
(33,890,918)	23,915,204	(9,975,714)	8,818,070	(104,308)	8,713,762
535,748,175	-	535,748,175	24,199,287	2,902,616	27,101,903
\$ 501,857,257	\$ 23,915,204	\$ 525,772,461	\$ 33,017,357	\$ 2,798,308	\$ 35,815,665

# Combining Statement of Fiduciary Assets and Liabilities Agency Funds

June 30, 2002

	<u>Intergovernmental</u>	<u>State Agency Fund for Bonds</u>	<u>Motor Vehicle</u>	<u>Child Support Disbursement Fund</u>
<b>Assets</b>				
<i>Cash and pooled investments:</i>				
Cash with treasurer	\$ 9,227,561	\$ 26,462,025	\$ 17,582,472	\$ -
Cash in custody of other officials	-	63,481,588	2,425,440	2,111,270
Investments	-	97,290,669	-	-
Collateral on loaned securities	1,179,672	-	-	-
<i>Receivables:</i>				
Taxes receivable	6,189,044	-	-	-
Intergovernmental receivables	6,505,302	-	-	-
Other receivables	-	-	31,732,444	-
Due from other funds	271,631,417	2,339,301	2,168,344	358
Due from fiduciary funds	9,591,628	-	-	-
<b>Total assets</b>	<u>\$ 304,324,624</u>	<u>\$ 189,573,583</u>	<u>\$ 53,908,700</u>	<u>\$ 2,111,628</u>
<b>Liabilities</b>				
<i>Accounts payable and accruals:</i>				
Accrued payroll and related liabilities	\$ -	\$ -	\$ -	\$ -
Intergovernmental payables	303,144,952	-	39,961,600	-
Obligations under securities lending	1,179,672	-	-	-
Due to fiduciary funds	-	-	9,591,628	-
<i>Other liabilities:</i>				
Deposits	-	189,537,111	3,748,204	-
Other liabilities	-	36,472	607,268	2,111,628
<b>Total liabilities</b>	<u>\$ 304,324,624</u>	<u>\$ 189,573,583</u>	<u>\$ 53,908,700</u>	<u>\$ 2,111,628</u>

<u>Child Welfare Trust</u>	<u>Restitution Trust</u>	<u>Veterans Custodial</u>	<u>State Payroll</u>	<u>Total</u>
\$ 1,153,889	\$ 2,925,987	\$ 1,753,262	\$ 8,687,812	\$ 67,793,008
-	-	-	-	68,018,298
-	-	-	-	97,290,669
612,658	-	932,066	-	2,724,396
-	-	-	-	6,189,044
-	-	-	-	6,505,302
12,119	-	-	1,149	31,745,712
13,614	4,326	13,454	623,568	276,794,382
-	21,429	-	-	9,613,057
<u>\$ 1,792,280</u>	<u>\$ 2,951,742</u>	<u>\$ 2,698,782</u>	<u>\$ 9,312,529</u>	<u>\$ 566,673,868</u>

\$ -	\$ -	\$ -	\$ 130,633	\$ 130,633
4,078	-	-	-	343,110,630
612,658	-	932,066	-	2,724,396
-	-	-	9,108,216	18,699,844
-	-	-	-	193,285,315
1,175,544	2,951,742	1,766,716	73,680	8,723,050
<u>\$ 1,792,280</u>	<u>\$ 2,951,742</u>	<u>\$ 2,698,782</u>	<u>\$ 9,312,529</u>	<u>\$ 566,673,868</u>

# Combining Statement of Changes in Assets and Liabilities Agency Funds

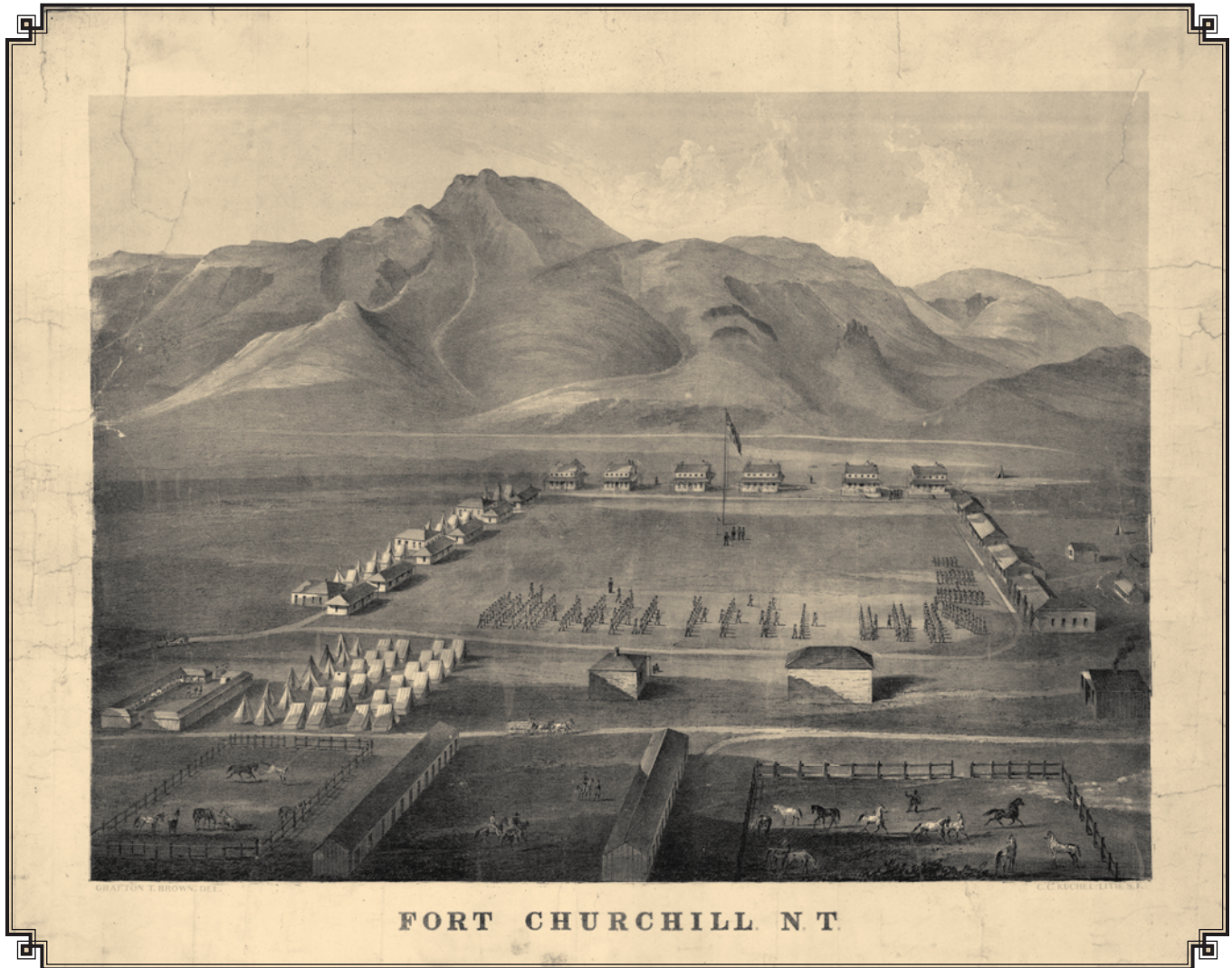
For the Fiscal Year Ended June 30, 2002

	Balance July 1, 2001 (Restated)	Additions	Deletions	Balance June 30, 2002
<b>Intergovernmental</b>				
<b>Assets</b>				
Cash with treasurer	\$ 11,508,341	\$ 1,862,752,032	\$ 1,865,032,812	\$ 9,227,561
Collateral on loaned securities	1,262,521	1,179,672	1,262,521	1,179,672
Taxes receivable	5,702,283	6,280,634	5,793,873	6,189,044
Intergovernmental receivables	5,492,685	6,755,302	5,742,685	6,505,302
Due from other funds	275,206,456	271,631,417	275,206,456	271,631,417
Due from fiduciary funds	8,806,535	9,591,628	8,806,535	9,591,628
<b>Total assets</b>	<b>\$ 307,978,821</b>	<b>\$ 2,158,190,685</b>	<b>\$ 2,161,844,882</b>	<b>\$ 304,324,624</b>
<b>Liabilities</b>				
Intergovernmental payables	\$ 306,636,622	\$ 1,903,541,251	\$ 1,907,032,921	\$ 303,144,952
Obligations under securities lending	1,262,521	1,179,672	1,262,521	1,179,672
Due to fiduciary funds	79,678	-	79,678	-
<b>Total liabilities</b>	<b>\$ 307,978,821</b>	<b>\$ 1,904,720,923</b>	<b>\$ 1,908,375,120</b>	<b>\$ 304,324,624</b>
<b>State Agency Fund for Bonds</b>				
<b>Assets</b>				
Cash with treasurer	\$ 24,498,054	\$ 5,607,979	\$ 3,644,008	\$ 26,462,025
Cash in custody of other officials	49,460,397	18,603,932	4,582,741	63,481,588
Investments	88,722,753	19,762,468	11,194,552	97,290,669
Due from other funds	784,298	2,339,301	784,298	2,339,301
<b>Total assets</b>	<b>\$ 163,465,502</b>	<b>\$ 46,313,680</b>	<b>\$ 20,205,599</b>	<b>\$ 189,573,583</b>
<b>Liabilities</b>				
Deposits	\$ 163,432,250	\$ 48,257,234	\$ 22,152,373	\$ 189,537,111
Other liabilities	33,252	4,679	1,459	36,472
<b>Total liabilities</b>	<b>\$ 163,465,502</b>	<b>\$ 48,261,913</b>	<b>\$ 22,153,832</b>	<b>\$ 189,573,583</b>
<b>Motor Vehicle</b>				
<b>Assets</b>				
Cash with treasurer	\$ 8,098,475	\$ 646,128,464	\$ 636,644,467	\$ 17,582,472
Cash in custody of other officials	2,226,090	248,000	48,650	2,425,440
Other receivables	20,103,973	69,995,522	58,367,051	31,732,444
Due from other funds	3,024,175	2,168,344	3,024,175	2,168,344
Due from fiduciary funds	79,678	-	79,678	-
<b>Total assets</b>	<b>\$ 33,532,391</b>	<b>\$ 718,540,330</b>	<b>\$ 698,164,021</b>	<b>\$ 53,908,700</b>
<b>Liabilities</b>				
Intergovernmental payables	\$ 21,402,118	\$ 843,062,988	\$ 824,503,506	\$ 39,961,600
Due to fiduciary funds	8,806,535	9,591,628	8,806,535	9,591,628
Deposits	3,271,370	623,271	146,437	3,748,204
Other liabilities	52,368	2,014,341	1,459,441	607,268
<b>Total liabilities</b>	<b>\$ 33,532,391</b>	<b>\$ 855,292,228</b>	<b>\$ 834,915,919</b>	<b>\$ 53,908,700</b>
<b>Child Support Disbursement</b>				
<b>Assets</b>				
Cash in custody of other officials	\$ 1,297,972	\$ 121,671,725	\$ 120,858,427	\$ 2,111,270
Other receivables	78,704	-	78,704	-
Due from other funds	974,365	358	974,365	358
<b>Total assets</b>	<b>\$ 2,351,041</b>	<b>\$ 121,672,083</b>	<b>\$ 121,911,496</b>	<b>\$ 2,111,628</b>
<b>Liabilities</b>				
Other liabilities	\$ 2,351,041	\$ 120,841,040	\$ 121,080,453	\$ 2,111,628
<b>Total liabilities</b>	<b>\$ 2,351,041</b>	<b>\$ 120,841,040</b>	<b>\$ 121,080,453</b>	<b>\$ 2,111,628</b>
<b>Child Welfare Trust</b>				
<b>Assets</b>				
Cash with treasurer	\$ 824,682	\$ 1,217,284	\$ 888,077	\$ 1,153,889
Collateral on loaned securities	289,943	612,658	289,943	612,658
Other receivables	36,513	12,119	36,513	12,119
Due from other funds	15,951	13,614	15,951	13,614
<b>Total assets</b>	<b>\$ 1,167,089</b>	<b>\$ 1,855,675</b>	<b>\$ 1,230,484</b>	<b>\$ 1,792,280</b>
<b>Liabilities</b>				
Intergovernmental payables	\$ 4,990	\$ -	\$ 912	\$ 4,078
Obligations under securities lending	289,943	612,658	289,943	612,658
Other liabilities	872,156	1,190,553	887,165	1,175,544
<b>Total liabilities</b>	<b>\$ 1,167,089</b>	<b>\$ 1,803,211</b>	<b>\$ 1,178,020</b>	<b>\$ 1,792,280</b>

	Balance July 1, 2001 (Restated)	Additions	Deletions	Balance June 30, 2002
<b>Restitution Trust</b>				
<b>Assets</b>				
Cash with treasurer	\$ 2,990,389	\$ 3,836,237	\$ 3,900,639	\$ 2,925,987
Due from other funds	1,024	4,326	1,024	4,326
Due from fiduciary funds	5,992	21,429	5,992	21,429
<b>Total assets</b>	<b>\$ 2,997,405</b>	<b>\$ 3,861,992</b>	<b>\$ 3,907,655</b>	<b>\$ 2,951,742</b>
<b>Liabilities</b>				
Other liabilities	\$ 2,997,405	\$ 3,779,460	\$ 3,825,123	\$ 2,951,742
<b>Total liabilities</b>	<b>\$ 2,997,405</b>	<b>\$ 3,779,460</b>	<b>\$ 3,825,123</b>	<b>\$ 2,951,742</b>
<b>Veterans Custodial</b>				
<b>Assets</b>				
Cash with treasurer	\$ 1,886,060	\$ 1,054,655	\$ 1,187,453	\$ 1,753,262
Collateral on loaned securities	644,974	932,066	644,974	932,066
Due from other funds	24,373	13,454	24,373	13,454
<b>Total assets</b>	<b>\$ 2,555,407</b>	<b>\$ 2,000,175</b>	<b>\$ 1,856,800</b>	<b>\$ 2,698,782</b>
<b>Liabilities</b>				
Obligations under securities lending	\$ 644,974	\$ 932,066	\$ 644,974	\$ 932,066
Other liabilities	1,910,433	1,045,162	1,188,879	1,766,716
<b>Total liabilities</b>	<b>\$ 2,555,407</b>	<b>\$ 1,977,228</b>	<b>\$ 1,833,853</b>	<b>\$ 2,698,782</b>
<b>State Payroll</b>				
<b>Assets</b>				
Cash with treasurer	\$ 8,376,032	\$ 345,436,040	\$ 345,124,260	\$ 8,687,812
Other receivables	1,752	56,656	57,259	1,149
Due from other funds	84,669	625,975	87,076	623,568
<b>Total assets</b>	<b>\$ 8,462,453</b>	<b>\$ 346,118,671</b>	<b>\$ 345,268,595</b>	<b>\$ 9,312,529</b>
<b>Liabilities</b>				
Accrued payroll and related liabilities	\$ 54,271	\$ 213,589,838	\$ 213,513,476	\$ 130,633
Due to fiduciary funds	8,333,629	132,288,374	131,513,787	9,108,216
Other liabilities	74,553	-	873	73,680
<b>Total liabilities</b>	<b>\$ 8,462,453</b>	<b>\$ 345,878,212</b>	<b>\$ 345,028,136</b>	<b>\$ 9,312,529</b>
<b>Totals - All Agency Funds</b>				
<b>Assets</b>				
Cash with treasurer	\$ 58,182,033	\$ 2,866,032,691	\$ 2,856,421,716	\$ 67,793,008
Cash in custody of other officials	52,984,459	140,523,657	125,489,818	68,018,298
Investments	88,722,753	19,762,468	11,194,552	97,290,669
Collateral on loaned securities	2,197,438	2,724,396	2,197,438	2,724,396
Taxes receivable	5,702,283	6,280,634	5,793,873	6,189,044
Intergovernmental receivables	5,492,685	6,755,302	5,742,685	6,505,302
Other receivables	20,220,942	70,064,297	58,539,527	31,745,712
Due from other funds	280,115,311	276,796,789	280,117,718	276,794,382
Due from fiduciary funds	8,892,205	9,613,057	8,892,205	9,613,057
<b>Total assets</b>	<b>\$ 522,510,109</b>	<b>\$ 3,398,553,291</b>	<b>\$ 3,354,389,532</b>	<b>\$ 566,673,868</b>
<b>Liabilities</b>				
Accrued payroll and related liabilities	\$ 54,271	\$ 213,589,838	\$ 213,513,476	\$ 130,633
Intergovernmental payables	328,043,730	2,746,604,239	2,731,537,339	343,110,630
Obligations under securities lending	2,197,438	2,724,396	2,197,438	2,724,396
Due to fiduciary funds	17,219,842	141,880,002	140,400,000	18,699,844
Deposits	166,703,620	48,880,505	22,298,810	193,285,315
Other liabilities	8,291,208	128,875,235	128,443,393	8,723,050
<b>Total liabilities</b>	<b>\$ 522,510,109</b>	<b>\$ 3,282,554,215</b>	<b>\$ 3,238,390,456</b>	<b>\$ 566,673,868</b>

# Budgetary Schedules

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



**Fort Churchill N[evada] T[erritory]** - Grafton T. Brown (1841-1918) created this lithograph in the 1860's while he was employed by C.C. Kuchel of San Francisco. There are no known contemporary photographs of Fort Churchill in existence today.

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

<b>Department</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>
<b>General Fund Unbudgeted Activity</b>	\$ -	\$ 4,337,377	\$ (4,337,377)
<b>Constitutional Agencies</b>			
<b>Executive Branch</b>			
Office Of The Governor	2,739,940	2,130,664	609,276
Mansion Maintenance	276,387	254,180	22,207
Office Of Consumer Health Asst	1,005,259	626,072	379,187
Nevada Protection Account	11,250,000	5,071,863	6,178,137
Clark City Flood Relief	16,537,955	219,508	16,318,447
Washington Office	259,300	259,300	-
Ethics Commission	319,285	310,237	9,048
Science, Engineering, Technology	101,335	9,000	92,335
High Level Nuclear Waste	5,062,925	2,899,390	2,163,535
Council On Holocaust Education	75,000	30,515	44,485
Lieutenant Governor	456,686	444,282	12,404
Extradition Coordinator	743,794	742,577	1,217
Attorney General Admin Account	17,865,192	17,543,749	321,443
Special Fund	114,863	81,510	33,353
AG Workers Compensation Fraud	2,390,442	2,317,762	72,680
Crime Prevention	297,123	247,531	49,592
Attorney General Medicaid Fraud	2,395,191	1,349,270	1,045,921
Council For Prosecuting Attorneys	172,363	110,225	62,138
Victims Of Domestic Violence	2,400,630	1,642,224	758,406
Insurance Fraud	1,132,056	991,818	140,238
Secretary Of State	10,572,569	8,489,764	2,082,805
Investigations & Enforcements	330,197	162,104	168,093
Special Services-Secretary Of State	5,445,659	2,808,467	2,637,192
State Treasurer	1,819,458	1,490,844	328,614
Silicosis & Disabled Pensions	3,995,300	144,892	3,850,408
Unclaimed Property	619,544	619,246	298
Controller General Account	3,444,544	3,304,014	140,530
<b>Judicial Branch</b>			
Admin Office Of The Courts	1,361,902	1,032,179	329,723
Div Of Planning & Analysis	526,158	425,306	100,852
Uniform System Of Judicial Rec	1,451,868	1,106,041	345,827
Judicial Education	866,200	601,828	264,372
District Judges Salary	7,364,533	7,136,715	227,818
District Judge/Surviving Spouse Pension	1,071,159	1,070,899	260
Justices/Surviving Spouses Pensions	336,786	333,222	3,564
District Judges Travel	487,025	159,839	327,186
Supreme Court	8,558,017	8,031,277	526,740
Supreme Court Rural Drug Court	300,000	115,610	184,390
Retired Justice Duty Fund	327,089	184,061	143,028
Judicial Selection	4,838	4,698	140
Law Library Gift Fund	95,204	10,701	84,503
Law Library	1,264,883	1,257,564	7,319
Judicial Discipline	486,623	481,266	5,357
	<u>116,325,282</u>	<u>76,252,214</u>	<u>40,073,068</u>
<b>Finance &amp; Administration</b>			
<b>Administration</b>			
Construction Education Account	177,000	-	177,000
Deferred Compensation	110,064	35,221	74,843
Commission For Women	1,504	-	1,504
Special Appropriations	13,415,890	7,094,263	6,321,627
Information Technology Improvement	19,126,366	6,231,255	12,895,111
Budget And Planning	2,643,256	2,459,293	183,963
Division Of Internal Audit	1,779,389	1,529,980	249,409
Graffiti Reward Fund	3,393	-	3,393
Merit Award Board	5,000	-	5,000
Controlled Substance Grants	37,709	14,485	23,224

<b>Department</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>
Clear Creek Youth Center	\$ 363,878	\$ 278,850	\$ 85,028
Commodity Food Program	5,498,735	4,151,481	1,347,254
Roof Maintenance Reserve	1,102,316	30,852	1,071,464
Public Works Division	843,315	825,865	17,450
School Plan Checking	160,334	117,800	42,534
Hearings & Appeals	3,702,850	3,498,597	204,253
State Claims	2,321,005	1,994,244	326,761
Emergency Fund	395,721	373,854	21,867
Statutory Contingency	2,547,021	1,977,369	569,652
Retired Employee Group Insurance	14,593,428	14,258,811	334,617
<b>Taxation</b>			
Department Of Taxation	17,863,591	15,113,596	2,749,995
Senior Citizen Property Tax Rebate	3,957,809	3,622,161	335,648
<b>Personnel</b>			
Unemployment Compensation Fund	1,720,025	923,970	796,055
	<u>92,369,599</u>	<u>64,531,947</u>	<u>27,837,652</u>
<b>Education</b>			
<b>Education</b>			
Drug Abuse Education	1,960,437	1,625,425	335,012
Student Incentive Grants	526,709	517,277	9,432
Distributive School Account	775,187,957	773,055,831	2,132,126
School Health Education - Aids	467,547	361,494	106,053
Education State Programs	2,539,332	2,483,639	55,693
Occupational Education	7,541,494	7,024,315	517,179
School To Careers	7,349,317	2,516,476	4,832,841
Gear Up Scholarship Trust	5,388,061	-	5,388,061
Continuing Education	3,353,815	3,249,529	104,286
Proficiency Testing	5,658,802	3,756,591	1,902,211
Other State Education Programs	31,716,192	16,275,609	15,440,583
Education Technology Trust	25,311	-	25,311
Teacher Education & Licensing	1,061,035	902,522	158,513
Discretionary Grants	16,172,294	13,391,392	2,780,902
Discretionary Grants - Restricted	34,902,470	5,546,201	29,356,269
IASA-Title I Grants	37,739,438	30,378,232	7,361,206
IASA-Title II & Title VI Grant	4,932,479	3,776,014	1,156,465
Education For Handicapped Act	42,048,966	33,468,492	8,580,474
NDE Staffing Services	521,710	416,097	105,613
Education Support Services	1,940,773	1,681,483	259,290
Child Nutrition	47,973,677	45,523,096	2,450,581
Commission On Postsecondary Education	334,286	328,695	5,591
Student Indemnification Account	367,495	1,415	366,080
<b>Museums, Library &amp; Arts</b>			
Museums, Library & Arts Administration	864,988	663,836	201,152
Lost City Museum	352,591	323,533	29,058
Nevada Historical Society	673,224	630,904	42,320
State Museum, Carson City	1,601,965	1,513,751	88,214
Museums And History	303,842	274,610	29,232
State Museum, Las Vegas	947,123	932,513	14,610
State Railroad Museums	1,982,494	1,851,208	131,286
Archives	647,593	559,327	88,266
Records Management/Micrographics	1,121,649	890,350	231,299
Nevada State Library	5,962,594	5,341,685	620,909
Nevada State Library-Literacy	224,881	201,564	23,317
Nevada State Library - CLAN	702,030	360,041	341,989
Nevada Council On The Arts	2,097,304	1,900,783	196,521
Cultural Resource Program	2,633,916	1,642,746	991,170
Historic Preservation	1,353,698	1,002,300	351,398
Comstock Historic District	90,752	81,984	8,768
Comstock Historical District Gifts	52	-	52
<b>University &amp; Community College System</b>			
UNS - Special Projects	19,639,355	19,022,275	617,080
Education For Dependent Children	32,971	7,970	25,001
University Of Nevada - Reno	118,135,060	117,931,498	203,562



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

<b>Department</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>
School Of Medical Sciences	\$ 20,232,209	\$ 20,232,209	\$ -
Intercollegiate Athletics UNR	2,374,519	2,373,715	804
Statewide Programs - UNR	5,719,524	5,719,524	-
University System Administration	3,231,173	3,230,177	996
University Of Nevada Las Vegas	144,014,128	143,809,512	204,616
Intercollegiate Athletics Unlversity	2,397,952	2,397,952	-
Agricultural Experimental Station	7,551,794	7,551,782	12
Cooperative Extension Service	7,626,337	7,570,400	55,937
System Computing Center	17,070,623	16,241,149	829,474
UNLV Law School	8,066,932	8,014,270	52,662
National Direct Student Loan	49,504	45,650	3,854
University Press	671,464	671,464	-
Nevada State Nursing Loan Program	95,819	95,819	-
Statewide Programs - UNLV	830,786	830,786	-
UNLV Dental School	1,439,843	1,439,843	-
Business Center North	1,872,785	1,872,758	27
Business Center South	1,564,957	1,564,957	-
Collegiate License Plate Account	150,000	124,816	25,184
So Nevada Community College	74,065,852	74,045,719	20,133
Laboratory & Research	1,997,183	1,994,874	2,309
No Nevada Community College	12,085,193	11,898,340	186,853
Desert Research Institute	5,426,355	5,396,089	30,266
Western Nevada Community College	16,359,708	16,299,337	60,371
Truckee Meadows Community College	31,729,437	31,436,454	292,983
<b>WICHE Administration</b>			
WICHE Administration	299,241	289,844	9,397
	<u>1,556,000,997</u>	<u>1,466,560,143</u>	<u>89,440,854</u>
<b>Human Resources</b>			
<b>Human Resources</b>			
Human Resources - Administration	6,888,686	4,193,693	2,694,993
Purchase Of Social Services	13,295,367	12,882,122	413,245
State And Community Collaboration	3,038,251	2,689,599	348,652
Family To Family Connections	1,539,387	1,535,154	4,233
Community Connections	1,458,211	1,457,772	439
Community Services Block Grant	3,438,882	3,312,836	126,046
<b>Aging Services</b>			
Senior Services Program	9,853,350	8,680,228	1,173,122
Aging Services	12,099,160	10,553,174	1,545,986
Homemaker	2,824,706	2,646,801	177,905
<b>Health Care Financing Division</b>			
Intergovernmental Transfer Program	114,381,556	96,326,907	18,054,649
Health Care Financing & Policy	3,293,208	3,044,816	248,392
Nevada Check-Up Program	30,849,632	29,949,236	900,396
Nevada Medicaid	823,701,363	770,369,784	53,331,579
<b>Health</b>			
Radiological Health	1,067,096	921,165	145,931
Cancer Control Registry	1,812,814	1,040,504	772,310
Alcoholism & Drug Rehabilitation	16,289,569	14,761,636	1,527,933
Vital Statistics	907,680	868,663	39,017
Consumer Protection	3,107,489	2,969,154	138,335
Special Children's Clinic	6,515,354	6,244,598	270,756
Health Aid To Counties	1,461,937	1,461,937	-
Immunization Program	4,406,990	4,266,507	140,483
WIC Food Supplement	32,492,139	31,382,629	1,109,510
Sexually Trans Disease Control	11,416,120	10,741,488	674,632
Health Facilities	5,508,076	4,378,651	1,129,425
Health Facilities-Admin Penalty	167,763	-	167,763
Health Alert Network	3,630,900	1,035,714	2,595,186
Family Planning Project	969,775	745,231	224,544
Communicable Disease Control	4,734,760	3,500,576	1,234,184
Maternal Child Health Services	5,140,178	3,936,234	1,203,944
Office Of State Health Administration	3,695,778	3,321,689	374,089
Community Health Services	3,113,501	2,612,410	501,091

<b>Department</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>
Emergency Medical Services	\$ 725,171	\$ 694,234	\$ 30,937
Tax On Liquor Program Account	1,332,373	932,587	399,786
<b>Welfare</b>			
Welfare Administration	29,099,892	25,255,032	3,844,860
Temp Assist For Needy Families	83,679,629	59,392,583	24,287,046
Assistance To Aged And Blind	6,090,696	6,090,696	-
Welfare Field Services	41,145,473	39,601,202	1,544,271
Child Support Enforcement Program	7,302,488	6,242,897	1,059,591
Collection And Distribution Ac	21,716,239	19,308,781	2,407,458
Child Care Assist & Developmnt	50,396,857	43,339,857	7,057,000
Energy Assistance - Welfare	18,364,577	5,686,428	12,678,149
<b>Mental Hygiene/Mental Retardation</b>			
Southern MH/MR Food Service	1,221,402	1,115,566	105,836
So NV Adult Mental Health Service	43,576,348	42,419,046	1,157,302
Nevada Mental Health Institute	20,229,965	18,733,518	1,496,447
Mental Health Information System	787,122	540,381	246,741
Family Preservation Program	617,626	615,793	1,833
Rural NV Mental Retardation Services	5,157,357	4,963,432	193,925
Mental Hygiene-Mental Retardation	2,849,302	2,386,763	462,539
Desert Regional Center	35,845,190	34,910,627	934,563
No Nevada Mental Retardation	18,861,742	18,240,301	621,441
Facility For Mental Offender	5,230,412	4,969,047	261,365
Rural Clinics	8,194,825	7,827,035	367,790
<b>Child &amp; Family Services</b>			
Community Juvenile Justice Program	3,943,480	3,036,800	906,680
Child Welfare Integration	8,814,661	1,752,265	7,062,396
UNITY/SACWIS	8,545,656	7,758,872	786,784
Children, Youth & Family Administration	28,183,203	25,662,685	2,520,518
Youth Alternative Placement	1,673,847	1,650,085	23,762
Juvenile Correction Facility	5,793,520	2,790,122	3,003,398
Child Care Services	1,562,096	1,357,997	204,099
Caliente Youth Center	4,820,600	4,660,857	159,743
Victims Of Domestic Violence	3,027,728	2,176,814	850,914
Childrens Trust Account	2,192,107	935,114	1,256,993
Youth Community Services	52,030,125	50,194,873	1,835,252
Nevada Youth Training Center	6,669,442	6,454,458	214,984
Juvenile Accountability Block	4,677,499	2,396,644	2,280,855
Youth Corrections Services	4,323,391	3,794,444	528,947
Child Abuse & Neglect	726,053	293,845	432,208
Farm Account-Youth Training Center	40,954	4,769	36,185
No NV Child & Adolescent Services	6,968,277	6,744,061	224,216
So NV Child & Adolescent Services	20,527,357	17,257,675	3,269,682
<b>Employment, Training &amp; Rehabilitation</b>			
Developmental Disabilities	612,412	542,920	69,492
Blind Business Enterprise	2,202,012	878,013	1,323,999
Services To The Blind	4,552,044	3,492,753	1,059,291
Client Assistance Program	155,946	140,364	15,582
Vocational Rehabilitation	15,010,434	12,697,764	2,312,670
Community Based Services	12,378,133	5,473,566	6,904,567
Rehabilitation Administration	440,118	307,961	132,157
Disability Adjudication	8,331,853	7,399,888	931,965
Welfare To Work	4,100,344	1,754,424	2,345,920
Office Of Equal Rights	1,361,540	1,331,715	29,825
DETR Admin Services	3,649,060	3,362,134	286,926
Research & Analysis	4,192,061	2,627,931	1,564,130
Information Development & Processing	5,962,272	5,667,457	294,815
<b>Other Human Services</b>			
Public Defender	2,092,679	2,074,781	17,898
Indian Commission	131,741	116,870	14,871
	<u>1,765,217,009</u>	<u>1,571,887,635</u>	<u>193,329,374</u>
<b>Commerce &amp; Industry</b>			
<b>Economic Development &amp; Tourism</b>			
Commission On Economic Development	4,786,552	3,032,363	1,754,189

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

<b>Department</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>
Motion Pictures	\$ 799,583	\$ 787,540	\$ 12,043
Rural Community Development	6,351,590	2,901,703	3,449,887
Small Business & Procurement	583,618	438,268	145,350
<b>Minerals</b>			
Minerals	1,115,820	897,142	218,678
Bond Reclamation	1,358,046	50,720	1,307,326
<b>Agriculture</b>			
Nevada Beef Council	418,206	291,343	126,863
Gas Pollution Standards	621,700	393,321	228,379
Plant Industry	2,051,107	1,897,800	153,307
Grade & Cert Agriculture Production	535,954	289,339	246,615
Garlic & Onion Research Promotion	203,376	79,262	124,114
Agricultural Registration/Enforcement	1,704,563	837,047	867,516
Livestock Inspection	1,227,156	945,158	281,998
Marijuana Health Registry	2,681	2,514	167
USDA CCC	679,303	522,150	157,153
Agriculture License Plates	8,150	2,783	5,367
Veterinary Medical Services	1,068,166	933,501	134,665
Weights & Measures	1,426,184	1,386,629	39,555
Insect Abatement	471,883	203,237	268,646
Agriculture Administration	796,847	751,325	45,522
Rangeland Resources Commission	306,195	196,601	109,594
Predatory Animal/Rodent Control	905,468	882,275	23,193
Nevada Jr Livestock Show Board	36,850	35,807	1,043
<b>Gaming Control</b>			
Gaming Control Board	30,780,865	30,392,138	388,727
Gaming Control Federal Forfeiture	1,126,486	37,128	1,089,358
Gaming Control-Forfeiture Account	646,087	80,068	566,019
Fed Forfeiture Treasury	256,477	-	256,477
Gaming Commission	475,012	299,567	175,445
<b>Business &amp; Industry</b>			
Business & Industry Administration	915,634	849,249	66,385
Industrial Development Bond	1,029,754	75,480	954,274
Insurance Regulation	4,327,726	4,049,543	278,183
Captive Insurers	56,340	49,263	7,077
Insurance Recovery	455,170	415,155	40,015
Insurance Education & Research	915,422	353,174	562,248
NAIC Fees	61,620	28,418	33,202
Insurance Cost Stabilization	269,334	152,771	116,563
Consumer Affairs Restitution	1,059,448	148,371	911,077
Consumer Affairs	1,250,643	1,237,143	13,500
Low Income Housing Trust Fund	11,894,003	4,520,478	7,373,525
DOE Weatherization	2,882,501	1,162,413	1,720,088
Gov Committee to Employ People with Disabilities	241,817	240,572	1,245
Employee Management Relations	158,452	156,708	1,744
Common Interest Communities	1,672,143	280,004	1,392,139
Real Estate	2,728,175	2,169,839	558,336
Real Estate Investigative	1,156	-	1,156
Athletic Commission	515,241	427,682	87,559
Labor Relations	1,176,672	1,138,864	37,808
Attorney For Injured Workers	2,432,354	2,208,399	223,955
Financial Institutions Investigation	1,207,684	272,953	934,731
Financial Institutions	2,138,699	1,954,310	184,389
Financial Institutions Audit	91,538	53,100	38,438
Petroleum Overcharge Rebate	702,089	146,589	555,500
Energy Conservation	1,006,637	608,621	398,016
	<b>99,934,177</b>	<b>71,265,828</b>	<b>28,668,349</b>
<b>Public Safety</b>			
<b>Corrections</b>			
Prison Medical Care	32,815,225	31,654,880	1,160,345
Corrections Administration	13,393,618	11,378,952	2,014,666
Prison Warehouse Fund	8,641,028	-	8,641,028
Prison One-Shot Approp 85 Legislature	1,368,615	592,594	776,021

Department	Final Budget	Actual	Variance
So Nevada Correctional Center	\$ 328,924	\$ 303,479	\$ 25,445
Warm Springs Correctional Center	7,068,379	7,029,812	38,567
No Nevada Correctional Center	15,960,162	15,871,958	88,204
Nevada State Prison	13,977,531	13,827,067	150,464
Stewart Conservation Camp	1,363,986	1,316,380	47,606
Pioche Conservation Camp	1,235,840	1,217,845	17,995
Restitution Center - North	844,992	818,201	26,791
Indian Springs Conservation Camp	1,585,659	1,548,801	36,858
So Desert Correctional Center	15,981,106	15,722,846	258,260
Wells Conservation Camp	984,650	927,135	57,515
Humboldt Conservation Camp	1,003,419	950,508	52,911
Ely Conservation Camp	1,038,473	1,012,386	26,087
Jean Conservation Camp	1,182,093	1,155,840	26,253
Silver Sprngs Conservation Cmp	1,029,272	1,018,020	11,252
Ely State Prison	20,502,617	20,190,252	312,365
Carlin Conservation Camp	1,057,916	1,010,701	47,215
Tonopah Conservation Camp	925,834	906,909	18,925
Lovelock Correctional Center	17,375,332	17,094,801	280,531
Southern Nevada Women's Prison	10,252,489	10,175,810	76,679
High Desert State Prison	22,638,372	22,442,410	195,962
<b>Public Safety</b>			
Peace Officers Standards & Training	2,658,116	1,926,576	731,540
FEMA #1153 Dr-NV	785,024	18,353	766,671
Emergency Management Division	7,621,189	4,129,162	3,492,027
Parole & Probation	31,594,539	30,949,162	645,377
Investigations	6,308,702	6,038,055	270,647
Narcotics Control	1,598,984	1,568,010	30,974
Training Division	1,205,970	831,132	374,838
Parole Board	1,159,374	1,108,220	51,154
Fire Marshal	1,922,394	1,297,201	625,193
Hazardous Materials Training Center	1,798,565	951,489	847,076
Traffic Safety	4,818,877	2,605,008	2,213,869
Highway Safety Plan & Administration	1,632,091	864,004	768,087
Forfeitures	2,408,499	1,166,324	1,242,175
Drug Commission	96,840	76,970	19,870
Justice Assistance Account	11,791,263	5,709,606	6,081,657
Criminal History Repository	9,351,085	8,240,059	1,111,026
Child Volunteer Background Checks Trust	9,803	6,825	2,978
Emergency Response Commission	1,305,349	778,741	526,608
Public Safety, One Shots	1,646,251	853,493	792,758
PS Justice Grant	5,458,665	603,144	4,855,521
Dignitary Protection	640,004	616,610	23,394
<b>Motor Vehicles</b>			
Salvage/Wreckers/Body Shops	523,911	141,974	381,937
Motor Vehicle Pollution Control	7,804,119	5,190,776	2,613,343
	<u>296,695,146</u>	<u>253,838,481</u>	<u>42,856,665</u>
<b>Infrastructure</b>			
<b>Conservation &amp; Natural Resources</b>			
State Environmental Commission	39,482	30,037	9,445
Natural Resources Administration	1,655,997	1,604,203	51,794
Water Resources Legal Cost	270,646	134,364	136,282
Tahoe Regional Planning Agency	7,585,465	1,830,082	5,755,383
Mining Cooperative Fund	129,747	100,000	29,747
Conservation Districts	329,077	311,736	17,341
Habitat Mitigation	684,820	16,680	668,140
Wildlife	27,081,291	20,260,925	6,820,366
Wildlife - Trout Management	2,327,078	229,745	2,097,333
Wildlife - Boating Program	7,907,940	4,693,510	3,214,430
Wildlife Heritage	2,979,315	73,855	2,905,460
Wildlife Obligated Reserve	3,998,826	1,196,046	2,802,780
Parks Federal Grant Programs	2,960,594	745,650	2,214,944
State Parks	11,667,669	9,670,814	1,996,855
Maintenance Of State Parks	1,150,487	264,147	886,340

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

<u>Department</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Coyote Springs Groundwater Basin	\$ 12,626	\$ -	\$ 12,626
Flood Control Rev Fund	252,717	-	252,717
USGS Co-Op	1,418,369	886,062	532,307
Groundwater Recharge Projects	196,327	62,092	134,235
Water Right Surveyors	53,894	10,898	42,996
Well Driller's Licenses	61,837	22,349	39,488
Water Resources	4,898,909	4,382,614	516,295
State Engineer Revenue	66,970	44,534	22,436
Little Humboldt River	144,875	14,713	130,162
Quinn River Distribution	23,134	4,245	18,889
Adjudication Emergency	16,001	-	16,001
Steptoe Valley Water Basin	21,517	1,037	20,480
Diamond Valley Ground Water	7,864	3,883	3,981
Colorado River Valley	25,831	-	25,831
Las Vegas Basin Water Dist	3,399,139	725,950	2,673,189
Muddy River Surface Water	30,231	7,045	23,186
Flood Repairs & Disaster Relief	50,000	-	50,000
Channel Clearance	204,994	108,371	96,623
Pahranagat Lake	62,222	20,504	41,718
Pahrump Artesian Basin	45,761	8,444	37,317
Boulder Flat Ground Water	38,811	4,131	34,680
Mason Valley Ground Water	47,913	10,172	37,741
Humboldt Water District	294,246	186,391	107,855
Water Dist Rev Fund	30,001	-	30,001
Smith Valley Artesian Basin	26,753	3,103	23,650
Currant Creek	5,815	86	5,729
Duckwater Creek	22,051	9,442	12,609
Paradise Valley Ground Water	11,636	6,747	4,889
Upper White River	15,829	91	15,738
Muddy River Springs	32,209	3,599	28,610
Kingston Creek	1,751	594	1,157
Warm Springs/Winnemucca Creek	43,173	1,871	41,302
Eagle Valley	164,639	126,797	37,842
Carson Valley Ground Water	56,524	10,448	46,076
Fish Lake Valley Artesian	19,307	4,825	14,482
Carico Creek	443	-	443
Lemmon Valley	64,438	9,381	55,057
Truckee Meadows/Sun Valley	81,640	24,337	57,303
Antelope Middle Reese River	14,737	3,554	11,183
Warm Springs Ground Water	22,618	5,018	17,600
Honey Lake Valley	20,135	928	19,207
Whirlwind Valley	9,017	-	9,017
Crescent Water Groundwater	7,978	1,483	6,495
Pumpnickel Valley	44	-	44
Clovers Area Groundwater	19,796	3,025	16,771
Cold Springs Valley	14,720	1,876	12,844
Imlay Ground Water	21,290	1,924	19,366
Kelly Creek Ground Water	26,959	3,301	23,658
Lower Reese River Valley	46,442	4,305	42,137
Maggie Creek	38,966	3,660	35,306
North Fork Ground Water	7,512	54	7,458
Pleasant Valley	6,364	100	6,264
Forestry	7,174,087	4,391,468	2,782,619
Forest Fire Suppression/Emergency Response	7,358,156	4,774,552	2,583,604
Forestry Honor Camps	6,851,741	6,587,820	263,921
Forestry Inter-Gov Agreements	9,325,451	5,820,569	3,504,882
Tahoe License Plates	1,712,784	232,727	1,480,057
Nevada Tahoe Regional Planning	10,473	409	10,064
State Lands	1,297,134	1,114,494	182,640
State Lands Revolving Account	32,557	2,555	30,002
Tahoe Bond Sale	519,694	25,247	494,447
Tahoe Mitigation	2,759,042	1,630,154	1,128,888
Nevada Natural Heritage	536,427	426,990	109,437
Storage Tank Management	844,966	-	844,966

<b>Department</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>
Environmental Protection Administration	\$ 2,896,571	\$ 2,109,453	\$ 787,118
Chemical Hazard Prevention	572,376	336,983	235,393
Reclamation Surety Account	353,460	-	353,460
Air Quality Management Account	3,065,536	1,963,134	1,102,402
Air Quality	3,606,851	2,850,266	756,585
Bureau Of Water	10,410,194	5,593,023	4,817,171
Waste Mgmt & Fed Facilities	11,156,631	8,074,557	3,082,074
Mining Regulation/Reclamation	2,736,575	1,670,581	1,065,994
Interim Fluid Mgmt Trust	1,734,115	177,270	1,556,845
Hazardous Waste Management	22,074,708	3,520,175	18,554,533
Hazardous Waste - Beatty Site	5,955,894	-	5,955,894
Water Planning-Cap Improvement	247,950	134,172	113,778
	<u>186,208,782</u>	<u>99,332,377</u>	<u>86,876,405</u>
<b>Special Purpose Agencies</b>			
<b>Military</b>			
Veterans Affairs	1,345,079	1,183,866	161,213
Veterans Home Account	10,021,350	1,833,261	8,188,089
Veteran's Gifts And Donations	179,953	28,202	151,751
Veteran's Home Donation	33,402	3,157	30,245
Military	5,628,250	5,618,236	10,014
Adjutant General Construction	120,391	243	120,148
National Guard Benefits	95,441	95,436	5
<b>Civil Air Patrol</b>	130,006	112,705	17,301
	<u>17,553,872</u>	<u>8,875,106</u>	<u>8,678,766</u>
<b>Appropriated Transfers to Other Funds</b>			
Legislative Fund	19,157,834	19,157,834	-
Attorney General Fund- Consumer Advocate	1,047,269	1,047,269	-
Highway Fund	51,419	51,419	-
Parks Capital Construction	500,000	500,000	-
Contingency Fund	18,250,000	18,250,000	-
WICHE Loan and Stipend Fund	358,754	358,754	-
Higher Education Tuition Fund	731,610	731,610	-
Disaster Relief Fund	2,000,000	2,000,000	-
Other	32,434	-	32,434
	<u>42,129,320</u>	<u>42,096,886</u>	<u>32,434</u>
<b>Reversions to Other Funds</b>			
Reversion to Highway Fund	-	615,125	(615,125)
Reversion to Workers Comp & Safety	-	794,815	(794,815)
Reversion to Healthy Nevada Fund	-	42,046	(42,046)
Reversion to Contingency Fund	-	2,711,073	(2,711,073)
Reversion to Cons Bond Interest & Redemption	-	12,220	(12,220)
	-	<u>4,175,279</u>	<u>(4,175,279)</u>
<b>Projected Reversions</b>			
	<u>(38,920,000)</u>	-	<u>(38,920,000)</u>
Total General Fund	<u>\$ 4,133,514,184</u>	<u>\$ 3,663,153,273</u>	<u>\$ 470,360,911</u>

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

## All Special Revenue Fund Budgets

For the Fiscal Year Ended June 30, 2002

Page 1 of 3

Department	Final Budget	Actual	Variance
<b>State Highway</b>			
<b>Finance &amp; Administration</b>			
Unbudgeted Activity	\$ -	\$ 690,063	\$ (690,063)
Salary Adjustment	11,596,312	1,751,370	9,844,942
Appropriations to Other Funds	6,172,813	6,172,672	141
<b>Public Safety</b>			
Transportation Administration	27,865	-	27,865
Transportation Administration	617,858,723	368,547,264	249,311,459
Bond Construction	73,715,707	55,714,649	18,001,058
Bicycle Safety Program	207,130	169,159	37,971
Motorcycle Safety Program	492,158	214,721	277,437
Director's Office - Public Safety	1,973,470	1,524,763	448,707
Internal Affairs	300,170	272,699	27,471
Records Search	948,305	882,010	66,295
Highway Patrol	51,477,105	50,120,879	1,356,226
Administrative Services	1,633,774	1,441,825	191,949
DMV Motor Vehicle Info Technology	7,919,884	7,727,700	192,184
Motor Carrier	3,089,148	3,016,112	73,036
PS Highway Safety Grants Account	3,649,482	1,511,265	2,138,217
Verification Of Insurance	2,315,518	1,646,184	669,334
Hearings - DMV & PS	782,178	752,052	30,126
Public Safety Technology Division	5,195,092	5,163,814	31,278
DMV Field Services	34,919,406	28,688,770	6,230,636
Compliance Enforcement	1,363,684	1,339,956	23,728
Central Services	11,216,984	10,793,393	423,591
Management Services	5,309,660	4,200,445	1,109,215
Director'S Office - DMV	983,533	978,648	4,885
Administrative Services	5,912,512	5,622,164	290,348
<b>Debt Service Transfers</b>			
Debt Service	13,050,650	13,050,650	-
<b>Total</b>	<b>862,111,263</b>	<b>571,993,227</b>	<b>290,118,036</b>
<b>Municipal Bond Bank</b>			
<b>Constitutional Agencies</b>			
Municipal Bond Bank Revenue	80,231,251	80,223,298	7,953
<b>Commerce &amp; Industry</b>			
Water Projects Interest/Redemption	576,904	573,555	3,349
<b>Total</b>	<b>80,808,155</b>	<b>80,796,853</b>	<b>11,302</b>
<b>Stabilize the Operations of State Government</b>			
<b>Constitutional Agencies</b>			
Stabilization of State Government	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>School Improvement</b>			
<b>Special Projects</b>			
School Improvement	58,610,825	29,500,000	29,110,825
<b>Total</b>	<b>58,610,825</b>	<b>29,500,000</b>	<b>29,110,825</b>
<b>Employment Security</b>			
<b>Human Services</b>			
Claimant Employment Program	14,466,843	8,073,011	6,393,832
Employment Security	61,868,605	45,637,769	16,230,836
Employment Security Special Fund	11,129,458	1,522,453	9,607,005
<b>Total</b>	<b>87,464,906</b>	<b>55,233,233</b>	<b>32,231,673</b>
<b>Regulatory</b>			
<b>Commerce &amp; Industry</b>			
Manufactured Housing	1,262,613	1,072,416	190,197
Real Estate Education & Research	781,973	328,405	453,568
Real Estate Recovery Account	412,240	357,960	54,280
Mobile Home Parks	284,883	88,097	196,786
Mfg Housing-Education/Recovery	694,638	197,044	497,594
Regulatory Fund	15,604,032	10,623,145	4,980,887
Administrative Fines	46,953	26,953	20,000
Transportation Services Authority	1,858,396	1,857,991	405
TSA Administrative Fines	377,746	126,848	250,898
Taxicab Authority	5,444,248	4,267,087	1,177,161
Dairy Commission	1,589,208	1,268,457	320,751
<b>Total</b>	<b>28,356,930</b>	<b>20,214,403</b>	<b>8,142,527</b>

Department	Final Budget	Actual	Variance
<b>Legislative</b>			
<b>Constitutional Agencies</b>			
Nevada Legislative Interim	\$ 396,887	\$ 386,852	\$ 10,035
Legislative Counsel Bureau	27,363,047	21,848,737	5,514,310
Audit Contingency Account	174,000	174,000	-
<b>Total</b>	<b>27,933,934</b>	<b>22,409,589</b>	<b>5,524,345</b>
<b>Higher Education Capital Construction</b>			
<b>Finance &amp; Administration</b>			
Higher Education Capital Construction	5,000,000	5,000,000	-
Higher Education Special Construction	41,681,045	10,408,858	31,272,187
<b>Total</b>	<b>46,681,045</b>	<b>15,408,858</b>	<b>31,272,187</b>
<b>Cleaning Up Petroleum Discharges</b>			
<b>Infrastructure</b>			
Petroleum Clean-Up Trust Fund	16,763,109	7,612,016	9,151,093
<b>Total</b>	<b>16,763,109</b>	<b>7,612,016</b>	<b>9,151,093</b>
<b>Hospital Care to Indigent Persons</b>			
<b>Finance &amp; Administration</b>			
Supplemental Fund - Indigents	14,435,239	6,020,565	8,414,674
Indigent Accident Account	18,626,534	6,499,360	12,127,174
<b>Total</b>	<b>33,061,773</b>	<b>12,519,925</b>	<b>20,541,848</b>
<b>Tourism Promotion</b>			
<b>Commerce &amp; Industry</b>			
Commission On Tourism	18,737,306	14,399,185	4,338,121
<b>Total</b>	<b>18,737,306</b>	<b>14,399,185</b>	<b>4,338,121</b>
<b>Offenders Store</b>			
<b>Public Safety</b>			
Offenders' Store Fund	13,351,358	10,918,026	2,433,332
Inmate Welfare Account	4,056,888	3,212,733	844,155
<b>Total</b>	<b>17,408,246</b>	<b>14,130,759</b>	<b>3,277,487</b>
<b>Tobacco Settlement</b>			
<b>Constitutional Agencies</b>			
Millennium Scholarship Fund	47,090,089	14,200,713	32,889,376
Millennium Scholarship Administration	533,881	323,337	210,544
Trust Fund For Healthy Nevada	61,598,777	23,365,767	38,233,010
Trust Fund For Public Health	13,437,593	295,819	13,141,774
<b>Human Services</b>			
Healthy Nevada Fund	9,183,988	5,069,478	4,114,510
Public Health Tobacco Fund	381,188	208,502	172,686
Healthy Nevada Fund Administration	21,330,875	18,363,678	2,967,197
<b>Total</b>	<b>153,556,391</b>	<b>61,827,294</b>	<b>91,729,097</b>
<b>Contingency</b>			
<b>Constitutional Agencies</b>			
Interim Finance Committee	63,254,572	40,745,426	22,509,146
<b>Total</b>	<b>63,254,572</b>	<b>40,745,426</b>	<b>22,509,146</b>
<b>Care of Sites for Radioactive Waste Disposal</b>			
<b>Human Services</b>			
Radioactive Material Disposal	11,682,975	272,169	11,410,806
<b>Total</b>	<b>11,682,975</b>	<b>272,169</b>	<b>11,410,806</b>



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

State  
of  
Nevada

For the Fiscal Year Ended June 30, 2002

Page 3 of 3

Department	Final Budget	Actual	Variance
<b>Gift</b>			
<b>Commerce &amp; Industry</b>			
Governor's Committee Gift Fund	\$ 39,992	\$ 5,466	\$ 34,526
<b>Education</b>			
Education Gift Fund	31,551	500	31,051
Library & Archives Gift Fund	123,500	13,180	110,320
<b>Human Services</b>			
SNAMHS Gift Fund	11,141	1,553	9,588
Aging Services Gift Fund	1,522	1,522	-
Settlement Funds	224,433	13,127	211,306
Health Division Gifts	42,135	21,551	20,584
Transition From Foster Care	1,404,000	-	1,404,000
CBS Washoe Gift Fund	32,083	4,010	28,073
Hospital Gift Fund	273,904	8,389	265,515
NNMRS Gift Fund	25,000	450	24,550
Blind Gift Fund	197,720	9,975	187,745
Welfare Gift Fund	9,887	-	9,887
Rehabilitation Gift Fund	2,909	105	2,804
Henry Woods Christmas Fund	7,962	2,374	5,588
Nevada Children's Gift Account	545,190	57,142	488,048
CYC Gift Fund	7,654	-	7,654
Youth Training Center Gift Fund	12,410	35	12,375
DRC Gift Fund	15,195	300	14,895
<b>Infrastructure</b>			
Heil Wild Horse Bequest	1,192,603	275,846	916,757
Water Planning	2,372	2,372	-
Park Gift & Grants	166,785	41,425	125,360
<b>Total</b>	<b>4,369,948</b>	<b>459,322</b>	<b>3,910,626</b>
<b>Natural Resources</b>			
<b>Infrastructure</b>			
Grants To Water Purveyors	8,471,085	3,154,190	5,316,895
Erosion Control Bond Q12	17,173,233	3,811,455	13,361,778
Protect Lake Tahoe	9,501,250	874,567	8,626,683
<b>Total</b>	<b>35,145,568</b>	<b>7,840,212</b>	<b>27,305,356</b>
<b>Miscellaneous</b>			
<b>Constitutional Agencies</b>			
Private Investigators Licensing Board	500,144	251,822	248,322
Renew Energy & Energy Conservation	260,000	5,000	255,000
Racketeering-Prosecution Acct	5,000	4,875	125
Consumer Advocate	4,084,201	3,669,970	414,231
Unfair Trade Practices	900,000	716,511	183,489
Anatomical Gift Account	20,000	14,876	5,124
Disaster Relief	2,171,805	-	2,171,805
<b>Commerce &amp; Industry</b>			
Lot Rent Trust Subsidy	523,191	485,864	37,327
Rural Rehabilitation Trust	252,299	11,450	240,849
<b>Education</b>			
Museums & History Trust Fund	343,270	5,596	337,674
Museums & History Board Trust	30,510	29,793	717
Museums Administrator Trust	29,571	11,175	18,396
Nevada Historical Society Trst	224,548	143,451	81,097
Nevada State Museum Trust	632,932	333,077	299,855
Nevada Railroad Museum Trust	248,878	183,210	65,668
Lost City Museum Trust	124,843	76,991	47,852
Las Vegas Museum And Trust	54,278	54,278	-
<b>Finance &amp; Administration</b>			
Public Works Inspection	4,050,270	3,792,589	257,681
Public Works Retention Payment	236,025	66,646	169,379
Victims Of Crime	4,985,501	4,875,583	109,918
<b>Human Services</b>			
Institutional Care Of Medical Indigent	725,927	721,926	4,001
<b>Public Safety</b>			
Emergency Assistance	853,149	335,914	517,235
<b>Total</b>	<b>21,256,342</b>	<b>15,790,597</b>	<b>5,465,745</b>
<b>Total Special Revenue Funds</b>	<b>\$ 1,567,203,288</b>	<b>\$ 971,153,068</b>	<b>\$ 596,050,220</b>

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

For the Fiscal Year Ended June 30, 2002 (Expressed in Thousands)

	Final Budget	Actual	Variance	Final Budget	Actual	Variance
	School Improvement			Employment Security		
Fund balances, July 1	\$ 34,411	\$ 34,411	\$ -	\$ 15,612	\$ 15,612	\$ -
<b>Revenues:</b>						
Federal	-	-	-	57,855	43,162	(14,693)
Other taxes	21,700	15,044	(6,656)	-	-	-
Sales, charges for services	-	-	-	387	663	276
Licenses, fees and permits	-	-	-	338	335	(3)
Interest	2,500	1,126	(1,374)	420	538	118
Other	-	-	-	10,005	9,639	(366)
<b>Other financing sources:</b>						
Transfer from other funds	-	-	-	2,849	1,655	(1,194)
<b>Total sources</b>	<b>\$ 58,611</b>	<b>\$ 50,581</b>	<b>\$ (8,030)</b>	<b>\$ 87,466</b>	<b>\$ 71,604</b>	<b>\$ (15,862)</b>
	Regulatory			Legislative		
Fund balances, July 1	\$ 7,065	\$ 7,065	\$ -	\$ 7,180	\$ 7,180	\$ -
<b>Revenues:</b>						
Federal	166	191	25	-	-	-
Other taxes	10,694	10,493	(201)	-	-	-
Sales, charges for services	3,330	3,136	(194)	885	875	(10)
Licenses, fees and permits	2,361	2,182	(179)	-	-	-
Interest	90	58	(32)	-	-	-
Other	334	291	(43)	247	292	45
<b>Other financing sources:</b>						
Transfer from other funds	4,153	2,134	(2,019)	19,622	19,443	(179)
<b>Total sources</b>	<b>\$ 28,193</b>	<b>\$ 25,550</b>	<b>\$ (2,643)</b>	<b>\$ 27,934</b>	<b>\$ 27,790</b>	<b>\$ (144)</b>
	Higher Education Capital Construction			Cleaning Up Petroleum Discharges		
Fund balances, July 1	\$ 11,681	\$ 11,681	\$ -	\$ 4,165	\$ 4,165	\$ -
<b>Revenues:</b>						
Gaming taxes, fees, licenses	35,000	15,857	(19,143)	-	-	-
Other taxes	-	-	-	11,462	11,462	-
Licenses, fees and permits	-	-	-	550	416	(134)
Interest	-	-	-	450	223	(227)
Other	-	-	-	136	41	(95)
<b>Total sources</b>	<b>\$ 46,681</b>	<b>\$ 27,538</b>	<b>\$ (19,143)</b>	<b>\$ 16,763</b>	<b>\$ 16,307</b>	<b>\$ (456)</b>
	Hospital Care to Indigent Persons			Tourism Promotion		
Fund balances, July 1	\$ 10,997	\$ 10,997	\$ -	\$ 6,177	\$ 6,177	\$ -
<b>Revenues:</b>						
Other taxes	21,274	20,575	(699)	12,411	11,269	(1,142)
Sales, charges for services	-	-	-	5	-	(5)
Licenses, fees and permits	-	-	-	135	92	(43)
Interest	414	597	183	-	-	-
Other	377	336	(41)	-	10	10
<b>Other financing sources:</b>						
Transfer from other funds	-	-	-	10	-	(10)
<b>Total sources</b>	<b>\$ 33,062</b>	<b>\$ 32,505</b>	<b>\$ (557)</b>	<b>\$ 18,738</b>	<b>\$ 17,548</b>	<b>\$ (1,190)</b>

	Final Budget	Actual	Variance	Final Budget	Actual	Variance
<b>Offenders' Store</b>			<b>Tobacco Settlement</b>			
Fund balances, July 1	\$ 2,195	\$ 2,195	\$ -	\$ 71,496	\$ 71,496	\$ -
<b>Revenues:</b>						
Federal	478	332	(146)	1	1	-
Sales, charges for services	11,624	10,397	(1,227)	-	-	-
Interest	321	199	(122)	4,873	2,548	(2,325)
Other	300	288	(12)	46,345	44,636	(1,709)
<b>Other financing sources:</b>						
Transfer from other funds	2,490	3,001	511	30,841	23,718	(7,123)
<b>Total sources</b>	<b>\$ 17,408</b>	<b>\$ 16,412</b>	<b>\$ (996)</b>	<b>\$ 153,556</b>	<b>\$ 142,399</b>	<b>\$ (11,157)</b>
<b>Contingency</b>			<b>Care of Sites for Radioactive Waste Disposal</b>			
Fund balances, July 1	\$ 42,505	\$ 42,505	\$ -	\$ 10,969	\$ 10,969	\$ -
<b>Revenues:</b>						
Licenses, fees and permits	-	-	-	144	89	(55)
Interest	-	-	-	570	423	(147)
<b>Other financing sources:</b>						
Transfer from other funds	20,750	19,840	(910)	-	-	-
<b>Total sources</b>	<b>\$ 63,255</b>	<b>\$ 62,345</b>	<b>\$ (910)</b>	<b>\$ 11,683</b>	<b>\$ 11,481</b>	<b>\$ (202)</b>
<b>Gift</b>			<b>Natural Resources</b>			
Fund balances, July 1	\$ 2,418	\$ 2,418	\$ -	\$ 17,275	\$ 17,275	\$ -
<b>Revenues:</b>						
Licenses, fees and permits	1,350	679	(671)	-	89	89
Interest	300	89	(211)	1,301	1,048	(253)
Other	297	108	(189)	-	-	-
<b>Other financing sources:</b>						
Proceeds from sale of bonds	-	-	-	16,570	16,570	-
Transfer from other funds	5	1	(4)	-	-	-
<b>Total sources</b>	<b>\$ 4,370</b>	<b>\$ 3,295</b>	<b>\$ (1,075)</b>	<b>\$ 35,146</b>	<b>\$ 34,982</b>	<b>\$ (164)</b>
<b>Miscellaneous</b>			<b>Total Nonmajor Special Revenue Funds</b>			
Fund balances, July 1	\$ 5,104	\$ 5,104	\$ -	\$ 249,250	\$ 249,250	\$ -
<b>Revenues:</b>						
Gaming taxes, fees, licenses	-	-	-	35,000	15,857	(19,143)
Federal	1,264	1,087	(177)	59,764	44,773	(14,991)
Other taxes	2,079	2,078	(1)	79,620	70,921	(8,699)
Sales, charges for services	643	567	(76)	16,874	15,638	(1,236)
Licenses, fees and permits	6,565	6,328	(237)	11,443	10,210	(1,233)
Interest	595	348	(247)	11,834	7,197	(4,637)
Other	2,705	4,549	1,844	60,746	60,190	(556)
<b>Other financing sources:</b>						
Proceeds from sale of bonds	-	-	-	16,570	16,570	-
Transfer from other funds	2,391	3,525	1,134	83,111	73,317	(9,794)
<b>Total sources</b>	<b>\$ 21,346</b>	<b>\$ 23,586</b>	<b>\$ 2,240</b>	<b>\$ 624,212</b>	<b>\$ 563,923</b>	<b>\$ (60,289)</b>

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

**General Governmental Expenditures and Other Uses by Function\***

**Table 1**

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
<b>Expenditures:</b>										
General government	\$ 64,123	\$ 64,525	\$ 75,742	\$ 75,770	\$ 101,565	\$ 97,606	\$ 111,116	\$ 103,360	\$ 112,393	\$ 108,507
Health, social services	909,041	864,576	994,633	1,061,930	1,090,069	1,179,553	1,236,991	1,353,839	1,440,569	1,536,696
Education and support	22,356	23,009	24,633	24,019	26,460	30,476	42,027	44,532	43,091	968,484
Law, justice, and public safety	199,261	211,015	224,281	256,015	276,275	341,970	338,518	361,041	382,316	412,317
Regulation of business	59,673	54,664	58,925	58,819	63,730	67,816	82,127	87,057	84,553	75,189
Transportation	263,996	347,064	368,040	344,183	312,592	331,302	433,118	537,748	484,219	418,870
Recreation, resource development	68,603	72,635	77,273	80,713	89,011	91,436	85,378	92,140	95,657	95,869
Intergovernmental	474,193	495,287	482,910	613,244	672,812	767,476	854,172	856,294	912,569	93,082
Capital improvements	60,887	49,871	40,548	27,932	49,298	46,849	67,327	150,095	37,489	18,404
Debt service	224,377	76,739	107,225	138,791	151,422	157,868	192,433	183,114	200,759	230,261
<b>Other Uses:</b>										
University	196,155	218,237	257,676	266,381	350,404	302,878	402,384	348,110	375,640	406,818
<b>Total expenditures and other uses</b>	<b>\$ 2,542,665</b>	<b>\$ 2,477,622</b>	<b>\$ 2,711,886</b>	<b>\$ 2,947,797</b>	<b>\$ 3,183,638</b>	<b>\$ 3,415,230</b>	<b>\$ 3,845,591</b>	<b>\$ 4,117,330</b>	<b>\$ 4,169,255</b>	<b>\$ 4,364,497</b>

**General Governmental Revenues and Other Resources by Source \***

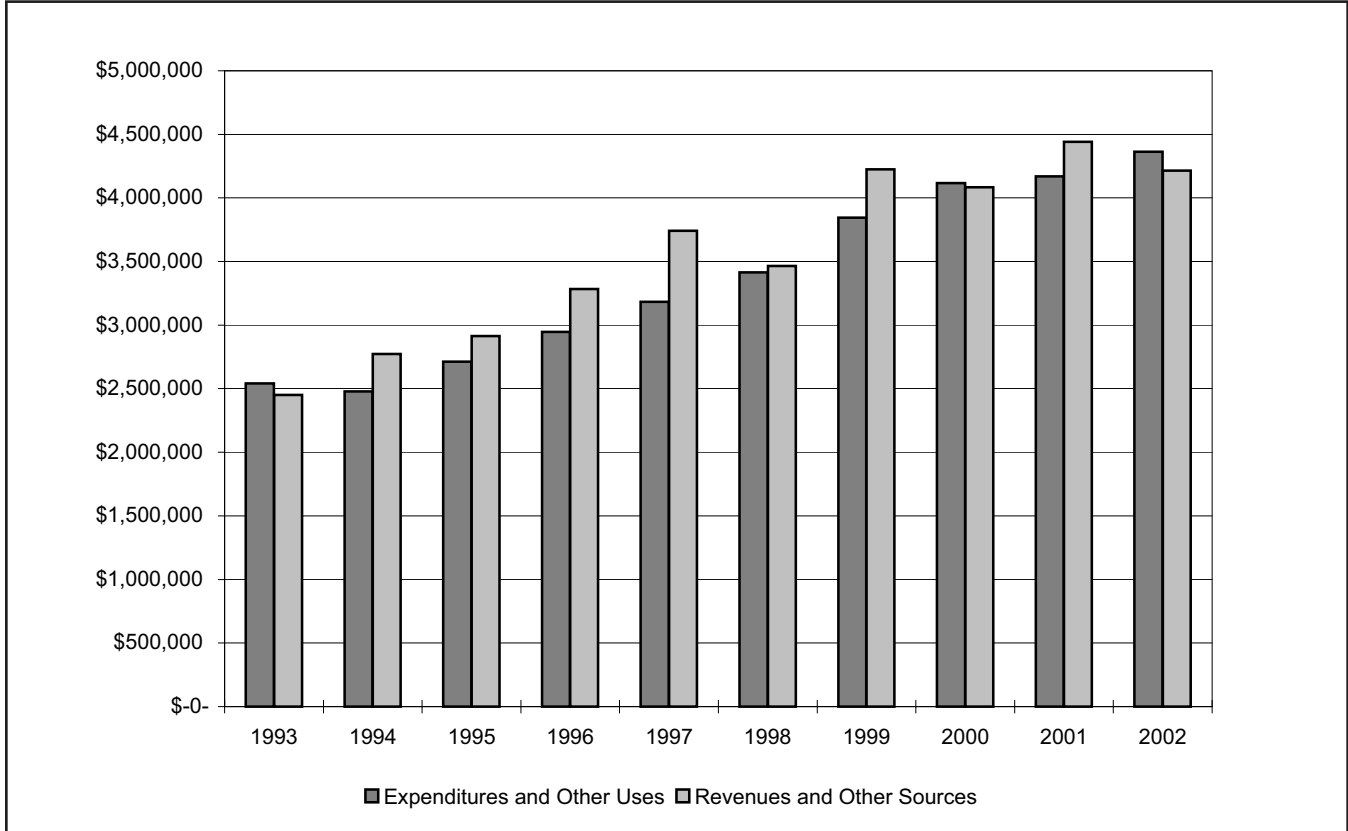
**Table 2**

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
<b>Revenues:</b>										
Gaming taxes	\$ 453,084	\$ 490,166	\$ 517,524	\$ 566,834	\$ 566,079	\$ 586,186	\$ 635,264	\$ 707,300	\$ 724,981	\$ 697,482
Sales taxes	343,604	402,548	446,504	502,960	554,891	581,991	645,560	672,473	714,249	718,910
Intergovernmental	645,228	709,128	836,557	877,735	908,806	950,533	1,036,944	1,084,235	1,187,155	1,347,251
Other taxes	661,839	648,390	694,031	729,808	772,563	815,270	862,477	949,538	960,301	761,908
Licenses, fees and permits	164,741	166,094	175,139	185,375	198,622	204,653	222,274	237,798	241,940	270,724
Charges for service and sales	29,579	39,657	39,751	41,458	44,885	50,427	55,298	52,378	53,049	54,953
Interest, investment income	56,959	45,572	68,387	91,595	113,061	164,843	164,919	159,220	185,299	124,674
Other	60,125	48,797	43,159	42,699	52,396	47,932	45,855	120,877	108,086	102,815
<b>Other Resources:</b>										
Net proceeds from debt financing	32,006	218,632	90,093	239,531	522,685	26,674	551,221	93,211	256,473	114,967
Net operating transfers	3,816	4,153	3,274	4,829	3,549	5,990	3,525	5,303	7,766	20,464
Other	56	149	162	357	3,226	31,196	450	531	870	1,539
<b>Total revenues and other resources</b>	<b>\$ 2,451,037</b>	<b>\$ 2,773,286</b>	<b>\$ 2,914,581</b>	<b>\$ 3,283,181</b>	<b>\$ 3,740,763</b>	<b>\$ 3,465,695</b>	<b>\$ 4,223,787</b>	<b>\$ 4,082,864</b>	<b>\$ 4,440,169</b>	<b>\$ 4,215,687</b>

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

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

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



**General Fund Expenditures and Unreserved Fund Balance**

**Table 3**

<u>Fiscal Year Ended June 30</u>	<u>General Fund Expenditures</u>	<u>Unreserved General Fund Balance</u>	<u>"Rainy Day" (1) Fund Balance</u>
1993	\$ 1,386,788	\$ 32,732	\$ -
1994	1,418,582	39,616	18,057
1995	1,578,382	(26,809)	100,000
1996	1,792,460	10,107	123,392
1997	1,869,807	(9,360)	128,867
1998	2,097,300	(89,509)	128,867
1999	2,215,598	(68,511)	128,867
2000	2,410,399	(46,803)	147,096
2001	2,550,207	(101,012)	136,341
2002	2,979,250	(167,297)	136,341

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

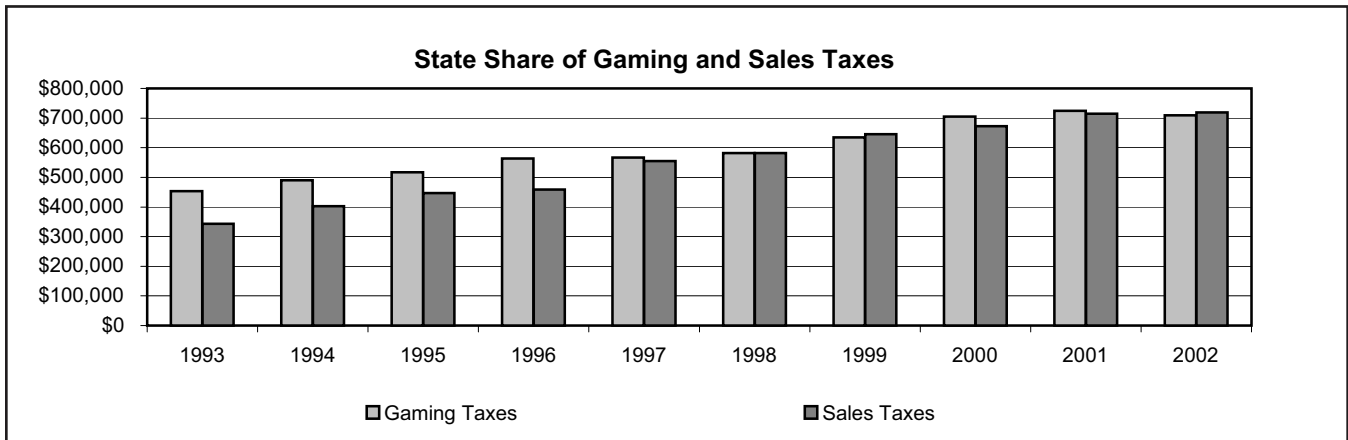
For the Last Ten Fiscal Years (Expressed in Thousands) (Unaudited)

State Collected Gaming Taxes and Sales Taxes

Table 4

Fiscal Year Ended June 30	Gaming Taxes			Sales Taxes			
	Gross Taxable Gaming Revenues	State Collections Gaming Taxes	State Share Gaming Taxes	Gross Taxable Sales	Gross Sales Tax Revenues	State General Fund Revenues	Sales Taxes Collected for Local Governments
1993	\$ 5,871,840	\$ 455,182	\$ 453,084	\$ 15,665,903	\$ 1,071,886	\$ 343,604	\$ 728,282
1994	6,397,278	498,709	490,166	18,215,224	1,245,720	402,548	842,788
1995	6,821,022	522,848	517,524	20,075,579	1,374,636	446,504	928,132
1996	7,240,837	565,921	563,198	22,222,771	1,541,703	458,336	1,083,367
1997	7,300,149	569,962	567,341	24,408,114	1,696,634	554,891	1,192,259
1998	7,577,394	584,048	581,423	25,360,551	1,771,936	581,991	1,246,825
1999	8,133,799	637,903	635,288	28,039,912	1,973,968	645,560	1,393,773
2000	9,015,244	707,610	704,893	29,815,517	2,149,120	672,473	1,472,225
2001	9,220,209	727,104	724,310	31,527,164	2,259,365	714,249	1,549,528
2002	9,082,035	711,577	708,898	31,785,790	2,288,288	718,910	1,569,378

Sources: Nevada Gaming Control Board, State Department of Taxation



Average Combined Property Tax Rates and State Levy

Table 5

Fiscal Year Ended June 30	Tax Rates Per \$100 of Assessed Value					
	Clark County	Washoe County	15 Other Counties	Average County Rate	State Gov't Rate	State Gov't Tax Levy
1994	2.8043	3.2863	2.5919	2.8550	0.1500	\$39,199,474
1995	2.8111	3.3265	2.5942	2.8661	0.1500	42,442,059
1996	2.7813	3.4140	2.5355	2.8505	0.1500	46,653,503
1997	2.7881	3.3545	2.5926	2.8580	0.1500	51,138,611
1998	2.9106	3.3675	2.6272	2.9443	0.1500	55,970,796
1999	2.9404	3.4032	2.6249	2.9716	0.1500	61,221,755
2000	2.8274	3.4455	2.6676	3.0042	0.1500	68,826,505
2001	3.0181	3.4278	2.6519	3.0339	0.1500	74,608,661
2002	3.0334	3.4724	2.6715	3.0563	0.1500	79,404,732
2003	3.0321	3.5511	2.7209	3.0758	0.1500	86,653,099

Source: Department of Taxation

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

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

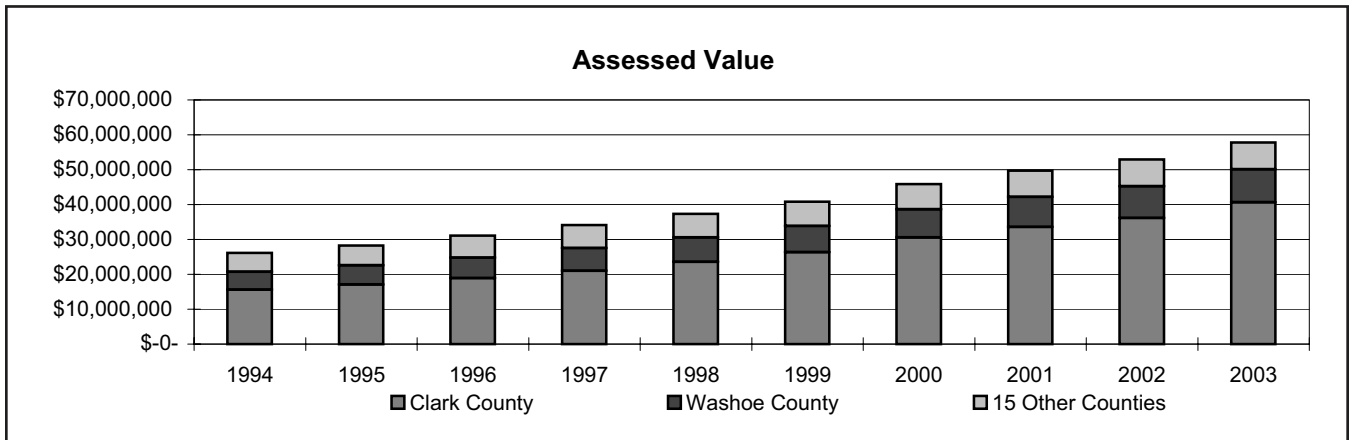
Assessed Value of Taxable Property

Table 6

Fiscal Year Ended June 30	Assessed Value (1)				Market Value
	Clark County	Washoe County	15 Other Counties	Total State	Total State
1994	\$ 15,574,486	\$ 5,179,851	\$ 5,378,646	\$ 26,132,983	\$ 74,665,666
1995	17,107,695	5,440,391	5,746,620	28,294,706	80,842,017
1996	18,909,831	5,863,539	6,328,966	31,102,336	88,863,817
1997	21,023,607	6,482,287	6,586,513	34,092,407	97,406,877
1998	23,599,895	6,948,776	6,765,193	37,313,864	106,611,040
1999	26,347,735	7,500,857	6,965,912	40,814,504	116,612,869
2000	30,539,106	8,085,546	7,269,325	45,893,977	131,125,648
2001	33,616,437	8,624,387	7,508,424	49,749,248	142,140,708
2002	36,163,445	9,096,698	7,683,594	52,943,737	151,267,821
2003	40,649,295	9,461,964	7,657,474	57,768,733	165,053,522

Source: Department of Taxation

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



Ten Largest Taxable Property Owners

Table 7

2002-2003	Assessed Valuation	Percentage of Total Assessed Valuation
M.G.M. Mirage (Las Vegas)	\$ 1,450,430	2.47 %
Park Place Entertainment (Las Vegas)	883,854	1.51
Mandalay Resort Group (Las Vegas)	771,640	1.32
Nevada Power Company	644,086	1.10
Sierra Pacific Power Company	406,695	0.69
F.S. Rouse Co. (Hughes) (Las Vegas)	360,985	0.62
Venetian Casino Resort (Las Vegas)	322,162	0.55
Newmont Gold Company (Elko, Eureka)	310,900	0.53
Harrah's Entertainment (Las Vegas)	273,332	0.47
Station Casinos, Inc. (Las Vegas)	267,227	0.46
<b>Totals</b>	<b>\$ 5,691,311</b>	<b>9.72 %</b>

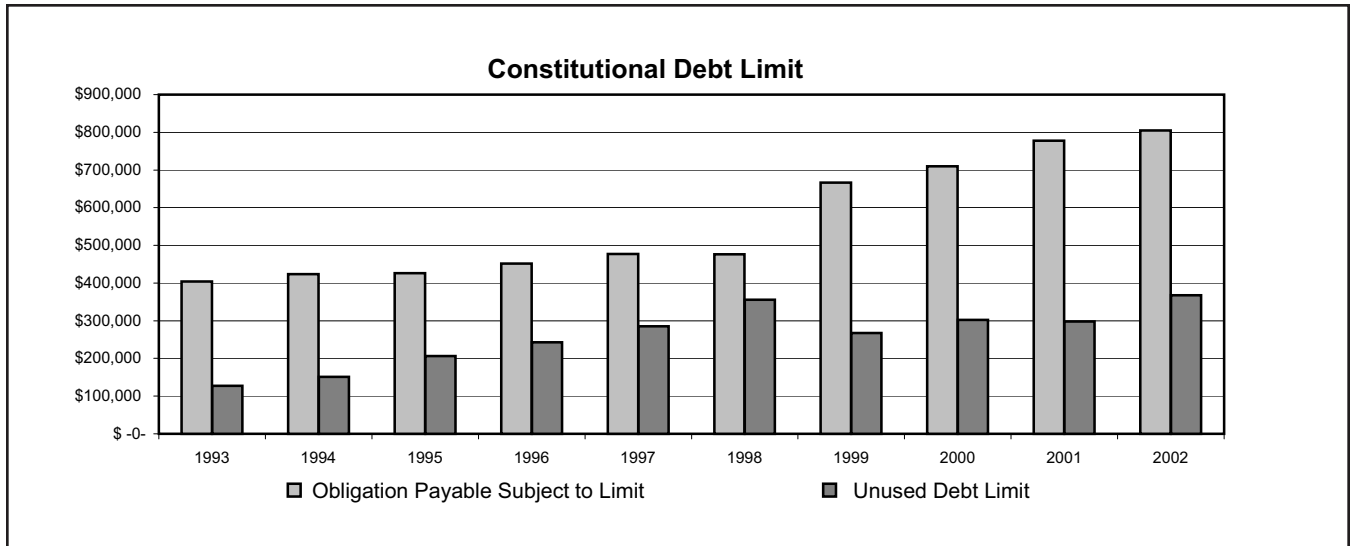
Source: Department of Taxation

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

Constitutional Debt Limit

Table 8

Fiscal Year Ended June 30	2% Assessed Valuation	Obligation Payable Subject to Limit	Unused Debt Limit
1993	\$ 531,426	\$ 404,005	\$ 127,421
1994	574,717	423,278	151,439
1995	632,795	426,613	206,182
1996	694,581	451,567	243,014
1997	762,212	476,979	285,233
1998	831,746	476,050	355,696
1999	934,106	666,234	267,872
2000	1,011,490	709,490	302,000
2001	1,075,731	777,902	297,829
2002	1,172,317	804,860	367,457



Computation of Legal Debt Margin at June 30, 2002:

Assessed value of taxable property at June 30, 2002 (1)		<u>\$ 58,615,826</u>
Debt limitation (2% of assessed value)		\$ 1,172,317
Total general and special obligation bonded debt	\$ 2,375,993	
Leases	3,900	
Certificates of participation	14,395	
Less obligation exempt from debt margin:		
Municipal bond bank bonds	(1,087,785)	
Protection of natural resources bonds	(501,643)	
Debt subject to debt limitation		<u>804,860</u>
Legal debt margin at June 30, 2002		<u>\$ 367,457</u>

(1) Assessed value includes redevelopment assessed value of \$847,093



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

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

**Table 9**

Year Ended June 30	Principal	Interest, Fiscal Charges (1)	Total Debt Service (2)	Total General Expenditures (3)	Debt Service Expenditures to General Expenditures %
1993	\$ 19,630	\$ 43,827	\$ 63,457	\$ 2,542,665	2.50
1994	26,195	33,159	59,354	2,477,622	2.40
1995	28,260	41,887	70,147	2,711,886	2.59
1996	47,015	55,128	102,143	2,947,797	3.47
1997	47,575	74,341	121,916	3,183,638	3.83
1998	52,405	79,831	132,236	3,415,230	3.87
1999	56,115	109,468	165,583	3,845,591	4.31
2000	66,741	109,214	175,955	4,117,330	4.27
2001	74,655	114,485	189,140	4,169,255	4.54
2002	74,925	113,159	188,084	4,364,497	4.31

(1) Excludes advance refunding escrow expenditures.

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

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

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

**Table 10**

Year Ended June 30	Population	Assessed Value (1)	Gross Bonded Debt (2)	Less Debt Service Fund	Debt Payable From Fees and Enterprise Fund Revenues (3)	Net Bonded Debt	Net Bonded Debt to Assessed Value %	Net Bonded Debt Per Capita
1993	1,399	\$ 26,132,983	\$ 703,450	\$ 19,349	\$ 278,820	\$ 405,281	1.55	\$ 290
1994	1,493	28,294,706	820,906	20,331	353,256	447,319	1.58	300
1995	1,582	31,102,336	1,026,766	22,420	560,375	443,971	1.43	281
1996	1,638	34,092,407	1,234,716	26,279	716,970	491,467	1.44	300
1997	1,741	37,313,864	1,692,296	29,207	1,142,180	520,909	1.40	299
1998	1,875	40,814,504	1,731,135	30,553	1,210,757	489,825	1.20	261
1999	1,962	45,893,977	2,210,319	31,565	1,578,895	599,859	1.31	306
2000	1,998	49,749,248	2,261,376	36,519	1,573,840	651,017	1.31	326
2001	2,132	52,943,737	2,340,381	37,497	1,581,075	721,809	1.36	339
2002	2,197	57,768,733	2,375,993	34,442	1,549,820	791,731	1.37	360

(1) Excludes redevelopment agency valuations.

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

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

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

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

**Table 11**

Fiscal Year Ended June 30	Gross Resources	Uses	Net Resources Available for Debt Service	Debt Service Requirements (1)			Coverage %
				Principal	Interest	Total	
1993	\$ 332,174 (2)	\$ 319,761 (3)	\$ 12,413	\$ 16,220	\$ 3,115	\$ 19,335	0.64
1994	425,828	409,671	16,157	12,720	2,327	15,047	1.07
1995	499,343	440,711	58,632	30,420	5,440	35,860	1.64
1996	463,447	413,941	49,506	30,420	4,929	35,349	1.40
1997	464,737	395,415	69,322	24,420	3,409	27,829	2.49
1998	474,138	426,550	47,588	17,700	2,080	19,780	2.41
1999	557,153	550,982	6,171	17,700	1,239	18,939	0.33
2000	619,552	661,622	(42,070)	-	-	-	n/a
2001	621,525	613,581	7,944	-	2,254	2,254	3.52
2002	712,334	547,761	164,573	8,065	4,806	12,871	12.79

**Mortgage Revenue Bond Coverage (Housing Division Revenues)**

**Table 12**

Fiscal Year Ended June 30	Gross Resources	Uses	Net Resources Available for Debt Service	Debt Service Requirements (1)			Coverage %
				Principal	Interest	Total	
1993	\$ 168,152 (4)	\$ 8,597 (3)	\$ 159,555	\$ 87,617	\$ 51,135	\$ 138,752	1.15
1994	213,621	7,512	206,109	178,892	38,327	217,219	0.95
1995	84,281	7,511	76,770	56,462	37,327	93,789	0.82
1996	112,896	8,280	104,616	82,256	43,156	125,412	0.83
1997	120,652	8,356	112,296	72,936	48,761	121,697	0.92
1998	148,101	8,519	139,582	17,827	54,115	71,942	1.94
1999	183,441	9,552	173,889	79,680	58,154	137,834	1.26
2000	123,773	9,014	114,759	105,187	63,406	168,593	0.68
2001	167,700	9,315	158,385	69,511	65,749	135,260	1.17
2002	206,589	11,835	194,754	187,664	67,796	255,460	0.76

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

**Table 13**

Fiscal Year Ended June 30	Gross Resources	Uses	Net Resources Available for Debt Service	Debt Service Requirements (1)			Coverage %
				Principal	Interest	Total	
1993	\$ 11,915	\$ 4,411 (3)	\$ 7,504	\$ 3,020	\$ 4,514	\$ 7,534	1.00
1994	12,273	5,551	6,722	3,028	3,951	6,979	0.96
1995	14,947	7,021	7,926	3,367	5,068	8,435	0.94
1996	19,030	10,591	8,439	3,120	6,707	9,827	0.86
1997	54,149 (5)	15,620	38,529	3,625	12,136	15,761	2.44
1998	55,501 (5)	15,575	39,926	5,840	11,860	17,700	2.26
1999	49,917 (5)	22,522	27,395	6,570	11,649	18,219	1.50
2000	65,643 (5)	25,957	39,686	6,905	11,326	18,231	2.18
2001	64,393 (5)	24,219	40,174	7,265	10,983	18,248	2.20
2002	126,467 (5)	90,630	35,837	3,365	7,079	10,444	3.43

- (1) Principal requirements represent principal outlays.
- (2) Consists of the resources of the State Highway Special Revenue Fund and Highway Revenue Bonds Debt Service Fund.
- (3) Uses are operating expenses, nonoperating expenses, and transfers out less interest expense and depreciation.
- (4) Consists of operating revenues, nonoperating revenues, transfers in and principal collections of the Housing Division Enterprise Fund.
- (5) Includes operating revenues and nonoperating revenues of the Southern Nevada Water Authority who replaced the Colorado River Commission Water Treatment Enterprise Fund as payor of the Colorado River Commission General Obligation/Revenue Bonds debt service.

(Unaudited)

Disposable Per Capita Income

Table 14

Calendar Year	United States	California	Nevada	Nevada's Per Capita as % of U.S. Per Capita	Nevada's Per Capita Rank
1970	\$ 3,484	\$ 4,131	\$ 4,425	127%	5
1980	8,424	9,876	9,714	115	5
1990	16,642	18,313	17,443	105	15
1992	18,034	19,390	18,866	105	14
1993	18,551	19,571	19,386	105	8
1994	19,241	19,929	20,350	106	8
1995	20,189	20,970	21,065	104	10
1996	20,979	21,760	21,805	104	9
1997	21,908	22,674	22,742	104	11
1998	22,424	23,119	22,959	102	14
1999	24,297	25,100	26,205	108	9
2000	25,090	26,808	26,105	104	14
2001	25,688	26,947	25,637	100	17

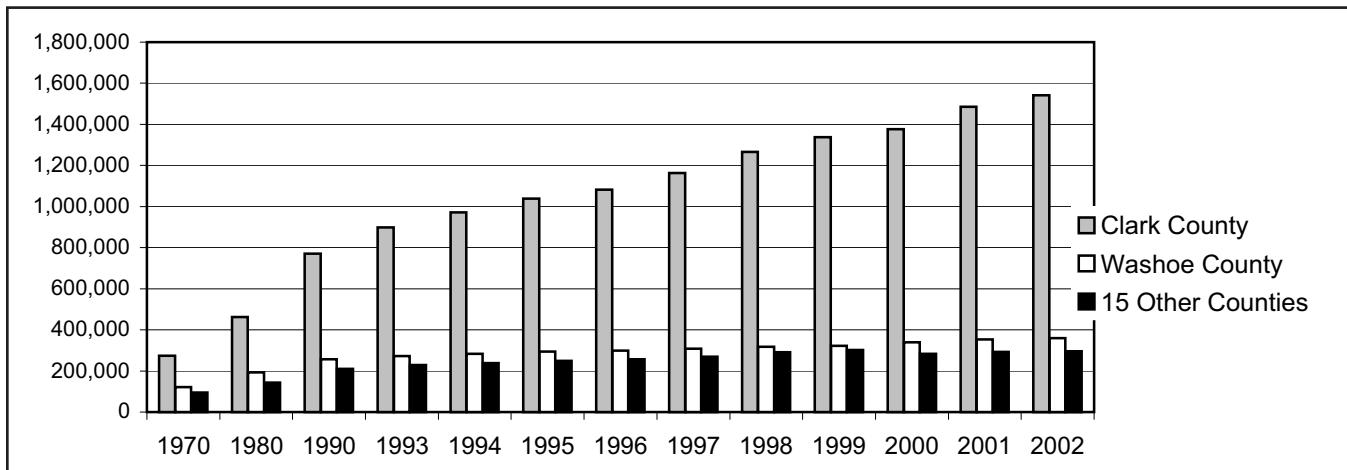
Source: Survey of Current Business, published by U.S. Department of Commerce

Population

Table 15

Year	Clark County	Washoe County	15 Other Counties	Total State
1970	273,288	121,068	94,382	488,738
1980	463,087	193,623	143,798	800,508
1990	770,280	257,120	209,500	1,236,900
1993	898,020	271,770	228,970	1,398,760
1994	971,680	282,630	238,690	1,493,000
1995	1,038,180	294,290	249,810	1,582,280
1996	1,082,667	298,356	256,992	1,638,015
1997	1,163,207	308,579	269,111	1,740,897
1998	1,265,590	318,050	291,120	1,874,760
1999	1,337,400	322,810	301,460	1,961,670
2000	1,375,765	339,486	283,006	1,998,257
2001	1,485,855	353,271	293,372	2,132,498
2002	1,541,395	359,423	296,263	2,197,081

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



For the Last Ten Fiscal Years (Unaudited)

Public School Enrollment

Table 16

Grades	Fall Enrollment									
	1993	1994	1995	1996	1997	1998	1999	2000 (1)	2001 (1)	2002
Primary (K - 6)	138,829	146,949	155,492	164,654	173,618	181,612	189,755	198,863	207,039	211,260
Secondary (7 - 12)	96,971	103,798	109,549	117,477	123,003	129,451	135,855	141,843	149,775	158,225
<b>Total</b>	<b>235,800</b>	<b>250,747</b>	<b>265,041</b>	<b>282,131</b>	<b>296,621</b>	<b>311,063</b>	<b>325,610</b>	<b>340,706</b>	<b>356,814</b>	<b>369,485</b>
County										
Clark	145,327	156,348	166,788	179,106	190,822	203,777	217,526	231,655	245,659	255,316
Washoe	43,715	45,752	47,572	49,671	51,205	52,652	54,508	56,268	58,532	58,908
All Others	46,758	48,647	50,681	53,354	54,594	54,634	53,576	52,783	52,623	55,261
<b>Total</b>	<b>235,800</b>	<b>250,747</b>	<b>265,041</b>	<b>282,131</b>	<b>296,621</b>	<b>311,063</b>	<b>325,610</b>	<b>340,706</b>	<b>356,814</b>	<b>369,485</b>

(1) Revised in 2002

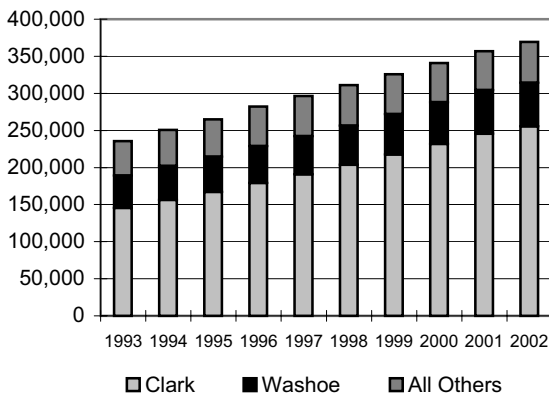
Source: Nevada Department of Education

University, State College, and Community College Enrollment

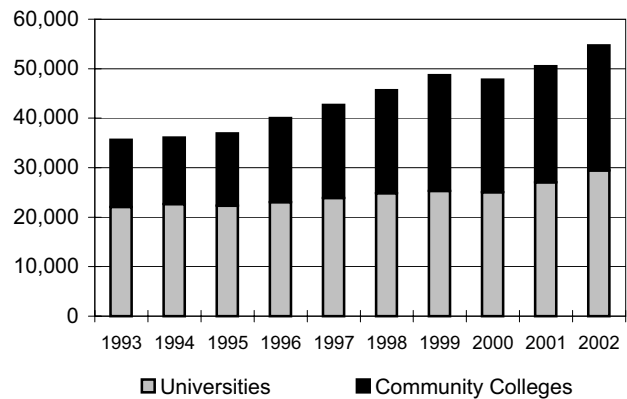
Table 17

Universities	Full Time Equivalent Students at Fall Enrollment									
	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
Reno	9,155	9,392	9,161	9,383	9,397	9,488	9,881	9,898	10,804	11,668
Las Vegas	12,885	13,211	13,166	13,661	14,447	15,318	15,428	15,093	16,232	17,777
<b>Subtotal</b>	<b>22,040</b>	<b>22,603</b>	<b>22,327</b>	<b>23,044</b>	<b>23,844</b>	<b>24,806</b>	<b>25,309</b>	<b>24,991</b>	<b>27,036</b>	<b>29,445</b>
State College										
Henderson	-	-	-	-	-	-	-	-	-	116
Community Colleges (CC)										
Southern Nevada	7,137	7,111	8,599	10,245	11,380	13,135	15,215	14,410	15,266	16,532
Great Basin	906	933	878	1,010	1,146	1,132	1,252	1,322	1,208	1,251
Truckee Meadows	3,726	3,594	3,451	3,848	4,377	4,560	4,867	5,032	4,889	5,324
Western Nevada	1,810	1,847	1,682	1,869	1,955	2,013	2,045	2,037	2,128	2,164
<b>Subtotal</b>	<b>13,579</b>	<b>13,485</b>	<b>14,610</b>	<b>16,972</b>	<b>18,858</b>	<b>20,840</b>	<b>23,379</b>	<b>22,801</b>	<b>23,491</b>	<b>25,271</b>
<b>Total</b>	<b>35,619</b>	<b>36,088</b>	<b>36,937</b>	<b>40,016</b>	<b>42,702</b>	<b>45,646</b>	<b>48,688</b>	<b>47,792</b>	<b>50,527</b>	<b>54,832</b>

Public School Enrollment



University and Community College Enrollment



**Average Annual Employment**

**Table 18**

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

Fiscal Year Ended June 30	Labor Force Statistics				Industrial Base Statistics (2)		
	Total Nevada Labor Force	Unemployment	Unemployment Rate %	U.S. Average Unemployment Rate %	Total Non- Agriculture	Goods Producing	Services Producing
1993	746.0	54.0	7.2	6.8	670.0	88.0	582.0
1994	779.0	48.0	6.2	6.1	736.7	100.9	635.8
1995	800.9	43.2	5.4	5.6	789.1	111.8	677.3
1996	844.1	45.7	5.4	5.4	842.5	128.0	714.5
1997	890.2	40.7	4.6	5.0	885.8	137.1	748.7
1998	919.9	39.6	4.3	4.5	924.4	140.1	784.3
1999	941.6	41.9	4.4	4.2	985.1	144.9	840.2
2000	986.1	40.0	4.1	4.0	1,028.7	143.1	885.6
2001 (3)	1,023.5	54.7	5.3	4.8	1,053.9	145.9	908.0
2002 (1)	1,051.1	59.1	5.6	5.7	1,064.7	147.3	917.4

Source: Nevada Department of Employment, Training and Rehabilitation

(1) Average through September 2002

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

(3) Revised in 2002

**Revenues Collected from Counties**

**Table 19**

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

County:	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
Carson City	\$ 1,387	\$ 1,477	\$ 1,436	\$ 1,696	\$ 1,676	\$ 1,785	\$ 2,076	\$ 2,340	\$ 2,416	\$ 2,208
Churchill	610	677	697	684	756	750	874	892	824	815
Clark	29,663	40,953	40,644	45,462	49,796	53,698	70,399	82,802	92,243	82,753
Douglas	2,066	2,259	2,313	2,541	2,728	2,766	3,176	3,542	3,730	3,364
Elko	1,467	1,672	1,833	1,814	2,073	1,975	2,099	2,199	2,411	2,284
Esmeralda	110	123	118	119	107	175	225	170	196	199
Eureka	616	785	900	1,020	986	899	933	827	906	815
Humboldt	638	728	799	869	1,028	1,100	1,292	1,227	1,196	1,066
Lander	334	331	337	359	400	414	458	496	497	417
Lincoln	154	168	173	198	260	228	244	244	284	262
Lyon	1,048	843	910	940	1,072	1,188	1,454	1,666	1,724	1,530
Mineral	209	211	240	269	309	314	225	207	496	159
Nye	911	924	922	1,062	1,273	1,296	1,559	1,949	2,131	1,780
Pershing	238	244	241	259	272	289	339	336	293	317
Storey	110	109	122	129	142	253	242	220	246	293
Washoe	10,883	11,783	12,561	13,385	14,550	13,256	19,398	21,589	22,346	20,199
White Pine	239	281	255	405	391	332	369	374	330	274
<b>Total revenues collected from counties</b>	<b>\$ 50,683</b>	<b>\$ 63,568</b>	<b>\$ 64,501</b>	<b>\$ 71,211</b>	<b>\$ 77,819</b>	<b>\$ 80,718</b>	<b>\$ 105,362</b>	<b>\$ 121,080</b>	<b>\$ 132,269</b>	<b>\$ 118,735</b>

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

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

The Honorable Kathy Augustine  
State Controller

We have audited the basic financial statements of the State of Nevada (the State), as of and for the year ended June 30, 2002, and have issued our report thereon dated December 13, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. As described in our report dated December 13, 2002, portions of the audit of the basic financial statements were performed by other auditors, whose reports were furnished to us.

Compliance

As part of obtaining reasonable assurance about whether the State's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of 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 non-compliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the State's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the basic financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving internal control over financial reporting and its operation that we consider to be material weaknesses.

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

*Kafoury, Armstrong & Co.*

Reno, Nevada  
December 13, 2002

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