

# State of Nevada

## Comprehensive Annual Financial Report

for the Fiscal Year  
Ended June 30, 2003

Kathy Augustine  
State Controller

# Kathy Augustine State Controller



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

Ms. Augustine was sworn in as Nevada's first female State Controller on January 4, 1999 and was elected to her second term last November. 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.

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State Controller

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December 15, 2003

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, 2003. This is the second 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. Again, I believe this presentation will provide better 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 elected officials, our State government organizational chart and the Government Finance Officers Association of the United States and Canada (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 GFOA for the contents of government financial reports, and participates in the GFOA's review program for the Certificate of Achievement for Excellence in Financial Reporting.

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

received an unqualified opinion on the basic financial statements for this fiscal year.

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

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

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

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

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

## Profile of Government

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

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

The State operates under a constitution, ratified in 1864, which provides for a full range of services, including education, health and social services, highway maintenance and construction, law enforcement, public safety, business regulation, and resource development.

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

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 (UCCSN). 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 upon 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, or 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 UCCSN. An elected eleven-member Board of Regents supervises the operation of the University System, comprised of two universities, one state college, four community colleges and a research institute. The University System receives significant financial support from the State. Enrollment data for the University System is available in Table 17 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 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 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 percent and not more than 10 percent 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 percent 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 percent, 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, the Unemployment Compensation Fund, specified in statute or Board of Finance approved State agency outside bank accounts and the University System are combined into 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 percent of the total reported assessed property value of the State. Additional disclosures regarding the State's long-term obligations are provided in Note 8 to the basic financial statements.

**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 Premiums Fund to provide fidelity, property and workers' compensation coverage. The Insurance Premiums 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, increased \$865 million in 2003 and the unfunded accrued liability, using the entry age normal cost method, increased \$450 million to \$3,658 million on June 30, 2003. The funded ratio decreased from 82.4 percent in 2002, to 81.3 percent in 2003. Under the present plan and actuarial method, the unfunded liability is being amortized over a period of twenty one years from July 1, 2003. Additional information is available in the separately issued financial statements of the PERS Actuarial Section.

**Economic Outlook:** The national economy appears to be on the mend. In fact, Global Insight, a nationally- and internationally-known forecasting firm under contract with the State of Nevada is forecasting real GDP growth of 4.1 percent in 2004 and 3.7 percent in 2005. Over the 2001-2003 period, growth is expected to have averaged less than 2 percent. The major concern is the ability of the economy to generate employment opportunities. Global Insight expects some improvement, with job growth of 1.6 percent in 2004 and 2 percent in 2005.

Against this backdrop, expectations are for Nevada to continue to also rebound. Certainly, a key development will be the extent to which the recent uptick in tourist and gaming trends can be maintained. Fortunately, continued growth in the gaming industry, especially in Southern Nevada, is unfolding. The Wynn Las Vegas property is under construction, as are a number of expansions to existing properties. In addition, the dining and entertainment sector continues to grow, providing additional incentives for tourists to visit the Silver State.

Most encouraging is the likelihood that Nevada will continue to turn in an extremely strong performance relative to other states. Specifically, Global Insight is forecasting average annual job growth of 2.9 percent over the 2003 - 2005 period, and 3 percent growth during the three-year period.

## Major Initiatives

Since Governor Kenny C. Guinn's overwhelming reelection in 2002, he and his administration have continued to pursue several major initiatives that were central in his *State of the State Addresses* in 1999 and 2001, and which were echoed in his 2003 speech. Facing the continuing challenges of constricted revenue streams and an anticipated \$300 million budget deficit for the biennium ended June 30, 2003, the Governor acted aggressively to postpone and then eliminate \$28 million in authorized agency program appropriations for State Fiscal Year (SFY) 03; and continue the hiring freeze, eliminating more than 500 vacant positions. Further, he cut an already lean 2003-2005 Executive Budget proposal, refusing numerous agency requests; and affected other cost-reduction measures suggested by his on-going Fundamental Review of State Government, which saved an additional \$30 million over the biennium. He also directed another \$84 million be spent down from reserves, some \$30 million of which was generated by refinancing the State's debt. Finally, \$135 million was taken from the State's Rainy Day Fund, to help balance the budget through the end of SFY03. All of these actions were taken in addition to pruning approved agency program appropriations for SFY02 by more than \$19 million and ordering a \$38 million, 3 percent across-the-board cut from approved General Fund agency budgets in August of 2002.



**Tax Structure:** In the wake of making the painful budget cuts mentioned above, and receiving the recommendations generated by the Governor's Task Force on Tax Policy which was created by the 2001 Legislature, the focus of Governor Guinn's attention became even more centered on revising Nevada's inadequate tax system. Taking a page from "A Fiscal Agenda for Nevada", the report generated in 1990 following the legislatively approved study by Price Waterhouse and the Urban Institute, Governor Guinn proceeded to work with task force members, and other stakeholders, to design a broad-based business tax system that would support the long-term needs of Nevada's rapidly growing population, and protect its most vulnerable citizens. Nevada ranks at, or near the bottom, in many quality-of-life measures, so Governor Guinn proposed Nevada's citizens invest in improving those statistics. Ultimately, taxes were increased using a wide range of sources and the estimated revenue growth over the biennium is estimated at \$836 million.

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

**Higher Education:** Nevada's University and Community College System, which will receive approximately \$980 million in State funding over the next two years, will be subject to notable scrutiny. A performance audit is being conducted by the Legislative Auditor to analyze the system's administration, athletic programs, capital construction bidding practices and projects, enrollment data, investment practices and other statewide programs. A review of existing and planned programs to identify unmet needs, determine feasibility of reallocating resources within each institution and to determine means to achieve a more effective and efficient higher education system also will be conducted. In addition, the eligibility requirements for the successful Millennium Scholarship program were revised, increasing the grade point average recipients are required to achieve and maintain in order to qualify for and remain in the program. Finally, the transfer of credit hours between institutions for subsequent degree programs within the system was improved.

**Health and Human Services:** Governor Guinn supported measures to keep people with mental illness out of over-crowded emergency rooms, hospitals, and jails. Funding was approved to continue programs created by the State's first special court to deal with mentally ill offenders in Washoe County. The Program for Assertive Community Treatment (PACT) was expanded in Las Vegas, along with the establishment of a 24/7 emergency crisis team to work with hospitals and law enforcement to address mental health issues. A new 150-bed psychiatric hospital facility was approved to be built in Las Vegas, which should relieve pressure on the community's existing emergency rooms and mental health system. The hospital is scheduled to open by early 2006.

Nevada's Senior Rx prescription program was expanded by increasing and indexing the allowable maximum household income for couples. Increasing the household income limit, from \$21,500 to \$28,660, allowed additional low-income seniors to qualify for this important program. Funding was also increased to provide assistance to 12,000 enrollees by the end of June 2005, up from the current limit of 7,500 enrollees.

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

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

substantial public and private resources. Enhancement of other group care and Medicaid waiver programs for some of our most vulnerable citizens were passed to ensure that effected residents will be able to retain their autonomy as long as possible. In addition, the newly created Office of Disability Services will provide a much-needed focal point within state government where the disabled and their families can be better served.

**Transportation:** Following passage of ballot questions in two of Nevada’s largest counties, Clark and Washoe, the Governor requested and received authorization for the issuance of approximately \$200 million in new transportation bonds to jump start highway construction projects throughout the State. Further, \$325 million in additional bonding authority was requested and approved in the biennial budget. These funds will be used, in part, to complete four major projects that will provide a shot in the arm for the State’s economy, create thousands of new jobs, and ease horrific traffic problems in the State’s more populated areas.

**Yucca Mountain:** Nevada continues its fight against the use of Yucca Mountain as an underground repository for high-level, radioactive waste. Six lawsuits have been filed by the State to block the project’s completion. The actions challenge the Department of Energy’s (DOE) final Yucca Mountain Environmental Impact Statement as inadequate, and various cases allege violation of the nation’s Energy Policy Act, the National Environmental Policy Act, the Nuclear Waste Policy Act, and the Safe Drinking Water Act. The State contends the DOE should have fully and adequately addressed transportation of spent nuclear fuel and high-level radioactive waste to the site and that the transportation analysis that was done is legally and substantively deficient and entirely inadequate from Nevada’s perspective. In addition, the State asserts that the U.S. government violated Nevada’s rights under the U.S. Constitution when it singled out Yucca Mountain as the national repository over the veto of Governor Guinn. Potential negative impacts on the environment, public health, transportation systems, and water supplies are of utmost concern to the State and its citizens. Hearings on these lawsuits, which were originally scheduled for September 2003, have been delayed until January 2004. The law firm hired to argue Nevada’s cases has also been retained by the State of Utah to fight the location of an aboveground nuclear waste storage facility in that state.

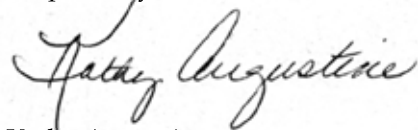
### Other Information

**GFOA Certificate of Achievement:** The GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to the State of Nevada for its CAFR for the fiscal year ended June 30, 2002. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both GAAP and applicable legal requirements. A copy of the GFOA Certificate of Achievement is included in the Introductory section of the CAFR.

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

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

Respectfully Submitted,



Kathy Augustine  
Nevada State Controller

# State of Nevada Constitutional Officers



**Kenny Guinn**  
Governor



**Lorraine Hunt**  
Lieutenant Governor



**Dean Heller**  
Secretary of State



**Kathy Augustine**  
Controller

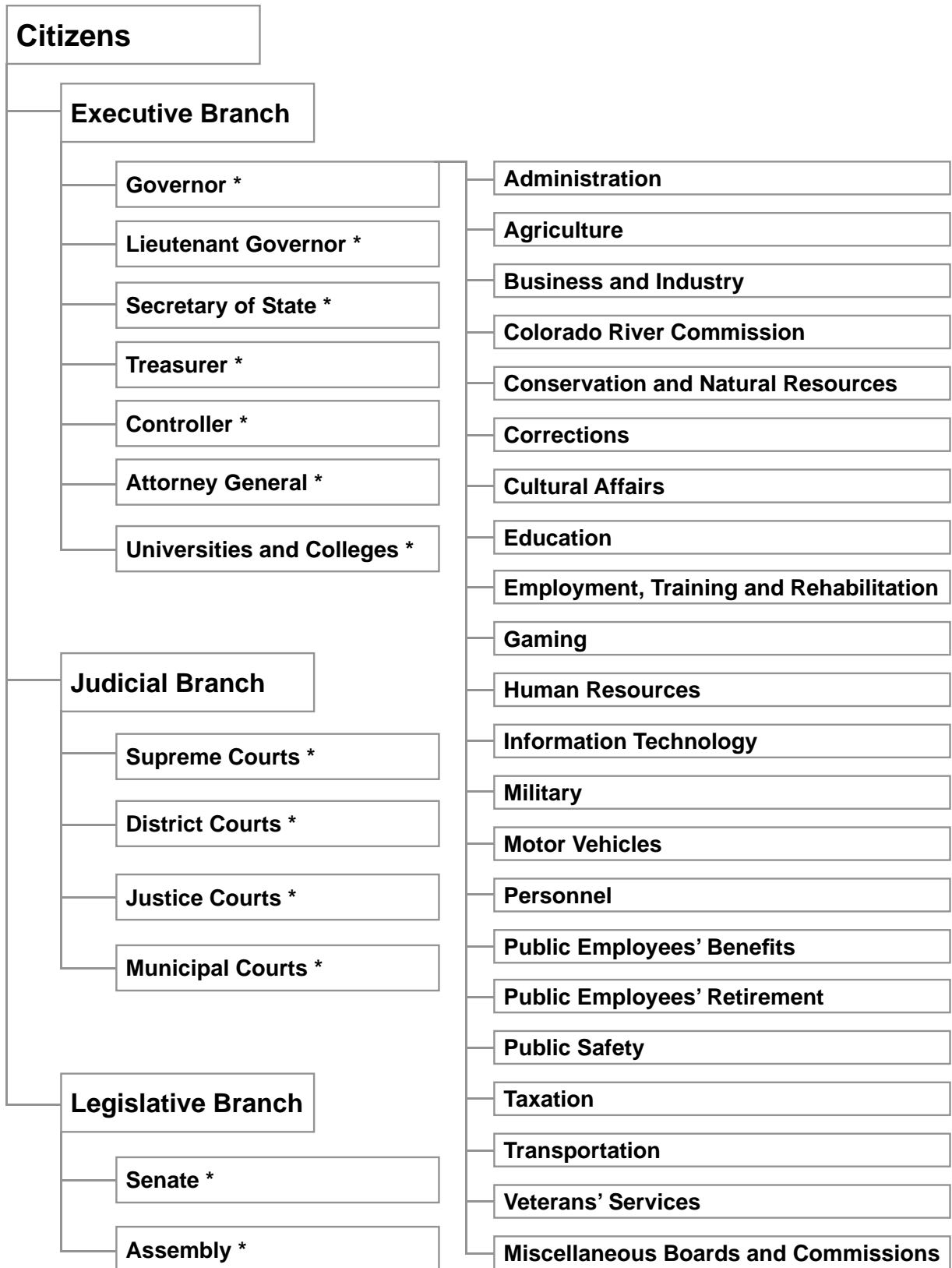


**Brian Krolicki**  
Treasurer



**Brian Sandoval**  
Attorney General

# Organizational Chart



\* Elected Officials

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

State of Nevada

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2002

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 R. Emer*

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, 2003, 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 63.1 percent of the assets and 16.0 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 6.4 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 87.8 percent of the assets and 48.0 percent of the revenues and additions of the aggregate remaining fund information.

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

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

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Nevada, as of June 30, 2003, 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.

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, 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 89 through 93, are not required parts of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We and the other auditors have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

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

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

*Kafoury, Armstrong & Co.*

Reno, Nevada  
December 15, 2003

## 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, 2003. We encourage readers to consider this information in conjunction with the additional information furnished in the letter of transmittal.

### Highlights

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

*Net Assets* – The assets of the State exceeded its liabilities at the close of the fiscal year ended June 30, 2003 by \$4.305 billion (reported as *net assets*). Of the \$4.305 billion in net assets, \$1.234 million was restricted and not available to meet the State's general obligations.

*Changes in Net Assets* – The State's total net assets decreased by \$51.8 million in fiscal year 2003. Net assets of governmental activities decreased by \$27.9 million (a 0.8% decrease), while net assets of the business-type activities showed a decrease of \$23.9 million (a 2.9% decrease).

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

At the close of the fiscal year, the State's governmental funds reported a combined ending fund balance of \$1.83 billion, a decrease of \$134.6 million from the prior year, attributable primarily to the reduction of the Stabilize the Operations of State Government ("Rainy Day") fund. Of this amount, \$211.5 million represents the *unreserved fund balance*.

The State's enterprise funds reported combined ending net assets of \$813.1 million, a decrease of \$24.4 million from the prior year, attributable primarily to the Unemployment Compensation fund. Of this amount, \$8.2 million represents the *unrestricted net assets*.

The State's fiduciary funds reported combined ending net assets of \$14.7 billion, an increase of \$919 million from the prior year, attributable primarily to the Pension Trust Funds and the Investment Trust Funds.

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

The State's long-term debt obligations decreased by \$156 million (a 4.2% decrease) during the current fiscal year.

### Overview of the Financial Statements

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

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

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

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

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

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



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

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

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

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

**Fund Financial Statements:**

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

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

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

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

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

**Notes to the Financial Statements:**

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

**Required Supplementary Information:**

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

**Other Supplementary Information:**

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

**Government-wide Financial Analysis**

The State’s overall financial position and operations for the fiscal years ended June 30, 2003 and 2002 for the primary government are summarized in the following statements based on the information included in the government-wide financial statements. The FY02 columns have had certain items reclassified to be consistent with FY03 reporting, but the total net assets at June 30, 2002 remain unchanged:

State of Nevada's Net Assets-Primary Government (expressed in thousands)							
	Governmental Activities		Business-type Activities		Total		Total Change
	2003	2002	2003	2002	2003	2002	2003-2002
<b>Assets</b>							
Current and other assets	\$ 3,716,849	\$ 3,696,929	\$ 2,138,846	\$ 2,285,931	\$ 5,855,695	\$ 5,982,860	\$ (127,165)
Net capital assets	4,018,876	3,924,966	3,153	2,764	4,022,029	3,927,730	94,299
<b>Total assets</b>	<b>7,735,725</b>	<b>7,621,895</b>	<b>2,141,999</b>	<b>2,288,695</b>	<b>9,877,724</b>	<b>9,910,590</b>	<b>(32,866)</b>
<b>Liabilities</b>							
Current liabilities	1,881,999	1,715,839	88,523	79,301	1,970,522	1,795,140	175,382
Long-term liabilities	2,361,382	2,385,833	1,240,542	1,372,536	3,601,924	3,758,369	(156,445)
<b>Total liabilities</b>	<b>4,243,381</b>	<b>4,101,672</b>	<b>1,329,065</b>	<b>1,451,837</b>	<b>5,572,446</b>	<b>5,553,509</b>	<b>18,937</b>
<b>Net Assets</b>							
Invested in capital assets, net							
of related debt	3,222,052	3,149,657	3,059	2,659	3,225,111	3,152,316	72,795
Restricted	432,125	402,535	801,846	826,190	1,233,971	1,228,725	5,246
Unrestricted (deficit)	(161,833)	(31,969)	8,029	8,009	(153,804)	(23,960)	(129,844)
<b>Total net assets</b>	<b>\$ 3,492,344</b>	<b>\$ 3,520,223</b>	<b>\$ 812,934</b>	<b>\$ 836,858</b>	<b>\$ 4,305,278</b>	<b>\$ 4,357,081</b>	<b>\$ (51,803)</b>

**Net Assets:**

As noted earlier, net assets may serve over time as a useful indicator of a government’s financial position. The State’s combined net assets (governmental and business-type activities) totaled \$4.305 billion at the end of 2003, compared with \$4.357 billion at the end of the previous year.

The largest portion of the State’s net assets (\$3.225 billion or 75%) reflects its investment in capital assets such as land, buildings, improvements other than buildings, equipment, construction in progress, infrastructure and rights-of-way, less any related debt still outstanding that was used to acquire those assets. The State uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the State’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the State’s net assets (\$1.234 billion or 29%) represents resources that are subject to external restrictions on how they may be used. The unrestricted balance is a *negative* \$153.8 million because the State issues general obligation bonds for discretely presented component units, the University System and Colorado River Commission (paid by Southern Nevada Water Authority), for which there are no offsetting assets included in the financial statements of the primary government.

At the end of the current fiscal year, the State is able to report positive balances in two of the three categories of net

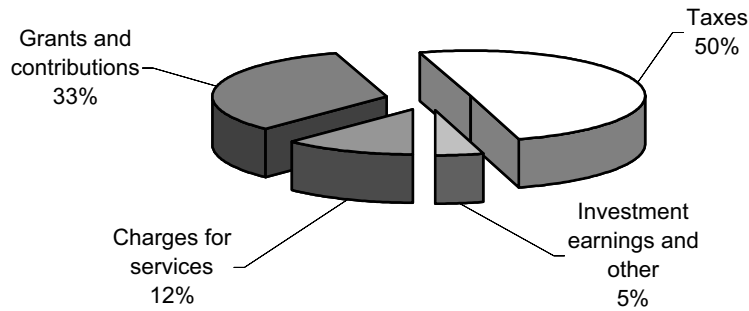
assets, both for the governmental activities and for the government as a whole. For the business-type activities the State is able to report positive balances in all three categories.

<b>Changes in State of Nevada's Net Assets-Primary Government</b> (expressed in thousands)							
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>		<u>Total Change</u>
	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>	<u>2003-2002</u>
<b>Revenues</b>							
Program revenues							
Charges for services	\$ 564,694	\$ 532,959	\$ 97,216	\$ 106,208	\$ 661,910	\$ 639,167	\$ 22,743
Operating grants and contributions	1,499,849	1,284,453	131,771	179,379	1,631,620	1,463,832	167,788
Capital grants and contributions	8,535	2,260	-	-	8,535	2,260	6,275
General revenues							
Sales and use taxes	760,891	724,399	-	-	760,891	724,399	36,492
Gaming taxes	735,652	697,482	-	-	735,652	697,482	38,170
Fuel taxes	253,951	242,670	-	-	253,951	242,670	11,281
Property taxes	95,808	99,234	-	-	95,808	99,234	(3,426)
Other taxes	445,162	415,210	250,325	240,608	695,487	655,818	39,669
Investment earnings	26,712	35,839	-	-	26,712	35,839	(9,127)
Other	181,267	147,228	-	2	181,267	147,230	34,037
<b>Total Revenues</b>	<b>4,572,521</b>	<b>4,181,734</b>	<b>479,312</b>	<b>526,197</b>	<b>5,051,833</b>	<b>4,707,931</b>	<b>343,902</b>
<b>Expenses</b>							
General government	195,351	184,934	-	-	195,351	184,934	10,417
Health and social services	1,749,723	1,554,450	-	-	1,749,723	1,554,450	195,273
Education and support services	1,459,802	1,372,265	-	-	1,459,802	1,372,265	87,537
Law, justice and public safety	432,066	440,559	-	-	432,066	440,559	(8,493)
Regulation of business	79,396	77,914	-	-	79,396	77,914	1,482
Transportation	384,247	349,025	-	-	384,247	349,025	35,222
Recreation and resource development	103,306	101,242	-	-	103,306	101,242	2,064
Intergovernmental - grant & revenue sharir	124,489	98,082	-	-	124,489	98,082	26,407
Interest on long-term debt	112,096	121,092	-	-	112,096	121,092	(8,996)
Unallocated depreciation	1,152	1,144	-	-	1,152	1,144	8
Unemployment insurance	-	-	377,395	407,241	377,395	407,241	(29,846)
Housing	-	-	71,927	76,904	71,927	76,904	(4,977)
Water loans	-	-	4,715	4,930	4,715	4,930	(215)
Workers' compensation and safety	-	-	19,274	19,581	19,274	19,581	(307)
Other	-	-	13,134	12,695	13,134	12,695	439
<b>Total Expenses</b>	<b>4,641,628</b>	<b>4,300,707</b>	<b>486,445</b>	<b>521,351</b>	<b>5,128,073</b>	<b>4,822,058</b>	<b>306,015</b>
Excess (deficiency) in net assets before contributions to permanent funds, special items and transfers	(69,107)	(118,973)	(7,133)	4,846	(76,240)	(114,127)	37,887
Contributions to permanent fund	15,952	8,759	-	-	15,952	8,759	7,193
Special item - Gain on sale of right-of-way	8,485	-	-	-	8,485	-	8,485
Transfers	16,791	19,238	(16,791)	(19,238)	-	-	-
<b>Change in net assets</b>	<b>(27,879)</b>	<b>(90,976)</b>	<b>(23,924)</b>	<b>(14,392)</b>	<b>(51,803)</b>	<b>(105,368)</b>	<b>53,565</b>
Net assets - beginning of year	3,520,223	3,611,199	836,858	851,250	4,357,081	4,462,449	(105,368)
<b>Net assets - end of year</b>	<b>\$ 3,492,344</b>	<b>\$ 3,520,223</b>	<b>\$ 812,934</b>	<b>\$ 836,858</b>	<b>\$ 4,305,278</b>	<b>\$ 4,357,081</b>	<b>\$ (51,803)</b>

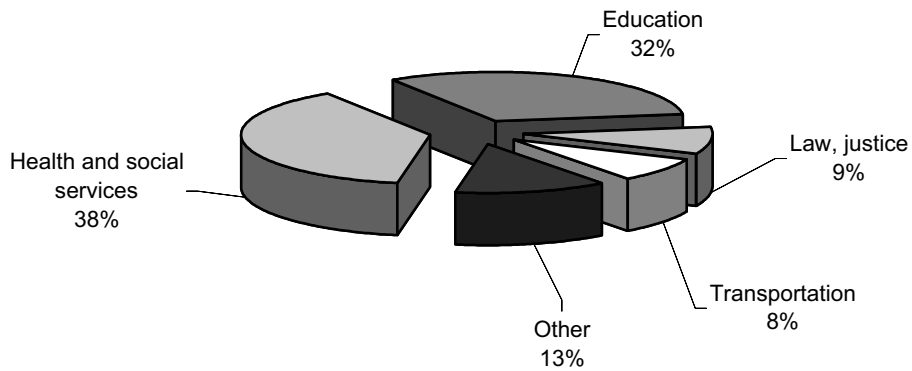
#### Changes in Net Assets:

*Governmental activities* -The net assets decreased by \$27.9 million or 0.8%. Approximately 50% 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 12% of the total revenues (see chart below). The State's governmental activities expenses cover a range of services and the largest expenses were for health and social services (38%) and education (32%) (see chart below). In 2003, governmental activities expenses exceeded program revenues, resulting in the use of \$2.6 billion in general revenues, which were generated to support the government.

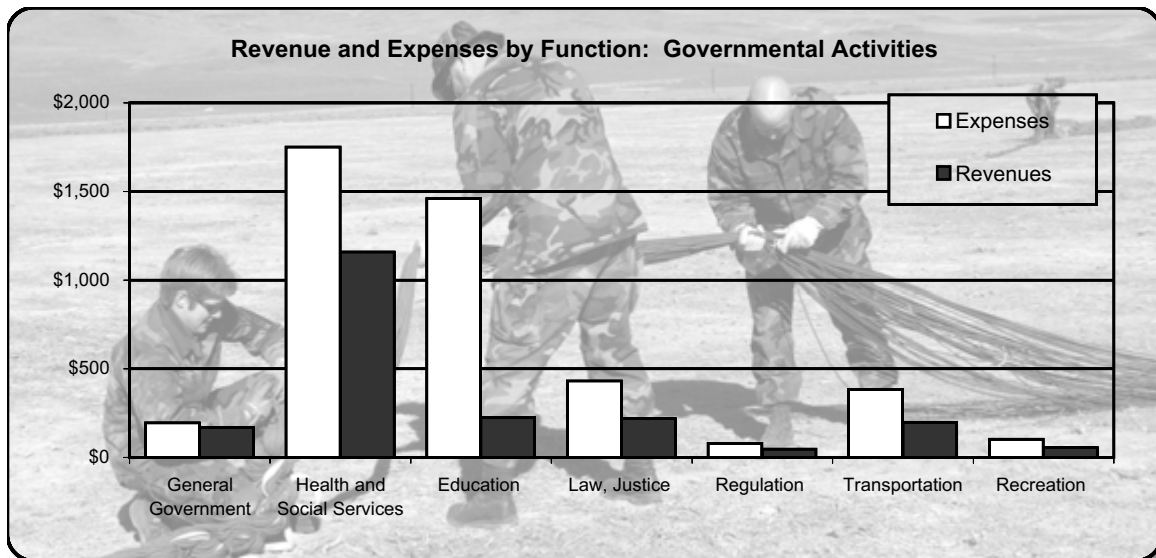
The following chart depicts the governmental activities revenues for the fiscal year:



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

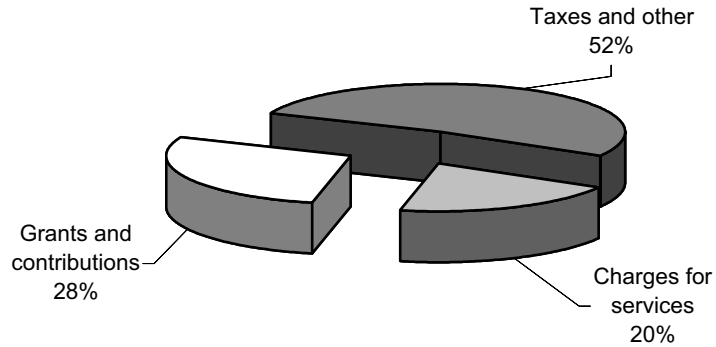


The following chart depicts the total program revenues and expenses for each function of governmental activities (expressed in millions):

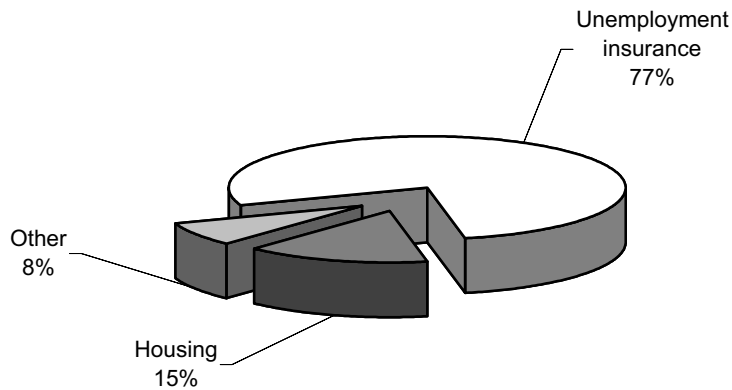


*Business-type activities* –The net assets decreased by \$23.9 million or 2.9%. Approximately 52% of the total revenue came from taxes and other sources, while 28% was in the form of grants and contributions (including federal aid). Charges for various goods and services provided 20% of the total revenues (see chart below). The State’s business-type activities expenses cover a range of services. The largest expenses were for unemployment compensation (77%) and housing (15%) (see chart below). In 2003, business-type activities expenses exceeded program revenues, resulting in the use of \$250 million in general revenues generated by and restricted to the Unemployment Compensation Fund.

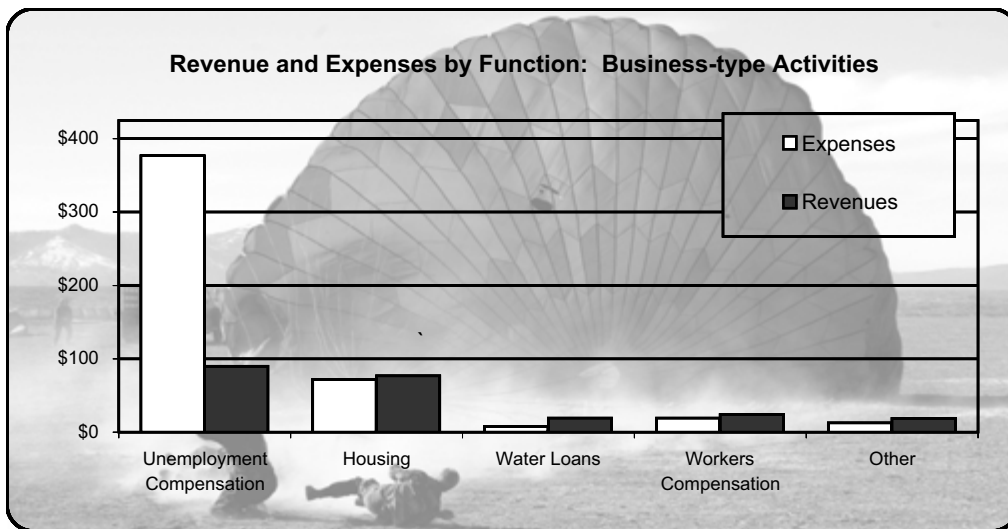
The following chart depicts the business-type activities revenues for the fiscal year:



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



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



In conclusion, the State government’s overall financial position deteriorated over the past fiscal year, with a \$27.9 million decrease in the net assets of the government-wide activities, caused primarily by the declines in the Stabilize the Operations of State Government (“Rainy Day”) Fund and the Insurance Premiums Fund, and a \$23.9 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 \$1.83 billion, a decrease of \$134.6 million in comparison with the prior year. Just less than 12% 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 \$109.5 million, of which a negative \$119.9 million was unreserved. The fund balance increased by \$58.8 million during the current fiscal year, which is a 115.8% increase from the prior year. This increase was caused primarily by the transfer of \$135 million from the Stabilize the Operations of State Government ("Rainy Day") fund.

The following schedule presents a summary of revenues of the General Fund for the fiscal years ended June 30, 2003 and 2002 (expressed in thousands). Other financing sources are not included. The 2002 revenues have been reclassified by including payments from a discretely presented component unit (the University System) in other revenues, while last year these payments were reported as other financing sources. The reclassification was made to be consistent with 2003 reporting:

<b>General Fund Revenues</b>						
<i>(Expressed in thousands)</i>						
	2003		2002 (as reclassified)		Increase (Decrease)	
	Amount	Percent	Amount	Percent	Amount	Percent
Gaming taxes, fees and licenses	\$ 720,115	20.8%	\$ 681,625	22.2%	\$ 38,490	5.6%
Sales taxes	756,962	21.9%	718,910	23.4%	38,052	5.3%
Intergovernmental	1,390,467	40.1%	1,104,440	36.0%	286,027	25.9%
Other taxes	388,777	11.2%	360,260	11.8%	28,517	7.9%
Licenses, fees and permits	118,012	3.4%	109,409	3.6%	8,603	7.9%
Sales and charges for services	35,695	1.0%	32,109	1.0%	3,586	11.2%
Interest and investment income	18,558	0.5%	24,474	0.8%	(5,916)	-24.2%
Other revenues	37,115	1.1%	36,125	1.2%	990	2.7%
<b>Total revenues</b>	<b>\$ 3,465,701</b>	<b>100.0%</b>	<b>\$ 3,067,352</b>	<b>100.0%</b>	<b>\$ 398,349</b>	<b>13.0%</b>

The total General Fund revenues increased 13%. The largest revenue source, intergovernmental revenues, is predominantly federal funds and there was a 25.9% 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 24.2% decrease in interest and investment income was due primarily to decreases in interest rates for short-term investments.

The following schedule presents a summary of expenditures by function of the General Fund for the fiscal years ended June 30, 2003 and 2002 (expressed in thousands). Other financing uses are not included. The 2002 expenditures have been reclassified by including payments to a discretely presented component unit (the University System) in the education function, while last year these payments were reported as other financing uses. The reclassification was made to be consistent with 2003 reporting:

<b>General Fund Expenditures</b>						
<i>(Expressed in thousands)</i>						
	2003		2002 (as reclassified)		Increase (Decrease)	
	Amount	Percent	Amount	Percent	Amount	Percent
General government	\$ 50,976	1.4%	\$ 69,584	2.1%	\$ (18,608)	-26.7%
Health and social services	1,648,928	45.6%	1,465,759	44.1%	183,169	12.5%
Education and support services	1,401,311	38.8%	1,308,223	39.3%	93,088	7.1%
Law, justice and public safety	288,368	8.0%	280,915	8.4%	7,453	2.7%
Regulation of business	60,820	1.7%	57,694	1.7%	3,126	5.4%
Recreation, resource development	81,061	2.2%	78,587	2.4%	2,474	3.1%
Intergovernmental	82,531	2.3%	66,901	2.0%	15,630	23.4%
Debt service	496	0.0%	705	0.0%	(209)	-29.6%
<b>Total expenditures</b>	<b>\$ 3,614,491</b>	<b>100.0%</b>	<b>\$ 3,328,368</b>	<b>100.0%</b>	<b>\$ 286,123</b>	<b>8.6%</b>

The total General Fund expenditures increased 8.6%. Expenditures for health and social services increased over \$183 million or 12.5% due to the increases in Medicaid, Welfare and other entitlement programs because of the continuing economic impact of September 11, 2001.

*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 decreased by \$21.4 million during the current fiscal year, which is a 9.6% decrease from the prior year. The revenues from taxes and fees have increased because of the population growth in the State, and the highway projects are progressing at a faster rate than in the past year. During FY02 the projects were delayed because of difficulty in obtaining rights-of-way and fear of an economic downturn. The unreserved fund balance is \$69.6 million.

*The Municipal Bond Bank Fund* is a special revenue fund used to account for revenues and expenditures associated with buying local government bonds with proceeds of State general obligation bonds. The fund balance decreased by \$18.9 million during the current fiscal year, which is a 1.7% decrease from the prior year. This decrease is due to transfers to debt service in excess of interest income, and a reduction in bond issuances.

*The Consolidated Bond Interest and Redemption Fund* is a debt service fund used to accumulate monies for the payment of leases and principal and interest on general obligation bonds of the State. The fund balance increased by \$10.9 million during the current fiscal year, which is a 28.8% increase from the prior year. The increase was due primarily to the absence in FY03 of a one-time \$10 million transfer out to the General Fund of accumulated excess earnings that was made in FY02.

*The Stabilize the Operations of State Government Fund* (also known as the "Rainy Day" fund) is a special revenue fund used to account for funds set aside according to Nevada Revised Statutes (NRS) 353.288 to be expended only if actual revenues for the biennium fall short by 5% or more from anticipated revenues, or if the Legislature and the Governor declare a fiscal emergency. During FY03 a transfer of \$135 million was made to the General Fund, as approved by the legislature through Assembly Bill 252 of the 2003 session and signed by the Governor. A fund balance of \$1.3 million remains after the transfer to the General Fund.

#### **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 net assets of the two major funds comprise 81% of the total combined net assets of all enterprise funds. Combined net assets of enterprise funds decreased by \$24.4 million in 2003. 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 \$4.9 million during the current fiscal year, although the results of operations were down 38% from last year. There was a decline in income primarily attributable to a drop in investment income and a decrease in mortgages yielding more than 6%.

*The Unemployment Compensation Fund* accounts for the payment of unemployment compensation benefits to unemployed State citizens. The net assets decreased by \$36.6 million during the current fiscal year, which is a 6.7% decrease from the prior year. The unemployment claims paid this year were down slightly at 7% compared to the previous year, but are still 57% higher than in FY01, before the events of September 2001. Additionally, the State received a federal Reed Act distribution of \$69 million in FY02, but no such distribution was received in FY03.

**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 2003, these funds showed a net loss of \$13.5 million, for a final deficit of \$38.5 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 gain of almost \$1 million for the year, but still retains a deficit of \$15 million due to losses from prior years. This year's gain was accomplished with a 23% increase in premium income versus a 13% increase in claims expense.

*The Insurance Premiums Fund* accounts for general, civil (tort), auto and property casualty liabilities of State agencies. The deficit increased by \$10.2 million during fiscal year 2003, to a total deficit of \$42.8 million. The fund has sustained substantial operating losses in recent years, as the claims and insurance premiums expenses continue to exceed the premium income. Nevada Revised Statute 331.187 provides that if money in the Fund is insufficient to pay a tort claim, the claim is to be paid from the reserve for statutory contingency account.

### **Analysis of General Fund Budget Variations**

As was the case in FY02, the State's tourism and gaming based economy continued to experience during FY03 the economic downturn affecting the rest of the country. Projected revenue shortfalls mirrored the national economic condition. The General Fund shortfall of revenues and other sources was \$289 million or 6.2% less than the final budget.

The increase in the General Fund expenditures and other uses budget from original to final was \$831 million. Some of the increase was due to \$104 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: \$5 million to the constitutional agencies category for voting machine improvements; \$238 million to the education category for the Distributive School Account, federal grants to enhance reading skills and career programs, health insurance and utilities costs; \$35 million for a new museum in Las Vegas; \$54 million government-wide for the State and University System employees' salary adjustment; \$230 million to the human services category for increased Medicaid and welfare costs; and \$27 million to the public safety category for emergency management and flood relief.

During FY03, State agencies that received General Fund appropriations and the University System were asked to cut 3% from their budgets; as a result \$39 million was returned to the General Fund. These savings combined with other cost-saving measures allowed the actual General Fund expenditures and other uses to be \$453 million lower than the final budget. The revenues and other sources budget shortfall addressed above was more than offset with savings in the expenditures and other uses budget, resulting in an actual ending budgetary fund balance \$163 million higher than the final budget projection.

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

#### **Capital Assets:**

The State's capital assets for its governmental and business-type activities as of June 30, 2003, amounts to \$4.5 billion, net of accumulated depreciation of \$520 million, leaving a net book value of \$4 billion. This investment in capital assets includes land, buildings, improvements other than buildings, equipment, infrastructure, rights-of-way, construction in progress, and software costs. Infrastructure assets are items that are normally immovable, such as roads and bridges.

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



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

	Category				
	<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 2003 by \$18 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 of 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 during 2003 (expressed in millions):

	<b>Expended by</b>	
	<b><u>June 30, 2003</u></b>	<b><u>Total Budget</u></b>
High Desert State Prison, Phase I, Indian Springs	\$ 91.6	\$ 91.7
High Desert State Prison, Phase II, Indian Springs	45.2	46.7
High Desert State Prison, Phase III, Indian Springs	0.7	12.2
Integrated Financial System	25.9	25.9
Southern Nevada Veterans Home, Las Vegas	20.8	21.1
Nevada National Guard State Command Complex, Carson City	8.9	11.1
Nevada Highway Patrol Office Building, Las Vegas	1.1	15.2
Nevada Mental Health Institute Hospital, Sparks	10.0	10.0

The total increase in the State's capital assets for the primary government for the current fiscal year was \$212 million or about 5.4% in terms of net book value. This increase included current expenditures to purchase capital assets and completed projects from construction in progress. Depreciation charges for the year totaled \$59 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 \$3.602 billion in long-term debt outstanding, compared to \$3.758 billion last year, a decrease of \$156 million or 4.2% during the current fiscal year. The key factor in this decrease was the net reduction in Housing Division bonds of \$129 million.

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

New bonds issued during the 2003 fiscal year and still outstanding at year-end were (expressed in thousands):

General Obligation Capital Improvement, Cultural Affairs and Refunding	07/01/2002A	\$ 60,915
General Obligation TMCC	07/01/2002B	8,500
General Obligation Natural Resources	07/01/2002C	8,000
Nevada Municipal Bond Bank Project 75 and 76	07/01/2002D	5,000
Housing Multi-unit St. Rose Seniors	08/28/2002	14,770
Housing Multi-unit Bluffs at Reno	08/29/2002	21,000
Housing Multi-unit Sunset Canyon	11/21/2002	12,900
Housing Multi-unit Los Pecos	11/21/2002	11,000
Housing Multi-unit Whittell Pointe	12/05/2002	8,290
Housing Multi-unit Wood Creek	12/05/2002	8,920
Housing Multi-unit Silver Terrace	01/29/2003	6,060
Housing Multi-unit Pinewood	02/27/2003	31,750
Housing Multi-unit Community Gardens	04/29/2003	7,435
Housing Multi-unit Cedar Village	04/30/2003	6,205

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**

Nevada's economy has rebounded from its struggles that began in mid-2001. Job growth has increased, retail activity is growing and visitors have returned. Gaming establishments are reporting increased activity. Not surprisingly, however, the State has not been able to turn in the kind of growth that characterized economic conditions prior to the slowdown. Still, as has been the case over the past several years, Nevada continues to outperform the nation in nearly every measure of economic health. During the growth period of the 1990s, Nevada outperformed essentially every other state in the nation. During the sluggish start to this decade, Nevada held up better than others, despite taking a significant economic hit in the months following the terrorist attacks of September 2001. As conditions have gradually improved, Nevada is, once again, leading the way.

Much the same is true on the revenue front, which is very much dependent upon underlying economic fundamentals in the State. General Fund revenue growth in FY03 did return to more normal levels. However, the ground lost in the prior year was not made up.

Perhaps surprisingly, it has been determined that the most recent recession in the U.S. economy, which began in March 2001, officially ended just eight months later, in November. However, given the inability of the national economy to generate new jobs, unemployment remains stubbornly high, and the current upturn in the business cycle does not feel like a true recovery to many.

#### **Visitor Volume:**

Nevada's tourism-based economy is driven by visitor volume. While visitor growth was easing prior to then, the events of September 2001 reversed what gains there were, pushing down visitor numbers. Over the September 2001-August 2002 period, visitor volume declined in 11 of 12 months. However, losses moderated as the period unfolded. In late-2002 and early-2003, visitor growth once again turned positive, averaging over 5%. Given the uncertainties surrounding the war in Iraq, sluggishness once again set in, but recent trends point to a return to growth.

**Labor Markets:**

Nationally, jobs have been on the decline since July 2001; in recent months, job declines have consistently been in the 0.3%-0.4% range. In Nevada, however, job levels have increased in each of the past 11 months. In recent months, job gains have been averaging about 1.7%. In the months immediately following the events of September 2001, job levels declined in Nevada, most notably in those sectors dependent on the tourism economy. As recently as the first few months of 2001, jobs were growing at a rate in excess of 4% in Nevada. Despite the increase in job levels during FY03, room for improvement remains to reach historical levels.

**Taxable Sales:**

The State's largest General Fund revenue source is the sales tax. Here, too, the economy's slowdown during FY02 and subsequent rebound in FY03 is evident. Total taxable sales grew at just a 0.8% pace in FY02. But in FY03, sales growth accelerated to a 6.3% pace. 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 FY01, 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 FY02, sales managed just a 0.5% gain. In FY03, driven by improving visitor trends, eating and drinking sales turned in a solid gain of 5.3%. The State's second largest sales category, autos, has held up remarkably well in recent years. In both FY02 and FY03, sales growth settled in the high-single digits, spurred on by attractive financing packages.

**Gaming Win:**

Gaming activity soared during the late-1990s in response to the most recent round of expansions. Even in FY01, gaming win grew at a 2.5% rate. However, conditions in FY02 deteriorated markedly throughout much of the year. When all was said and done, win ended the year off 2.8% from FY01. Declines were especially pronounced on the games and tables side, where win was off by 7.3%. This most likely is the result of a fairly sharp decline in international travel and an associated reduction in "high-roller" play. For the less volatile slots, win was off just 0.4%. In FY03, improvement, as with other measures of the State's economy, is evident. Total gaming win is up 1.1%, with fairly equal contributions from both the slots and games and tables components.

**2003 Legislative Sessions:**

A significant result of the 2003 regular session and two special sessions was the passage of Senate Bill 8, which was signed into law by the Governor on July 22, 2003. This measure represented the largest tax increase in State history, projected to raise \$836 million in new revenue over two years. The bill included higher tax rates on the existing cigarette, liquor, gaming and business license taxes, as well as new levies on payroll, real estate and entertainment. These new revenues should allow the State to continue to provide the services required by its growing population through the next several years.

All told, Nevada appears to be emerging from the economic slowdown in solid shape. While a return to the extremely strong growth of the 1990s is not likely, economic trends in Nevada are still expected to be quite impressive, both in absolute terms and relative to the rest of the nation.

**Requests for Information**

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

# Statement of Net Assets

June 30, 2003 (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	\$ 833,315	\$ 503,091	\$ 1,336,406	\$ 16,161	\$ 97,858
Investments	1,198,617	503,324	1,701,941	-	378,026
Collateral on loaned securities	693,077	45,349	738,426	17,866	-
Food stamp coupons	41	-	41	-	-
Internal balances	587	(587)	-	-	-
Due from the state	-	-	-	233	69,239
Accounts receivable	30,420	840	31,260	7,556	72,294
Taxes/assessments receivable	486,927	83,484	570,411	-	-
Intergovernmental receivables	388,851	2,160	391,011	-	27,619
Accrued interest and dividends	23,193	10,251	33,444	93	-
Mortgages receivable	-	822,860	822,860	-	-
Notes/loans receivable	961	46,071	47,032	-	10,673
Other receivables	3,732	-	3,732	-	-
Inventory	7,959	1,491	9,450	-	5,382
Prepaid expenses	46,776	31	46,807	43,236	-
Deferred charges	1,290	8,856	10,146	-	-
Restricted assets:					
Cash	-	-	-	5,755	564
Noncash	-	107,448	107,448	-	-
Other assets	1,103	4,177	5,280	-	3,242
Capital assets:					
Land, infrastructure and construction in progress	3,283,470	739	3,284,209	6,712	116,659
Other capital assets, net	735,406	2,414	737,820	62,555	931,458
<b>Total assets</b>	<b>7,735,725</b>	<b>2,141,999</b>	<b>9,877,724</b>	<b>160,167</b>	<b>1,713,014</b>
<b>Liabilities</b>					
Accounts payable	525,581	21,604	547,185	8,392	14,887
Accrued payroll and related liabilities	44,709	743	45,452	-	19,337
Intergovernmental payables	64,717	742	65,459	-	7,378
Interest payable	30,278	14,887	45,165	-	4,194
Due to component unit	69,399	73	69,472	-	-
Contracts/retentions payable	17,599	-	17,599	-	-
Obligations under securities lending	693,077	45,349	738,426	17,866	-
Deferred revenues	332,803	5,112	337,915	-	22,491
Reserve for losses	67,132	-	67,132	-	-
Other liabilities	36,704	13	36,717	10,795	9,840

Long-term liabilities:					
<i>Portion due or payable within one year:</i>					
Obligations under capital leases	1,553	-	1,553	-	1,553
Compensated absences	49,850	868	50,718	-	21,445
Bonds payable	97,939	21,621	119,560	1,135	7,735
Certificates of participation payable	660	-	660	-	-
Arbitrage rebate liability	510	-	510	-	-
<i>Portion due or payable after one year:</i>					
Obligations under capital leases	5,599	-	5,599	-	8,869
Compensated absences	28,317	499	28,816	207	9,290
Bonds payable	2,163,784	1,217,507	3,381,291	112,764	247,410
Certificates of participation payable	13,105	-	13,105	-	-
Arbitrage rebate liability	65	47	112	-	-
<b>Total liabilities</b>	<b>4,243,381</b>	<b>1,329,065</b>	<b>5,572,446</b>	<b>151,159</b>	<b>374,431</b>
<b>Net Assets</b>					
Invested in capital assets, net of related debt	3,222,052	3,059	3,225,111	123	842,722
Restricted for:					
Unemployment compensation	-	511,963	511,963	-	-
Security of outstanding obligations	-	142,702	142,702	-	-
Workers compensation	-	18,875	18,875	-	-
Capital projects	-	-	-	-	117,399
Debt service	5,494	-	5,494	-	2,667
Education and support services	34,928	-	34,928	-	-
Transportation	187,043	-	187,043	-	-
Recreation and resource development	34,736	128,218	162,954	-	-
Law, justice and public safety	2,799	-	2,799	-	-
Health and social services	34,007	-	34,007	-	-
Regulation of business	8,315	88	8,403	-	-
Municipal securities	13,814	-	13,814	-	-
Scholarships	-	-	-	-	87,486
Loans	-	-	-	-	4,163
Operations and maintenance	-	-	-	705	-
Funds held as permanent investments:					
Nonexpendable	110,967	-	110,967	-	129,461
Expendable	22	-	22	-	-
Unrestricted (deficit)	(161,833)	8,029	(153,804)	8,180	154,685
<b>Total net assets</b>	<b>\$ 3,492,344</b>	<b>\$ 812,934</b>	<b>\$ 4,305,278</b>	<b>\$ 9,008</b>	<b>\$ 1,338,583</b>

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

# Statement of Activities



For the Fiscal Year Ended June 30, 2003 (Expressed in Thousands)

	Program Revenues			Net (Expenses) Revenues and Changes in Net Assets					
				Primary Government				Component Units	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	Colorado River Commission	University System
	\$ 195,351	\$ 153,108	\$ 16,465	\$ -	\$ (25,778)	\$ -	\$ (25,778)	\$ -	\$ -
	1,749,723	134,847	1,024,148	-	(590,728)	-	(590,728)	-	-
	1,459,802	2,967	221,321	-	(1,235,514)	-	(1,235,514)	-	-
	432,066	195,259	19,878	4,076	(212,853)	-	(212,853)	-	-
	79,396	41,406	5,310	-	(32,680)	-	(32,680)	-	-
	384,247	9,578	185,635	3,418	(185,616)	-	(185,616)	-	-
	103,306	27,529	27,092	1,041	(47,644)	-	(47,644)	-	-
	124,489	-	-	-	(124,489)	-	(124,489)	-	-
	112,096	-	-	-	(112,096)	-	(112,096)	-	-
	1,152	-	-	-	(1,152)	-	(1,152)	-	-
	4,641,628	564,694	1,499,849	8,535	(2,568,550)	-	(2,568,550)	-	-
	377,395	-	90,501	-	-	(286,894)	(286,894)	-	-
	71,927	54,854	22,047	-	-	4,974	4,974	-	-
	4,715	3,532	15,779	-	-	14,596	14,596	-	-
	19,274	20,703	3,055	-	-	4,484	4,484	-	-
	13,134	18,127	389	-	-	5,382	5,382	-	-
	486,445	97,216	131,771	-	-	(257,458)	(257,458)	-	-
	\$ 5,128,073	\$ 661,910	\$ 1,631,620	\$ 8,535	(2,568,550)	(257,458)	(2,826,008)	-	-
	\$ 147,973	\$ 143,989	\$ -	\$ -	-	-	-	(3,984)	-
	958,079	275,625	257,545	18,835	-	-	-	-	(406,074)
	\$ 1,106,052	\$ 419,614	\$ 257,545	\$ 18,835	-	-	-	(3,984)	(406,074)

## Functions/Programs

### Primary Government

- Governmental activities:
  - General government
  - Health and social services
  - Education and support services
  - Law, justice and public safety
  - Regulation of business
  - Transportation
  - Recreation and resource development
  - Intergovernmental - grants and revenue sharing
  - Interest on long-term debt
  - Unallocated depreciation
- Total governmental activities

### Business-type activities:

- Unemployment insurance
- Housing
- Water loans
- Workers compensation and safety
- Other
- Total business-type activities
- Total primary government

### Component Units

- Colorado River Commission
- University System
- Total component units

General revenues:									
Taxes:									
Sales and use	697,459	-	250,325	697,459	-	-	-	-	-
Gaming	698,501	-	-	698,501	-	-	-	-	-
Fuel	3,212	-	-	3,212	-	-	-	-	-
Other	421,679	-	-	421,679	-	-	-	-	-
Restricted for unemployment compensation:									
Other taxes	-	-	250,325	-	-	-	-	-	-
Restricted for educational purposes:									
Sales and use taxes	63,433	-	-	63,433	-	-	-	-	-
Gaming taxes	37,151	-	-	37,151	-	-	-	-	-
Restricted for debt service purposes:									
Property taxes	89,308	-	-	89,308	-	-	-	-	-
Fuel taxes	13,016	-	-	13,016	-	-	-	-	-
Other	76,330	-	-	76,330	-	-	-	-	-
Restricted for recreation and resource development:									
Other taxes	14,696	-	-	14,696	-	-	-	-	-
Restricted for health and social services purposes:									
Property taxes	6,500	-	-	6,500	-	-	-	-	-
Other taxes	8,326	-	-	8,326	-	-	-	-	-
Restricted for transportation purposes:									
Fuel taxes	237,723	-	-	237,723	-	-	-	-	-
Restricted for regulation purposes:									
Other taxes	460	-	-	460	-	-	-	-	-
Contributions to permanent funds	15,952	-	-	15,952	-	-	-	-	585
Tobacco settlement income	44,753	-	-	44,753	-	-	-	-	-
Unrestricted investment earnings	26,712	-	-	26,712	-	1,643	-	19,476	-
Fiscal relief revenues	33,976	-	-	33,976	-	-	-	-	-
Gain on sale of assets	361	-	-	361	-	-	24	-	-
Other general revenues	25,847	-	-	25,847	-	-	-	375,726	-
Payments from State of Nevada	8,485	-	-	8,485	-	-	-	-	-
Special item - gain on sale of right-of-way	16,791	-	(16,791)	-	-	-	-	-	-
Transfers									
Total general revenues, special items, and transfers	2,540,671	233,534	2,774,205	1,667	395,787				
Change in net assets	(27,879)	(23,924)	(51,803)	(2,317)	(10,287)				
Net assets - beginning	3,520,223	836,858	4,357,081	11,325	1,348,870				
<b>Net assets - ending</b>	<b>\$ 3,492,344</b>	<b>\$ 812,934</b>	<b>\$ 4,305,278</b>	<b>\$ 9,008</b>	<b>\$ 1,338,583</b>				

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

# Balance Sheet Governmental Funds

June 30, 2003

	<u>General Fund</u>	<u>State Highway</u>	<u>Municipal Bond Bank</u>
<b>Assets</b>			
<i>Cash and pooled investments:</i>			
Cash with treasurer	\$ 186,252,286	\$ 219,987,556	\$ 2,444,904
Cash in custody of other officials	3,672,256	130,127	-
Investments	17,081,738	-	1,071,280,000
Collateral on loaned securities	213,483,540	190,943,688	12,722,222
Food stamp coupons	40,702	-	-
<i>Receivables:</i>			
Accounts receivable	22,048,986	3,339,822	-
Taxes receivable	439,412,369	44,575,569	-
Intergovernmental receivables	161,060,160	20,067,470	-
Accrued interest and dividends	11,802,186	-	10,335,668
Notes/loans receivable	723,883	-	-
Other receivables	29,492	-	-
Due from other funds	29,377,123	3,776,029	15,039
Due from fiduciary funds	242,832	-	-
Due from component unit	970,131	-	-
Inventory	-	6,100,746	-
Advances to other funds	17,084,023	13,282	-
Advances to fiduciary funds	3,698,590	-	-
Prepaid items	40,903,044	5,830,648	-
<b>Total assets</b>	<b>\$ 1,147,883,341</b>	<b>\$ 494,764,937</b>	<b>\$ 1,096,797,833</b>
<b>Liabilities and Fund Balances</b>			
<i>Accounts payable and accruals:</i>			
Accounts payable	\$ 173,310,432	\$ 31,045,537	\$ -
Accrued payroll and related liabilities	30,740,668	8,717,571	-
Intergovernmental payables	55,596,459	6,655,246	-
Interest payable	-	-	-
Contracts/retentions payable	20,049	10,700,525	-
Obligations under securities lending	213,483,540	190,943,688	12,722,222
Due to other funds	30,851,013	34,978,212	2,188,771
Due to fiduciary funds	304,685,966	2,116,627	-
Due to component unit	9,251,809	359,760	-
Advances from general fund	-	-	-
Deferred revenues	185,296,775	7,905,289	10,335,668
Bonds payable	-	-	-
<i>Other liabilities:</i>			
Other	35,125,312	843,856	-
<b>Total liabilities</b>	<b>1,038,362,023</b>	<b>294,266,311</b>	<b>25,246,661</b>
<b>Fund balances:</b>			
<i>Reserved:</i>			
Encumbrances and contracts	6,130,281	118,900,672	-
Inventories	-	6,100,746	-
Advances	20,782,613	13,282	-
Balances forward	160,889,578	-	-
Investment in municipal securities	-	-	1,071,282,849
Permanent fund principal	-	-	-
Fiscal emergency	-	-	-
Debt service	-	-	-
Other	41,626,927	5,830,648	-
Unreserved	(119,908,081)	69,653,278	268,323
<i>Unreserved, reported in nonmajor:</i>			
Special revenue funds	-	-	-
Capital project funds	-	-	-
Permanent funds	-	-	-
<b>Total fund balances</b>	<b>109,521,318</b>	<b>200,498,626</b>	<b>1,071,551,172</b>
<b>Total liabilities and fund balances</b>	<b>\$ 1,147,883,341</b>	<b>\$ 494,764,937</b>	<b>\$ 1,096,797,833</b>

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



Consolidated Bond Interest and Redemption		Stabilize the Operations of State Government		Other Governmental Funds		Total Governmental Funds	
\$	54,959,427	\$	1,340,970	\$	337,608,784	\$	802,593,927
	-		-		1,347,084		5,149,467
	-		-		110,254,668		1,198,616,406
	127,513,302		-		145,243,862		689,906,614
	-		-		-		40,702
	-		-		4,493,112		29,881,920
	-		-		2,938,743		486,926,681
	188,662,555		-		8,368,656		378,158,841
	-		-		1,055,486		23,193,340
	-		-		77,895		801,778
	-		-		3,927		33,419
	5,542,040		-		54,241,133		92,951,364
	-		-		186,469		429,301
	8,190,000		-		-		9,160,131
	-		-		1,284,825		7,385,571
	3,388,936		-		-		20,486,241
	-		-		-		3,698,590
	-		-		40,717		46,774,409
<b>\$</b>	<b>388,256,260</b>	<b>\$</b>	<b>1,340,970</b>	<b>\$</b>	<b>667,145,361</b>	<b>\$</b>	<b>3,796,188,702</b>
\$	23,377	\$	-	\$	11,988,730	\$	216,368,076
	-		-		3,736,535		43,194,774
	-		-		2,461,794		64,713,499
	5,766,024		-		-		5,766,024
	-		-		6,878,264		17,598,838
	127,513,302		-		145,243,862		689,906,614
	-		-		27,201,481		95,219,477
	-		-		57,430		306,860,023
	-		-		69,464,161		79,075,730
	-		-		794,332		794,332
	196,640,754		-		4,726,073		404,904,559
	9,575,000		-		-		9,575,000
	-		-		734,985		36,704,153
	<b>339,518,457</b>		<b>-</b>		<b>273,287,647</b>		<b>1,970,681,099</b>
	-		-		3,869,269		128,900,222
	-		-		1,284,825		7,385,571
	3,388,936		-		-		24,184,831
	-		-		-		160,889,578
	-		-		-		1,071,282,849
	-		-		110,966,552		110,966,552
	-		1,340,970		-		1,340,970
	45,348,867		-		5,493,602		50,842,469
	-		-		10,708,510		58,166,085
	-		-		-		(49,986,480)
	-		-		190,375,889		190,375,889
	-		-		71,136,738		71,136,738
	-		-		22,329		22,329
	<b>48,737,803</b>		<b>1,340,970</b>		<b>393,857,714</b>		<b>1,825,507,603</b>
<b>\$</b>	<b>388,256,260</b>	<b>\$</b>	<b>1,340,970</b>	<b>\$</b>	<b>667,145,361</b>	<b>\$</b>	<b>3,796,188,702</b>

June 30, 2003

**Total fund balances - governmental funds** \$ 1,825,507,603

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

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

Land	484,005,418	
Infrastructure assets	2,598,381,889	
Buildings	772,918,801	
Improvements other than buildings	76,790,276	
Furniture and equipment	321,258,508	
Construction in progress	197,989,489	
Accumulated depreciation	(461,983,715)	
Total capital assets		3,989,360,666

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. 72,119,273

A portion of the interest accrued on bonds payable (not reported in the funds) is due from local governments. 10,535,268

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. (36,399,589)

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. 1,289,497

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	(2,251,001,526)	
Accrued interest on bonds	(24,512,433)	
Arbitrage rebate liability	(575,245)	
Certificates of participation	(13,765,000)	
Capital leases	(4,718,227)	
Compensated absences	(75,495,978)	
Total long-term liabilities		(2,370,068,409)

**Net assets of governmental activities** \$ 3,492,344,309

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, 2003

	General Fund	State Highway	Municipal Bond Bank	Consolidated Bond Interest and Redemption
<b>Revenues</b>				
Gaming taxes, fees, licenses	\$ 720,114,456	\$ -	\$ -	\$ -
Sales taxes	756,961,534	-	-	-
Intergovernmental	1,390,467,301	191,270,430	-	19,203,263
Other taxes	388,777,341	252,849,515	-	89,308,172
Licenses, fees and permits	118,012,339	137,942,219	-	-
Sales and charges for services	35,694,416	10,926,187	-	-
Interest and investment income	18,557,834	11,376,352	58,120,010	7,107,833
Tobacco settlement income	-	-	-	-
<i>Other:</i>				
Fines	-	-	-	-
Land sales	-	-	-	-
Other	37,115,342	7,585,768	-	-
<b>Total revenues</b>	<b>3,465,700,563</b>	<b>611,950,471</b>	<b>58,120,010</b>	<b>115,619,268</b>
<b>Expenditures</b>				
<i>Current:</i>				
General government	50,975,898	2,557,592	17,940	1,545,423
Health and social services	1,648,928,048	-	-	-
Education and support services	1,401,310,749	-	-	8,606,301
Law, justice and public safety	288,368,309	123,969,769	-	-
Regulation of business	60,819,662	-	500	-
Transportation	-	499,449,503	-	-
Recreation, resource development	81,060,827	-	-	-
Intergovernmental	82,530,974	10,261,912	-	-
Capital outlay	-	-	-	-
<i>Debt service:</i>				
Principal	389,343	2,150,783	-	79,030,000
Interest, fiscal charges	86,077	214,283	-	115,125,664
Bond issuance costs	-	-	-	871,855
Arbitrage payments	20,800	-	-	-
<b>Total expenditures</b>	<b>3,614,490,687</b>	<b>638,603,842</b>	<b>18,440</b>	<b>205,179,243</b>
Excess (deficiency) of revenues over expenditures	(148,790,124)	(26,653,371)	58,101,570	(89,559,975)
<b>Other Financing Sources (Uses)</b>				
Capital leases	59,576	3,471,058	-	-
Sale of general obligation bonds	2,018,156	-	5,000,000	7,737,026
Premium on general obligation bonds	-	-	-	1,631,390
Sale of capital assets	34,870	17,485,185	-	-
Sale of general obligation refunding bonds	-	-	-	13,134,758
Payment to refunded bond agent	-	-	-	(13,134,758)
Transfers in	246,333,911	4,577,060	-	91,224,773
Transfers out	(40,882,814)	(20,285,836)	(81,979,941)	(137,494)
<b>Total other financing sources (uses)</b>	<b>207,563,699</b>	<b>5,247,467</b>	<b>(76,979,941)</b>	<b>100,455,695</b>
Net change in fund balances	58,773,575	(21,405,904)	(18,878,371)	10,895,720
Fund balances, July 1	50,747,743	221,904,530	1,090,429,543	37,842,083
<b>Fund balances, June 30</b>	<b>\$ 109,521,318</b>	<b>\$ 200,498,626</b>	<b>\$ 1,071,551,172</b>	<b>\$ 48,737,803</b>

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

Stabilize the Operations of State Government	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 15,537,831	\$ 735,652,287
-	-	756,961,534
-	61,879,270	1,662,820,264
-	62,578,283	793,513,311
-	24,896,457	280,851,015
-	11,964,569	58,585,172
-	14,848,943	110,010,972
-	44,753,037	44,753,037
-	4,202,347	4,202,347
-	11,654,081	11,654,081
-	9,530,232	54,231,342
-	261,845,050	4,513,235,362
-	44,308,970	99,405,823
-	88,749,386	1,737,677,434
-	57,022,882	1,466,939,932
-	16,211,273	428,549,351
-	17,426,576	78,246,738
-	-	499,449,503
-	18,024,402	99,085,229
-	23,195,692	115,988,578
-	22,294,058	22,294,058
-	8,574,849	90,144,975
-	4,433,785	119,859,809
-	-	871,855
-	179,000	199,800
-	300,420,873	4,758,713,085
-	(38,575,823)	(245,477,723)
-	7,255	3,537,889
-	54,134,474	68,889,656
-	-	1,631,390
-	360,771	17,880,826
-	-	13,134,758
-	-	(13,134,758)
-	55,932,261	398,068,005
(135,000,000)	(100,818,466)	(379,104,551)
(135,000,000)	9,616,295	110,903,215
(135,000,000)	(28,959,528)	(134,574,508)
136,340,970	422,817,242	1,960,082,111
\$ 1,340,970	\$ 393,857,714	\$ 1,825,507,603

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

State  
of  
Nevada

June 30, 2003

**Net change in fund balances - total governmental funds** \$ (134,574,508)

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	146,292,950	
Depreciation expense	(52,026,267)	
Excess of capital outlay over depreciation expense		94,266,683

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	(68,889,656)	
Refunding bonds issued	(13,134,758)	
Total bond proceeds		(82,024,414)

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. (3,537,889)

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	86,649,954	
Certificates of participation retirement	630,000	
Capital lease payments	2,719,774	
Payments to the bond refunding agent	13,134,758	
Total long-term debt repayment		103,134,486

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. (12,142,869)

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. 6,778,198

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. (9,058,812)

In the statement of activities, the change in the net pension obligation for the Judicial Retirement System is reported as a reduction to expense. 13,389,455

Amortization of deferred loss on early retirement of debt is reported as an expense for the statement of activities. (292,804)

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

Net decrease in accrued interest	173,741	
Increase in compensated absences	(3,977,310)	
Increase in arbitrage liability	(12,751)	
Total additional expenditures		(3,816,320)

**Change in net assets of governmental activities** \$ (27,878,794)

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

# Statement of Net Assets Proprietary Funds

June 30, 2003

	Enterprise Funds				
	Housing Division	Unemployment Compensation	Other Enterprise Funds	Total	Internal Service Funds
<b>Assets</b>					
<b>Current assets:</b>					
<i>Cash and pooled investments:</i>					
Cash with treasurer	\$ 111,375	\$ -	\$ 62,112,370	\$ 62,223,745	\$ 23,440,808
Cash in custody of other officials	69,453	440,587,927	210,057	440,867,437	2,131,006
Investments	82,985,643	-	-	82,985,643	-
Collateral on loaned securities	-	-	45,348,827	45,348,827	3,170,793
<i>Receivables:</i>					
Accounts receivable	-	-	830,781	830,781	107,161
Assessments receivable	-	83,483,698	-	83,483,698	-
Intergovernmental receivables	-	-	2,159,923	2,159,923	157,371
Accrued interest and dividends	8,215,947	-	1,742,794	9,958,741	-
Due from other funds	3,301	-	1,844,722	1,848,023	7,999,125
Due from fiduciary funds	-	-	9,260	9,260	2,031
Due from component unit	-	-	16,177	16,177	525,048
Inventory	-	-	1,490,496	1,490,496	573,807
Prepaid expenses	-	-	30,485	30,485	1,025
<i>Restricted Assets:</i>					
Noncash	63,305,709	-	-	63,305,709	-
<b>Total current assets</b>	<b>154,691,428</b>	<b>524,071,625</b>	<b>115,795,892</b>	<b>794,558,945</b>	<b>38,108,175</b>
<b>Noncurrent assets:</b>					
Investments	318,343,581	-	101,994,985	420,338,566	-
<i>Receivables:</i>					
Mortgages receivable	822,860,499	-	-	822,860,499	-
Accrued interest and dividends	-	-	292,517	292,517	-
Notes/loans receivable	-	-	46,071,025	46,071,025	159,400
Deferred charges	7,879,906	-	976,087	8,855,993	-
<i>Restricted assets:</i>					
Noncash	44,142,004	-	-	44,142,004	-
Other assets	4,177,152	-	-	4,177,152	1,102,970
<i>Capital assets:</i>					
Land	-	-	435,251	435,251	130,954
Buildings	-	-	2,978,264	2,978,264	7,546,213
Improvements other than buildings	-	-	630,647	630,647	727,317
Furniture and equipment	342,544	-	4,493,809	4,836,353	55,273,112
Construction in progress	-	-	303,459	303,459	2,962,582
Less accumulated depreciation	(275,799)	-	(5,755,031)	(6,030,830)	(48,463,013)
Software costs, net	-	-	-	-	11,338,484
<b>Total noncurrent assets</b>	<b>1,197,469,887</b>	<b>-</b>	<b>152,421,013</b>	<b>1,349,890,900</b>	<b>30,778,019</b>
<b>Total assets</b>	<b>1,352,161,315</b>	<b>524,071,625</b>	<b>268,216,905</b>	<b>2,144,449,845</b>	<b>68,886,194</b>

Enterprise Funds

	Housing Division	Unemployment Compensation	Other Enterprise Funds	Total	Internal Service Funds
<b>Liabilities</b>					
<b>Current liabilities:</b>					
<i>Accounts payable and accruals:</i>					
Accounts payable	8,225,258	12,108,740	1,184,901	21,518,899	4,255,044
Interest payable	13,734,609	-	1,152,516	14,887,125	-
Accrued payroll and related liabilities	-	-	743,473	743,473	1,513,866
Intergovernmental payables	-	-	741,840	741,840	3,019
Obligations under securities lending	-	-	45,348,827	45,348,827	3,170,793
Due to other funds	49,830	-	2,126,380	2,176,210	5,402,825
Due to fiduciary funds	-	-	85,110	85,110	7,551
Due to component unit	-	-	89,088	89,088	2,874
Deferred revenues	-	-	5,111,921	5,111,921	17,388
Other liabilities	-	-	13,230	13,230	-
<i>Short-term portion of long-term liabilities:</i>					
Obligations under capital leases	-	-	-	-	382,858
Compensated absences	98,649	-	769,782	868,431	1,678,450
Bonds payable	18,276,000	-	3,345,000	21,621,000	-
<b>Total current liabilities</b>	<b>40,384,346</b>	<b>12,108,740</b>	<b>60,712,068</b>	<b>113,205,154</b>	<b>16,434,668</b>
<b>Noncurrent liabilities:</b>					
Advances from funds	-	-	94,272	94,272	19,597,636
Reserve for losses	-	-	-	-	67,131,769
Obligations under capital leases	-	-	-	-	2,050,775
Compensated absences	89,139	-	409,429	498,568	992,362
Bonds payable	1,165,887,000	-	51,619,551	1,217,506,551	1,146,629
Arbitrage rebate liability	-	-	47,252	47,252	-
<b>Total noncurrent liabilities</b>	<b>1,165,976,139</b>	<b>-</b>	<b>52,170,504</b>	<b>1,218,146,643</b>	<b>90,919,171</b>
<b>Total liabilities</b>	<b>1,206,360,485</b>	<b>12,108,740</b>	<b>112,882,572</b>	<b>1,331,351,797</b>	<b>107,353,839</b>
<b>Net Assets</b>					
Invested in capital assets, net of related debt	66,745	-	2,992,127	3,058,872	8,532,211
Restricted for unemployment compensation	-	511,962,885	-	511,962,885	-
Restricted for security of outstanding obligations	142,701,915	-	-	142,701,915	-
Restricted for workers compensation	-	-	18,874,679	18,874,679	-
Restricted for revolving loans	-	-	128,218,508	128,218,508	-
Restricted for regulation of business	-	-	87,532	87,532	-
Unrestricted (deficit)	3,032,170	-	5,161,487	8,193,657	(46,999,856)
<b>Total net assets</b>	<b>\$ 145,800,830</b>	<b>\$ 511,962,885</b>	<b>\$ 155,334,333</b>	<b>813,098,048</b>	<b>\$ (38,467,645)</b>

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

Net assets of business-type activities

(164,372)  
\$ 812,933,676

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, 2003

<b>Enterprise Funds</b>					
	<b>Housing Division</b>	<b>Unemployment Compensation</b>	<b>Other Enterprise Funds</b>	<b>Total</b>	<b>Internal Service Funds</b>
<b>Operating Revenues</b>					
Sales	\$ -	\$ -	\$ 5,434,481	\$ 5,434,481	\$ 5,188,281
Assessments	-	250,324,714	18,770,954	269,095,668	-
Net premium income	-	-	-	-	195,627,101
Charges for services	-	-	9,238,585	9,238,585	44,686,436
Rental income	-	-	147,889	147,889	15,992,882
Interest income on loans/notes	51,400,578	-	4,641,271	56,041,849	-
Interest and investment income	20,031,868	28,410,018	-	48,441,886	-
From federal agencies	2,015,345	62,091,180	13,114,169	77,220,694	-
Licenses, fees and permits	-	-	2,772,063	2,772,063	-
Contributions	-	-	258,767	258,767	-
Other	3,453,037	-	2,352,860	5,805,897	1,770,645
<b>Total operating revenues</b>	<b>76,900,828</b>	<b>340,825,912</b>	<b>56,731,039</b>	<b>474,457,779</b>	<b>263,265,345</b>
<b>Operating Expenses</b>					
Salaries and benefits	1,839,953	-	15,286,231	17,126,184	30,686,895
Operating	3,274,582	-	11,818,681	15,093,263	33,221,390
Administrative expense	-	-	59,987	59,987	-
Claims expense	-	377,394,850	4,130,274	381,525,124	162,572,245
Interest on bonds payable	63,234,955	-	-	63,234,955	-
Materials or supplies used	-	-	2,375,963	2,375,963	1,885,001
Servicers' fees	1,481,133	-	-	1,481,133	-
Depreciation	6,304	-	340,709	347,013	5,280,120
Amortization	-	-	-	-	1,651,991
Insurance premiums	-	-	-	-	39,135,968
Bond issuance costs	2,131,073	-	125,520	2,256,593	-
<b>Total operating expenses</b>	<b>71,968,000</b>	<b>377,394,850</b>	<b>34,137,365</b>	<b>483,500,215</b>	<b>274,433,610</b>
Operating income (loss)	4,932,828	(36,568,938)	22,593,674	(9,042,436)	(11,168,265)
<b>Nonoperating Revenues (Expenses)</b>					
Interest and investment income	-	-	2,812,794	2,812,794	180,865
Interest expense	-	-	(3,417,571)	(3,417,571)	(191,664)
Federal grants	-	-	2,041,300	2,041,300	-
Gain (loss) on disposal of assets	-	-	-	-	(125,769)
Arbitrage rebate	-	-	(3,871)	(3,871)	-
<b>Total nonoperating revenues (expenses)</b>	<b>-</b>	<b>-</b>	<b>1,432,652</b>	<b>1,432,652</b>	<b>(136,568)</b>
Income (loss) before transfers	4,932,828	(36,568,938)	24,026,326	(7,609,784)	(11,304,833)
<b>Transfers</b>					
Transfers in	-	-	779,198	779,198	245,428
Transfer out	(43,469)	-	(17,526,953)	(17,570,422)	(2,417,658)
Change in net assets	4,889,359	(36,568,938)	7,278,571	(24,401,008)	(13,477,063)
Net assets, July 1	140,911,471	548,531,823	148,055,762	-	(24,990,582)
<b>Net assets, June 30</b>	<b>\$ 145,800,830</b>	<b>\$ 511,962,885</b>	<b>\$ 155,334,333</b>	<b>\$ -</b>	<b>\$ (38,467,645)</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

476,552  
\$ (23,924,456)

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, 2003

	Enterprise Funds				
	Housing Division	Unemployment Compensation	Other Enterprise Funds	Totals	Internal Service Funds
<b>Cash flows from operating activities</b>					
Receipts from customers and users	\$ 3,032,190	\$ 306,055,483	\$ 36,284,343	\$ 345,372,016	\$ 17,870,895
Receipts for interfund services provided	270	1,191,759	3,191,407	4,383,436	198,888,776
Receipts from component units	-	-	22,537	22,537	49,578,517
Receipts of principal on loans and notes	288,169,863	-	6,341,315	294,511,178	-
Receipts of interest on loans and notes	-	-	4,855,688	4,855,688	-
Receipts of grants	-	-	12,686,877	12,686,877	-
Payments to suppliers, other governments and beneficiaries	(116,953)	(379,598,271)	(15,580,311)	(395,295,535)	(231,389,090)
Payments to employees	(1,839,953)	-	(14,666,177)	(16,506,130)	(30,197,420)
Payments for interfund services used	(324,006)	-	(2,590,307)	(2,914,313)	(6,329,277)
Payments to component units	(8,500)	-	(509,871)	(518,371)	(154,565)
Purchase of loans and notes	(118,700,055)	-	(20,165,062)	(138,865,117)	-
Net cash provided by (used for) operating activities	170,212,856	(72,351,029)	9,870,439	107,732,266	(1,732,164)
<b>Cash flows from noncapital financing activities</b>					
Grant receipts	-	-	2,296,359	2,296,359	-
Proceeds from sale of bonds	128,830,000	-	-	128,830,000	-
Transfers from other funds	2,015,345	-	918,263	2,933,608	102,316
Principal paid on noncapital debt	(257,702,000)	-	(3,240,000)	(260,942,000)	-
Interest paid on noncapital debt	(65,385,988)	-	(2,846,056)	(68,232,044)	-
Transfers to other funds	(43,469)	-	(17,330,251)	(17,373,720)	(868,195)
Other noncapital financing activities	(2,136,342)	-	-	(2,136,342)	559
Net cash provided by (used for) noncapital financing activities	(194,422,454)	-	(20,201,685)	(214,624,139)	(765,320)
<b>Cash flows from capital and related financing activities</b>					
Proceeds from sale of capital assets	-	-	-	-	133,512
Purchase of capital assets	(59,732)	-	(676,185)	(735,917)	(948,358)
Principal paid on capital debt	-	-	(10,512)	(10,512)	(3,033,704)
Interest paid on capital debt	-	-	-	-	(124,483)
Net cash provided by (used for) capital and related financing activities	(59,732)	-	(686,697)	(746,429)	(3,973,033)
<b>Cash flows from investing activities</b>					
Proceeds from sale of investments	490,907,764	-	-	490,907,764	-
Purchase of investments	(486,829,755)	-	-	(486,829,755)	-
Interest and dividends received	20,079,972	28,410,018	2,089,134	50,579,124	140,096
Net cash provided by (used for) investing activities	24,157,981	28,410,018	2,089,134	54,657,133	140,096
Net increase (decrease) in cash	(111,349)	(43,941,011)	(8,928,809)	(52,981,169)	(6,330,421)
Cash and cash equivalents, July 1	292,177	484,528,938	71,251,236	556,072,351	31,902,235
<b>Cash and cash equivalents, June 30</b>	<b>\$ 180,828</b>	<b>\$ 440,587,927</b>	<b>\$ 62,322,427</b>	<b>\$ 503,091,182</b>	<b>\$ 25,571,814</b>

	Enterprise Funds				Internal Service Funds
	Housing Division	Unemployment Compensation	Other Enterprise Funds	Totals	
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities</b>					
Operating income (loss)	\$ 4,932,828	\$ (36,568,938)	\$ 22,593,674	\$ (9,042,436)	\$ (11,168,265)
<b>Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities</b>					
Depreciation	6,304	-	340,709	347,013	5,266,037
Amortization	2,131,073	-	125,520	2,256,593	1,666,074
Income on investments	(20,031,868)	(28,410,018)	-	(48,441,886)	-
Interest on bonds payable	63,234,955	-	-	63,234,955	-
Decrease (increase) in loans and notes receivable	116,830,118	-	(14,618,633)	102,211,485	-
Decrease (increase) in accrued interest and receivables	793,658	(5,168,652)	160,266	(4,214,728)	3,102,649
Decrease (increase) in inventory, deferred charges, other assets	-	-	235,228	235,228	(220,173)
Increase (decrease) in accounts payable, accruals, other liabilities	2,315,788	(2,203,421)	1,011,227	1,123,594	(295,857)
Other adjustments	-	-	22,448	22,448	(82,629)
Total adjustments	165,280,028	(35,782,091)	(12,723,235)	116,774,702	9,436,101
Net cash provided by (used for) operating activities	\$ 170,212,856	\$ (72,351,029)	\$ 9,870,439	\$ 107,732,266	\$ (1,732,164)
<b>Noncash investing, capital and financing activities</b>					
Property leased, accrued or acquired	\$ -	\$ -	\$ -	\$ -	\$ 12,794,029
Construction completed or in progress	-	-	-	-	492,979
Interest/dividends on investments accrued	-	-	1,835,850	1,835,850	43,086
Change in fair value of investments	(125,986)	-	302,895	176,909	(53,476)

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, 2003

	<u>Pension Trust Funds</u>	<u>Investment Trust Funds</u>	<u>Private-Purpose Trust Funds</u>	<u>Agency Funds</u>
<b>Assets</b>				
<i>Cash and pooled investments:</i>				
Cash with treasurer	\$ -	\$ 283	\$ 3,154,715	\$ 76,614,729
Cash in custody of other officials	631,423,777	-	-	74,045,393
<i>Investments:</i>				
Investments	-	558,985,583	48,247,264	93,293,233
Fixed income securities	5,055,584,864	-	-	-
Marketable equity securities	4,899,886,330	-	-	-
International securities	2,592,081,571	-	-	-
Mutual funds	299,349,579	-	-	-
Mortgage loans	3,410,108	-	-	-
Real estate	1,047,855,920	-	-	-
Alternative investments	129,797,760	-	-	-
Collateral on loaned securities	1,446,475,846	91,654,128	248,583	4,261,311
<i>Receivables:</i>				
Accounts receivable	-	-	4,934	-
Accrued interest and dividends	73,073,691	2,535,943	176,402	-
Taxes receivable	-	-	-	8,371,491
Trades pending settlement	467,971,082	-	-	-
Intergovernmental receivables	49,386,524	-	39,496	7,365,268
Other receivables	-	-	-	33,315,784
Due from other funds	1,063,696	-	263,559	305,625,429
Due from fiduciary funds	9,560,949	-	-	10,373,328
Other assets	781,083	-	-	-
Furniture and equipment	22,619,938	-	-	-
Accumulated depreciation	(14,485,667)	-	-	-
<b>Total assets</b>	<u>16,715,837,051</u>	<u>653,175,937</u>	<u>52,134,953</u>	<u>613,265,966</u>
<b>Liabilities</b>				
<i>Accounts payable and accruals:</i>				
Accounts payable	7,859,188	-	78,834	-
Accrued payroll and related liabilities	-	-	13,934	13,500
Intergovernmental payables	-	515,401	3,427	381,964,042
Trades pending settlement	1,171,314,352	-	-	-
Obligations under securities lending	1,446,475,846	91,654,128	248,583	4,261,311
Due to other funds	681	2,070	437,841	-
Due to fiduciary funds	-	-	9,518	19,924,759
Due to component units	-	-	5,053	-
Advance from general fund	-	-	3,698,590	-
<i>Other liabilities:</i>				
Deposits	-	-	-	196,985,848
Other liabilities	210,438	-	-	10,116,506
<b>Total liabilities</b>	<u>2,625,860,505</u>	<u>92,171,599</u>	<u>4,495,780</u>	<u>613,265,966</u>
<b>Net Assets</b>				
<i>Held in trust for:</i>				
Employees' pension benefits	14,089,976,546	-	-	-
Individuals, organizations and other governments	-	561,004,338	47,639,173	-
<b>Total net assets</b>	<u>\$ 14,089,976,546</u>	<u>\$ 561,004,338</u>	<u>\$ 47,639,173</u>	<u>\$ -</u>

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

# Statement of Changes in Fiduciary Net Assets Fiduciary Funds

State  
of  
Nevada

For the Fiscal Year Ended June 30, 2003

	<u>Pension Trust Funds</u>	<u>Investment Trust Funds</u>	<u>Private-Purpose Trust Funds</u>
<b>Additions</b>			
<i>Contributions:</i>			
Employer	\$ 731,658,302	\$ -	\$ -
Plan members	55,477,430	-	-
Participants	-	-	23,005,091
Repayment and purchase of service	29,625,164	-	-
<b>Total contributions</b>	<b>816,760,896</b>	<b>-</b>	<b>23,005,091</b>
<i>Investment income:</i>			
Net increase in fair value of investments	222,747,689	428,959	1,210,458
Interest, dividends	383,851,961	9,062,450	1,750,567
Securities lending income	25,293,441	1,132,085	7,584
Other	83,957,150	-	-
	715,850,241	10,623,494	2,968,609
<i>Less Investment expense:</i>			
Cost of securities lending	(20,250,900)	(1,070,490)	(6,912)
Other	(22,030,337)	(96,477)	-
<b>Net investment income</b>	<b>673,569,004</b>	<b>9,456,527</b>	<b>2,961,697</b>
<i>Other:</i>			
Investment from local governments	-	989,890,157	-
Reinvestment from interest income	-	7,127,970	-
Sales and charges for services	-	-	20,997
Other	2,121,635	-	73,880
<b>Total other</b>	<b>2,121,635</b>	<b>997,018,127</b>	<b>94,877</b>
<b>Total additions</b>	<b>1,492,451,535</b>	<b>1,006,474,654</b>	<b>26,061,665</b>
<b>Deductions</b>			
Principal redeemed	-	963,463,388	-
Benefit payments	593,026,642	-	12,697,114
Refunds	11,111,933	-	648,882
Contribution distributions	6,691,206	-	-
Dividends to investors	-	7,739,730	-
Administrative expense	9,660,230	39,659	892,161
<b>Total deductions</b>	<b>620,490,011</b>	<b>971,242,777</b>	<b>14,238,157</b>
Change in net assets	871,961,524	35,231,877	11,823,508
<b>Net assets, July 1</b>	<b>13,218,015,022</b>	<b>525,772,461</b>	<b>35,815,665</b>
<b>Net assets, June 30</b>	<b>\$ 14,089,976,546</b>	<b>\$ 561,004,338</b>	<b>\$ 47,639,173</b>

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

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

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

Financial accountability is defined in GASB statement No. 14, *The Financial Reporting Entity*. 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 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

(Note 1 Continued)

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

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

*Public Employees' Retirement System*  
Carson City, NV

*Legislators' Retirement System*  
Carson City, NV

*Judicial Retirement System*  
Carson City, NV

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

*Colorado River Commission*  
Las Vegas, NV

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

## B. Government-Wide and Fund Financial Statements

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

charged to external parties for goods or services.

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

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

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

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

The *Statement of Activities* demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable within a specific function. Certain 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. In general, internal activity has been eliminated from the Statement of Activities. Overhead costs have been removed to minimize the double counting of internal activities, but interfund services provided and used have been retained, as their elimination would distort the measurement of the cost of individual functional activities. Internal activities of a reimbursement type nature reduce the expenses of the reimbursed programs.

(Note 1 Continued)

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

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

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

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

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

Governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when susceptible to accrual, that is, when they become both measurable and available. "Measurable" means the amount of the transaction can be determined, and "available" means collectible within the current period or soon thereafter. The State considers revenues as available if they are collected within 60 days after year-end. Those revenues

susceptible to accrual are gaming revenues, sales taxes, other taxes as described in Note 12, interest revenue and charges for services. Fines and permit revenues are not susceptible to accrual because they are generally not measurable until received in cash.

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

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

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

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

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

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

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



## (Note 1 Continued)

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

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

The State reports the following major enterprise funds:

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

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

Additionally, the State reports the following fund types:

**Governmental Fund Types:**

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

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

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

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

**Proprietary Fund Types:**

*Enterprise Funds* - report the activities for which fees are charged to external users for goods or services, such as

workers' compensation, insurance and prison industry.

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

**Fiduciary Fund Types:**

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

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

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

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

*Cash and Pooled Investments* - The State Treasurer manages a cash pool where all temporary surplus cash is invested. These investments are reported on the Statement of Net Assets and Balance Sheet as cash and pooled investments. Earnings from these pooled investments are credited to the General Fund and certain other funds that have specific statutory authority to receive a prorated share based on 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.

## (Note 1 Continued)

*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 premiums paid being amortized. Realized gains and losses, if any, on sales of securities are calculated using the amortized cost basis at the date of sale. The fair value of the position in the pool is the same as the value of the pool shares. Wells Fargo is the custodian and transfer agent for both investment trust funds.

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

Investments are categorized and discussed further in Note 3.

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

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

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

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

- 1) Services rendered and employee benefit contributions are accounted for as revenues, expenditures/expenses in the funds involved.
- 2) Operating appropriations and subsidies are accounted for as 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 is presented in Note 5.

## (Note 1 Continued)

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

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

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

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

*Compensated Absences* - Compensated absences are accounted for in accordance with GASB Statement No. 16, Accounting for Compensated Absences, which requires that a liability for compensated absences relating to services already rendered and that are not contingent on a specified event be accrued as employees earn the rights to the benefits. Compensated absences relating to future services or that are contingent on a specified event will be accounted for in the period those services are rendered or those events take place. Proprietary

fund types report accrued compensated absences as liabilities in the appropriate funds. Governmental funds report compensated absences expected to be liquidated with expendable available financial resources as an expenditure and a fund liability in the fund financial statements. On the Statement of Net Assets, the total accrued compensated absences for both Proprietary and Governmental fund types is reported. Fiduciary funds are not included in the Statement of Net Assets.

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

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

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

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

*Fund Balance Reservations and Designations* - In the fund financial statements, governmental funds classify fund balances as either reserved or unreserved. Reserved fund balances are those amounts that are not available for appropriation or are legally restricted by outside parties for a specific use. Unreserved fund balances reflect the balances available for appropriation for

## (Note 1 Continued)

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.

“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.

### E. Intergovernmental Assistance Programs

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

## Note 2 - Budgetary and Legal Compliance

### Budgetary Process and Control

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

The legal level of budgetary control, the level at which appropriations are approved and the level at which over expenditure of appropriations or transfers of appropriated amounts may not occur without

Legislative action, is at the total program level within each department or agency.

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

## (Note 2 Continued)

Allocations totaling \$17,052,091 were made in the 2003 fiscal year. Unencumbered appropriations lapse at the end of each fiscal year, unless specific authority to carry forward is granted in the Appropriations Act. Unexpended authorized resources under the Authorized Expenditures Act are carried forward for expenditure in the next fiscal period.

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

- 1) Cash placed in petty cash funds or outside bank accounts is considered expended for budgetary purposes.
- 2) Advances to other funds are considered expenditures. Repayments of such advances are considered revenues.

3) Certain prepaid/deferred assets are considered expended for budgetary purposes. Inventory is an expenditure for budgetary purposes. Certain deferred revenue is considered revenue for budgetary purposes.

4) Expenditures are only recognized if the liability is liquidated within 45 days after the fiscal year end.

5) Revenue from grants is only recognized when it is received in cash.

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

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

### Note 3 - Deposits and Investments

#### 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, 2003 (expressed in thousands):

	Primary Government	Fiduciary Funds	Total Primary Government and Fiduciary Funds	Component Units	Total Reporting Entity
Cash and pooled investments	\$ 1,336,406	\$ 785,239	\$ 2,121,645	\$ 114,019	\$ 2,235,664
Investments	1,701,941	14,728,492	16,430,433	378,026	16,808,459
Collateral on loaned securities	738,426	1,542,640	2,281,066	17,866	2,298,932
Restricted assets (Note 6)	107,448	-	107,448	6,319	113,767
<b>Total</b>	<b>\$ 3,884,221</b>	<b>\$ 17,056,371</b>	<b>\$ 20,940,592</b>	<b>\$ 516,230</b>	<b>\$ 21,456,822</b>
Carrying amount of deposits			\$ 500,034	\$ 109,114	\$ 609,148
Total investments			20,440,558	407,116	20,847,674
<b>Total</b>			<b>\$ 20,940,592</b>	<b>\$ 516,230</b>	<b>\$ 21,456,822</b>

#### B. Deposits

In accordance with Nevada Revised Statutes, the State Treasurer may deposit funds into any state or national bank, credit union or savings and loan association covered by federal depository insurance. Statutes require that all deposits in excess of insured amounts be secured by collateral composed of: obligations of the United States; bonds of this State; bonds of any county, municipality or school district within this State; promissory notes secured by first deeds of trust or instruments in which the State is permitted to invest. Additionally, various statutes have authorized State agencies to deposit funds in accounts outside the custody of the State Treasurer. These outside accounts must follow the same guidelines as deposits made by the State Treasurer.

## (Note 3 Continued)

At June 30, 2003, deposits were held in various institutions throughout the State as follows (expressed in thousands):

	<u>Carrying Value</u>	<u>Bank Balance</u>
<b>Primary government and fiduciary funds:</b>		
Insured or collateralized with securities held by the State or by an agent of the State in State's name	\$ 37,991	\$ 104,963
Deposits in the U.S. Treasury investment pool in the name of the State	440,448	440,448
Uncollateralized or collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the State's name	<u>21,595</u>	<u>70,765</u>
<b>Total primary government and fiduciary funds</b>	<u>500,034</u>	<u>616,176</u>
<b>Component units:</b>		
Component unit's share in State Pool of deposits	10,692	508
Uncollateralized or collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the State's name	<u>98,422</u>	<u>98,422</u>
<b>Total component units</b>	<u>109,114</u>	<u>98,930</u>
<b>Total deposits reporting entity</b>	<u>\$ 609,148</u>	<u>\$ 715,106</u>

**C. Investments**

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

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

During fiscal year 2003, 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 contracts, 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, 2003. Category 1 includes investments that are insured or registered or for which the securities are held by the State or its agent in the State's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the State's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the State's name.

(Note 3 Continued)

	Category			Unclassified as to Risk	Fair Value
	1	2	3		
<b>Primary government and fiduciary funds:</b>					
Equity securities	\$ 5,682,851	\$ -	\$ -	\$ -	\$ 5,682,851
Fixed income securities	4,670,863	-	-	-	4,670,863
Foreign investments	2,483,280	-	-	-	2,483,280
Municipal bonds	1,193,600	-	-	-	1,193,600
U.S. Government securities	778,993	-	220,184	-	999,177
Commercial paper	440,956	-	-	-	440,956
Asset backed securities	221,212	-	-	-	221,212
Mortgage backed loans	69,775	-	-	-	69,775
Repurchase agreements	146,638	-	-	-	146,638
Negotiable certificates of deposit	59,719	-	-	-	59,719
Corporate notes	22,035	-	-	-	22,035
Corporate bonds	11,790	-	-	-	11,790
Other short term investments	99	-	143,629	-	143,728
Investment agreements	-	-	144,964	-	144,964
	<u>15,781,811</u>	<u>-</u>	<u>508,777</u>	<u>-</u>	<u>16,290,588</u>
Mortgage loans				3,410	3,410
Other investments				130,008	130,008
Real estate				1,047,856	1,047,856
				<u>1,181,274</u>	<u>1,181,274</u>
<b>Investments held by broker-dealers under securities loans:</b>					
Equity securities				673,886	673,886
Fixed income securities				619,804	619,804
Foreign investments				108,802	108,802
U.S. Government securities				833,825	833,825
				<u>2,236,317</u>	<u>2,236,317</u>
<b>Investments held by agents in mutual funds for:</b>					
General fund				216	216
Fiduciary funds				732,163	732,163
				<u>732,379</u>	<u>732,379</u>
<b>Total primary government and fiduciary funds</b>	<u>15,781,811</u>	<u>-</u>	<u>508,777</u>	<u>4,149,970</u>	<u>20,440,558</u>
<b>Component units:</b>					
Equity securities	-	-	26,377	-	26,377
Asset backed securities	17,937	-	-	-	17,937
U. S. Government securities	9,581	-	488	-	10,069
Corporate bonds	-	-	1,285	-	1,285
Other short term investments	-	-	1,977	-	1,977
Negotiable certificates of deposit	324	-	-	-	324
Commercial paper	324	-	-	-	324
Corporate notes	161	-	-	-	161
Mortgage backed loans	762	-	-	-	762
	<u>29,089</u>	<u>-</u>	<u>30,127</u>	<u>-</u>	<u>59,216</u>
Investments in partnerships				93,001	93,001
<b>Investments held by agents in mutual funds for:</b>					
University System				254,899	254,899
<b>Total component units</b>	<u>29,089</u>	<u>-</u>	<u>30,127</u>	<u>347,900</u>	<u>407,116</u>
<b>Total investments reporting entity</b>	<u>\$ 15,810,900</u>	<u>\$ -</u>	<u>\$ 538,904</u>	<u>\$ 4,497,870</u>	<u>\$ 20,847,674</u>

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

(Note 3 Continued)

#### D. Securities Lending

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

Securities on loan as of June 30, 2003 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, 2003 (excluding PERS) is \$833,824,976. The fair value of the collateral received in securities lending arrangements (excluding PERS) of \$852,455,970 is reported in the Statement of Net Assets and the Statement of Fiduciary Net Assets as an asset with a related liability which represents total collateral at June 30, 2003. Such collateral 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 \$11,091,226 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. Collateral received must equal at least 102% of the market value of the underlying security and is marked to market daily.

Securities on loan as of June 30, 2003 for cash collateral are presented as unclassified in the preceding table of credit risk. At year-end, PERS has no credit risk exposure to borrowers because the amount PERS owes to borrowers exceeds the amounts the borrowers owe to PERS. PERS has no discretionary authority to sell or pledge collateral received or securities loaned. The contract with the securities lending agent requires it to indemnify PERS for all losses relating to securities lending transactions. There were no losses resulting from borrower default during the period nor were there any recoveries of prior period losses.

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

The fair value of securities on loan at June 30, 2003 is \$1,402,491,377. The fair value of the cash collateral received in securities lending arrangements of \$1,446,475,846 is reported on the Statement of Fiduciary Net Assets as an asset with a related liability. At June 30, 2003, PERS has collateral with a fair value of \$1,449,064,521 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 \$20,250,900 relating to securities lending transactions.



**Note 4 - Receivables**

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

	<u>Governmental Funds</u>	<u>University System</u>
<b>As shown on financial statements:</b>		
Intergovernmental receivables	\$ 378,159	\$ 27,619
Notes/loans receivable	802	10,673
<b>Total</b>	<u>\$ 378,961</u>	<u>\$ 38,292</u>
<b>Classified:</b>		
<b>Current portion</b>	<u>\$ 194,355</u>	<u>\$ 30,447</u>
<b>Noncurrent portion:</b>		
Intergovernmental receivables	183,966	-
Notes/loans receivable	640	7,845
<b>Total noncurrent portion</b>	<u>184,606</u>	<u>7,845</u>
<b>Total</b>	<u>\$ 378,961</u>	<u>\$ 38,292</u>

Not included in the receivable balances are amounts considered to be uncollectible. \$39.2 million of taxes receivable in the governmental funds are estimated to be uncollectible, of which \$27.6 million are from businesses filing bankruptcy. Uncollectible accounts receivable in the governmental funds total \$16.5 million. The proprietary funds have \$17.9 million in uncollectible accounts receivable of which \$10.0 million is from unemployment contributions and benefit overpayments.

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

A summary of interfund advances at June 30, 2003, follows (expressed in thousands):

	<u>Advances From</u>			
	<u>Major Funds</u>			<u>Total</u>
	<u>General</u>	<u>State Highway</u>	<u>Consolidated Bond Interest and Redemption</u>	
<b><u>Advances To</u></b>				
Nonmajor governmental	\$ 794	\$ -	\$ -	\$ 794
Nonmajor enterprise	94	-	-	94
Internal service	16,196	13	3,389	19,598
Total other funds	17,084	13	3,389	20,486
Fiduciary	3,699	-	-	3,699
<b>Total</b>	<u>\$ 20,783</u>	<u>\$ 13</u>	<u>\$ 3,389</u>	<u>\$ 24,185</u>

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

Advances are generally made to finance capital expenditures or as a loan for operating purposes. The increase in the advance between the General fund and the Internal Service funds is for a human resources/payroll system.

(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, 2003, is shown below (expressed in thousands):

	Due To					Total Governmental
	Major Governmental Funds					
Due From	General	State Highway	Municipal Bond Bank	Cons Bond Interest and Redemption	Nonmajor Governmental	
Major Governmental Funds:						
General	\$ -	\$ 3,627	\$ 15	\$ 1,423	\$ 19,495	\$ 24,560
State Highway	1,072	-	-	265	32,823	34,160
Municipal Bond Bank	7	-	-	2,182	-	2,189
Nonmajor governmental	21,587	52	-	1,544	1,741	24,924
Total Governmental	22,666	3,679	15	5,414	54,059	85,833
Major Enterprise Funds:						
Housing Division	44	-	-	-	-	44
Nonmajor enterprise	2,067	1	-	-	8	2,076
Total Enterprise	2,111	1	-	-	8	2,120
Internal Service	4,600	96	-	128	174	4,998
Total other funds	\$ 29,377	\$ 3,776	\$ 15	\$ 5,542	\$ 54,241	\$ 92,951
Fiduciary	\$ 243	\$ -	\$ -	\$ -	\$ 186	\$ 429
Component Units:						
University System	\$ 967	\$ -	\$ -	\$ 8,190	\$ -	\$ 9,157
Colorado River Commission	3	-	-	-	-	3
Total Component Units	\$ 970	\$ -	\$ -	\$ 8,190	\$ -	\$ 9,160

	Due To					Fiduciary
	Major Enterprise Funds					
Due From	Housing Division	Nonmajor Enterprise	Total Enterprise	Internal Service	Total Other Funds	
Major Governmental Funds:						
General	\$ -	\$ 1,791	\$ 1,791	\$ 4,500	\$ 30,851	\$ 304,686
State Highway	-	8	8	810	34,978	2,117
Municipal Bond Bank	-	-	-	-	2,189	-
Nonmajor governmental	1	15	16	2,261	27,201	57
Total Governmental	1	1,814	1,815	7,571	95,219	306,860
Major Enterprise Funds:						
Housing Division	-	-	-	6	50	-
Nonmajor enterprise	-	-	-	50	2,126	85
Total Enterprise	-	-	-	56	2,176	85
Internal Service	2	30	32	373	5,403	8
Total other funds	\$ 3	\$ 1,844	\$ 1,847	\$ 8,000	\$ 102,798	\$ 306,953
Fiduciary	\$ -	\$ 9	\$ 9	\$ 2	440	\$ 19,934
Component Units:						
University System	\$ -	\$ 16	\$ 16	\$ 521	\$ 9,694	\$ -
Colorado River Commission	-	-	-	4	7	-
Total Component Units	\$ -	\$ 16	\$ 16	\$ 525	\$ 9,701	\$ -

	Due To		
	Component Units		
Due From	University System	Colorado River Commission	Total Component Units
Major Governmental Funds:			
General	\$ 9,012	\$ 240	\$ 9,252
State Highway	360	-	360
Nonmajor governmental	69,464	-	69,464
Total Governmental	78,836	240	79,076
Nonmajor enterprise	89	-	89
Internal Service	3	-	3
Total other funds	\$ 78,928	\$ 240	\$ 79,168
Fiduciary	\$ 5	\$ -	\$ 5

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.

(Note 5 Continued)

**C. Transfers From/Transfers To Other Funds**

A summary of transfers between funds for the year ended June 30, 2003, is shown below (expressed in thousands):

	Transfers Out/To					
	Major Governmental Funds					
	General	State Highway	Municipal Bond Bank	Cons Bond Interest and Redemption	Stabilize the Operations of State Govt	Nonmajor Governmental
<b>Transfers In/From</b>						
Major Governmental Funds:						
General	\$ -	\$ 2,038	\$ 259	\$ -	\$ 135,000	\$ 89,419
State Highway	3,463	-	-	-	-	1,068
Consolidated Bond Interest and Redemption	65	-	81,721	-	-	9,439
Nonmajor governmental	36,667	18,248	-	5	-	688
Total Governmental	40,195	20,286	81,980	5	135,000	100,614
Nonmajor enterprise	557	-	-	132	-	90
Internal Service	131	-	-	-	-	115
Total other funds	\$ 40,883	\$ 20,286	\$ 81,980	\$ 137	\$ 135,000	\$ 100,819

	Transfers Out/To					
	Major Enterprise Funds					
	Total Governmental	Housing Division	Nonmajor Enterprise	Total Enterprise	Internal Service	Total Other Funds
<b>Transfers In/From</b>						
Major Governmental Funds:						
General	\$ 226,716	\$ 43	\$ 17,453	\$ 17,496	\$ 2,122	\$ 246,334
State Highway	4,531	-	-	-	46	4,577
Consolidated Bond Interest and Redemption	91,225	-	-	-	-	91,225
Nonmajor governmental	55,608	-	74	74	250	55,932
Total Governmental	378,080	43	17,527	17,570	2,418	398,068
Nonmajor enterprise	779	-	-	-	-	779
Internal Service	246	-	-	-	-	246
Total other funds	\$ 379,105	\$ 43	\$ 17,527	\$ 17,570	\$ 2,418	\$ 399,093

The general purpose for transfers is to move monies from funds required by statute to collect them to the funds required by statute or budget to expend them, and to move monies collected for debt service purposes to the debt service fund required to make the payment. An exception was a transfer to the General Fund of \$135,000,000 from the Stabilize the Operations of State Government ("Rainy Day") fund. The Nevada Legislature approved this transfer during the 2003 session to offset a projected deficit in the General Fund.

In addition, the Nevada Legislature approved appropriations for the support of the University System, a component unit. Payments to the University System of \$375,726,000 are reported as education and support service expenses in the Statement of Activities and as education and support service expenditures in the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds. A corresponding amount is reported as general revenue of the University System in the Statement of Activities.

**Note 6 - Restricted Assets**

Various debt service, operation and maintenance, capital improvement and construction (acquisition) funding requirements of bond covenants, and trust indentures are recorded as restricted assets on the Statement of Net Assets. The components of restricted assets at June 30, 2003 are as follows (expressed in thousands):

(Note 6 Continued)

	Business-Type Activities	Total Primary Government	Component Units
<b>Restricted:</b>			
Cash	\$ -	\$ -	\$ 6,319
Investments	107,448	107,448	-
<b>Total</b>	<b>\$ 107,448</b>	<b>\$ 107,448</b>	<b>\$ 6,319</b>
<b>Restricted for:</b>			
Debt service	\$ -	\$ -	\$ 1,615
Debt service reserve	107,448	107,448	-
Construction reserve	-	-	3,999
Other and all purpose reserve	-	-	705
<b>Total</b>	<b>\$ 107,448</b>	<b>\$ 107,448</b>	<b>\$ 6,319</b>

**Note 7 - Capital Assets**

Capital asset activity of the primary government for the year ended June 30, 2003, was as follows (expressed in thousands):

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities:</b>				
<b>Capital assets, not being depreciated</b>				
Land	\$ 100,164	\$ 443	\$ -	\$ 100,607
Construction in progress	223,084	24,323	(46,455)	200,952
Infrastructure	2,524,113	74,269	-	2,598,382
Rights-of-way	353,661	38,868	(9,000)	383,529
Total capital assets, not being depreciated	3,201,022	137,903	(55,455)	3,283,470
<b>Capital assets, being depreciated/amortized</b>				
Buildings	751,843	28,622	-	780,465
Improvements other than buildings	72,735	4,782	-	77,517
Furniture and equipment	321,666	24,800	(14,205)	332,261
Software costs	44,055	15,540	-	59,595
Total capital assets, being depreciated/amortized	1,190,299	73,744	(14,205)	1,249,838
<b>Less accumulated depreciation /amortization for:</b>				
Buildings	(184,594)	(22,070)	-	(206,664)
Improvements other than buildings	(32,813)	(3,339)	-	(36,152)
Furniture and equipment	(228,363)	(27,847)	10,881	(245,329)
Software costs	(20,585)	(5,702)	-	(26,287)
Total accumulated depreciation/amortization	(466,355)	(58,958)	10,881	(514,432)
Total capital assets, being depreciated/amortized, net	723,944	14,786	(3,324)	735,406
<b>Governmental activities capital assets, net</b>	<b>\$ 3,924,966</b>	<b>\$ 152,689</b>	<b>\$ (58,779)</b>	<b>\$ 4,018,876</b>
<b>Business-type activities:</b>				
<b>Capital assets, not being depreciated</b>				
Land	\$ 435	\$ -	\$ -	\$ 435
Construction in progress	-	304	-	304
Total capital assets, not being depreciated	435	304	-	739
<b>Capital assets, being depreciated</b>				
Buildings	2,978	-	-	2,978
Improvements other than buildings	631	-	-	631
Furniture and equipment	4,510	447	(121)	4,836
Total capital assets, being depreciated	8,119	447	(121)	8,445
<b>Less accumulated depreciation for:</b>				
Buildings	(1,663)	(83)	-	(1,746)
Improvements other than buildings	(464)	(12)	-	(476)
Furniture and equipment	(3,663)	(252)	106	(3,809)
Total accumulated depreciation	(5,790)	(347)	106	(6,031)
Total capital assets, being depreciated, net	2,329	100	(15)	2,414
<b>Business-type activities capital assets, net</b>	<b>\$ 2,764</b>	<b>\$ 404</b>	<b>\$ (15)</b>	<b>\$ 3,153</b>

(Note 7 Continued)

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

<b>Governmental activities:</b>			
General government		\$	3,193
Education, support services			1,256
Health, social services			8,898
Law, justice, public safety			20,571
Recreation, resource development			4,845
Transportation			11,506
Regulation of business			605
Unallocated			1,152
Depreciation and amortization on capital assets held by the State's internal service funds is charged to the various functions based on their use of the assets			6,932
<b>Total depreciation/amortization expense - governmental activities</b>		<b>\$</b>	<b>58,958</b>
<b>Business-type activities:</b>			
Enterprise			347
<b>Total depreciation expense - business-type activities</b>		<b>\$</b>	<b>347</b>

Capital asset activity of the University System for the year ended June 30, 2003, was as follows (expressed in thousands):

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
<b>University System:</b>				
<b>Capital assets, not being depreciated</b>				
Construction in progress	\$ 35,130	\$ 54,385	\$ (26,890)	\$ 62,625
Land	46,082	3,117	-	49,199
Collections	4,284	551	-	4,835
Total capital assets, not being depreciated	85,496	58,053	(26,890)	116,659
<b>Capital assets, being depreciated</b>				
Buildings	1,059,661	52,423	(6,080)	1,106,004
Land and improvements	68,306	3,916	-	72,222
Machinery and equipment	195,075	25,800	(12,405)	208,470
Library books and media	76,922	7,111	(2,855)	81,178
Total capital assets, being depreciated	1,399,964	89,250	(21,340)	1,467,874
<b>Less accumulated depreciation for:</b>				
Buildings	(266,824)	(26,000)	2,156	(290,668)
Land and improvements	(43,848)	(3,420)	-	(47,268)
Machinery and equipment	(125,185)	(18,550)	10,270	(133,465)
Library books and media	(59,854)	(8,015)	2,854	(65,015)
Total accumulated depreciation	(495,711)	(55,985)	15,280	(536,416)
Total capital assets, being depreciated, net	904,253	33,265	(6,060)	931,458
<b>University System activity capital assets, net</b>	<b>\$ 989,749</b>	<b>\$ 91,318</b>	<b>\$ (32,950)</b>	<b>\$ 1,048,117</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, 2003 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%	\$ 1,047,735	\$ 806,600
Exempt from Constitutional Debt Limitation	1.60-8.5%	1,929,241	1,371,618
<i>Special obligation bonds:</i>			
Exempt from Constitutional Debt Limitation- Highway Improvement Revenue Bonds	4.5-5.25%	100,000	83,505
<b>Governmental activities bonds payable</b>		<u>3,076,976</u>	<u>2,261,723</u>
<b>Business-type activities:</b>			
<i>General obligation bonds:</i>			
Exempt from Constitutional Debt Limitation	2.6-9.65%	2,146,172	1,239,128
<b>Business-type activities bonds payable</b>		<u>2,146,172</u>	<u>1,239,128</u>
Total bonds payable		<u>\$ 5,223,148</u>	<u>\$ 3,500,851</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, 2003 (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	\$ 2,185,798	\$ 83,055	\$ (90,635)	\$ 2,178,218	\$ 89,119
Special obligation bonds	91,935	-	(8,430)	83,505	8,820
Total bonds payable	<u>2,277,733</u>	<u>83,055</u>	<u>(99,065)</u>	<u>2,261,723</u>	<u>97,939</u>
Obligations under capital leases	5,402	4,993	(3,243)	7,152	1,553
Compensated absences obligations	74,351	94,437	(90,621)	78,167	49,850
Arbitrage rebate liability	562	13	-	575	510
Certificates of participation	14,395	-	(630)	13,765	660
Judicial retirement net pension obligation	13,389	-	(13,389)	-	-
<b>Governmental activities long-term obligations</b>	<u>\$ 2,385,832</u>	<u>\$ 182,498</u>	<u>\$ (206,948)</u>	<u>\$ 2,361,382</u>	<u>\$ 150,512</u>
<b>Business-type activities:</b>					
Bonds payable	\$ 1,371,250	\$ 128,830	\$ (260,952)	\$ 1,239,128	\$ 21,658
Compensated absences obligations	1,243	1,709	(1,585)	1,367	868
Arbitrage rebate liability	43	4	-	47	-
<b>Business-type activities long-term obligations</b>	<u>\$ 1,372,536</u>	<u>\$ 130,543</u>	<u>\$ (262,537)</u>	<u>\$ 1,240,542</u>	<u>\$ 22,526</u>

**C. Debt Service Requirements for Bonds**

Debt service requirements (principal and interest) for all long-term bonds and notes outstanding at June 30, 2003, 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.

(Note 8 Continued)

Year Ended June 30	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2004	\$ 97,939	\$ 115,439	\$ 21,658	\$ 59,231
2005	107,606	110,371	23,307	58,446
2006	122,705	104,971	25,242	56,235
2007	126,707	101,104	26,585	55,635
2008	134,686	96,649	31,439	54,170
2009-2013	643,365	357,458	152,175	245,494
2014-2018	459,160	212,684	219,081	195,921
2019-2023	311,265	112,853	239,647	138,875
2024-2028	236,940	33,477	231,781	73,102
2029-2033	21,350	1,068	171,658	25,316
2034-2038	-	-	96,415	3,689
2039-2043	-	-	140	4
<b>Total</b>	<b>\$ 2,261,723</b>	<b>\$ 1,246,074</b>	<b>\$ 1,239,128</b>	<b>\$ 966,118</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, 2003, the debt limitation and its unused portion are computed as follows (expressed in thousands):

Debt limitation (2% of total assessed valuation)	\$ 1,276,838
Less: Bonds and leases payable as of June 30, 2003, subject to limitation	(825,082)
Remaining debt capacity	<u>\$ 451,756</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-nine projects were funded through the Nevada Municipal Bond Bank as of June 30, 2003, and total investments in local governments amounted to \$1,071,280,000.

**F. Refunded Debt and Redemptions**

On July 11, 2002 the State issued \$60,915,000 General Obligation (Limited Tax) Capital Improvement, Cultural Affairs and Refunding Bonds to partially advance refund \$6,140,000 of the November 1, 1995C General Obligation (Limited Tax) Capital Improvement Bonds and to partially advance refund \$6,095,000 of the November 15, 1996A General Obligation (Limited Tax) Capital Improvement in order to restructure debts. The reacquisition price exceeded the carrying amount of the old debt by \$899,758. 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 increase its total debt service payments by \$2,859,856 and to obtain an economic loss or present value loss of \$1,182.

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, 2003 is \$616,274,000.

(Note 8 Continued)

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

At June 30, 2003, the amount available to service debt in the Consolidated Bond Interest and Redemption debt service fund is \$45,348,867. At June 30, 2003, the amount available to service debt in the Highway Revenue Bonds debt service fund is \$5,493,602. At June 30, 2003, the amount available to service the debt in the Municipal Bond Bank special revenue fund is \$1,071,282,849. At June 30, 2003, the amount available to service the Water Project Bonds in the Water Project Loans proprietary fund is \$128,218,508.

The amount to be provided by other governments of \$188,185,000 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, 2003, have a historical cost of \$10,372,000 with accumulated depreciation of \$3,464,000.

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, 2003 follow (expressed in thousands):

<u>Year Ended June 30</u>	<u>Governmental Activities</u>
2004	\$ 1,928
2005	1,745
2006	1,586
2007	1,317
2008	632
2009-2012	<u>843</u>
Total minimum lease payments	8,051
Less: amount representing interest	<u>(899)</u>
Obligations under capital leases	<u>\$ 7,152</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, 2003. The liability as of June 30, 2003, 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.



(Note 8 Continued)

The following schedule presents future certificates of participation payments as of June 30, 2003 (expressed in thousands):

Year Ended June 30	Principal	Interest
2004	\$ 660	\$ 614
2005	690	583
2006	720	553
2007	755	522
2008	785	490
2009-2013	4,485	1,883
2014-2018	5,670	710
<b>Total</b>	<b>\$ 13,765</b>	<b>\$ 5,355</b>

### L. Conduit Debt Obligations

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

As of June 30, 2003, there were fifteen series of Industrial Revenue Bonds outstanding, with an aggregate principal amount payable of \$740,681,297.

### M. Component Unit Obligations

*University System* - Bonds, notes and capital leases payable by the University System at June 30, 2003 and the changes for the year then ended, consist of the following (expressed in thousands):

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds and notes payable	\$ 179,950	\$ 109,595	\$ (34,400)	\$ 255,145	\$ 7,735
Capital leases	10,939	1,322	(1,837)	10,424	1,555
<b>Total</b>	<b>\$ 190,889</b>	<b>\$ 110,917</b>	<b>\$ (36,237)</b>	<b>\$ 265,569</b>	<b>\$ 9,290</b>

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, 2003 (expressed in thousands):

Year Ended June 30	Principal	Interest
2004	\$ 7,735	\$ 12,504
2005	11,660	12,423
2006	9,184	11,816
2007	10,414	11,451
2008	10,531	10,820
2009-2013	48,488	46,908
2014-2018	48,214	34,131
2019-2023	39,249	21,830
2024-2028	31,800	13,005
2029-2033	34,205	4,203
2034-2038	3,665	40
<b>Total</b>	<b>\$ 255,145</b>	<b>\$ 179,131</b>

Accrued compensated absences payable by the University System at June 30, 2003 are \$30,735,000.

(Note 8 Continued)

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

Year Ended June 30	Amount
2004	\$ 2,220
2005	1,988
2006	1,781
2007	1,569
2008	1,194
2009-2013	3,885
2014-2018	576
Total minimum lease payments	13,213
Less: amount representing interest	(2,789)
Obligations under capital leases	<u>\$ 10,424</u>

At June 30, 2003 debt in the amount of \$24,100,000 is considered to be extinguished by the University System through refunding of prior issues by a portion of the current issues. Sufficient proceeds were invested in state and local government securities and placed in escrow to assure the timely payment of the maturities of prior issues. Neither the debt nor the escrowed assets are reflected on the financial statements.

*Colorado River Commission* - Bonds payable, net of premiums/discounts, by the Colorado River Commission (CRC) at June 30, 2003 and the changes for the year then ended, consist of the following (expressed in thousands):

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable	\$ 122,216	\$ 36,696	\$ (45,013)	\$ 113,899	\$ 1,135

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
2004	\$ 1,135	\$ 6,186
2005	1,225	6,128
2006	1,420	6,059
2007	1,620	5,978
2008	1,705	5,875
2009-2013	28,215	25,332
2014-2018	37,810	16,662
2019-2023	17,045	9,069
2024-2028	22,110	3,834
2029-2030	2,625	123
<b>Total</b>	<u>\$ 114,910</u>	<u>\$ 85,246</u>

Accrued compensated absences payable by CRC at June 30, 2003 are \$207,288.

**Note 9 - Pensions and Other Employee Benefits**

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

**A. PERS**

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

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

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

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

Actuarially required and statutory employee and employer contribution rates, as a percentage of covered payroll, for regular and police and fire members in effect for the fiscal year ended June 30, 2003, were as follows:

	<b>Funding</b>	<b>GASB</b>	<b>Statutory</b>
	<b>Basis</b>	<b>Disclosure</b>	<b>Rate</b>
	<b>Basis</b>	<b>Basis</b>	<b>Rate</b>
<b>Regular employees:</b>			
Employer-pay plan	20.32%	20.91%	18.75%
Employee/employer plan	10.59%	10.89%	9.75%
<b>Police and Fire employees:</b>			
Employer-pay plan	28.81%	30.13%	28.50%
Employee/employer plan	14.79%	15.45%	14.75%

## (Note 9 Continued)

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

	2003			2002			2001 (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	\$ 40,908	\$ 99,984	\$ 140,892	\$ 39,227	\$ 94,966	\$ 134,193	\$ 35,348	\$ 85,654	\$ 121,002
<b>Component Units:</b>									
Colorado River Commission	126	246	372	110	206	316	73	166	239
University System	7,149	17,937	25,086	6,452	16,587	23,039	5,896	15,115	21,011
<b>Total component units</b>	<b>7,275</b>	<b>18,183</b>	<b>25,458</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>Total reporting entity</b>	<b>\$ 48,183</b>	<b>\$ 118,167</b>	<b>\$ 166,350</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>
Contributions as % of covered payroll	6%	15%	21%	6%	15%	21%	6%	15%	21%
Contributions as % of total contributions of all participating entities of \$808,869, \$759,356 and \$716,085	6%	15%	21%	6%	14%	20%	6%	14%	20%

*Required Supplementary Information* - Schedules of funding progress and employer contributions are presented in the PERS June 30, 2003, comprehensive annual financial report. PERS' financial report may be obtained from the Public Employees' Retirement System, 693 West Nye Lane, Carson City, Nevada 89703.

**B. LRS**

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

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

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

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

## (Note 9 Continued)

<i>Actuarial Cost Method:</i>	Entry age normal cost
<i>Amortization Method:</i>	Level percent closed
<i>Remaining Amortization Period:</i>	22 years
<i>Asset Valuation Method:</i>	Five year smoothed market
<i>Actuarial Assumptions:</i>	
(Includes Inflation at 3.5% per year)	
Investment yield	8%
Projected salary increases	None
<i>Retirement Age for Active Members:</i>	Earlier of age 63 or age 60 with 24 years of service
<i>Assumed Mortality Rate:</i>	1983 Group Annuity Mortality Table
<i>Cost of Living (Post-Retirement) Increases:</i>	2% after 3 years of receiving benefits 3% after 6 years of receiving benefits 3.5% after 9 years of receiving benefits 4% after 12 years of receiving benefits 5% after 14 years of receiving benefits

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

<b>Fiscal Year Ended</b>	<b>Annual Pension Cost</b>	<b>State Contribution Made</b>	<b>Percentage of Annual Pension Cost Contributed</b>	<b>Net Pension Obligation</b>
6/30/2001	\$ 173	\$ 173	100%	\$ -
6/30/2002	173	173	100%	-
6/30/2003	177	177	100%	-

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

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

### C. JRS

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

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

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

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

## (Note 9 Continued)

*Contributions and Funding* - Beginning January 1, 2003, the 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, and annually thereafter, the State of Nevada, as employer, will pay to the JRS an amount on the unfunded liability which is actuarially determined to be sufficient to enable the JRS to pay all benefits for which the JRS is liable.

The actuarial valuation at January 1, 2003 determined the annual required contribution for the year ended June 30, 2003, using the entry-age-normal cost method for salary related benefits and the level dollar closed method for non-salary related benefits. The annual required contribution for the year ended June 30, 2003 was \$2,576,900; actual contributions made were \$760,023. Employer contributions are provided in the subsequent fiscal year State budget. The remaining employer contribution of \$1,816,877 is not required to be paid by the State until June 30, 2004.

*Actuarial Information* - Actuarial valuations of the JRS are prepared annually on a calendar year basis. Significant actuarial assumptions used in the January 1, 2003 valuation include the following:

<i>Actuarial Cost Method:</i>	Entry age normal cost
<i>Amortization Method:</i>	Level dollar closed
<i>Remaining Amortization Period:</i>	34 years
<i>Asset Valuation Method:</i>	Equal to market value
<i>Actuarial Assumptions:</i>	
(Includes Inflation at 3.5% per year)	
Investment yield	8%
Projected salary increases	3% per year
	Longevity increases of 2% per year after four years
<i>Retirement Age for Active Members:</i>	Earlier of age 65 with five years of service, at age 60 with 10 years or at any age with 30 years of service
<i>Assumed Mortality Rate:</i>	1983 Group Annuity Mortality Table
<i>Cost of Living (Post-Retirement) Increases:</i>	2% after 3 years of receiving benefits 3% after 6 years of receiving benefits 3.5% after 9 years of receiving benefits 4% after 12 years of receiving benefits 5% after 14 years of receiving benefits

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

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

#### **D. Post-Retirement Insurance Benefits**

Employees of the State, who meet the eligibility requirements for retirement as outlined in sections A through C of this note and at the time of retirement are covered or had dependents covered by any group insurance or medical and hospital service, have 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 insurance benefits. For the year ended June 30, 2003, there were 5,467 retirees covered at a cost of \$15,560,078 which represents 65% 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. No unused fund is carried forward to the next fiscal year.

**Note 10 - Risk Management**

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

Interfund premiums are reported as 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):

	Self Insurance Fund	Insurance Premiums Fund
Balance, June 30, 2001	\$ 20,013	\$ 26,726
Claims and changes in estimates	128,430	20,656
Claim payments	<u>(123,561)</u>	<u>(9,046)</u>
Balance, June 30, 2002	24,882	38,336
Claims and changes in estimates	146,566	16,823
Claim payments	<u>(151,096)</u>	<u>(8,379)</u>
<b>Balance June 30, 2003</b>	<b><u>\$ 20,352</u></b>	<b><u>\$ 46,780</u></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, 2003. 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 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

(Note 10 Continued)

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), and auto 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) for the workers' compensation portion of the Fund, each calendar year through 2000 is a separate plan subject to its own premium determinations based on the actual loss experience for that year, with contractually negotiated basic and maximum premiums. Each plan year is subject to five premium determinations, at which point, based on loss experience, there is either an amount due to or from EICON. The first determination is eight months after the close of the plan year, and annually thereafter. Each plan year may be closed at any determination if the Insurance Premiums Fund and EICON mutually agree; the cost to close a plan year includes a charge for incurred but not reported claims. Plan years 1999 and 2000 are still open as of June 30, 2003 and are subject to additional premiums based on the loss experience of the plan. Liabilities in the amount of \$3,468,188 as of June 30, 2003 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. The maximum premiums are \$12,357,534 and \$12,711,971 for plan years 1999 and 2000 respectively. During the year ended June 30, 2003, \$2,265,749 was paid toward the outstanding amounts due to EICON based on the retrospective determination for plan years 1998, 1999 and 2000. For the period beginning January 1, 2001 and for each calendar year thereafter the Fund purchased a high deductible policy with loss retention of \$750,000, \$1,000,000 and \$2,000,000 per incident for calendar years 2001, 2002 and 2003 respectively. Liabilities in the amount of \$21,159,416 as of June 30, 2003 were determined using standard actuarial techniques as estimates for the incurred but not reported losses and allocated loss adjustment expenses under 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 \$500,000 for property loss with commercial insurance purchased to cover the excess above these amounts, 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, 2003, 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. At June 30, 2003 total liabilities exceeded total assets by \$42,775,858. According to figures derived from actuarial estimates, the Fund is liable for approximately \$42,800,000 as of June 30, 2003 in potential claims settlements, which have yet to be funded through premium contributions. As Nevada Revised Statute 331.187 provides that if money in the Fund is insufficient to pay a tort claim, the claim is to be paid from the reserve for statutory contingency account, and, as management assesses premiums to cover current claims payments, management believes that this provides the opportunity for the Fund to satisfy these liabilities.



**Note 11 - Fund Balances****A. Individual Fund Deficits****Enterprise Fund**

*Nevada Magazine* - The Nevada Magazine shows a decrease in net assets of \$293,517 for the fiscal year ended June 30, 2003, and continues to operate in a deficit situation showing net liabilities (negative net assets) of \$749,036 at June 30, 2003.

**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 an increase in net assets of \$844,490 for the year ended June 30, 2003, resulting in net liabilities (negative net assets) of \$15,007,355 at June 30, 2003.

*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 \$10,239,611 for the year ended June 30, 2003, resulting in net liabilities (negative net assets) of \$42,775,858 at June 30, 2003.

*Personnel* - The Personnel Fund accounts for the cost of administering the State personnel system. The fund recorded a decrease in net assets of \$1,908,392 for the year ended June 30, 2003, resulting in net liabilities (negative net assets) of \$503,645 at June 30, 2003.

**B. Governmental Fund Balances**

Governmental fund balances, reserved for other at June 30, 2003, are explained as follows (expressed in thousands):

	General	State Highway	Other Governmental	Total
<b>Fund balances, reserved for other:</b>				
Reserved for prepaid items	\$ 40,903	\$ 5,831	\$ 41	\$ 46,775
Reserved for noncurrent receivables - notes	724	-	78	802
Reserved for fiscal emergency	-	-	9,057	9,057
Reserved for specific future allocations	-	-	1,532	1,532
<b>Total fund balances, reserved for other</b>	<b>\$ 41,627</b>	<b>\$ 5,831</b>	<b>\$ 10,708</b>	<b>\$ 58,166</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 most non-gaming taxes.

The following are the primary tax revenues:

*Sales and Use Taxes* are imposed at a minimum rate of 6.5%, with local and 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, 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

## (Note 12 Continued)

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 pay fees at variable rates on the number of gaming devices operated per quarter.

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

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

The State possesses certain works of art, historical treasures and similar assets that are not included with the capital assets shown in Note 7. 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-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.

## (Note 13 Continued)

*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 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****A. Primary Government**

*Bonds* - 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, 2003, is \$3,990,000.

*Lawsuits* - 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.

## (Note 14 Continued)

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

*PERS* - The Public Employees' Retirement System (PERS) has entered into investment funding commitments as of June 30, 2003. For alternative investments, PERS has committed to fund \$410.5 million at some future date. Alternative investments consist of acquisitions, industry consolidations, subordinated debt instruments, special situations, and venture capital.

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.

*Leases* - The State is obligated by leases for buildings and equipment accounted for as operating leases. Operating leases do not give rise to property rights as capital leases do. Therefore, the results of the lease agreements are not reflected in the Statement of Net Assets. Primary Government lease expense for the year ended June 30, 2003 amounted to \$25,465,376. 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, 2003 (expressed in thousands):

<u>For the Year Ended June 30</u>	<u>Amount</u>
2004	\$ 20,575
2005	17,499
2006	12,508
2007	5,916
2008	4,296
2009-2013	4,269
<b>Total</b>	<u><u>\$ 65,063</u></u>

*Federal Grants* - The State receives significant financial assistance from the federal government in the form of grants and entitlements, which are generally conditioned upon compliance with terms and conditions of the grant agreements and applicable federal regulations, including the expenditure of the resources for eligible purposes. Substantially all grants are subject to financial and compliance audits by federal agencies. Any disallowance as a result of these audits could become a liability of the State. As of June 30, 2003, the State is unable to estimate the amount, if any, of expenditures that may be disallowed, although the State expects such amounts, if any, to be immaterial.

*Rebate Arbitrage* - The Tax Reform Act of 1986 imposes a rebate requirement with respect to some bonds issued by the State. Under this requirement, an amount equal to the sum of (a) the excess of the aggregate amount earned on all investments (other than certain specified exceptions) over the amount that would have been earned if all investments were invested at a rate equal to the yield on the bonds, and (b) any income earned on the excess described in (a), is required to be rebated to the U.S. Treasury, in order for the interest on the bonds to be excluded from gross income for federal income tax purposes. Rebateable arbitrage is computed as of each installment computation date. The present value of the rebateable arbitrage has been recorded as a liability in the Statement of Net Assets at June 30, 2003. Future calculations might result in different rebateable arbitrage amounts.

*Construction commitments* - As of June 30, 2003, the Nevada Department of Transportation had total contractual commitments of approximately \$120 million for construction of various highway projects. Other major non-highway construction commitments for the primary government's budgeted capital projects funds total \$3.5 million.

#### **B. Discretely Presented Component Units**

*University System* - As of June 30, 2003, 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 \$16,597,000.

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

## (Note 14 Continued)

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

*Colorado River Commission* - The management of the Colorado River Commission (CRC), 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 bonds were sold after June 30, 2003:

*General Obligation Bonds* - \$134,470,000 Series July 1, 2003, C, D, E and F General Obligation (Limited Tax) Bonds: Series 2003C are \$21,515,000 Water Refunding Bonds (Revenue Supported), due in annual installments ranging from \$155,000 to \$3,900,000 through July 1, 2011, plus semi-annual interest payments, at rates from 2.50% to 5.00%. Interest payments on the bonds are payable January 1 and July 1, commencing January 1, 2004. Series 2003D are \$20,435,000 University System Refunding Bonds (Revenue Supported), due in annual installments ranging from \$2,145,000 to \$3,390,000 through August 1, 2010, plus semi-annual interest payments, at rates from 2.00% to 3.75%. Interest payments on the bonds are payable February 1 and August 1, commencing February 1, 2004. Series 2003E are \$61,210,000 Open Space, Parks and Cultural Resources Bonds, due in annual installments ranging from \$1,550,000 to \$5,075,000

through June 1, 2021, plus semi-annual interest payments, at rates from 3.00% to 5.00%. Interest payments on the bonds are payable June 1 and December 1, commencing December 1, 2003. Series 2003F are \$31,310,000 Open Space, Parks and Natural Resources Bonds, due in annual installments ranging from \$670,000 to \$2,200,000 through June 1, 2021, plus semi-annual interest payments, at rates from 2.00% to 5.00%. Interest payments on the bonds are payable June 1 and December 1, commencing December 1, 2003. The Series 2003C and 2003D Bonds will not be subject to redemption prior to maturity. The Series 2003E and Series 2003F Bonds maturing on and after June 1, 2014 will be subject to optional redemption on and after June 1, 2013. The Series 2003F Bonds maturing on June 1, 2023 will be subject to mandatory redemption prior to maturity from sinking fund payments on and after June 1, 2022. The Series 2003D and 2003E Bonds are subject to the Constitutional Debt Limit.

\$112,180,000 Series October 1, 2003, A and B General Obligation (Limited Tax) Bonds: Series 2003A are

## (Note 15 Continued)

\$92,380,000 Capital Improvement, Cultural Affairs and Refunding Bonds, due in annual installments ranging from \$3,570,000 to \$7,190,000 through August 1, 2022, plus semi-annual interest payments, at rates from 4.75% to 5.00%. Interest payments on the bonds are payable February 1 and August 1, commencing February 1, 2004. Series 2003B are \$19,800,000 Natural Resources and Refunding Bonds, due in annual installments ranging from \$480,000 to \$2,165,000 through August 1, 2023, plus semi-annual interest payments, at rates from 3.00% to 4.75%. Interest payments on the bonds are payable February 1 and August 1, commencing February 1, 2004. The Series 2003A and Series 2003B Bonds maturing on and after August 1, 2014 will be subject to optional redemption prior to maturity. The Series 2003A Bonds are subject to the Constitutional Debt Limit.

\$104,930,000 Series 2003, G, H, I and J General Obligation (Limited Tax) Bonds: Series 2003G are \$2,665,000 Water Pollution Control Revolving Fund Matching Bonds, due in annual installments ranging from \$235,000 to \$315,000 through August 1, 2013, plus semi-annual interest payments, at rates from 2.00% to 4.00%. Interest payments on the bonds are payable February 1 and August 1, commencing February 1, 2004. Series 2003H are \$63,500,000 Water Pollution Control Revolving Fund Leveraged Bonds, due in annual installments ranging from \$2,450,000 to \$5,165,000, plus semi-annual interest payments, at rates from 3.00% to 5.00%. Interest payments on the bonds are payable February 1 and August 1, commencing February 1, 2004. Series 2003I are \$35,465,000 Nevada Municipal Bond Bank Project Bonds, due in annual installments ranging from \$540,000 to \$3,845,000, plus semi-annual interest payments, at rates from 3.00% to 5.00%. Interest payments on the bonds are payable May 1 and November 1, commencing May 1, 2004. Series 2003J are \$3,300,000 Safe Drinking Water Act Revolving Fund Matching Bonds, due

in annual installments ranging from \$180,000 to \$285,000, plus semi-annual interest payments, at rates from 2.00% to 4.25%. Interest payments on the bonds are payable February 1 and August 1, commencing February 1, 2004. The 2003G Bonds will not be subject to redemption prior to maturity. The Series 2003H and 2003J Bonds maturing on and after August 1, 2014 will be subject to optional redemption prior to maturity. The 2003I Bonds maturing on and after November 1, 2014 will be subject to optional redemption prior to maturity.

*Revenue Bonds* - \$176,435,000 Series July 1, 2003 Highway Improvement Revenue (Motor Vehicle Fuel Tax) Bonds. The Bonds are due in annual installments ranging from \$12,855,000 to \$20,285,000, plus semi-annual interest payments, at rates from 5.00% to 6.00%. Interest payments on the bonds are payable June 1 and December 1, commencing December 1, 2003. The bonds are not subject to optional redemption before maturity.

*Legislative Counsel Bureau* - During the 2003 Legislative Session, through Senate Bill No. 504, the State Printing Division of the Department of Administration, with an annual budget of approximately \$3.5 million, was transferred to the Legislative Counsel Bureau, effective July 1, 2003. All debt of the State Printing Division of the Department of Administration to the State General Fund and any other state fund or entity was forgiven, and a new division was created by the Legislative Counsel Bureau to monitor the activities of the Printing Division.

**Discretely Presented Component Unit**

*Colorado River Commission* - On September 2, 2003, the Commission entered into a termination agreement with Williams Power Company, Inc. (Williams) to terminate all forward energy purchase contracts (Contracts) with Williams. As consideration for the early termination of the Contracts, the Commission paid Williams \$13,121,600, to be charged against payable to customers.

# Budgetary Comparison Schedule General Fund and Major Special Revenue Funds

For the Fiscal Year Ended June 30, 2003 (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	274,759	\$ 274,759	\$ 274,759	\$ -	\$ 223,238	\$ 223,238	\$ 223,238	\$ -
<b>Revenues:</b>								
Sales taxes	720,903	720,903	693,529	(27,374)	-	-	-	-
Gaming taxes, fees, licenses	742,595	714,872	666,462	(48,410)	-	-	-	-
Intergovernmental	984,858	1,377,125	1,167,710	(209,415)	209,288	212,160	187,120	(25,040)
Other taxes	511,958	513,372	514,574	1,202	263,850	265,111	265,866	755
Sales, charges for services	141,310	150,824	139,062	(11,762)	18,087	18,940	11,259	(7,681)
Licenses, fees and permits	211,662	253,232	257,682	4,450	133,420	140,544	137,508	(3,036)
Interest	22,433	23,463	10,124	(13,339)	10,010	10,010	5,804	(4,206)
Other	179,581	229,823	181,586	(48,237)	15,057	16,005	36,066	20,061
<b>Other financing sources:</b>								
Proceeds from sale of bonds	-	4,518	2,018	(2,500)	199,310	199,310	197,896	(1,414)
Transfers	227,228	392,353	455,889	63,536	4,731	5,272	7,984	2,712
Reversions from other funds	-	-	2,520	2,520	-	-	-	-
<b>Total sources</b>	<b>4,017,287</b>	<b>4,655,244</b>	<b>4,365,915</b>	<b>(289,329)</b>	<b>1,076,991</b>	<b>1,090,590</b>	<b>1,072,741</b>	<b>(17,849)</b>
<b>Uses of Financial Resources</b>								
<b>Expenditures and encumbrances:</b>								
Constitutional agencies	80,460	105,708	81,283	24,425	-	-	-	-
Finance and administration	44,398	75,508	63,344	12,164	-	-	-	-
Education	1,455,249	1,752,754	1,589,597	163,157	-	-	-	-
Human services	1,697,317	2,004,016	1,855,914	148,102	-	-	-	-
Commerce and industry	86,602	108,273	74,877	33,396	-	-	-	-
Public safety	261,660	328,968	266,579	62,389	124,181	153,525	134,365	19,160
Infrastructure	132,315	200,964	104,085	96,879	695,203	733,998	508,214	225,784
Special purpose agencies	5,806	6,713	6,319	394	-	-	-	-
Transportation	-	-	-	-	-	-	-	-
<b>Other financing uses:</b>								
Transfers to other funds	22,902	34,502	38,220	(3,718)	16,289	17,136	17,136	-
Reversions to other funds	-	-	3,018	(3,018)	-	-	55	(55)
Refunds	-	-	-	-	-	-	-	-
<b>Projected reversions</b>	<b>(81,370)</b>	<b>(81,370)</b>	<b>-</b>	<b>(81,370)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total uses</b>	<b>3,705,339</b>	<b>4,536,036</b>	<b>4,083,236</b>	<b>452,800</b>	<b>835,673</b>	<b>904,659</b>	<b>659,770</b>	<b>244,889</b>
<b>Fund balances, June 30</b>	<b>\$ 311,948</b>	<b>\$ 119,208</b>	<b>\$ 282,679</b>	<b>\$ 163,471</b>	<b>\$ 241,318</b>	<b>\$ 185,931</b>	<b>\$ 412,971</b>	<b>\$ 227,040</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
\$ 3	\$ 3	\$ 3	\$ -	\$ 136,341	\$ 136,341	\$ 136,341	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
79,277	81,277	81,273	(4)	-	-	-	-
-	570	570	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
79,280	81,850	81,846	(4)	136,341	136,341	136,341	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
3	3	-	3	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
79,277	81,847	81,843	4	-	135,000	135,000	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
79,280	81,850	81,843	7	-	135,000	135,000	-
\$ -	\$ -	\$ 3	\$ 3	\$ 136,341	\$ 1,341	\$ 1,341	\$ -



For the Fiscal Year Ended June 30, 2003

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 16 are reported instead of the amounts disclosed in the original budget. The September 16, 2003 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, 2003 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, 2003</b>	\$ 282,679	\$ 412,971	\$ 3	\$ 1,341
<b>Adjustments:</b>				
<i>Basis differences:</i>				
Petty cash or outside bank accounts	11,406	130	-	-
Investments not recorded on the budgetary basis	9,348	-	1,071,280	-
Accrual of certain other receivables	69,911	2,069	-	-
Inventory	-	6,101	-	-
Advances to other funds	22,776	13	-	-
Deferred charges and other assets	222	5,831	-	-
Accrual of certain accounts payable and accruals	(148,074)	(32,796)	-	-
Accrual of longevity pay	(1,253)	(176)	-	-
Contract retentions payable	-	-	-	-
Deferred revenues	(147,990)	(5,328)	-	-
Bond proceeds	-	(193,025)	-	-
Encumbrances	6,130	1,184	-	-
Other	4,366	3,525	268	-
<b>Fund balances (GAAP basis) June 30, 2003</b>	<u>\$ 109,521</u>	<u>\$ 200,499</u>	<u>\$ 1,071,551</u>	<u>\$ 1,341</u>

Total fund balance on the budgetary basis in the General Fund at June 30, 2003, 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)	\$ 282,679
Restricted funds	<u>(175,927)</u>
<b>Unrestricted fund balance (budgetary basis)</b>	<u><u>\$ 106,752</u></u>

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

For the Fiscal Year Ended June 30, 2003

**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):

<b>Valuation Date</b>	<b>Actuarial Accrued Liability (AAL)</b>	<b>Actuarial Value of Assets</b>	<b>Unfunded Actuarial Accrued Liability (UAAL)</b>	<b>Ratio of Assets to AAL</b>	<b>Annual Covered Payroll</b>	<b>UAAL as a % of Annual Covered Payroll</b>
1/1/1999	5,075	3,527	1,548	70%	491	315%
1/1/2001	5,399	3,812	1,587	71%	476	333%
1/1/2003	5,642	4,060	1,582	72%	484	327%

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

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

**Judicial Retirement System (JRS)**

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

<b>Valuation Date</b>	<b>Actuarial Accrued Liability (AAL)</b>	<b>Actuarial Value of Assets</b>	<b>Unfunded Actuarial Accrued Liability (UAAL)</b>	<b>Ratio of Assets to AAL</b>	<b>Annual Covered Payroll</b>	<b>UAAL as a % of Annual Covered Payroll</b>
1/1/2003*	29,291	5,002	24,289	17%	4,347	559%

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

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

For the Fiscal Year Ended June 30, 2003

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. However, the calendar year 2003 condition assessment is not available as of the date of this report. To monitor the condition of the roadways the State uses the International Roughness Index (IRI). IRI measures the cumulative deviation from a smooth surface. The lower the IRI value, the better the condition of the roadway. The State has set a policy that it will maintain a certain percentage of each category of its roadways with an IRI of less than 80. The State has set a policy that it will maintain its bridges so that not more than 10 percent are structurally deficient or functionally obsolete. The following tables show that the State's policy regarding the condition level of the roadways and bridges has been met.

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

	Category				
	<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>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>
Estimated	\$324,525	\$255,575	\$94,194	\$97,038	\$129,255
Actual	\$306,149	\$135,898	\$75,080	\$91,615	\$125,506

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

# Nonmajor Governmental Funds

## Nonmajor Special Revenue Funds

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

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

**Regulatory** Accounts for receipts and expenditures related to enforcement of regulations on manufactured housing (NRS 489.491), enforcement of regulations pursuant to dairy products (NRS 584.460), 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); and receipts and expenditures related to assisting counties with the institutional care of the medically indigent (NRS 428.470).

### **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).

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

### **Nonmajor Permanent Funds**

**Permanent School** 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** 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, 2003

	<b>Special Revenue Funds</b>	<b>Highway Revenue Bonds Debt Service</b>	<b>Capital Projects Funds</b>	<b>Permanent Funds</b>	<b>Total Nonmajor Governmental Funds</b>
<b>Assets</b>					
<i>Cash and pooled investments:</i>					
Cash with treasurer	\$ 204,148,786	\$ 5,493,602	\$ 120,361,067	\$ 7,605,329	\$ 337,608,784
Cash in custody of other officials	1,347,084	-	-	-	1,347,084
Investments	1,141,009	-	-	109,113,659	110,254,668
Collateral on loaned securities	137,143,695	-	1,899,446	6,200,721	145,243,862
<i>Receivables:</i>					
Accounts receivable	4,493,112	-	-	-	4,493,112
Taxes receivable	2,938,743	-	-	-	2,938,743
Intergovernmental receivables	7,291,407	-	635,178	442,071	8,368,656
Accrued interest and dividends	1,446	-	-	1,054,040	1,055,486
Notes/loans receivable	77,895	-	-	-	77,895
Other receivables	627	-	3,300	-	3,927
Due from other funds	18,425,163	-	35,655,655	160,315	54,241,133
Due from fiduciary funds	186,469	-	-	-	186,469
Inventory	1,284,825	-	-	-	1,284,825
Prepaid items	40,717	-	-	-	40,717
<b>Total assets</b>	<b>\$ 378,520,978</b>	<b>\$ 5,493,602</b>	<b>\$ 158,554,646</b>	<b>\$ 124,576,135</b>	<b>\$ 667,145,361</b>
<b>Liabilities and Fund Balances</b>					
<i>Accounts payable and accruals:</i>					
Accounts payable	\$ 11,208,473	\$ -	\$ 780,257	\$ -	\$ 11,988,730
Accrued payroll and related liabilities	3,736,535	-	-	-	3,736,535
Intergovernmental payables	2,454,726	-	7,068	-	2,461,794
Contracts payable	3,541	-	4,452,821	-	4,456,362
Retention payable	-	-	2,421,902	-	2,421,902
Obligations under securities lending	137,143,695	-	1,899,446	6,200,721	145,243,862
Due to other funds	15,196,155	-	5,165,934	6,839,392	27,201,481
Due to fiduciary funds	57,430	-	-	-	57,430
Due to component unit	957,683	-	68,506,478	-	69,464,161
Advances from general fund	-	-	794,332	-	794,332
Deferred revenues	4,726,073	-	-	-	4,726,073
Other liabilities	-	-	-	734,985	734,985
<b>Total liabilities</b>	<b>175,484,311</b>	<b>-</b>	<b>84,028,238</b>	<b>13,775,098</b>	<b>273,287,647</b>
<b>Fund balances:</b>					
<i>Reserved for:</i>					
Encumbrances and contracts	479,599	-	3,389,670	-	3,869,269
Inventories	1,284,825	-	-	-	1,284,825
Funds held as permanent investments	187,844	-	-	110,778,708	110,966,552
Debt service	-	5,493,602	-	-	5,493,602
Other	10,708,510	-	-	-	10,708,510
<i>Unreserved:</i>					
<i>Designated:</i>					
Principal preservation	803,482	-	-	-	803,482
Approved capital projects	-	-	71,136,738	-	71,136,738
Undesignated	189,572,407	-	-	22,329	189,594,736
<b>Total fund balances</b>	<b>203,036,667</b>	<b>5,493,602</b>	<b>74,526,408</b>	<b>110,801,037</b>	<b>393,857,714</b>
<b>Total liabilities and fund balances</b>	<b>\$ 378,520,978</b>	<b>\$ 5,493,602</b>	<b>\$ 158,554,646</b>	<b>\$ 124,576,135</b>	<b>\$ 667,145,361</b>

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

State  
of  
Nevada

For the Fiscal Year Ended June 30, 2003

	Special Revenue Funds	Highway Revenue Bonds Debt Service	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
<b>Revenues</b>					
Gaming taxes, fees, licenses	\$ 15,537,831	\$ -	\$ -	\$ -	\$ 15,537,831
Intergovernmental	56,874,102	-	5,005,168	-	61,879,270
Other taxes	49,561,945	13,016,338	-	-	62,578,283
Licenses, fees and permits	24,896,457	-	-	-	24,896,457
Sales and charges for services	11,964,569	-	-	-	11,964,569
Interest and investment income	7,884,409	-	117,046	6,847,488	14,848,943
Tobacco settlement income	44,753,037	-	-	-	44,753,037
<i>Other:</i>					
Fines	-	-	-	4,202,347	4,202,347
Land sales	-	-	-	11,654,081	11,654,081
Other	8,819,247	-	602,500	108,485	9,530,232
<b>Total revenues</b>	<b>220,291,597</b>	<b>13,016,338</b>	<b>5,724,714</b>	<b>22,812,401</b>	<b>261,845,050</b>
<b>Expenditures</b>					
<i>Current:</i>					
General government	44,141,930	-	38,772	128,268	44,308,970
Health and social services	88,749,386	-	-	-	88,749,386
Education and support services	21,173,495	-	35,849,387	-	57,022,882
Law, justice and public safety	16,211,273	-	-	-	16,211,273
Regulation of business	17,426,576	-	-	-	17,426,576
Recreation, resource development	18,024,402	-	-	-	18,024,402
Intergovernmental	23,195,692	-	-	-	23,195,692
Capital outlay	-	-	22,294,058	-	22,294,058
<i>Debt service:</i>					
Principal	144,849	8,430,000	-	-	8,574,849
Interest, fiscal charges	39,823	4,393,962	-	-	4,433,785
Arbitrage payments	179,000	-	-	-	179,000
<b>Total expenditures</b>	<b>229,286,426</b>	<b>12,823,962</b>	<b>58,182,217</b>	<b>128,268</b>	<b>300,420,873</b>
Excess (deficiency) of revenues over expenditures	(8,994,829)	192,376	(52,457,503)	22,684,133	(38,575,823)
<b>Other Financing Sources (Uses)</b>					
Capital leases	7,255	-	-	-	7,255
Sale of general obligation bonds	8,085,375	-	46,049,099	-	54,134,474
Sale of capital assets	360,771	-	-	-	360,771
Transfers in	36,959,386	-	18,972,875	-	55,932,261
Transfers out	(91,357,681)	-	(2,703,301)	(6,757,484)	(100,818,466)
Total other financing sources (uses)	(45,944,894)	-	62,318,673	(6,757,484)	9,616,295
Net change in fund balances	(54,939,723)	192,376	9,861,170	15,926,649	(28,959,528)
Fund balances, July 1	257,976,390	5,301,226	64,665,238	94,874,388	422,817,242
<b>Fund balances, June 30</b>	<b>\$ 203,036,667</b>	<b>\$ 5,493,602</b>	<b>\$ 74,526,408</b>	<b>\$ 110,801,037</b>	<b>\$ 393,857,714</b>

# Combining Balance Sheet Nonmajor Special Revenue Funds

June 30, 2003

	School Improvement	Employment Security	Regulatory	Legislative	Higher Education Capital Construction
<b>Assets</b>					
<i>Cash and pooled investments:</i>					
Cash with treasurer	\$ 144,470	\$ 14,539,469	\$ 9,531,413	\$ 3,857,601	\$ 8,701,705
Cash in custody of other officials	-	125	1,800	1,295,056	-
Investments	-	-	-	-	-
Collateral on loaned securities	117,790	11,492,566	798,881	-	-
<i>Receivables:</i>					
Accounts receivable	-	1,800,021	615,575	19,094	-
Taxes receivable	-	2,649,888	-	-	-
Intergovernmental receivables	-	3,331,342	1,230	-	-
Accrued interest and dividends	-	-	-	-	-
Notes/loans receivable	-	-	-	-	-
Other receivables	-	-	-	-	-
Due from other funds	5,360,296	207,267	26,334	34,027	8,571,020
Due from fiduciary funds	-	-	-	538	-
Inventory	-	-	-	700,815	-
Prepaid items	-	1,323	1,760	37,634	-
<b>Total assets</b>	<u>\$ 5,622,556</u>	<u>\$ 34,022,001</u>	<u>\$ 10,976,993</u>	<u>\$ 5,944,765</u>	<u>\$ 17,272,725</u>
<b>Liabilities and Fund Balances</b>					
<i>Accounts payable and accruals:</i>					
Accounts payable	\$ -	\$ 2,452,566	\$ 112,609	\$ 213,967	\$ 247
Accrued payroll and related liabilities	-	1,295,625	637,594	1,233,601	-
Intergovernmental payables	-	51,852	23	957	-
Contracts/retentions payable	-	-	-	3,541	-
Obligations under securities lending	117,790	11,492,566	798,881	-	-
Due to other funds	5,479,630	1,189,470	181,309	346,777	5,009,820
Due to fiduciary funds	-	1,424	157	49,195	-
Due to component unit	-	64,101	-	-	-
Deferred revenues	-	1,455,389	1,293,922	-	-
<b>Total liabilities</b>	<u>5,597,420</u>	<u>18,002,993</u>	<u>3,024,495</u>	<u>1,848,038</u>	<u>5,010,067</u>
<b>Fund balances:</b>					
<i>Reserved for:</i>					
Encumbrances and contracts	-	205,619	4,888	212,308	-
Inventories	-	-	-	700,815	-
Funds held as permanent investments	-	-	-	-	-
Other	-	1,323	1,760	1,455,919	-
<i>Unreserved:</i>					
<i>Designated:</i>					
Principal preservation	-	-	-	-	-
Undesignated	25,136	15,812,066	7,945,850	1,727,685	12,262,658
<b>Total fund balances</b>	<u>25,136</u>	<u>16,019,008</u>	<u>7,952,498</u>	<u>4,096,727</u>	<u>12,262,658</u>
<b>Total liabilities and fund balances</b>	<u>\$ 5,622,556</u>	<u>\$ 34,022,001</u>	<u>\$ 10,976,993</u>	<u>\$ 5,944,765</u>	<u>\$ 17,272,725</u>



<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>
\$ 3,126,906	\$ 11,195,834	\$ 2,667,212	\$ 1,746,423	\$ 91,298,439	\$ 6,160,893
-	-	-	-	-	-
-	-	-	-	-	-
2,531,789	9,128,105	-	3,640,511	74,436,771	-
-	1,022	6,532	1,954,681	-	-
-	288,855	-	-	-	-
-	147,000	3,396,341	44,221	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
38,729	176,824	152,938	54,509	1,179,405	1,526,881
-	-	-	163,101	-	-
-	-	-	418,797	-	-
-	-	-	-	-	-
<u>\$ 5,697,424</u>	<u>\$ 20,937,640</u>	<u>\$ 6,223,023</u>	<u>\$ 8,022,243</u>	<u>\$ 166,914,615</u>	<u>\$ 7,687,774</u>
\$ 761,503	\$ -	\$ 732,827	\$ 176,668	\$ 1,274,687	\$ 5,852
-	-	77,647	167,687	29,885	-
30,910	57,302	519,740	-	518,880	-
-	-	-	-	-	-
2,531,789	9,128,105	-	3,640,511	74,436,771	-
39,615	-	240,861	432,077	507,551	1,333,745
571	-	504	5,470	-	-
8,973	-	-	-	865,760	-
-	-	-	1,619,494	-	-
<u>3,373,361</u>	<u>9,185,407</u>	<u>1,571,579</u>	<u>6,041,907</u>	<u>77,633,534</u>	<u>1,339,597</u>
-	-	39,828	7,610	8,789	-
-	-	-	418,797	-	-
-	-	-	-	-	-
-	-	-	-	-	114,475
-	-	-	-	-	-
<u>2,324,063</u>	<u>11,752,233</u>	<u>4,611,616</u>	<u>1,553,929</u>	<u>89,272,292</u>	<u>6,233,702</u>
<u>2,324,063</u>	<u>11,752,233</u>	<u>4,651,444</u>	<u>1,980,336</u>	<u>89,281,081</u>	<u>6,348,177</u>
<u>\$ 5,697,424</u>	<u>\$ 20,937,640</u>	<u>\$ 6,223,023</u>	<u>\$ 8,022,243</u>	<u>\$ 166,914,615</u>	<u>\$ 7,687,774</u>

June 30, 2003

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	Care of Sites for Radioactive Waste				Total Nonmajor Special Revenue Funds
	Disposal	Gift	Natural Resources	Miscellaneous	
<b>Assets</b>					
<i>Cash and pooled investments:</i>					
Cash with treasurer	\$ 11,356,887	\$ 3,723,494	\$ 19,736,559	\$ 16,361,481	\$ 204,148,786
Cash in custody of other officials	-	9,433	-	40,670	1,347,084
Investments	-	275,328	-	865,681	1,141,009
Collateral on loaned securities	9,259,414	1,731,796	16,091,467	7,914,605	137,143,695
<i>Receivables:</i>					
Accounts receivable	22,311	1,824	-	72,052	4,493,112
Taxes receivable	-	-	-	-	2,938,743
Intergovernmental receivables	-	124,894	-	246,379	7,291,407
Accrued interest and dividends	-	-	-	1,446	1,446
Notes/loans receivable	-	-	-	77,895	77,895
Other receivables	-	627	-	-	627
Due from other funds	105,892	21,703	255,166	714,172	18,425,163
Due from fiduciary funds	-	-	-	22,830	186,469
Inventory	-	-	-	165,213	1,284,825
Prepaid items	-	-	-	-	40,717
<b>Total assets</b>	<b>\$ 20,744,504</b>	<b>\$ 5,889,099</b>	<b>\$ 36,083,192</b>	<b>\$ 26,482,424</b>	<b>\$ 378,520,978</b>
<b>Liabilities and Fund Balances</b>					
<i>Accounts payable and accruals:</i>					
Accounts payable	\$ 33	\$ 20,638	\$ 161,976	\$ 5,294,900	\$ 11,208,473
Accrued payroll and related liabilities	-	3,418	-	291,078	3,736,535
Intergovernmental payables	-	-	1,199,309	75,753	2,454,726
Contracts/retentions payable	-	-	-	-	3,541
Obligations under securities lending	9,259,414	1,731,796	16,091,467	7,914,605	137,143,695
Due to other funds	444	15,790	208,324	210,742	15,196,155
Due to fiduciary funds	-	72	-	37	57,430
Due to component unit	-	-	-	18,849	957,683
Deferred revenues	-	-	-	357,268	4,726,073
<b>Total liabilities</b>	<b>9,259,891</b>	<b>1,771,714</b>	<b>17,661,076</b>	<b>14,163,232</b>	<b>175,484,311</b>
<b>Fund balances:</b>					
<i>Reserved for:</i>					
Encumbrances and contracts	-	-	-	557	479,599
Inventories	-	-	-	165,213	1,284,825
Funds held as permanent investments	-	-	-	187,844	187,844
Other	-	-	-	9,135,033	10,708,510
<i>Unreserved:</i>					
<i>Designated:</i>					
Principal preservation	-	803,482	-	-	803,482
Undesignated	11,484,613	3,313,903	18,422,116	2,830,545	189,572,407
<b>Total fund balances</b>	<b>11,484,613</b>	<b>4,117,385</b>	<b>18,422,116</b>	<b>12,319,192</b>	<b>203,036,667</b>
<b>Total liabilities and fund balances</b>	<b>\$ 20,744,504</b>	<b>\$ 5,889,099</b>	<b>\$ 36,083,192</b>	<b>\$ 26,482,424</b>	<b>\$ 378,520,978</b>

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

For the Fiscal Year Ended June 30, 2003

	School Improvement	Employment Security	Regulatory	Legislative	Higher Education Capital Construction
<b>Revenues</b>					
Gaming Taxes, fees, licenses	\$ -	\$ -	\$ -	\$ -	\$ 15,537,831
Intergovernmental	-	55,665,697	213,210	-	-
Other taxes	18,624,778	8,834,599	105,704	-	-
Licenses, fees and permits	-	335,880	15,113,541	84,660	-
Sales and charges for services	-	564,663	27,518	297,351	-
Interest and investment income	212,414	648,882	46,180	-	-
Tobacco settlement income	-	-	-	-	-
Other	-	1,152,113	430,842	65,299	-
<b>Total revenues</b>	<b>18,837,192</b>	<b>67,201,834</b>	<b>15,936,995</b>	<b>447,310</b>	<b>15,537,831</b>
<b>Expenditures</b>					
<i>Current:</i>					
General government	107,940	147,480	10,386	34,428,274	-
Health and social services	-	59,403,905	-	-	-
Education and support services	-	-	-	-	-
Law, justice and public safety	-	-	-	-	-
Regulation of business	-	-	17,028,872	-	-
Recreation, resource development	-	-	-	-	-
Intergovernmental	-	-	-	-	-
<i>Debt service:</i>					
Principal	-	32,919	14,382	97,548	-
Interest	-	4,090	2,191	33,542	-
Arbitrage payments	-	-	-	-	-
<b>Total expenditures</b>	<b>107,940</b>	<b>59,588,394</b>	<b>17,055,831</b>	<b>34,559,364</b>	<b>-</b>
Excess (deficiency) of revenues over expenditures	18,729,252	7,613,440	(1,118,836)	(34,112,054)	15,537,831
<b>Other Financing Sources (Uses)</b>					
Capital leases	-	-	-	7,255	-
Sale of general obligation bonds	-	-	-	-	-
Sale of capital assets	-	350,900	4,334	-	-
Transfers in	-	-	1,973,132	32,046,676	-
Transfers out	(39,979,630)	(7,754,447)	(465,713)	(239,640)	(12,904,667)
Total other financing sources (uses)	(39,979,630)	(7,403,547)	1,511,753	31,814,291	(12,904,667)
Net change in fund balances	(21,250,378)	209,893	392,917	(2,297,763)	2,633,164
Fund balances, July 1	21,275,514	15,809,115	7,559,581	6,394,490	9,629,494
<b>Fund balances, June 30</b>	<b>\$ 25,136</b>	<b>\$ 16,019,008</b>	<b>\$ 7,952,498</b>	<b>\$ 4,096,727</b>	<b>\$ 12,262,658</b>

<b>Cleaning Up Petroleum Discharges</b>	<b>Hospital Care to Indigent Persons</b>	<b>Tourism Promotion</b>	<b>Offenders' Store</b>	<b>Tobacco Settlement</b>	<b>Contingency</b>	<b>Care of Sites for Radioactive Waste Disposal</b>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	454,455	-	390,640	-	-	-
9,945	6,499,773	14,042,819	-	-	-	-
421,900	-	80,634	-	-	-	105,199
-	-	82	10,393,153	-	-	-
209,477	593,157	-	205,827	3,725,792	-	520,936
-	-	-	-	44,753,037	-	-
-	-	-	18,848	10,000	-	-
<u>641,322</u>	<u>7,547,385</u>	<u>14,123,535</u>	<u>11,008,468</u>	<u>48,488,829</u>	<u>-</u>	<u>626,135</u>
66,893	189,838	-	45,988	1,193,742	162,704	116,830
-	9,761,025	-	-	19,320,431	-	130,187
-	-	-	-	20,444,210	-	-
-	-	-	9,824,984	-	-	-
-	-	-	-	-	-	-
6,314,741	-	9,483,761	-	-	-	-
202,703	5,979,780	-	-	1,668,408	978,990	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>6,584,337</u>	<u>15,930,643</u>	<u>9,483,761</u>	<u>9,870,972</u>	<u>42,626,791</u>	<u>1,141,694</u>	<u>247,017</u>
<u>(5,943,015)</u>	<u>(8,383,258)</u>	<u>4,639,774</u>	<u>1,137,496</u>	<u>5,862,038</u>	<u>(1,141,694)</u>	<u>379,118</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	2,987	-	93,391	434,743	-
(516,227)	-	(4,344,995)	(1,304,676)	(1,849,848)	(17,052,091)	(210,474)
<u>(516,227)</u>	<u>-</u>	<u>(4,342,008)</u>	<u>(1,304,676)</u>	<u>(1,756,457)</u>	<u>(16,617,348)</u>	<u>(210,474)</u>
(6,459,242)	(8,383,258)	297,766	(167,180)	4,105,581	(17,759,042)	168,644
8,783,305	20,135,491	4,353,678	2,147,516	85,175,500	24,107,219	11,315,969
<u>\$ 2,324,063</u>	<u>\$ 11,752,233</u>	<u>\$ 4,651,444</u>	<u>\$ 1,980,336</u>	<u>\$ 89,281,081</u>	<u>\$ 6,348,177</u>	<u>\$ 11,484,613</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, 2003

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	<u>Gift</u>	<u>Natural Resources</u>	<u>Miscellaneous</u>	<u>Total Nonmajor Special Revenue Funds</u>
<b>Revenues</b>				
Gaming Taxes, fees, licenses	\$ -	\$ -	\$ -	\$ 15,537,831
Intergovernmental	-	-	150,100	56,874,102
Other taxes	-	-	1,444,327	49,561,945
Licenses, fees and permits	1,179,627	-	7,575,016	24,896,457
Sales and charges for services	-	-	681,802	11,964,569
Interest and investment income	99,854	1,092,993	528,897	7,884,409
Tobacco settlement income	-	-	-	44,753,037
Other	233,529	-	6,908,616	8,819,247
<b>Total revenues</b>	<u>1,513,010</u>	<u>1,092,993</u>	<u>17,288,758</u>	<u>220,291,597</u>
<b>Expenditures</b>				
<i>Current:</i>				
General government	21,851	280,230	7,369,774	44,141,930
Health and social services	133,838	-	-	88,749,386
Education and support services	7,276	-	722,009	21,173,495
Law, justice and public safety	-	-	6,386,289	16,211,273
Regulation of business	5,653	-	392,051	17,426,576
Recreation, resource development	189,620	2,036,280	-	18,024,402
Intergovernmental	171,877	14,069,293	124,641	23,195,692
<i>Debt service:</i>				
Principal	-	-	-	144,849
Interest	-	-	-	39,823
Arbitrage payments	-	179,000	-	179,000
<b>Total expenditures</b>	<u>530,115</u>	<u>16,564,803</u>	<u>14,994,764</u>	<u>229,286,426</u>
Excess (deficiency) of revenues over expenditures	<u>982,895</u>	<u>(15,471,810)</u>	<u>2,293,994</u>	<u>(8,994,829)</u>
<b>Other Financing Sources (Uses)</b>				
Capital leases	-	-	-	7,255
Sale of general obligation bonds	-	8,085,375	-	8,085,375
Sale of capital assets	660	-	4,877	360,771
Transfers in	1,224	-	2,407,233	36,959,386
Transfers out	(14,964)	(1,517,792)	(3,202,517)	(91,357,681)
Total other financing sources (uses)	<u>(13,080)</u>	<u>6,567,583</u>	<u>(790,407)</u>	<u>(45,944,894)</u>
Net change in fund balances	969,815	(8,904,227)	1,503,587	(54,939,723)
Fund balances, July 1	3,147,570	27,326,343	10,815,605	257,976,390
<b>Fund balances, June 30</b>	<u>\$ 4,117,385</u>	<u>\$ 18,422,116</u>	<u>\$ 12,319,192</u>	<u>\$ 203,036,667</u>

**Combining Balance Sheet  
Other Nonmajor Governmental Funds**

June 30, 2003

**Capital Projects Funds**

	<b>Parks Capital Project Construction</b>	<b>CIP Motor Vehicle</b>	<b>CIP Human Resources</b>	<b>CIP University System</b>	<b>CIP General State Gov't</b>	<b>CIP Prison System</b>
<b>Assets</b>						
<i>Cash and pooled investments:</i>						
Cash with treasurer	\$ 185,808	\$ 665,937	\$ 3,439,422	\$ 73,395,270	\$ 20,490,698	\$ 17,143,545
Investments	-	-	-	-	-	-
Collateral on loaned securities	-	-	-	-	-	-
<i>Receivables:</i>						
Intergovernmental receivables	93,271	-	-	-	-	-
Accrued interest and dividends	-	-	-	-	-	-
Other receivables	-	-	-	-	-	3,300
Due from other funds	517,946	32,087,027	14,383	-	2,228,353	-
<b>Total assets</b>	<b>\$ 797,025</b>	<b>\$ 32,752,964</b>	<b>\$ 3,453,805</b>	<b>\$ 73,395,270</b>	<b>\$ 22,719,051</b>	<b>\$ 17,146,845</b>
<b>Liabilities and Fund Balances</b>						
<i>Accounts payable and accruals:</i>						
Accounts payable	\$ 1,584	\$ 66,709	\$ 986	\$ 267,844	\$ 319,560	\$ 52,964
Intergovernmental payables	-	-	-	-	168	-
Contracts payable	18,753	36,796	78,150	3,195,307	445,307	139,863
Retentions payable	11,109	-	15,857	1,410,206	32,892	101,849
Obligations under securities lending	-	-	-	-	-	-
Due to other funds	12,526	600,000	324,441	15,435	4,013,635	172,885
Due to component units	-	-	-	68,506,478	-	-
Advances from general fund	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-
<b>Total liabilities</b>	<b>43,972</b>	<b>703,505</b>	<b>419,434</b>	<b>73,395,270</b>	<b>4,811,562</b>	<b>467,561</b>
<b>Fund balances:</b>						
<i>Reserved</i>						
Encumbrances and contracts	57,508	142,070	342,634	-	1,299,160	580,005
Permanent fund principal	-	-	-	-	-	-
<i>Unreserved:</i>						
Designated for approved capital projects	695,545	31,907,389	2,691,737	-	16,608,329	16,099,279
Undesignated	-	-	-	-	-	-
<b>Total fund balances</b>	<b>753,053</b>	<b>32,049,459</b>	<b>3,034,371</b>	<b>-</b>	<b>17,907,489</b>	<b>16,679,284</b>
<b>Total liabilities and fund balances</b>	<b>\$ 797,025</b>	<b>\$ 32,752,964</b>	<b>\$ 3,453,805</b>	<b>\$ 73,395,270</b>	<b>\$ 22,719,051</b>	<b>\$ 17,146,845</b>

Capital Projects Funds					Permanent Funds		
CIP Military	CIP Wildlife	CIP Assist School Districts	CIP Miscellaneous	Total	Permanent School Fund	Henry Wood Christmas Fund	Total
\$ 1,596,179	\$ 1,114,244	\$ 2,329,714	\$ 250	\$ 120,361,067	\$ 7,552,267	\$ 53,062	\$ 7,605,329
-	-	-	-	-	109,113,659	-	109,113,659
-	-	1,899,446	-	1,899,446	6,157,459	43,262	6,200,721
541,907	-	-	-	635,178	442,071	-	442,071
-	-	-	-	-	1,054,040	-	1,054,040
-	-	-	-	3,300	-	-	-
785,482	-	22,464	-	35,655,655	159,824	491	160,315
<u>\$ 2,923,568</u>	<u>\$ 1,114,244</u>	<u>\$ 4,251,624</u>	<u>\$ 250</u>	<u>\$ 158,554,646</u>	<u>\$ 124,479,320</u>	<u>\$ 96,815</u>	<u>\$ 124,576,135</u>
\$ 48,680	\$ 21,930	\$ -	\$ -	\$ 780,257	\$ -	\$ -	\$ -
-	-	6,900	-	7,068	-	-	-
538,645	-	-	-	4,452,821	-	-	-
816,995	-	32,994	-	2,421,902	-	-	-
-	-	1,899,446	-	1,899,446	6,157,459	43,262	6,200,721
1,892	25,120	-	-	5,165,934	6,838,168	1,224	6,839,392
-	-	-	-	68,506,478	-	-	-
794,332	-	-	-	794,332	-	-	-
-	-	-	-	-	734,985	-	734,985
<u>2,200,544</u>	<u>47,050</u>	<u>1,939,340</u>	<u>-</u>	<u>84,028,238</u>	<u>13,730,612</u>	<u>44,486</u>	<u>13,775,098</u>
723,024	30,271	214,998	-	3,389,670	-	-	-
-	-	-	-	-	110,748,708	30,000	110,778,708
-	1,036,923	2,097,286	250	71,136,738	-	-	-
-	-	-	-	-	-	22,329	22,329
<u>723,024</u>	<u>1,067,194</u>	<u>2,312,284</u>	<u>250</u>	<u>74,526,408</u>	<u>110,748,708</u>	<u>52,329</u>	<u>110,801,037</u>
<u>\$ 2,923,568</u>	<u>\$ 1,114,244</u>	<u>\$ 4,251,624</u>	<u>\$ 250</u>	<u>\$ 158,554,646</u>	<u>\$ 124,479,320</u>	<u>\$ 96,815</u>	<u>\$ 124,576,135</u>

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

For the Fiscal Year Ended June 30, 2003

	<b>Capital Projects Funds</b>					
	<b>Parks Capital Project Construction</b>	<b>CIP Motor Vehicle</b>	<b>CIP Human Resources</b>	<b>CIP University System</b>	<b>CIP General State Gov't</b>	<b>CIP Prison System</b>
<b>Revenues</b>						
Intergovernmental	\$ 93,271	\$ -	\$ -	\$ -	\$ -	\$ -
Interest and investment income	1,181	-	-	-	-	-
<i>Other:</i>						
Fines	-	-	-	-	-	-
Land sales	-	-	-	-	-	-
Other	-	-	-	-	600,000	2,500
<b>Total revenues</b>	<b>94,452</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>600,000</b>	<b>2,500</b>
<b>Expenditures</b>						
<i>Current:</i>						
General government	-	-	-	-	-	-
Education and support services	-	-	-	33,095,139	-	-
Capital outlay	1,960,046	1,075,105	1,249,844	-	6,489,687	3,318,649
<b>Total expenditures</b>	<b>1,960,046</b>	<b>1,075,105</b>	<b>1,249,844</b>	<b>33,095,139</b>	<b>6,489,687</b>	<b>3,318,649</b>
Excess (deficiency) of revenues over expenditures	(1,865,594)	(1,075,105)	(1,249,844)	(33,095,139)	(5,889,687)	(3,316,149)
<b>Other Financing Sources (Uses)</b>						
Sale of general obligation bonds	-	-	-	33,095,139	3,795,932	9,158,028
Transfers in	1,048,842	16,114,725	14,383	-	1,424,720	360,205
Transfers out	(300,366)	-	(324,441)	-	(1,913,914)	(164,580)
<b>Total other financing sources (uses)</b>	<b>748,476</b>	<b>16,114,725</b>	<b>(310,058)</b>	<b>33,095,139</b>	<b>3,306,738</b>	<b>9,353,653</b>
Net change in fund balances	(1,117,118)	15,039,620	(1,559,902)	-	(2,582,949)	6,037,504
Fund balances, July 1	1,870,171	17,009,839	4,594,273	-	20,490,438	10,641,780
<b>Fund balances, June 30</b>	<b>\$ 753,053</b>	<b>\$ 32,049,459</b>	<b>\$ 3,034,371</b>	<b>\$ -</b>	<b>\$ 17,907,489</b>	<b>\$ 16,679,284</b>



Capital Projects Funds					Permanent Funds		
CIP Military	CIP Wildlife	CIP Assist School Districts	CIP Miscellaneous	Total	Permanent School Fund	Henry Wood Christmas Fund	Total
\$ 4,911,897	\$ -	\$ -	\$ -	\$ 5,005,168	\$ -	\$ -	\$ -
-	-	115,865	-	117,046	6,844,576	2,912	6,847,488
-	-	-	-	-	4,202,347	-	4,202,347
-	-	-	-	-	11,654,081	-	11,654,081
-	-	-	-	602,500	108,485	-	108,485
<u>4,911,897</u>	<u>-</u>	<u>115,865</u>	<u>-</u>	<u>5,724,714</u>	<u>22,809,489</u>	<u>2,912</u>	<u>22,812,401</u>
-	-	38,772	-	38,772	127,729	539	128,268
-	-	2,754,248	-	35,849,387	-	-	-
7,909,558	281,419	-	9,750	22,294,058	-	-	-
<u>7,909,558</u>	<u>281,419</u>	<u>2,793,020</u>	<u>9,750</u>	<u>58,182,217</u>	<u>127,729</u>	<u>539</u>	<u>128,268</u>
<u>(2,997,661)</u>	<u>(281,419)</u>	<u>(2,677,155)</u>	<u>(9,750)</u>	<u>(52,457,503)</u>	<u>22,681,760</u>	<u>2,373</u>	<u>22,684,133</u>
-	-	-	-	46,049,099	-	-	-
-	-	-	10,000	18,972,875	-	-	-
-	-	-	-	(2,703,301)	(6,756,260)	(1,224)	(6,757,484)
-	-	-	10,000	62,318,673	(6,756,260)	(1,224)	(6,757,484)
<u>(2,997,661)</u>	<u>(281,419)</u>	<u>(2,677,155)</u>	<u>250</u>	<u>9,861,170</u>	<u>15,925,500</u>	<u>1,149</u>	<u>15,926,649</u>
<u>3,720,685</u>	<u>1,348,613</u>	<u>4,989,439</u>	<u>-</u>	<u>64,665,238</u>	<u>94,823,208</u>	<u>51,180</u>	<u>94,874,388</u>
<u>\$ 723,024</u>	<u>\$ 1,067,194</u>	<u>\$ 2,312,284</u>	<u>\$ 250</u>	<u>\$ 74,526,408</u>	<u>\$ 110,748,708</u>	<u>\$ 52,329</u>	<u>\$ 110,801,037</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 Loan** 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 Project 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, 2003

	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	\$ 19,555,673	\$ 494,686	\$ 5,410,835	\$ 252,194
Cash in custody of other officials	300	-	201,511	100
Collateral on loaned securities	15,917,210	-	-	-
<i>Receivables:</i>				
Accounts receivable	8,068	79,375	93,082	9,254
Intergovernmental receivables	-	-	-	42,559
Accrued interest and dividends	-	-	-	-
Due from other funds	1,253,785	-	11,246	3,473
Due from fiduciary funds	-	-	-	-
Due from component unit	-	-	-	-
Inventory	-	-	-	163,838
Prepaid expenses	-	-	190	-
<b>Total current assets</b>	<b>36,735,036</b>	<b>574,061</b>	<b>5,716,864</b>	<b>471,418</b>
<b>Noncurrent assets:</b>				
Investments	-	-	-	-
<i>Receivables:</i>				
Accrued interest and dividends	-	-	-	-
Notes/loans receivable	-	-	-	-
Deferred charges	-	-	-	-
<i>Capital assets:</i>				
Land	-	-	-	-
Buildings	-	-	-	-
Improvements other than buildings	-	-	-	-
Furniture and equipment	1,941,975	-	-	71,763
Construction in progress	-	-	-	-
Less accumulated depreciation	(1,356,061)	-	-	(71,763)
<b>Total noncurrent assets</b>	<b>585,914</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total assets</b>	<b>37,320,950</b>	<b>574,061</b>	<b>5,716,864</b>	<b>471,418</b>
<b>Liabilities</b>				
<b>Current liabilities:</b>				
<i>Accounts payable and accruals:</i>				
Accounts payable	438,780	149,488	155,695	9,119
Accrued payroll and related liabilities	604,319	-	-	10,797
Interest payable	-	-	-	-
Intergovernmental payables	3,091	-	36	-
Obligations under securities lending	15,917,210	-	-	-
Due to other funds	32,606	339,041	1,097,307	1,127
Due to fiduciary funds	25	-	-	2,268
Due to component unit	-	-	-	-
Deferred revenues	-	-	4,211,826	-
Other liabilities	-	-	-	-
<i>Short-term portion of long-term liabilities:</i>				
Compensated absences	596,578	-	-	21,782
Bonds payable	-	-	-	-
<b>Total current liabilities</b>	<b>17,592,609</b>	<b>488,529</b>	<b>5,464,864</b>	<b>45,093</b>
<b>Noncurrent liabilities:</b>				
Advances from general fund	-	-	-	-
Compensated absences	267,748	-	-	21,868
Bonds payable	-	-	-	-
Arbitrage rebate liability	-	-	-	-
<b>Total noncurrent liabilities</b>	<b>267,748</b>	<b>-</b>	<b>-</b>	<b>21,868</b>
<b>Total liabilities</b>	<b>17,860,357</b>	<b>488,529</b>	<b>5,464,864</b>	<b>66,961</b>
<b>Net Assets</b>				
Invested in capital assets, net of related debt	585,914	-	-	-
Restricted for workers compensation	18,874,679	-	-	-
Restricted for revolving loans	-	-	-	-
Restricted for regulation of business	-	85,532	2,000	-
Unrestricted (deficit)	-	-	250,000	404,457
<b>Total net assets</b>	<b>\$ 19,460,593</b>	<b>\$ 85,532</b>	<b>\$ 252,000</b>	<b>\$ 404,457</b>

<u>Prison Industry</u>	<u>Nevada Magazine</u>	<u>WICHE Student Loans</u>	<u>Marlette Lake Water System</u>	<u>Water Projects Loans</u>	<u>Total</u>
\$ 1,559,867	\$ 63,491	\$ 193,852	\$ 37,001	\$ 34,544,771	\$ 62,112,370
-	8,146	-	-	-	210,057
1,271,717	-	-	-	28,159,900	45,348,827
531,259	109,421	-	322	-	830,781
-	3,000	-	71,174	2,043,190	2,159,923
-	-	91,802	-	1,650,992	1,742,794
214,114	210	-	33,048	328,846	1,844,722
9,260	-	-	-	-	9,260
9,137	1,178	1,634	4,228	-	16,177
1,282,497	44,161	-	-	-	1,490,496
1,365	28,930	-	-	-	30,485
<u>4,879,216</u>	<u>258,537</u>	<u>287,288</u>	<u>145,773</u>	<u>66,727,699</u>	<u>115,795,892</u>
-	-	-	-	101,994,985	101,994,985
-	-	292,517	-	-	292,517
-	-	1,963,080	-	44,107,945	46,071,025
-	-	-	-	976,087	976,087
20,579	-	-	414,672	-	435,251
2,479,651	-	-	498,613	-	2,978,264
-	-	-	630,647	-	630,647
933,346	10,394	-	1,492,384	43,947	4,493,809
303,459	-	-	-	-	303,459
<u>(2,209,984)</u>	<u>(10,394)</u>	<u>-</u>	<u>(2,100,330)</u>	<u>(6,499)</u>	<u>(5,755,031)</u>
<u>1,527,051</u>	<u>-</u>	<u>2,255,597</u>	<u>935,986</u>	<u>147,116,465</u>	<u>152,421,013</u>
<u>6,406,267</u>	<u>258,537</u>	<u>2,542,885</u>	<u>1,081,759</u>	<u>213,844,164</u>	<u>268,216,905</u>
255,375	7,308	-	23,101	146,035	1,184,901
84,063	32,846	-	4,727	6,721	743,473
-	-	-	-	1,152,516	1,152,516
-	-	-	60,246	678,467	741,840
1,271,717	-	-	-	28,159,900	45,348,827
81,865	1,894	195,484	31,292	345,764	2,126,380
82,817	-	-	-	-	85,110
12,853	861	-	-	75,374	89,088
18,143	881,952	-	-	-	5,111,921
12,130	-	-	1,100	-	13,230
101,330	38,616	-	3,536	7,940	769,782
-	-	-	-	3,345,000	3,345,000
<u>1,920,293</u>	<u>963,477</u>	<u>195,484</u>	<u>124,002</u>	<u>33,917,717</u>	<u>60,712,068</u>
-	-	-	94,272	-	94,272
67,799	44,096	-	4,230	3,688	409,429
-	-	-	-	51,619,551	51,619,551
-	-	-	-	47,252	47,252
<u>67,799</u>	<u>44,096</u>	<u>-</u>	<u>98,502</u>	<u>51,670,491</u>	<u>52,170,504</u>
<u>1,988,092</u>	<u>1,007,573</u>	<u>195,484</u>	<u>222,504</u>	<u>85,588,208</u>	<u>112,882,572</u>
1,527,051	-	-	841,714	37,448	2,992,127
-	-	-	-	-	18,874,679
-	-	-	-	128,218,508	128,218,508
-	-	-	-	-	87,532
2,891,124	(749,036)	2,347,401	17,541	-	5,161,487
<u>\$ 4,418,175</u>	<u>\$ (749,036)</u>	<u>\$ 2,347,401</u>	<u>\$ 859,255</u>	<u>\$ 128,255,956</u>	<u>\$ 155,334,333</u>

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

For the Fiscal Year Ended June 30, 2003

	<b>Workers' Compensation and Safety</b>	<b>Insurance Examination</b>	<b>Gaming Investigative</b>	<b>Forestry Nurseries</b>
<b>Operating Revenues</b>				
Sales	\$ -	\$ -	\$ -	\$ 221,072
Assessments	18,770,954	-	-	-
Charges for services	4,225	-	7,799,997	-
Rental income	-	-	-	-
Interest income on loans	-	-	-	-
From federal agencies	-	-	-	-
Licenses, fees and permits	252,384	2,519,679	-	-
Contributions	-	-	-	-
Other	1,675,311	-	-	4,749
<b>Total operating revenues</b>	<b>20,702,874</b>	<b>2,519,679</b>	<b>7,799,997</b>	<b>225,821</b>
<b>Operating Expenses</b>				
Salaries and benefits	12,310,272	-	-	188,612
Operating	2,679,063	2,284,436	901,384	82,922
Administrative costs	26,250	33,737	-	-
Claims expense	4,130,274	-	-	-
Materials or supplies used	-	-	-	74,599
Depreciation	181,582	-	-	-
Bond issuance costs	-	-	-	-
<b>Total operating expenses</b>	<b>19,327,441</b>	<b>2,318,173</b>	<b>901,384</b>	<b>346,133</b>
Operating income (loss)	1,375,433	201,506	6,898,613	(120,312)
<b>Nonoperating Revenues (Expenses)</b>				
Interest and investment income	1,076,617	-	-	-
Interest expense	(257,842)	-	-	-
Federal grants	1,978,741	-	-	62,559
Arbitrage rebate	-	-	-	-
<b>Total nonoperating revenues (expenses)</b>	<b>2,797,516</b>	<b>-</b>	<b>-</b>	<b>62,559</b>
Income (loss) before transfers	4,172,949	201,506	6,898,613	(57,753)
<b>Transfers</b>				
Transfers in	-	-	51,903	-
Transfer out	(8,996,494)	(815,283)	(6,950,516)	(4,663)
Change in net assets	(4,823,545)	(613,777)	-	(62,416)
Net assets, July 1	24,284,138	699,309	252,000	466,873
<b>Net assets, June 30</b>	<b>\$ 19,460,593</b>	<b>\$ 85,532</b>	<b>\$ 252,000</b>	<b>\$ 404,457</b>

<u>Prison Industry</u>	<u>Nevada Magazine</u>	<u>WICHE Student Loans</u>	<u>Marlette Lake Water System</u>	<u>Water Projects Loans</u>	<u>Total</u>
\$ 4,168,395	\$ 731,776	\$ -	\$ 313,238	\$ -	\$ 5,434,481
-	-	-	-	-	18,770,954
761,730	672,633	-	-	-	9,238,585
135,160	-	-	12,729	-	147,889
-	-	113,178	-	4,528,093	4,641,271
-	-	-	-	13,114,169	13,114,169
-	-	-	-	-	2,772,063
258,767	-	-	-	-	258,767
662,241	8,651	1,908	-	-	2,352,860
<u>5,986,293</u>	<u>1,413,060</u>	<u>115,086</u>	<u>325,967</u>	<u>17,642,262</u>	<u>56,731,039</u>
1,712,703	722,539	-	108,538	243,567	15,286,231
2,765,105	490,790	1,160,883	253,154	1,200,944	11,818,681
-	-	-	-	-	59,987
-	-	-	-	-	4,130,274
1,718,116	583,248	-	-	-	2,375,963
107,980	-	-	47,527	3,620	340,709
-	-	-	-	125,520	125,520
<u>6,303,904</u>	<u>1,796,577</u>	<u>1,160,883</u>	<u>409,219</u>	<u>1,573,651</u>	<u>34,137,365</u>
<u>(317,611)</u>	<u>(383,517)</u>	<u>(1,045,797)</u>	<u>(83,252)</u>	<u>16,068,611</u>	<u>22,593,674</u>
67,429	-	-	-	1,668,748	2,812,794
(16,079)	-	-	-	(3,143,650)	(3,417,571)
-	-	-	-	-	2,041,300
-	-	-	-	(3,871)	(3,871)
<u>51,350</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,478,773)</u>	<u>1,432,652</u>
<u>(266,261)</u>	<u>(383,517)</u>	<u>(1,045,797)</u>	<u>(83,252)</u>	<u>14,589,838</u>	<u>24,026,326</u>
-	90,000	504,940	-	132,355	779,198
-	-	-	-	(759,997)	(17,526,953)
<u>(266,261)</u>	<u>(293,517)</u>	<u>(540,857)</u>	<u>(83,252)</u>	<u>13,962,196</u>	<u>7,278,571</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>
<u>\$ 4,418,175</u>	<u>\$ (749,036)</u>	<u>\$ 2,347,401</u>	<u>\$ 859,255</u>	<u>\$ 128,255,956</u>	<u>\$ 155,334,333</u>

# Combining Statement of Cash Flows Nonmajor Enterprise Funds

For the Fiscal Year Ended June 30, 2003

	Worker's Compensation and Safety	Insurance Examination	Gaming Investigative	Forestry Nurseries
<b>Cash flows from operating activities</b>				
Receipts from customers and users	\$ 20,361,199	\$ 3,261,383	\$ 7,657,055	\$ 147,948
Receipts for interfund services provided	11,268	27,291	-	91,596
Receipts from component units	-	-	-	-
Receipts of principal on loans and notes	-	-	-	-
Receipts of interest on loans and notes	-	-	-	-
Receipts of grants	-	-	-	-
Payments to suppliers, other governments and beneficiaries	(6,894,154)	(2,261,174)	(751,713)	(171,445)
Payments to employees	(11,792,567)	-	-	(180,409)
Payments for interfund services used	(322,300)	(108,506)	(71,168)	(49,805)
Payments to component units	(9,200)	-	-	-
Purchase of loans and notes	-	-	-	-
Net cash provided by (used for) operating activities	<u>1,354,246</u>	<u>918,994</u>	<u>6,834,174</u>	<u>(162,115)</u>
<b>Cash flows from noncapital financing activities</b>				
Grant receipts	2,257,440	-	-	38,919
Transfers from other funds	-	-	60,786	15,298
Principal paid on noncapital debt	-	-	-	-
Interest paid on noncapital debt	-	-	-	-
Transfers to other funds	(9,122,426)	(894,710)	(6,423,684)	(4,663)
Net cash provided by (used for) noncapital financing activities	<u>(6,864,986)</u>	<u>(894,710)</u>	<u>(6,362,898)</u>	<u>49,554</u>
<b>Cash flows from capital and related financing activities</b>				
Purchase of capital assets	(314,752)	-	-	-
Principal paid on capital debt	-	-	-	-
Net cash provided by (used for) capital and related financing activities	<u>(314,752)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Cash flows from investing activities</b>				
Interest and dividends received	785,060	-	-	-
Net cash provided by (used for) investing activities	<u>785,060</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net increase (decrease) in cash	(5,040,432)	24,284	471,276	(112,561)
Cash and cash equivalents, July 1	24,596,405	470,402	5,141,070	364,855
<b>Cash and cash equivalents, June 30</b>	<u>\$ 19,555,973</u>	<u>\$ 494,686</u>	<u>\$ 5,612,346</u>	<u>\$ 252,294</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities</b>				
Operating income (loss)	\$ 1,375,433	\$ 201,506	\$ 6,898,613	\$ (120,312)
<b>Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities</b>				
Depreciation	181,582	-	-	-
Amortization	-	-	-	-
Decrease (increase) in loans and notes receivable	-	-	-	-
Decrease (increase) in accrued interest and receivables	(330,407)	768,995	1,547	13,723
Decrease (increase) in inventory, deferred charges, other assets	-	-	15,873	(55,065)
Increase (decrease) in accounts payable, accruals, other liabilities	127,638	(51,507)	(81,859)	(461)
Other adjustments	-	-	-	-
Total adjustments	<u>(21,187)</u>	<u>717,488</u>	<u>(64,439)</u>	<u>(41,803)</u>
Net cash provided by (used for) operating activities	<u>\$ 1,354,246</u>	<u>\$ 918,994</u>	<u>\$ 6,834,174</u>	<u>\$ (162,115)</u>
<b>Noncash investing, capital and financing activities</b>				
Interest/dividends on investments accrued	\$ -	\$ -	\$ -	\$ -
Change in fair value of investments	89,455	-	-	-

Prison Industry	Nevada Magazine	Wiche Student Loans	Marlette Lake Water System	Water Projects Loans	Total
\$ 3,637,416	\$ 1,107,382	\$ 1,908	\$ 110,052	\$ -	\$ 36,284,343
2,189,061	677,553	-	194,638	-	3,191,407
-	-	-	22,537	-	22,537
-	-	492,187	-	5,849,128	6,341,315
-	-	166,952	-	4,688,736	4,855,688
-	-	-	-	12,686,877	12,686,877
(2,454,858)	(959,548)	(929,817)	(233,670)	(923,932)	(15,580,311)
(1,646,189)	(691,349)	-	(107,625)	(248,038)	(14,666,177)
(1,789,121)	(164,700)	-	(14,796)	(69,911)	(2,590,307)
(100,372)	(4,133)	(193,334)	(2,212)	(200,620)	(509,871)
-	-	(226,583)	-	(19,938,479)	(20,165,062)
(164,063)	(34,795)	(688,687)	(31,076)	1,843,761	9,870,439
-	-	-	-	-	2,296,359
-	90,000	619,824	-	132,355	918,263
(25,000)	-	-	-	(3,215,000)	(3,240,000)
-	-	-	-	(2,846,056)	(2,846,056)
-	-	-	-	(884,768)	(17,330,251)
(25,000)	90,000	619,824	-	(6,813,469)	(20,201,685)
(326,153)	-	-	-	(35,280)	(676,185)
-	-	-	(10,512)	-	(10,512)
(326,153)	-	-	(10,512)	(35,280)	(686,697)
53,093	-	-	-	1,250,981	2,089,134
53,093	-	-	-	1,250,981	2,089,134
(462,123)	55,205	(68,863)	(41,588)	(3,754,007)	(8,928,809)
2,021,990	16,432	262,715	78,589	38,298,778	71,251,236
\$ 1,559,867	\$ 71,637	\$ 193,852	\$ 37,001	\$ 34,544,771	\$ 62,322,427
\$ (317,611)	\$ (383,517)	\$ (1,045,797)	\$ (83,252)	\$ 16,068,611	\$ 22,593,674
107,980	-	-	47,527	3,620	340,709
-	-	-	-	125,520	125,520
-	-	304,851	-	(14,923,484)	(14,618,633)
(132,234)	(21,376)	52,305	(66,062)	(126,225)	160,266
171,710	(22,809)	-	-	125,519	235,228
6,092	392,907	(46)	70,711	547,752	1,011,227
-	-	-	-	22,448	22,448
153,548	348,722	357,110	52,176	(14,224,850)	(12,723,235)
\$ (164,063)	\$ (34,795)	\$ (688,687)	\$ (31,076)	\$ 1,843,761	\$ 9,870,439
\$ 7,870	\$ -	\$ -	\$ -	\$ 1,827,980	\$ 1,835,850
6,653	-	-	-	206,787	302,895



# 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, 2003

<b>Assets</b>	<b>Self-Insurance</b>	<b>Buildings and Grounds</b>	<b>Motor Pool</b>	<b>Communications</b>
<b>Current assets:</b>				
<i>Cash and pooled investments:</i>				
Cash with treasurer	\$ 3,603,711	\$ 2,411,883	\$ 1,474,060	\$ 317,969
Cash in custody of other officials	2,130,731	-	-	-
Collateral on loaned securities	3,170,793	-	-	-
<i>Receivables:</i>				
Accounts receivable	15,030	13,812	11,314	169
Intergovernmental receivables	89,479	4,804	1,600	794
Due from other funds	513,237	148,016	334,031	426,504
Due from fiduciary funds	-	-	54	662
Due from component unit	504,378	-	14,403	843
Inventory	-	-	-	-
Prepaid expenses	1,025	-	-	-
<b>Total current assets</b>	<b>10,028,384</b>	<b>2,578,515</b>	<b>1,835,462</b>	<b>746,941</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	1,096,535	652,024	11,737,476	910,727
Construction in progress	-	-	-	-
Less accumulated depreciation	(1,018,662)	(1,712,264)	(9,276,209)	(538,278)
Software costs, net	-	-	-	-
<b>Total noncurrent assets</b>	<b>77,873</b>	<b>1,519,444</b>	<b>3,512,061</b>	<b>794,900</b>
<b>Total assets</b>	<b>10,106,257</b>	<b>4,097,959</b>	<b>5,347,523</b>	<b>1,541,841</b>
<b>Liabilities</b>				
<b>Current Liabilities:</b>				
<i>Accounts payable and accruals:</i>				
Accounts payable	1,392,563	414,127	75,186	5,367
Accrued payroll and related liabilities	68,882	219,078	33,983	41,794
Intergovernmental payables	-	1,997	-	-
Obligations under securities lending	3,170,793	-	-	-
Due to other funds	21,123	229,323	217,856	91,430
Due to fiduciary funds	-	4,567	787	-
Due to component unit	-	-	-	-
Deferred revenues	17,388	-	-	-
<i>Short-term portion of long-term liabilities:</i>				
Compensated absences	67,504	251,592	48,587	52,298
Obligations under capital leases	-	-	-	37,422
<b>Total current liabilities</b>	<b>4,738,253</b>	<b>1,120,684</b>	<b>376,399</b>	<b>228,311</b>
<b>Noncurrent liabilities:</b>				
<i>Advances:</i>				
Advances from general fund	-	973,297	246,655	274,597
Advances from special revenue fund	-	-	13,282	-
Advances from debt service fund	-	-	-	-
Reserve for losses	20,352,000	-	-	-
Compensated absences	23,359	186,745	35,117	31,937
Bonds payable	-	-	-	-
Obligations under capital leases	-	-	-	-
<b>Total noncurrent liabilities</b>	<b>20,375,359</b>	<b>1,160,042</b>	<b>295,054</b>	<b>306,534</b>
<b>Total liabilities</b>	<b>25,113,612</b>	<b>2,280,726</b>	<b>671,453</b>	<b>534,845</b>
<b>Net Assets</b>				
Invested in capital assets, net of related debt	77,873	618,729	3,198,713	461,759
Unrestricted (deficit)	(15,085,228)	1,198,504	1,477,357	545,237
<b>Total net assets</b>	<b>\$ (15,007,355)</b>	<b>\$ 1,817,233</b>	<b>\$ 4,676,070</b>	<b>\$ 1,006,996</b>

<u>Insurance Premiums</u>	<u>Administrative Services</u>	<u>Personnel</u>	<u>Purchasing</u>	<u>Information Services</u>	<u>Printing</u>	<u>Total</u>
\$ 3,590,488	\$ 393,015	\$ 1,585,593	\$ 497,908	\$ 8,730,832	\$ 835,349	\$ 23,440,808
-	-	-	-	200	75	2,131,006
-	-	-	-	-	-	3,170,793
1,225	-	525	31,810	33,276	-	107,161
1,990	-	-	50,062	-	8,642	157,371
111,883	-	4,559	470,910	5,693,172	296,813	7,999,125
-	-	-	641	571	103	2,031
-	-	-	-	3,978	1,446	525,048
-	-	-	339,280	16,203	218,324	573,807
-	-	-	-	-	-	1,025
<u>3,705,586</u>	<u>393,015</u>	<u>1,590,677</u>	<u>1,390,611</u>	<u>14,478,232</u>	<u>1,360,752</u>	<u>38,108,175</u>
159,400	-	-	-	-	-	159,400
1,102,970	-	-	-	-	-	1,102,970
-	-	-	95,554	15,000	-	130,954
-	-	-	140,000	3,356,384	744,617	7,546,213
-	-	-	-	-	-	727,317
36,103	50,117	311,745	480,928	37,029,595	2,967,862	55,273,112
-	-	-	-	2,707,805	254,777	2,962,582
(32,056)	(35,948)	(272,579)	(557,861)	(32,131,700)	(2,887,456)	(48,463,013)
-	-	11,338,484	-	-	-	11,338,484
<u>1,266,417</u>	<u>14,169</u>	<u>11,377,650</u>	<u>158,621</u>	<u>10,977,084</u>	<u>1,079,800</u>	<u>30,778,019</u>
<u>4,972,003</u>	<u>407,184</u>	<u>12,968,327</u>	<u>1,549,232</u>	<u>25,455,316</u>	<u>2,440,552</u>	<u>68,886,194</u>
694,795	468	91,616	493,219	972,335	115,368	4,255,044
28,094	52,114	239,813	76,706	675,999	77,403	1,513,866
-	-	-	1,022	-	-	3,019
-	-	-	-	-	-	3,170,793
202,190	2,118	1,718,417	129,402	2,755,283	35,683	5,402,825
-	-	2	-	779	1,416	7,551
2,874	-	-	-	-	-	2,874
-	-	-	-	-	-	17,388
29,118	55,782	285,807	80,611	800,092	7,059	1,678,450
-	-	-	-	289,633	55,803	382,858
<u>957,071</u>	<u>110,482</u>	<u>2,335,655</u>	<u>780,960</u>	<u>5,494,121</u>	<u>292,732</u>	<u>16,434,668</u>
-	-	10,930,236	236,138	3,000,189	534,306	16,195,418
-	-	-	-	-	-	13,282
-	-	-	-	3,388,936	-	3,388,936
46,779,769	-	-	-	-	-	67,131,769
11,021	23,823	206,081	58,825	400,953	14,501	992,362
-	-	-	-	1,146,629	-	1,146,629
-	-	-	-	1,884,033	166,742	2,050,775
<u>46,790,790</u>	<u>23,823</u>	<u>11,136,317</u>	<u>294,963</u>	<u>9,820,740</u>	<u>715,549</u>	<u>90,919,171</u>
<u>47,747,861</u>	<u>134,305</u>	<u>13,471,972</u>	<u>1,075,923</u>	<u>15,314,861</u>	<u>1,008,281</u>	<u>107,353,839</u>
4,047	14,169	39,166	99,820	3,192,912	825,023	8,532,211
(42,779,905)	258,710	(542,811)	373,489	6,947,543	607,248	(46,999,856)
<u>\$ (42,775,858)</u>	<u>\$ 272,879</u>	<u>\$ (503,645)</u>	<u>\$ 473,309</u>	<u>\$ 10,140,455</u>	<u>\$ 1,432,271</u>	<u>\$ (38,467,645)</u>

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

For the Fiscal Year Ended June 30, 2003

	<u>Self-Insurance</u>	<u>Buildings and Grounds</u>	<u>Motor Pool</u>	<u>Communications</u>
<b>Operating Revenues</b>				
Net premium income	\$ 180,194,264	\$ -	\$ -	\$ -
Sales	-	-	6,717	-
Charges for services	-	940,615	-	6,486,440
Rental income	-	12,030,466	3,362,724	-
Other	1,545,480	2,191	-	-
<b>Total operating revenues</b>	<u>181,739,744</u>	<u>12,973,272</u>	<u>3,369,441</u>	<u>6,486,440</u>
<b>Operating Expenses</b>				
Salaries and benefits	1,500,666	4,381,698	684,777	919,426
Operating	1,166,000	7,775,169	1,012,035	5,362,242
Claims expense	145,748,927	-	-	-
Materials or supplies used	-	-	249,016	-
Depreciation	59,957	75,001	1,531,582	88,953
Amortization	-	-	-	-
Insurance premiums	32,547,558	-	-	-
<b>Total operating expenses</b>	<u>181,023,108</u>	<u>12,231,868</u>	<u>3,477,410</u>	<u>6,370,621</u>
Operating income (loss)	<u>716,636</u>	<u>741,404</u>	<u>(107,969)</u>	<u>115,819</u>
<b>Nonoperating Revenues (Expenses)</b>				
Interest and investment income	180,865	-	-	-
Interest expense	(65,204)	-	-	(8,551)
Gain (loss) on disposal of assets	-	-	(104,058)	-
<b>Total nonoperating revenues (expenses)</b>	<u>115,661</u>	<u>-</u>	<u>(104,058)</u>	<u>(8,551)</u>
Income (loss) before transfers	832,297	741,404	(212,027)	107,268
<b>Transfers</b>				
Transfers in	12,193	118,609	-	-
Transfers out	-	(45,651)	(70,063)	-
Change in net assets	844,490	814,362	(282,090)	107,268
Net assets, July 1	(15,851,845)	1,002,871	4,958,160	899,728
<b>Net assets, June 30</b>	<u>\$ (15,007,355)</u>	<u>\$ 1,817,233</u>	<u>\$ 4,676,070</u>	<u>\$ 1,006,996</u>

<b>Insurance Premiums</b>	<b>Administrative Services</b>	<b>Personnel</b>	<b>Purchasing</b>	<b>Information Services</b>	<b>Printing</b>	<b>Total</b>
\$ 15,432,837	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 195,627,101
-	-	1,515	815,214	-	4,364,835	5,188,281
-	1,331,409	7,959,727	1,937,613	26,030,632	-	44,686,436
-	-	-	1,813	597,879	-	15,992,882
155,519	-	24,828	42,627	-	-	1,770,645
<u>15,588,356</u>	<u>1,331,409</u>	<u>7,986,070</u>	<u>2,797,267</u>	<u>26,628,511</u>	<u>4,364,835</u>	<u>263,265,345</u>
574,836	1,049,257	4,964,187	1,462,120	13,435,906	1,714,022	30,686,895
1,589,316	173,589	3,264,201	520,418	11,493,333	865,087	33,221,390
16,823,318	-	-	-	-	-	162,572,245
-	-	-	672,602	-	963,383	1,885,001
2,087	4,805	14,083	13,164	3,204,474	286,014	5,280,120
-	-	1,651,991	-	-	-	1,651,991
6,588,410	-	-	-	-	-	39,135,968
<u>25,577,967</u>	<u>1,227,651</u>	<u>9,894,462</u>	<u>2,668,304</u>	<u>28,133,713</u>	<u>3,828,506</u>	<u>274,433,610</u>
<u>(9,989,611)</u>	<u>103,758</u>	<u>(1,908,392)</u>	<u>128,963</u>	<u>(1,505,202)</u>	<u>536,329</u>	<u>(11,168,265)</u>
-	-	-	-	-	-	180,865
-	-	-	(11,019)	(89,412)	(17,478)	(191,664)
-	-	-	-	(2,603)	(19,108)	(125,769)
-	-	-	(11,019)	(92,015)	(36,586)	(136,568)
<u>(9,989,611)</u>	<u>103,758</u>	<u>(1,908,392)</u>	<u>117,944</u>	<u>(1,597,217)</u>	<u>499,743</u>	<u>(11,304,833)</u>
-	-	-	-	-	114,626	245,428
<u>(250,000)</u>	<u>-</u>	<u>-</u>	<u>(30,504)</u>	<u>(2,021,440)</u>	<u>-</u>	<u>(2,417,658)</u>
<u>(10,239,611)</u>	<u>103,758</u>	<u>(1,908,392)</u>	<u>87,440</u>	<u>(3,618,657)</u>	<u>614,369</u>	<u>(13,477,063)</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>
<u>\$ (42,775,858)</u>	<u>\$ 272,879</u>	<u>\$ (503,645)</u>	<u>\$ 473,309</u>	<u>\$ 10,140,455</u>	<u>\$ 1,432,271</u>	<u>\$ (38,467,645)</u>

# Combining Statement of Cash Flows Internal Service Funds

For the Fiscal Year Ended June 30, 2003

	Self- Insurance	Buildings and Grounds	Motor Pool	Communications
<b>Cash flows from operating activities</b>				
Receipts from customers and users	\$ 15,828,767	\$ 123,965	\$ 186,347	\$ -
Receipts for interfund services provided	119,127,728	12,883,152	3,016,065	6,660,764
Receipts from component units	47,759,121	-	132,371	14,913
Payments to suppliers, other governments and beneficiaries	(187,578,135)	(7,376,455)	(904,360)	(5,172,302)
Payments to employees	(1,447,801)	(4,217,014)	(665,428)	(881,372)
Payments for interfund services used	(439,763)	(736,066)	(575,062)	(231,793)
Payments to component units	-	(362)	(392)	-
Net cash provided by (used for) operating activities	<u>(6,750,083)</u>	<u>677,220</u>	<u>1,189,541</u>	<u>390,210</u>
<b>Cash flows from noncapital financing activities</b>				
Transfers from other funds	-	88,516	13,800	-
Transfers to other funds	-	(43,195)	(700,000)	-
Other noncapital financing activities	-	-	559	-
Net cash provided by (used for) noncapital financing activities	<u>-</u>	<u>45,321</u>	<u>(685,641)</u>	<u>-</u>
<b>Cash flows from capital and related financing activities</b>				
Proceeds from sale of capital assets	-	-	133,512	-
Purchase of capital assets	-	-	(434,146)	(109,047)
Principal paid on capital debt	-	(97,421)	(53,411)	(89,911)
Interest paid on capital debt	-	-	-	(8,551)
Net cash provided by (used for) capital and related financing activities	<u>-</u>	<u>(97,421)</u>	<u>(354,045)</u>	<u>(207,509)</u>
<b>Cash flows from investing activities</b>				
Interest and dividends received	140,096	-	-	-
Net cash provided by (used for) investing activities	<u>140,096</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net increase (decrease) in cash	(6,609,987)	625,120	149,855	182,701
Cash and cash equivalents, July 1	12,344,429	1,786,763	1,324,205	135,268
<b>Cash and cash equivalents, June 30</b>	<u>\$ 5,734,442</u>	<u>\$ 2,411,883</u>	<u>\$ 1,474,060</u>	<u>\$ 317,969</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities</b>				
Operating income (loss)	\$ 716,636	\$ 741,404	\$ (107,969)	\$ 115,819
<b>Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities</b>				
Depreciation	59,957	75,001	1,531,582	88,953
Amortization	-	-	-	-
Decrease (increase) in accrued interest and receivables	982,432	35,962	(34,659)	189,238
Decrease (increase) in inventory, deferred charges, other assets	695	625	-	-
Increase (decrease) in accounts payable, accruals, other liabilities	(8,509,803)	(175,772)	(199,413)	(3,800)
Other adjustments	-	-	-	-
Total adjustments	<u>(7,466,719)</u>	<u>(64,184)</u>	<u>1,297,510</u>	<u>274,391</u>
Net cash provided by (used for) operating activities	<u>\$ (6,750,083)</u>	<u>\$ 677,220</u>	<u>\$ 1,189,541</u>	<u>\$ 390,210</u>
<b>Noncash investing, capital and financing activities</b>				
Property and intangible assets leased, accrued or acquired	\$ -	\$ -	\$ -	\$ -
Construction completed or in progress	-	-	-	-
Interest/dividends on investments accrued	43,086	-	-	-
Change in fair value of investments	(53,476)	-	-	-

Insurance Premiums	Administrative Services	Personnel	Purchasing	Information Services	Printing	Total
\$ 1,131,787	\$ -	\$ 4,248	\$ -	\$ 496,588	\$ 99,193	\$ 17,870,895
14,344,394	1,332,126	7,406,187	2,526,850	27,388,394	4,203,116	198,888,776
1,057,232	-	579,467	32,497	-	2,916	49,578,517
(17,784,031)	(24,719)	(1,086,024)	-	(10,069,009)	(1,394,055)	(231,389,090)
(554,231)	(1,009,178)	(4,820,674)	(1,441,432)	(13,309,387)	(1,850,903)	(30,197,420)
(522,166)	(182,295)	(1,177,452)	(926,952)	(1,171,347)	(366,381)	(6,329,277)
(91,226)	-	(1,598)	-	(60,987)	-	(154,565)
(2,418,241)	115,934	904,154	190,963	3,274,252	693,886	(1,732,164)
-	-	-	-	-	-	102,316
(125,000)	-	-	-	-	-	(868,195)
-	-	-	-	-	-	559
(125,000)	-	-	-	-	-	(765,320)
-	-	-	-	-	-	133,512
-	-	-	(12,479)	(347,686)	(45,000)	(948,358)
-	-	(1,651,991)	(15,957)	(1,072,541)	(52,472)	(3,033,704)
-	-	-	(11,019)	(89,412)	(15,501)	(124,483)
-	-	(1,651,991)	(39,455)	(1,509,639)	(112,973)	(3,973,033)
-	-	-	-	-	-	140,096
-	-	-	-	-	-	140,096
(2,543,241)	115,934	(747,837)	151,508	1,764,613	580,913	(6,330,421)
6,133,729	277,081	2,333,430	346,400	6,966,419	254,511	31,902,235
<u>\$ 3,590,488</u>	<u>\$ 393,015</u>	<u>\$ 1,585,593</u>	<u>\$ 497,908</u>	<u>\$ 8,731,032</u>	<u>\$ 835,424</u>	<u>\$ 25,571,814</u>
\$ (9,989,611)	\$ 103,758	\$ (1,908,392)	\$ 128,963	\$ (1,505,202)	\$ 536,329	\$ (11,168,265)
2,087	4,805	-	13,164	3,204,474	286,014	5,266,037
-	-	1,666,074	-	-	-	1,666,074
940,057	717	3,832	(237,920)	1,256,471	(33,481)	3,102,649
(504,448)	-	1,458	11,658	138,506	131,333	(220,173)
7,133,674	6,654	1,141,182	275,098	180,003	(143,680)	(295,857)
-	-	-	-	-	(82,629)	(82,629)
7,571,370	12,176	2,812,546	62,000	4,779,454	157,557	9,436,101
<u>\$ (2,418,241)</u>	<u>\$ 115,934</u>	<u>\$ 904,154</u>	<u>\$ 190,963</u>	<u>\$ 3,274,252</u>	<u>\$ 693,886</u>	<u>\$ (1,732,164)</u>
\$ -	\$ -	\$ 11,338,484	\$ -	\$ 1,455,545	\$ -	\$ 12,794,029
-	-	-	-	378,353	114,626	492,979
-	-	-	-	-	-	43,086
-	-	-	-	-	-	(53,476)

# 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).

## 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).

## Investment Trust

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

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

## Agency

**Intergovernmental** Accounts for taxes and fees, such as sales and use, 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, 2003

	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	631,076,979	136,023	210,775	631,423,777
<i>Investments:</i>				
Investments	-	-	-	-
Fixed income securities	5,047,147,902	2,129,252	6,307,710	5,055,584,864
Marketable equity securities	4,892,542,687	1,808,929	5,534,714	4,899,886,330
International securities	2,592,081,571	-	-	2,592,081,571
Mutual funds	299,349,579	-	-	299,349,579
Mortgage loans	3,410,108	-	-	3,410,108
Real estate	1,047,855,920	-	-	1,047,855,920
Alternative investments	129,797,760	-	-	129,797,760
Collateral on loaned securities	1,446,475,846	-	-	1,446,475,846
<i>Receivables:</i>				
Accounts receivable	-	-	-	-
Accrued interest and dividends	72,992,149	19,318	62,224	73,073,691
Trades pending settlement	467,624,294	66,349	280,439	467,971,082
Intergovernmental receivables	49,251,168	-	135,356	49,386,524
Due from other funds	1,063,696	-	-	1,063,696
Due from fiduciary funds	9,560,949	-	-	9,560,949
Other assets	781,083	-	-	781,083
Furniture and equipment	22,619,938	-	-	22,619,938
Accumulated depreciation	(14,485,667)	-	-	(14,485,667)
<b>Total assets</b>	<b>16,699,145,962</b>	<b>4,159,871</b>	<b>12,531,218</b>	<b>16,715,837,051</b>
<b>Liabilities</b>				
<i>Accounts payable and accruals:</i>				
Accounts payable	7,856,623	786	1,779	7,859,188
Accrued payroll and related liabilities	-	-	-	-
Intergovernmental payables	-	-	-	-
Trades pending settlement	1,170,818,130	154,560	341,662	1,171,314,352
Obligations under securities lending	1,446,475,846	-	-	1,446,475,846
Due to other funds	681	-	-	681
Due to fiduciary funds	-	-	-	-
Due to component units	-	-	-	-
Advances from general fund	-	-	-	-
Other liabilities	-	210,438	-	210,438
<b>Total liabilities</b>	<b>2,625,151,280</b>	<b>365,784</b>	<b>343,441</b>	<b>2,625,860,505</b>
<b>Net Assets</b>				
<i>Held in trust for:</i>				
Employees' pension benefits	14,073,994,682	3,794,087	12,187,777	14,089,976,546
Individuals, organizations and other governments	-	-	-	-
<b>Total net assets</b>	<b>\$ 14,073,994,682</b>	<b>\$ 3,794,087</b>	<b>\$ 12,187,777</b>	<b>\$ 14,089,976,546</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
\$ 283	\$ -	\$ 283	\$ 356,676	\$ 2,798,039	\$ 3,154,715
-	-	-	-	-	-
501,486,043	57,499,540	558,985,583	48,247,264	-	48,247,264
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
91,654,128	-	91,654,128	248,583	-	248,583
-	-	-	2,978	1,956	4,934
2,152,790	383,153	2,535,943	176,402	-	176,402
-	-	-	-	-	-
-	-	-	-	39,496	39,496
-	-	-	26,453	237,106	263,559
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>595,293,244</u>	<u>57,882,693</u>	<u>653,175,937</u>	<u>49,058,356</u>	<u>3,076,597</u>	<u>52,134,953</u>
-	-	-	62,206	16,628	78,834
-	-	-	13,934	-	13,934
515,401	-	515,401	-	3,427	3,427
-	-	-	-	-	-
91,654,128	-	91,654,128	248,583	-	248,583
2,070	-	2,070	135,165	302,676	437,841
-	-	-	-	9,518	9,518
-	-	-	5,053	-	5,053
-	-	-	3,698,590	-	3,698,590
-	-	-	-	-	-
<u>92,171,599</u>	<u>-</u>	<u>92,171,599</u>	<u>4,163,531</u>	<u>332,249</u>	<u>4,495,780</u>
-	-	-	-	-	-
503,121,645	57,882,693	561,004,338	44,894,825	2,744,348	47,639,173
<u>\$ 503,121,645</u>	<u>\$ 57,882,693</u>	<u>\$ 561,004,338</u>	<u>\$ 44,894,825</u>	<u>\$ 2,744,348</u>	<u>\$ 47,639,173</u>

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

For the Fiscal Year Ended June 30, 2003

	Pension Trust Funds			
	Public Employees' Retirement	Legislators' Retirement	Judicial Retirement	Total
<b>Additions</b>				
<i>Contributions:</i>				
Employer	\$ 724,030,565	\$ 176,508	\$ 7,451,229	\$ 731,658,302
Plan members	55,442,330	35,100	-	55,477,430
Participants	-	-	-	-
Repayment and purchase of service	29,395,797	-	229,367	29,625,164
<b>Total contributions</b>	<b>808,868,692</b>	<b>211,608</b>	<b>7,680,596</b>	<b>816,760,896</b>
<i>Investment income:</i>				
Net increase (decrease) in fair value of investments	222,344,110	110,542	293,037	222,747,689
Interest, dividends	383,518,460	128,107	205,394	383,851,961
Securities lending income	25,293,441	-	-	25,293,441
Other	83,957,150	-	-	83,957,150
	715,113,161	238,649	498,431	715,850,241
<i>Less Investment expense:</i>				
Cost of securities lending	(20,250,900)	-	-	(20,250,900)
Other	(22,027,494)	(1,203)	(1,640)	(22,030,337)
<b>Net investment income</b>	<b>672,834,767</b>	<b>237,446</b>	<b>496,791</b>	<b>673,569,004</b>
<i>Other:</i>				
Investment from local governments	-	-	-	-
Reinvestment from interest income	-	-	-	-
Sales and charges for services	-	-	-	-
Other	2,075,376	45,354	905	2,121,635
<b>Total other</b>	<b>2,075,376</b>	<b>45,354</b>	<b>905</b>	<b>2,121,635</b>
<b>Total additions</b>	<b>1,483,778,835</b>	<b>494,408</b>	<b>8,178,292</b>	<b>1,492,451,535</b>
<b>Deductions</b>				
Principal redeemed	-	-	-	-
Benefit payments	591,791,730	358,698	876,214	593,026,642
Refunds	11,086,193	25,740	-	11,111,933
Contribution distributions	6,691,206	-	-	6,691,206
Dividends to investors	-	-	-	-
Administrative expense	9,618,500	41,730	-	9,660,230
<b>Total deductions</b>	<b>619,187,629</b>	<b>426,168</b>	<b>876,214</b>	<b>620,490,011</b>
Change in net assets	864,591,206	68,240	7,302,078	871,961,524
Net assets, July 1	13,209,403,476	3,725,847	4,885,699	13,218,015,022
<b>Net assets, June 30</b>	<b>\$ 14,073,994,682</b>	<b>\$ 3,794,087</b>	<b>\$ 12,187,777</b>	<b>\$ 14,089,976,546</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
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	10,514,861	12,490,230	23,005,091
-	-	-	-	-	-
-	-	-	10,514,861	12,490,230	23,005,091
(296,912)	725,871	428,959	1,210,458	-	1,210,458
7,724,355	1,338,095	9,062,450	1,750,567	-	1,750,567
1,132,085	-	1,132,085	7,584	-	7,584
-	-	-	-	-	-
8,559,528	2,063,966	10,623,494	2,968,609	-	2,968,609
(1,070,490)	-	(1,070,490)	(6,912)	-	(6,912)
-	(96,477)	(96,477)	-	-	-
7,489,038	1,967,489	9,456,527	2,961,697	-	2,961,697
957,890,157	32,000,000	989,890,157	-	-	-
7,127,970	-	7,127,970	-	-	-
-	-	-	20,997	-	20,997
-	-	-	73,880	-	73,880
965,018,127	32,000,000	997,018,127	94,877	-	94,877
972,507,165	33,967,489	1,006,474,654	13,571,435	12,490,230	26,061,665
963,463,388	-	963,463,388	-	-	-
-	-	-	152,924	12,544,190	12,697,114
-	-	-	648,882	-	648,882
-	-	-	-	-	-
7,739,730	-	7,739,730	-	-	-
39,659	-	39,659	892,161	-	892,161
971,242,777	-	971,242,777	1,693,967	12,544,190	14,238,157
1,264,388	33,967,489	35,231,877	11,877,468	(53,960)	11,823,508
501,857,257	23,915,204	525,772,461	33,017,357	2,798,308	35,815,665
\$ 503,121,645	\$ 57,882,693	\$ 561,004,338	\$ 44,894,825	\$ 2,744,348	\$ 47,639,173

# Combining Statement of Fiduciary Assets and Liabilities Agency Funds

June 30, 2003

	<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	\$ 6,894,806	\$ 30,310,356	\$ 23,800,993	\$ -
Cash in custody of other officials	-	68,118,031	2,577,240	3,350,122
Investments	-	93,293,233	-	-
Collateral on loaned securities	1,738,791	-	-	-
<i>Receivables:</i>				
Taxes receivable	8,371,491	-	-	-
Intergovernmental receivables	7,365,268	-	-	-
Other receivables	-	-	33,261,589	31,405
Due from other funds	302,813,963	1,306,496	1,412,767	43,595
Due from fiduciary funds	10,363,810	-	-	668
<b>Total assets</b>	<u>\$ 337,548,129</u>	<u>\$ 193,028,116</u>	<u>\$ 61,052,589</u>	<u>\$ 3,425,790</u>
<b>Liabilities</b>				
<i>Accounts payable and accruals:</i>				
Accrued payroll and related liabilities	\$ -	\$ -	\$ -	\$ -
Intergovernmental payables	335,809,338	-	46,082,028	-
Obligations under securities lending	1,738,791	-	-	-
Due to fiduciary funds	-	-	10,363,810	-
<i>Other liabilities:</i>				
Deposits	-	192,990,982	3,994,866	-
Other liabilities	-	37,134	611,885	3,425,790
<b>Total liabilities</b>	<u>\$ 337,548,129</u>	<u>\$ 193,028,116</u>	<u>\$ 61,052,589</u>	<u>\$ 3,425,790</u>

<u>Child Welfare Trust</u>	<u>Restitution Trust</u>	<u>Veterans Custodial</u>	<u>State Payroll</u>	<u>Total</u>
\$ 1,512,524	\$ 2,883,903	\$ 1,582,855	\$ 9,629,292	\$ 76,614,729
-	-	-	-	74,045,393
-	-	-	-	93,293,233
1,231,999	-	1,290,521	-	4,261,311
-	-	-	-	8,371,491
-	-	-	-	7,365,268
21,673	-	-	1,117	33,315,784
14,522	1,444	15,035	17,607	305,625,429
-	8,850	-	-	10,373,328
<u>\$ 2,780,718</u>	<u>\$ 2,894,197</u>	<u>\$ 2,888,411</u>	<u>\$ 9,648,016</u>	<u>\$ 613,265,966</u>
\$ -	\$ -	\$ -	\$ 13,500	\$ 13,500
72,676	-	-	-	381,964,042
1,231,999	-	1,290,521	-	4,261,311
-	-	-	9,560,949	19,924,759
-	-	-	-	196,985,848
1,476,043	2,894,197	1,597,890	73,567	10,116,506
<u>\$ 2,780,718</u>	<u>\$ 2,894,197</u>	<u>\$ 2,888,411</u>	<u>\$ 9,648,016</u>	<u>\$ 613,265,966</u>

# Combining Statement of Changes in Assets and Liabilities Agency Funds

For the Fiscal Year Ended June 30, 2003

	Balance July 1, 2002	Additions	Deletions	Balance June 30, 2003
<b>Intergovernmental</b>				
<b>Assets</b>				
Cash with treasurer	\$ 9,227,561	\$ 1,959,376,302	\$ 1,961,709,057	\$ 6,894,806
Collateral on loaned securities	1,179,672	1,738,791	1,179,672	1,738,791
Taxes receivable	6,189,044	8,371,491	6,189,044	8,371,491
Intergovernmental receivables	6,505,302	7,365,268	6,505,302	7,365,268
Due from other funds	271,631,417	302,813,963	271,631,417	302,813,963
Due from fiduciary funds	9,591,628	10,363,810	9,591,628	10,363,810
<b>Total assets</b>	<b>\$ 304,324,624</b>	<b>\$ 2,290,029,625</b>	<b>\$ 2,256,806,120</b>	<b>\$ 337,548,129</b>
<b>Liabilities</b>				
Intergovernmental payables	\$ 303,144,952	\$ 2,344,691,704	\$ 2,312,027,318	\$ 335,809,338
Obligations under securities lending	1,179,672	1,738,791	1,179,672	1,738,791
Due to fiduciary funds	-	-	-	-
<b>Total liabilities</b>	<b>\$ 304,324,624</b>	<b>\$ 2,346,430,495</b>	<b>\$ 2,313,206,990</b>	<b>\$ 337,548,129</b>
<b>State Agency Fund for Bonds</b>				
<b>Assets</b>				
Cash with treasurer	\$ 26,462,025	\$ 9,315,349	\$ 5,467,018	\$ 30,310,356
Cash in custody of other officials	63,481,588	27,953,326	23,316,883	68,118,031
Investments	97,290,669	438,436	4,435,872	93,293,233
Due from other funds	2,339,301	1,306,496	2,339,301	1,306,496
<b>Total assets</b>	<b>\$ 189,573,583</b>	<b>\$ 39,013,607</b>	<b>\$ 35,559,074</b>	<b>\$ 193,028,116</b>
<b>Liabilities</b>				
Deposits	\$ 189,537,111	\$ 41,179,005	\$ 37,725,134	\$ 192,990,982
Other liabilities	36,472	2,111	1,449	37,134
<b>Total liabilities</b>	<b>\$ 189,573,583</b>	<b>\$ 41,181,116</b>	<b>\$ 37,726,583</b>	<b>\$ 193,028,116</b>
<b>Motor Vehicle</b>				
<b>Assets</b>				
Cash with treasurer	\$ 17,582,472	\$ 1,048,037,400	\$ 1,041,818,879	\$ 23,800,993
Cash in custody of other officials	2,425,440	215,300	63,500	2,577,240
Other receivables	31,732,444	73,080,729	71,551,584	33,261,589
Due from other funds	2,168,344	1,412,767	2,168,344	1,412,767
Due from fiduciary funds	-	-	-	-
<b>Total assets</b>	<b>\$ 53,908,700</b>	<b>\$ 1,122,746,196</b>	<b>\$ 1,115,602,307</b>	<b>\$ 61,052,589</b>
<b>Liabilities</b>				
Intergovernmental payables	\$ 39,961,600	\$ 1,266,687,493	\$ 1,260,567,064	\$ 46,082,029
Due to fiduciary funds	9,591,628	10,856,837	10,084,655	10,363,810
Deposits	3,748,204	505,723	259,062	3,994,865
Other liabilities	607,268	2,137,890	2,133,273	611,885
<b>Total liabilities</b>	<b>\$ 53,908,700</b>	<b>\$ 1,280,187,943</b>	<b>\$ 1,273,044,054</b>	<b>\$ 61,052,589</b>
<b>Child Support Disbursement</b>				
<b>Assets</b>				
Cash in custody of other officials	\$ 2,111,270	\$ 127,809,880	\$ 126,571,028	\$ 3,350,122
Other receivables	-	31,405	-	31,405
Due from other funds	358	44,263	358	44,263
<b>Total assets</b>	<b>\$ 2,111,628</b>	<b>\$ 127,885,548</b>	<b>\$ 126,571,386</b>	<b>\$ 3,425,790</b>
<b>Liabilities</b>				
Other liabilities	\$ 2,111,628	\$ 128,282,112	\$ 126,967,950	\$ 3,425,790
<b>Total liabilities</b>	<b>\$ 2,111,628</b>	<b>\$ 128,282,112</b>	<b>\$ 126,967,950</b>	<b>\$ 3,425,790</b>
<b>Child Welfare Trust</b>				
<b>Assets</b>				
Cash with treasurer	\$ 1,153,889	\$ 1,146,134	\$ 787,499	\$ 1,512,524
Collateral on loaned securities	612,658	1,231,999	612,658	1,231,999
Other receivables	12,119	21,673	12,119	21,673
Due from other funds	13,614	14,522	13,614	14,522
<b>Total assets</b>	<b>\$ 1,792,280</b>	<b>\$ 2,414,328</b>	<b>\$ 1,425,890</b>	<b>\$ 2,780,718</b>
<b>Liabilities</b>				
Intergovernmental payables	\$ 4,078	\$ 72,675	\$ 4,078	\$ 72,675
Obligations under securities lending	612,658	1,231,999	612,658	1,231,999
Other liabilities	1,175,544	1,156,597	856,097	1,476,044
<b>Total liabilities</b>	<b>\$ 1,792,280</b>	<b>\$ 2,461,271</b>	<b>\$ 1,472,833</b>	<b>\$ 2,780,718</b>

	Balance July 1, 2002	Additions	Deletions	Balance June 30, 2003
<b>Restitution Trust</b>				
<b>Assets</b>				
Cash with treasurer	\$ 2,925,987	\$ 4,123,466	\$ 4,165,550	\$ 2,883,903
Due from other funds	4,326	1,444	4,326	1,444
Due from fiduciary funds	21,429	8,850	21,429	8,850
<b>Total assets</b>	<b>\$ 2,951,742</b>	<b>\$ 4,133,760</b>	<b>\$ 4,191,305</b>	<b>\$ 2,894,197</b>
<b>Liabilities</b>				
Other liabilities	\$ 2,951,742	\$ 4,123,837	\$ 4,181,382	\$ 2,894,197
<b>Total liabilities</b>	<b>\$ 2,951,742</b>	<b>\$ 4,123,837</b>	<b>\$ 4,181,382</b>	<b>\$ 2,894,197</b>
<b>Veterans Custodial</b>				
<b>Assets</b>				
Cash with treasurer	\$ 1,753,262	\$ 894,965	\$ 1,065,372	\$ 1,582,855
Collateral on loaned securities	932,066	1,290,521	932,066	1,290,521
Due from other funds	13,454	15,035	13,454	15,035
<b>Total assets</b>	<b>\$ 2,698,782</b>	<b>\$ 2,200,521</b>	<b>\$ 2,010,892</b>	<b>\$ 2,888,411</b>
<b>Liabilities</b>				
Obligations under securities lending	\$ 932,066	\$ 1,290,521	\$ 932,066	\$ 1,290,521
Other liabilities	1,766,716	899,956	1,068,782	1,597,890
<b>Total liabilities</b>	<b>\$ 2,698,782</b>	<b>\$ 2,190,477</b>	<b>\$ 2,000,848</b>	<b>\$ 2,888,411</b>
<b>State Payroll</b>				
<b>Assets</b>				
Cash with treasurer	\$ 8,687,812	\$ 360,211,489	\$ 359,270,009	\$ 9,629,292
Other receivables	1,149	-	32	1,117
Due from other funds	623,568	17,607	623,568	17,607
<b>Total assets</b>	<b>\$ 9,312,529</b>	<b>\$ 360,229,096</b>	<b>\$ 359,893,609</b>	<b>\$ 9,648,016</b>
<b>Liabilities</b>				
Accrued payroll and related liabilities	\$ 130,633	\$ 226,312,887	\$ 226,430,021	\$ 13,499
Due to fiduciary funds	9,108,216	134,384,285	133,931,552	9,560,949
Other liabilities	73,680	-	112	73,568
<b>Total liabilities</b>	<b>\$ 9,312,529</b>	<b>\$ 360,697,172</b>	<b>\$ 360,361,685</b>	<b>\$ 9,648,016</b>
<b>Totals - All Agency Funds</b>				
<b>Assets</b>				
Cash with treasurer	\$ 67,793,008	\$ 3,383,105,105	\$ 3,374,283,384	\$ 76,614,729
Cash in custody of other officials	68,018,298	155,978,506	149,951,411	74,045,393
Investments	97,290,669	438,436	4,435,872	93,293,233
Collateral on loaned securities	2,724,396	4,261,311	2,724,396	4,261,311
Taxes receivable	6,189,044	8,371,491	6,189,044	8,371,491
Intergovernmental receivables	6,505,302	7,365,268	6,505,302	7,365,268
Other receivables	31,745,712	73,133,807	71,563,735	33,315,784
Due from other funds	276,794,382	305,626,097	276,794,382	305,626,097
Due from fiduciary funds	9,613,057	10,372,660	9,613,057	10,372,660
<b>Total assets</b>	<b>\$ 566,673,868</b>	<b>\$ 3,948,652,681</b>	<b>\$ 3,902,060,583</b>	<b>\$ 613,265,966</b>
<b>Liabilities</b>				
Accrued payroll and related liabilities	\$ 130,633	\$ 226,312,887	\$ 226,430,021	\$ 13,499
Intergovernmental payables	343,110,630	3,611,451,872	3,572,598,460	381,964,042
Obligations under securities lending	2,724,396	4,261,311	2,724,396	4,261,311
Due to fiduciary funds	18,699,844	145,241,122	144,016,207	19,924,759
Deposits	193,285,315	41,684,728	37,984,196	196,985,847
Other liabilities	8,723,050	136,602,503	135,209,045	10,116,508
<b>Total liabilities</b>	<b>\$ 566,673,868</b>	<b>\$ 4,165,554,423</b>	<b>\$ 4,118,962,325</b>	<b>\$ 613,265,966</b>



# Budgetary Schedules

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

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

For the Fiscal Year Ended June 30, 2003

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	Final Budget	Actual	Variance
	\$ -	\$ 6,107,860	\$ (6,107,860)
<b>General Fund Unbudgeted Activity</b>			
<b>Constitutional Agencies</b>			
<b>Executive Branch</b>			
Office of the Governor	2,626,135	2,395,736	230,399
Mansion Maintenance	357,290	277,965	79,325
Office of Consumer Health Asst	991,473	558,276	433,197
Nevada Protection Account	5,022,820	3,467,923	1,554,897
Clark County Flood Relief	16,318,447	392,320	15,926,127
Washington Office	259,300	259,300	-
Ethics Commission	354,935	340,669	14,266
Science, Engineering, Technology	92,335	-	92,335
High Level Nuclear Waste	5,119,905	3,347,525	1,772,380
Council On Holocaust Education	44,485	44,485	-
Lieutenant Governor	487,173	482,464	4,709
Extradition Coordinator	713,524	712,832	692
Attorney General Admin Account	18,684,564	18,534,627	149,937
Special Fund	123,302	72,041	51,261
AG Workers Compensation Fraud	2,637,323	2,498,706	138,617
Crime Prevention	300,472	274,132	26,340
AG Medicaid Fraud	2,572,765	1,550,762	1,022,003
Council For Prosecuting Attorneys	195,008	121,750	73,258
Victims of Domestic Violence	2,960,779	1,549,069	1,411,710
Insurance Fraud	1,065,757	907,114	158,643
Secretary of State	10,427,646	9,273,634	1,154,012
HAVA Election Account	5,100,000	-	5,100,000
Investigations & Enforcements	760,846	257,635	503,211
Special Services - Secretary of State	5,896,144	3,159,044	2,737,100
State Treasurer	1,817,514	1,718,934	98,580
Silicosis & Disabled Pensions	3,944,093	127,825	3,816,268
Nevada College Savings Trust	190,817	139,737	51,080
Unclaimed Property	656,679	654,242	2,437
Controller General Account	3,722,765	3,661,850	60,915
<b>Judicial Branch</b>			
Admin Office of the Courts	1,561,880	1,086,325	475,555
Division of Planning & Analysis	595,909	438,536	157,373
Uniform System of Judicial Rec	1,684,989	975,548	709,441
Judicial Education	860,110	482,107	378,003
District Judges Salary	9,377,979	9,140,926	237,053
District Judge/Surviving Spouse Pension	578,591	578,591	-
Justices/Surviving Spouses Pensions	172,597	172,596	1
District Judges Travel	518,786	370,465	148,321
Supreme Court	8,928,702	8,683,646	245,056
Supreme Court Rural Drug Court	304,912	209,534	95,378
Retired Justice Duty Fund	376,139	254,496	121,643
Judicial Selection	4,838	1,800	3,038
Law Library Gift Fund	97,428	1,450	95,978
Law Library	1,293,630	1,288,455	5,175
Judicial Discipline	443,788	401,525	42,263
	<u>120,244,574</u>	<u>80,866,597</u>	<u>39,377,977</u>
<b>Finance &amp; Administration</b>			
<b>Administration</b>			
Construction Education Account	329,776	165,538	164,238
Deferred Compensation	215,463	142,383	73,080
Commission For Women	1,504	-	1,504
Special Appropriations	6,321,627	1,379,627	4,942,000
Information Technology Improvement	8,994,675	8,177,400	817,275
Budget And Planning	3,225,487	3,028,690	196,797
Division of Internal Audit	1,907,435	1,737,895	169,540
Graffiti Reward Fund	3,393	-	3,393
Merit Award Board	5,000	3,032	1,968
Controlled Substance Grants	23,824	15,328	8,496
Clear Creek Youth Center	279,471	230,312	49,159
Commodity Food Program	6,384,066	4,955,705	1,428,361

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>
Roof Maintenance Reserve	\$ 833,943	\$ 14,072	\$ 819,871
Public Works Division	930,907	925,267	5,640
School Plan Checking	186,193	137,793	48,400
Hearing & Appeals	3,742,003	3,564,914	177,089
State Claims	3,526,761	1,146,141	2,380,620
Emergency Fund	498,332	99,798	398,534
Statutory Contingency	3,569,652	1,809,562	1,760,090
Retired Employee Group Insurance	16,111,781	15,883,672	228,109
<b>Taxation</b>			
Department of Taxation	16,986,019	16,508,327	477,692
Senior Citizen Property Tax Rebate	4,668,123	3,848,250	819,873
<b>Personnel</b>			
Unemployment Compensation Fund	1,431,150	1,028,448	402,702
	<b>80,176,585</b>	<b>64,802,154</b>	<b>15,374,431</b>
<b>Education</b>			
<b>Education</b>			
Drug Abuse Education	2,589,236	1,393,322	1,195,914
Student Incentive Grants	536,091	536,063	28
Distributive School Account	864,672,123	809,033,091	55,639,032
School Health Education - AIDS	499,434	350,061	149,373
Education State Programs	2,560,524	2,480,548	79,976
Occupational Education	7,730,724	7,314,079	416,645
School to Careers	4,854,223	1,357,362	3,496,861
Gear Up Scholarship Trust	5,388,061	-	5,388,061
Continuing Education	3,464,487	3,292,626	171,861
Proficiency Testing	4,632,138	4,568,980	63,158
Other State Education Programs	23,481,392	23,389,916	91,476
Education Technology Trust	20,400	-	20,400
Teacher Education & Licensing	1,050,607	883,015	167,592
Discretionary Grants	5,295,470	3,165,760	2,129,710
Discretionary Grants - Restricted	38,245,274	18,516,752	19,728,522
IASA-Title I Grants	55,130,770	43,270,775	11,859,995
IASA-Title II & Title VI Grant	24,521,996	16,704,048	7,817,948
Education For Handicapped Act	53,440,069	43,942,316	9,497,753
NDE Staffing Services	512,399	385,332	127,067
Education Support Services	2,212,712	1,953,829	258,883
Child Nutrition	52,674,622	48,682,092	3,992,530
Commission On Postsecondary Education	358,659	343,733	14,926
Student Indemnification Account	265,084	45,802	219,282
<b>Museums, Library &amp; Arts</b>			
Museums, Library & Arts Administration	545,944	442,701	103,243
Lost City Museum	391,017	378,188	12,829
LV Springs Preserve Museum Dev	35,000,000	-	35,000,000
Nevada Historical Society	735,710	681,056	54,654
State Museum, Carson City	1,695,807	1,566,782	129,025
Museums And History	279,088	272,855	6,233
State Museum, Las Vegas	941,627	922,729	18,898
State Railroad Museums	1,654,006	1,537,776	116,230
Archives	684,153	672,005	12,148
Records Management/Micrographics	808,753	551,124	257,629
Nevada State Library	5,349,219	4,669,452	679,767
Nevada State Library-Literacy	281,177	272,878	8,299
Nevada State Library - CLAN	849,266	461,471	387,795
Nevada Council on the Arts	2,272,130	2,109,407	162,723
Cultural Resource Program	3,054,841	1,847,160	1,207,681
Historic Preservation	1,319,423	1,246,511	72,912
Comstock Historic District	94,472	89,233	5,239
Comstock Historical District Gifts	52	-	52
<b>University &amp; Community College System</b>			
UNS - Special Projects	19,858,250	19,858,250	-
Education for Dependent Children	25,440	7,177	18,263
University of Nevada - Reno	124,172,582	123,493,015	679,567
School of Medical Sciences	21,677,632	21,677,632	-

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

For the Fiscal Year Ended June 30, 2003

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	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>
Intercollegiate Athletics UNR	\$ 2,479,178	\$ 2,479,164	\$ 14
Statewide Programs - UNR	6,384,492	6,384,492	-
University System Administration	3,394,373	3,394,373	-
University of Nevada Las Vegas	153,998,087	153,801,095	196,992
Intercollegiate Athletics University	2,510,300	2,510,300	-
Agricultural Experimental Station	7,951,220	7,951,220	-
Cooperative Extension Service	8,089,151	8,018,649	70,502
System Computing Center	15,693,941	15,659,269	34,672
UNLV Law School	8,684,596	8,682,310	2,286
National Direct Student Loan	49,504	47,489	2,015
University Press	700,083	700,083	-
Statewide Programs - UNLV	872,215	872,215	-
UNLV Dental School	3,625,795	3,599,150	26,645
Business Center North	1,971,621	1,971,621	-
Business Center South	1,654,069	1,654,069	-
Collegiate License Plate Account	150,000	119,587	30,413
NV State College at Henderson	4,441,031	3,958,002	483,029
So Nevada Community College	82,419,029	81,984,462	434,567
Laboratory & Research	2,176,701	2,150,174	26,527
No Nevada Community College	12,825,281	12,637,657	187,624
Desert Research Institute	5,314,161	5,314,112	49
Western Nevada Community College	17,419,972	17,359,347	60,625
Truckee Meadows Community College	33,812,044	33,673,758	138,286
<b>WICHE Administration</b>			
WICHE Administration	309,766	307,993	1,773
	<b>1,752,753,694</b>	<b>1,589,597,495</b>	<b>163,156,199</b>
<b>Human Resources</b>			
<b>Human Resources</b>			
Human Resources - Administration	6,937,445	1,955,928	4,981,517
Purchase of Social Services	13,510,235	13,091,465	418,770
DHR - BCBS Settlement	2,168,632	2,018,632	150,000
State and Community Collaboration	3,234,282	2,914,586	319,696
Family to Family Connections	1,602,524	1,598,077	4,447
Community Connections	1,461,963	1,459,208	2,755
Community Services Block Grant	3,414,803	3,332,389	82,414
<b>Aging Services</b>			
Senior Sevices Program	11,420,994	9,069,915	2,351,079
Aging Services	13,723,175	12,427,510	1,295,665
Homemaker	2,844,301	2,774,827	69,474
<b>Health Care Financing Division</b>			
Intergovernmental Transfer Program	115,050,143	110,305,086	4,745,057
Health Care Financing & Policy	4,050,059	3,365,222	684,837
Nevada Check-Up Program	35,375,402	34,580,744	794,658
Nevada Medicaid	1,006,329,946	985,074,690	21,255,256
<b>Health</b>			
Radiological Health	1,180,860	987,212	193,648
Cancer Control Registry	1,924,574	1,467,532	457,042
Alcoholism & Drug Rehabilitation	20,219,699	16,031,035	4,188,664
Vital Statistics	860,805	805,887	54,918
Consumer Protection	3,492,675	3,193,337	299,338
Env Public Health Tracking System	518,566	82,710	435,856
Special Children's Clinic	7,155,900	6,714,909	440,991
Health Aid to Counties	1,507,638	1,507,638	-
Immunization Program	4,788,122	4,375,515	412,607
WIC Food Supplement	32,707,781	30,941,863	1,765,918
Sexually Trans Disease Control	14,130,301	11,027,319	3,102,982
Health Facilities	6,260,985	4,453,579	1,807,406
Health Facilities-Admin Penalty	196,051	250	195,801
Health Alert Network	10,067,040	5,421,947	4,645,093
Family Planning Project	1,307,852	944,811	363,041
Communicable Disease Control	6,659,779	4,672,741	1,987,038
Maternal Child Health Services	6,016,118	4,797,093	1,219,025
Office of State Health Administration	3,806,108	3,443,637	362,471

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Community Health Services	\$ 2,963,441	\$ 2,600,145	\$ 363,296
Emergency Medical Services	732,711	639,350	93,361
Tax on Liquor Program Account	1,144,033	767,692	376,341
<b>Welfare</b>			
Welfare Administration	26,283,982	24,382,073	1,901,909
Temp Assist for Needy Families	79,431,283	57,725,585	21,705,698
Assistance To Aged And Blind	6,028,949	6,024,437	4,512
Welfare Field Services	45,067,707	43,909,269	1,158,438
Child Support Enforcement Program	8,141,101	6,948,401	1,192,700
Collection And Distribution Acct	21,623,404	17,891,717	3,731,687
Child Care Assist & Development	38,783,503	34,040,571	4,742,932
Energy Assistance - Welfare	14,820,716	8,536,898	6,283,818
<b>Mental Hygiene/Mental Retardation</b>			
Southern MH/MR Food Service	1,253,219	1,080,683	172,536
So NV Adult Mental Health Service	47,683,969	44,562,933	3,121,036
Nevada Mental Health Institute	20,597,591	19,572,913	1,024,678
Mental Health Information System	705,114	523,910	181,204
Family Preservation Program	617,626	615,989	1,637
Rural NV Mental Retardation Services	5,918,730	5,539,767	378,963
Mental Hygiene-Mental Retardation	2,788,563	2,667,041	121,522
Desert Regional Center	39,282,510	38,281,980	1,000,530
No Nevada Mental Retardation	19,487,624	18,941,273	546,351
Facility for Mental Offender	5,375,196	5,103,601	271,595
Rural Clinics	8,988,297	8,698,174	290,123
<b>Child &amp; Family Services</b>			
Community Juvenile Justice Program	3,401,228	2,477,248	923,980
Child Welfare Integration	19,380,410	15,513,103	3,867,307
UNITY/SACWIS	5,022,286	4,706,765	315,521
Children, Youth & Family Administration	27,056,010	24,729,523	2,326,487
Youth Alternative Placement	2,322,807	2,322,152	655
Juvenile Correction Facility	5,476,157	4,134,468	1,341,689
Child Care Services	1,585,024	1,581,258	3,766
Caliente Youth Center	4,954,139	4,826,115	128,024
Victims of Domestic Violence	3,133,925	2,208,024	925,901
Childrens Trust Account	2,140,167	1,035,525	1,104,642
Youth Community Services	61,941,836	59,778,787	2,163,049
Nevada Youth Training Center	6,624,937	6,372,341	252,596
Juvenile Accountability Block	4,295,461	1,858,391	2,437,070
Youth Corrections Services	5,001,233	4,302,831	698,402
Child Abuse & Neglect	432,208	250,367	181,841
Farm Account-Youth Training Center	45,775	20,732	25,043
No NV Child & Adolescent Services	7,507,988	7,202,373	305,615
So NV Child & Adolescent Services	20,843,427	18,833,069	2,010,358
<b>Employment, Training &amp; Rehabilitation</b>			
Developmental Disabilities	636,137	476,172	159,965
Blind Business Enterprise	2,432,645	1,033,364	1,399,281
Services to The Blind	4,664,555	3,480,281	1,184,274
Client Assistance Program	152,970	138,144	14,826
Vocational Rehabilitation	15,546,329	13,168,135	2,378,194
Community Based Services	11,041,667	4,838,981	6,202,686
Rehabilitation Administration	471,526	283,804	187,722
Disability Adjudication	9,432,308	7,750,625	1,681,683
Welfare to Work	2,345,914	1,977,577	368,337
Office of Equal Rights	1,449,254	1,435,972	13,282
DETR Admin Services	3,814,242	3,556,483	257,759
Research & Analysis	3,745,493	3,350,133	395,360
Information Development & Processing	6,275,159	5,999,898	275,261
<b>Other Human Services</b>			
Public Defender	2,250,304	2,240,911	9,393
Indian Commission	155,264	136,983	18,281
	<u>1,987,222,812</u>	<u>1,845,912,231</u>	<u>141,310,581</u>

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

For the Fiscal Year Ended June 30, 2003

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	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Commerce &amp; Industry</b>			
<b>Economic Development &amp; Tourism</b>			
Commission On Economic Development	\$ 5,174,756	\$ 3,604,723	\$ 1,570,033
Motion Pictures	799,033	792,262	6,771
Rural Community Development	6,730,594	2,399,111	4,331,483
Small Business & Procurement	576,753	507,548	69,205
<b>Minerals</b>			
Minerals	1,289,776	922,287	367,489
Bond Reclamation	1,421,566	248,842	1,172,724
<b>Agriculture</b>			
Nevada Beef Council	413,109	313,933	99,176
Gas Pollution Standards	491,596	294,606	196,990
Plant Industry	2,126,836	1,967,430	159,406
Grade & Cert Agricultural Production	499,006	280,270	218,736
Garlic & Onion Research Promotion	140,027	49,446	90,581
Agricultural Registration/Enforcement	1,851,736	1,071,465	780,271
Livestock Inspection	1,192,828	1,055,449	137,379
Marijuana Health Registry	2,180	120	2,060
USDA CCC	157,062	156,659	403
Agriculture License Plates	16,451	1,500	14,951
Veterinary Medical Services	1,405,402	1,082,556	322,846
Weights & Measures	1,200,969	1,179,918	21,051
Insect Abatement	917,667	582,600	335,067
Agriculture Administration	823,058	779,414	43,644
Rangeland Resources Commission	261,859	126,308	135,551
Predatory Animal/Rodent Control	989,199	959,122	30,077
Nevada Jr Livestock Show Board	36,937	28,959	7,978
<b>Gaming Control</b>			
Gaming Control Board	31,669,828	31,425,455	244,373
Gaming Control Federal Forfeiture	1,107,940	100,263	1,007,677
Gaming Control-Forfeiture Account	584,872	54,442	530,430
Fed Forfeiture Treasury	256,729	-	256,729
Gaming Commission	460,954	413,434	47,520
<b>Business &amp; Industry</b>			
Business & Industry Administration	951,336	886,355	64,981
Industrial Development Bond	1,110,892	64,627	1,046,265
Insurance Regulation	5,685,785	5,451,279	234,506
Captive Insurers	106,375	19,742	86,633
Insurance Recovery	569,120	528,985	40,135
Insurance Education & Research	1,140,798	449,207	691,591
NAIC Fees	56,602	27,015	29,587
Insurance Cost Stabilization	294,478	174,044	120,434
Consumer Affairs Restitution	1,053,540	35,512	1,018,028
Consumer Affairs	1,315,031	1,303,336	11,695
Low Income Housing Trust Fund	14,181,149	2,517,601	11,663,548
DOE Weatherization	5,173,506	3,584,040	1,589,466
Gov Committee to Employ People with Disabilities	246,316	200,587	45,729
Employee Management Relations	162,984	156,794	6,190
Common Interest Communities	2,291,729	355,987	1,935,742
Real Estate	3,063,090	2,369,540	693,550
Real Estate Investigative	1,156	-	1,156
Athletic Commission	481,853	416,921	64,932
Labor Relations	1,242,956	1,226,280	16,676
Attorney For Injured Workers	2,525,032	2,172,180	352,852
Financial Institutions Investigation	1,277,411	274,668	1,002,743
Financial Institutions	2,631,875	2,189,659	442,216
Financial Institutions Audit	111,526	74,354	37,172
Petroleum Overcharge Rebate	572,676	116,682	455,994
Energy Conservation	1,209,295	691,799	517,496
	<u>110,055,234</u>	<u>75,685,316</u>	<u>34,369,918</u>

	Final Budget	Actual	Variance
<b>Public Safety</b>			
<b>Corrections</b>			
Prison Medical Care	\$ 32,911,266	\$ 32,732,537	\$ 178,729
Corrections Administration	13,075,385	11,372,652	1,702,733
Prison One-Shot Approp 85 Legislature	26,714	24,868	1,846
So Nevada Correctional Center	404,849	333,248	71,601
Warm Springs Correctional Center	7,137,689	6,935,570	202,119
No Nevada Correctional Center	16,142,507	15,908,623	233,884
Nevada State Prison	14,637,633	14,494,000	143,633
Stewart Conservation Camp	1,399,538	1,349,939	49,599
Pioche Conservation Camp	1,343,997	1,287,416	56,581
Restitution Center - North	929,415	875,873	53,542
Indian Springs Conservation Camp	1,765,009	1,728,099	36,910
So Desert Correctional Center	16,321,577	15,449,377	872,200
Wells Conservation Camp	988,488	963,939	24,549
Humboldt Conservation Camp	1,001,655	973,794	27,861
Ely Conservation Camp	1,054,625	1,046,980	7,645
Jean Conservation Camp	1,329,821	1,288,098	41,723
Silver Springs Conservation Camp	1,073,183	1,044,932	28,251
Ely State Prison	21,311,513	21,087,863	223,650
Carlin Conservation Camp	1,052,079	1,019,901	32,178
Tonopah Conservation Camp	992,753	977,479	15,274
Lovelock Correctional Center	18,753,601	18,517,188	236,413
Southern Nevada Women's Prison	9,822,124	9,423,091	399,033
High Desert State Prison	28,060,377	23,666,515	4,393,862
<b>Public Safety</b>			
Peace Officers Standards & Training	1,220,313	1,024,262	196,051
NV Police Corps Program	1,194,799	458,918	735,881
FEMA #1153 Dr - NV	766,671	-	766,671
Emergency Management Division	22,702,876	10,137,684	12,565,192
Parole & Probation	32,539,176	31,808,372	730,804
Investigations	5,919,147	5,683,002	236,145
Narcotics Control	1,675,583	1,630,601	44,982
Parolee Loan Account	3,450	-	3,450
Training Division	935,184	683,642	251,542
Parole Board	1,140,535	1,098,074	42,461
Fire Marshal	1,862,517	1,484,995	377,522
Hazardous Materials Training Center	1,662,474	1,142,539	519,935
Traffic Safety	4,777,962	2,720,992	2,056,970
Highway Safety Plan & Administration	2,234,982	1,262,343	972,639
Forfeitures	1,635,466	591,254	1,044,212
Drug Commission	105,182	79,581	25,601
Justice Assistance Account	14,228,967	5,998,887	8,230,080
Criminal History Repository	9,683,972	8,728,994	954,978
Child Volunteer Background Checks Trust	7,283	3,270	4,013
Emergency Response Commission	1,252,462	679,941	572,521
PS Justice Grant	5,463,166	1,242,433	4,220,733
Dignitary Protection	649,787	539,796	109,991
<b>Motor Vehicles</b>			
Salvage/Wreckers/Body Shops	540,477	131,462	409,015
Motor Vehicle Pollution Control	8,910,972	6,876,758	2,034,214
	<u>312,649,201</u>	<u>266,509,782</u>	<u>46,139,419</u>
<b>Infrastructure</b>			
<b>Conservation &amp; Natural Resources</b>			
State Environmental Commission	39,485	34,908	4,577
Natural Resources Administration	1,651,547	1,583,606	67,941
Water Resources Legal Cost	136,282	29,941	106,341
Tahoe Regional Planning Agency	8,138,279	1,772,719	6,365,560
Mining Cooperative Fund	129,747	100,000	29,747
Conservation Districts	334,256	299,710	34,546
Habitat Mitigation	803,261	53,634	749,627
Wildlife	25,975,003	20,528,161	5,446,842
Wildlife - Trout Management	5,749,528	1,093,704	4,655,824

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

For the Fiscal Year Ended June 30, 2003

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	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>
Wildlife - Boating Program	\$ 7,477,178	\$ 5,720,854	\$ 1,756,324
Wildlife Heritage	3,419,589	123,771	3,295,818
Wildlife Obligated Reserve	3,353,696	880,032	2,473,664
Parks Federal Grant Programs	5,584,158	1,362,472	4,221,686
State Parks	10,096,705	8,614,819	1,481,886
Maintenance of State Parks	1,209,137	298,036	911,101
Coyote Springs Groundwater Basin	17,546	32	17,514
Flood Control Revenue Fund	252,717	-	252,717
USGS Co-op	1,561,233	1,116,622	444,611
Groundwater Recharge Projects	198,260	59,910	138,350
Water Right Surveyors	50,366	6,388	43,978
Well Driller's Licenses	66,668	22,585	44,083
Water Resources	5,074,921	4,664,955	409,966
State Engineer Revenue	63,558	50,464	13,094
Little Humboldt River	162,635	20,390	142,245
Quinn River Distribution	24,607	6,005	18,602
Adjudication Emergency	16,001	-	16,001
Step toe Valley Water Basin	20,480	2,196	18,284
Diamond Valley Ground Water	9,978	2,512	7,466
Colorado River Valley	25,831	32	25,799
Las Vegas Basin Water Dist	3,347,538	684,208	2,663,330
Muddy River Surface Water	23,231	7,204	16,027
Flood Repairs & Disaster Relief	50,000	-	50,000
Channel Clearance	96,623	32,967	63,656
Pahranagat Lake	65,324	19,692	45,632
Pahrump Artesian Basin	55,887	16,517	39,370
Boulder Flat Ground Water	44,839	4,370	40,469
Mason Valley Ground Water	54,388	10,928	43,460
Humboldt Water District	289,915	144,670	145,245
Water District Revenue Fund	30,000	-	30,000
Smith Valley Artesian Basin	34,019	5,298	28,721
Currant Creek	5,729	-	5,729
Duckwater Creek	19,114	9,651	9,463
Paradise Valley Ground Water	13,471	3,184	10,287
Upper White River	15,738	367	15,371
Muddy River Springs	34,713	4,154	30,559
Kingston Creek	1,157	32	1,125
Warm Springs/Winnemucca Creek	41,302	2,699	38,603
Eagle Valley	44,346	12,767	31,579
Carson Valley Ground Water	56,109	15,113	40,996
Fish Lake Valley Artesian	16,828	4,916	11,912
Carico Creek	443	-	443
Lemmon Valley	67,057	7,734	59,323
Truckee Meadows/Sun Valley	87,302	20,199	67,103
Antelope Middle Reese River	17,345	1,210	16,135
Warm Springs Ground Water	22,604	2,979	19,625
Honey Lake Valley	19,207	1,290	17,917
Whirlwind Valley	10,504	237	10,267
Crescent Water Groundwater	9,972	1,461	8,511
Pumpnickel Valley	44	10	34
Clovers Area Groundwater	23,218	2,592	20,626
Cold Springs Valley	15,844	2,814	13,030
Imlay Ground Water	21,894	2,061	19,833
Kelly Creek Ground Water	28,228	3,063	25,165
Lower Reese River Valley	49,639	3,956	45,683
Maggie Creek	41,907	4,204	37,703
North Fork Ground Water	9,968	32	9,936
Pleasant Valley	7,764	775	6,989
Forestry	9,942,811	5,725,167	4,217,644
Forest Fire Suppression/Emergency Response	9,262,582	4,631,154	4,631,428
Forestry Honor Camps	7,492,020	7,073,497	418,523
Forestry Inter-Gov Agreements	10,402,137	6,844,033	3,558,104
Tahoe License Plates	1,925,816	376,262	1,549,554
Mt. Charleston License Plates	110,000	-	110,000



	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>
Nevada Tahoe Regional Planning	\$ 10,473	\$ 287	\$ 10,186
State Lands	1,349,871	1,102,772	247,099
State Lands Revolving Account	48,325	16,696	31,629
Tahoe Bond Sale	517,499	25,415	492,084
Tahoe Mitigation	1,589,680	45,427	1,544,253
Nevada Natural Heritage	660,877	517,452	143,425
Storage Tank Management	850,489	70,300	780,189
Environmental Protection Administration	2,894,835	2,283,967	610,868
Chemical Hazard Prevention	645,966	313,292	332,674
Reclamation Surety Account	353,460	-	353,460
Air Quality Management Account	3,267,033	1,224,143	2,042,890
Air Quality	4,006,083	3,166,357	839,726
Bureau of Water	11,525,998	5,575,626	5,950,372
Waste Mgmt & Fed Facilities	12,967,053	9,267,809	3,699,244
Mining Regulation/Reclamation	3,637,727	1,722,349	1,915,378
Interim Fluid Mgmt Trust	1,938,711	-	1,938,711
Bureau - Federal Facilities	573,454	110,457	462,997
Hazardous Waste Management	21,934,705	4,367,537	17,567,168
Hazardous Waste - Beatty Site	6,455,257	-	6,455,257
Water Planning - Cap Improvement	185,381	143,263	42,118
	<u>200,964,106</u>	<u>104,085,074</u>	<u>96,879,032</u>
<b>Special Purpose Agencies</b>			
<b>Military</b>			
Veterans Affairs	1,416,113	1,352,449	63,664
Veterans Home Account	10,438,757	4,737,488	5,701,269
Veterans' Gifts And Donations	227,346	60,563	166,783
Veterans' Home Donation	42,654	3,025	39,629
Military	6,400,901	6,143,038	257,863
Adjutant General Construction	86,810	243	86,567
National Guard Benefits	95,441	95,441	-
<b>Civil Air Patrol</b>	130,000	80,199	49,801
	<u>18,838,022</u>	<u>12,472,446</u>	<u>6,365,576</u>
<b>Appropriated Transfers to Other Funds</b>			
Legislative Fund	31,897,979	31,897,979	-
Attorney General Fund - Consumer Advocate	1,050,388	1,050,388	-
Highway Fund	51,419	51,419	-
WICHE Loan and Stipend Fund	731,104	731,104	-
Higher Education Tuition Fund	771,066	771,066	-
	<u>34,501,956</u>	<u>34,501,956</u>	<u>-</u>
<b>Reversions to Other Funds</b>			
Reversion to Highway Fund	-	787,148	(787,148)
Reversion to Workers Comp & Safety	-	940,992	(940,992)
Reversion to Healthy Nevada Fund	-	50,563	(50,563)
Reversion to Contingency Fund	-	916,400	(916,400)
	<u>-</u>	<u>2,695,103</u>	<u>(2,695,103)</u>
<b>Projected Reversions</b>			
	<u>(81,370,000)</u>	<u>-</u>	<u>(81,370,000)</u>
Total General Fund	<u>\$ 4,536,036,184</u>	<u>\$ 4,083,236,014</u>	<u>\$ 452,800,170</u>

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

For the Fiscal Year Ended June 30, 2003

Page 1 of 3

	Final Budget	Actual	Variance
<b>State Highway</b>			
<b>Finance &amp; Administration</b>			
Unbudgeted activity	\$ -	\$ 193,495	\$ (193,495)
Salary Adjustment	16,467,557	5,268,235	11,199,322
Appropriations to Other Funds	4,119,785	4,119,675	110
<b>Public Safety</b>			
Transportation Administration	516,686,707	484,390,208	32,296,499
Bond Construction	217,311,057	23,824,046	193,487,011
Bicycle Safety Program	181,428	138,638	42,790
Motorcycle Safety Program	526,961	258,222	268,739
Director's Office - Public Safety	1,933,169	1,876,633	56,536
Internal Affairs	326,353	317,699	8,654
Records Search	1,015,828	952,057	63,771
Highway Patrol	51,532,261	50,082,308	1,449,953
Administrative Services	1,409,541	1,344,313	65,228
DMV Motor Vehicle Info Technology	8,217,023	8,082,982	134,041
Motor Carrier	3,398,538	3,326,570	71,968
PS Highway Safety Grants Account	2,846,902	1,139,297	1,707,605
Verification of Insurance	2,250,947	1,683,107	567,840
Hearings - DMV & PS	880,710	860,438	20,272
Public Safety Technology Division	4,673,953	4,599,554	74,399
DMV Field Services	33,186,740	30,712,173	2,474,567
Compliance Enforcement	1,361,639	1,340,129	21,510
Central Services	10,368,583	9,911,067	457,516
Management Services	5,550,278	5,300,524	249,754
Director's Office - DMV	1,202,691	1,190,825	11,866
Administrative Services	6,193,758	5,841,955	351,803
<b>Debt Service Transfers</b>			
Debt Service	13,016,338	13,016,338	-
<b>Total</b>	<b>904,658,747</b>	<b>659,770,488</b>	<b>244,888,259</b>
<b>Municipal Bond Bank</b>			
<b>Constitutional Agencies</b>			
Municipal Bond Bank Revenue	81,276,538	81,272,539	3,999
<b>Commerce &amp; Industry</b>			
Water Projects Interest/Redemption	573,615	570,765	2,850
<b>Total</b>	<b>81,850,153</b>	<b>81,843,304</b>	<b>6,849</b>
<b>Stabilize the Operations of State Government</b>			
<b>Constitutional Agencies</b>			
Stabilization of State Government	135,000,000	135,000,000	-
<b>Total</b>	<b>135,000,000</b>	<b>135,000,000</b>	<b>-</b>
<b>School Improvement</b>			
<b>Special Projects</b>			
School Improvement	39,979,631	39,979,630	1
<b>Total</b>	<b>39,979,631</b>	<b>39,979,630</b>	<b>1</b>
<b>Employment Security</b>			
<b>Human Services</b>			
Claimant Employment Program	15,681,888	9,508,462	6,173,426
Employment Security	68,484,129	57,555,303	10,928,826
Employment Security Special Fund	14,507,987	1,218,338	13,289,649
<b>Total</b>	<b>98,674,004</b>	<b>68,282,103</b>	<b>30,391,901</b>
<b>Regulatory</b>			
<b>Commerce &amp; Industry</b>			
Manufactured Housing	1,297,151	930,759	366,392
Real Estate Education & Research	833,342	356,987	476,355
Real Estate Recovery	423,840	343,840	80,000
Mobile Home Parks	351,994	204,519	147,475
Mfg Housing-Education/Recovery	591,994	159,121	432,873
Regulatory Fund	16,598,856	10,867,583	5,731,273
Administrative Fines	40,000	29,390	10,610
Transportation Services Authority	2,013,558	2,013,557	1
TSA Administrative Fines	370,245	102,013	268,232

	Final Budget	Actual	Variance
Taxicab Authority	\$ 4,621,979	\$ 4,191,493	\$ 430,486
Dairy Commission	1,639,372	1,246,744	392,628
<b>Total</b>	<b>28,782,331</b>	<b>20,446,006</b>	<b>8,336,325</b>
<b>Legislative</b>			
<b>Constitutional Agencies</b>			
Nevada Legislative Interim	450,178	402,251	47,927
Legislative Counsel Bureau	38,017,725	34,685,291	3,332,434
Audit Contingency Account	174,000	174,000	-
<b>Total</b>	<b>38,641,903</b>	<b>35,261,542</b>	<b>3,380,361</b>
<b>Higher Education Capital Construction</b>			
<b>Finance &amp; Administration</b>			
Higher Education Capital Construction	5,000,000	5,000,000	-
Higher Education Special Construction	42,129,494	10,404,668	31,724,826
<b>Total</b>	<b>47,129,494</b>	<b>15,404,668</b>	<b>31,724,826</b>
<b>Cleaning Up Petroleum Discharges</b>			
<b>Infrastructure</b>			
Petroleum Clean-Up Trust Fund	20,830,726	7,039,810	13,790,916
<b>Total</b>	<b>20,830,726</b>	<b>7,039,810</b>	<b>13,790,916</b>
<b>Hospital Care to Indigent Persons</b>			
<b>Finance &amp; Administration</b>			
Supplemental Fund - Indigents	11,042,948	6,004,470	5,038,478
Indigent Accident Account	21,020,168	9,736,336	11,283,832
<b>Total</b>	<b>32,063,116</b>	<b>15,740,806</b>	<b>16,322,310</b>
<b>Tourism Promotion</b>			
<b>Commerce &amp; Industry</b>			
Commission on Tourism	15,163,079	13,863,421	1,299,658
<b>Total</b>	<b>15,163,079</b>	<b>13,863,421</b>	<b>1,299,658</b>
<b>Offenders Store</b>			
<b>Public Safety</b>			
Offenders' Store Fund	13,547,016	10,523,985	3,023,031
Inmate Welfare Account	4,420,264	2,912,876	1,507,388
<b>Total</b>	<b>17,967,280</b>	<b>13,436,861</b>	<b>4,530,419</b>
<b>Tobacco Settlement</b>			
<b>Constitutional Agencies</b>			
Millennium Scholarship Fund	49,903,376	20,970,067	28,933,309
Millennium Scholarship Administration	545,217	406,989	138,228
Trust Fund for Healthy Nevada	59,728,409	19,531,897	40,196,512
Trust Fund for Public Health	17,788,995	315,632	17,473,363
<b>Human Services</b>			
Healthy Nevada Fund	9,835,498	7,717,319	2,118,179
Public Health Tobacco Fund	315,632	252,918	62,714
Healthy Nevada Fund Administration	18,142,555	10,282,738	7,859,817
<b>Total</b>	<b>156,259,682</b>	<b>59,477,560</b>	<b>96,782,122</b>
<b>Contingency</b>			
<b>Constitutional Agencies</b>			
Interim Finance Committee	23,386,597	18,161,624	5,224,973
<b>Total</b>	<b>23,386,597</b>	<b>18,161,624</b>	<b>5,224,973</b>
<b>Care of Sites for Radioactive Waste Disposal</b>			
<b>Human Services</b>			
Radioactive Material Disposal	11,922,292	340,661	11,581,631
<b>Total</b>	<b>11,922,292</b>	<b>340,661</b>	<b>11,581,631</b>
<b>Gift</b>			
<b>Commerce &amp; Industry</b>			
Governor's Committee Gift Fund	38,788	36,508	2,280
<b>Education</b>			
Education Gift Fund	20,400	500	19,900
Library & Archives Gift Fund	123,501	6,775	116,726

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

For the Fiscal Year Ended June 30, 2003

Page 3 of 3

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Human Services</b>			
SNAMHUS Gift Fund	\$ 35,878	\$ 23,981	\$ 11,897
Settlement Funds	216,925	34,674	182,251
Health Division Gifts	21,207	-	21,207
Transition from Foster Care	1,912,209	208,624	1,703,585
CBS Washoe Gift Fund	32,895	8,578	24,317
Indian Commission Gift Acct	9,950	-	9,950
Hospital Gift Fund	275,195	6,539	268,656
NNMRS Gift Fund	25,000	110	24,890
Blind Gift Fund	201,192	14,759	186,433
Welfare Gift Fund	9,887	-	9,887
Rehabilitation Gift Fund	5,346	30	5,316
Henry Woods Christmas Fund	6,693	190	6,503
Nevada Children's Gift Account	507,831	13,324	494,507
CYC Gift Fund	10,078	1,800	8,278
Youth Training Center Gift Fund	15,526	35	15,491
DRC Gift Fund	15,235	81	15,154
<b>Infrastructure</b>			
Heil Wild Horse Bequest	958,814	126,910	831,904
Park Gift & Grants	348,648	64,080	284,568
<b>Total</b>	<b>4,791,198</b>	<b>547,498</b>	<b>4,243,700</b>
<b>Natural Resources</b>			
<b>Infrastructure</b>			
Grants To Water Purveyors	13,741,538	12,422,009	1,319,529
Erosion Control Bond Q12	13,890,062	4,104,444	9,785,618
Protect Lake Tahoe	8,807,060	1,275,912	7,531,148
<b>Total</b>	<b>36,438,660</b>	<b>17,802,365</b>	<b>18,636,295</b>
<b>Miscellaneous</b>			
<b>Constitutional Agencies</b>			
Private Investigators Licensing Board	553,929	257,950	295,979
Renew Energy & Energy Conservation	245,000	60,006	184,994
Racketeering-Prosecution Account	125	-	125
Consumer Advocate	3,820,435	3,387,499	432,936
Unfair Trade Practices	1,000,000	770,638	229,362
Anatomical Gift Account	45,306	24,068	21,238
Disaster Relief	8,871,646	8,131,641	740,005
<b>Commerce &amp; Industry</b>			
Lot Rent Trust Subsidy	419,707	393,907	25,800
Rural Rehabilitation Trust	263,355	34,092	229,263
<b>Education</b>			
Museums & History Trust Fund	350,238	14,845	335,393
Museums & History Board Trust	15,659	14,804	855
Museums Administrator Trust	47,006	9,351	37,655
Nevada Historical Society Trust	246,456	141,261	105,195
Nevada State Museum Trust	736,644	453,455	283,189
Nevada Railroad Museum Trust	325,326	199,710	125,616
Lost City Museum Trust	149,875	115,391	34,484
Las Vegas Museum and Trust	54,214	41,707	12,507
<b>Finance &amp; Administration</b>			
Public Works Inspection	4,124,059	3,733,996	390,063
Public Works Retention Payment	200,000	48,072	151,928
Victims of Crime	4,218,003	3,497,821	720,182
<b>Human Services</b>			
Institutional Care of Medical Indigent	6,139	6,138	1
<b>Public Safety</b>			
Emergency Assistance	1,018,176	267,652	750,524
<b>Total</b>	<b>26,711,298</b>	<b>21,604,004</b>	<b>5,107,294</b>
<b>Total Special Revenue Funds</b>	<b>\$ 1,720,250,191</b>	<b>\$ 1,224,002,351</b>	<b>\$ 496,247,840</b>

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

For the Fiscal Year Ended June 30, 2003

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
	<b>School Improvement</b>			<b>Employment Security</b>		
Fund balances, July 1	\$ 21,080,598	\$ 21,080,598	\$ -	\$ 16,156,048	\$ 16,156,048	\$ -
<b>Revenues:</b>						
Federal	-	-	-	68,673,595	55,665,597	(13,007,998)
Other taxes	18,624,778	18,624,778	-	-	-	-
Sales and charges for services	-	-	-	387,513	678,298	290,785
Licenses, fees and permits	-	-	-	337,862	335,880	(1,982)
Interest	274,255	274,255	-	420,103	336,760	(83,343)
Other	-	-	-	10,951,000	10,194,443	(756,557)
<b>Other financing sources:</b>						
Transfer from other funds	-	-	-	1,747,883	828,402	(919,481)
<b>Total sources</b>	<b>\$ 39,979,631</b>	<b>\$ 39,979,631</b>	<b>\$ -</b>	<b>\$ 98,674,004</b>	<b>\$ 84,195,428</b>	<b>\$ (14,478,576)</b>
	<b>Regulatory</b>			<b>Legislative</b>		
Fund balances, July 1	\$ 7,498,002	\$ 7,498,002	\$ -	\$ 5,535,285	\$ 5,535,285	\$ -
<b>Revenues:</b>						
Federal	240,449	213,210	(27,239)	-	-	-
Other taxes	9,923,899	9,786,171	(137,728)	-	-	-
Sales, charges for services	3,329,589	3,404,459	74,870	240,000	297,351	57,351
Licenses, fees and permits	2,381,177	2,055,378	(325,799)	70,000	84,660	14,660
Interest	95,726	24,319	(71,407)	-	-	-
Other	316,223	450,575	134,352	490,000	312,765	(177,235)
<b>Other financing sources:</b>						
Transfer from other funds	2,500,674	2,469,701	(30,973)	32,305,618	32,318,297	12,679
<b>Total sources</b>	<b>\$ 26,285,739</b>	<b>\$ 25,901,815</b>	<b>\$ (383,924)</b>	<b>\$ 38,640,903</b>	<b>\$ 38,548,358</b>	<b>\$ (92,545)</b>
	<b>Higher Education Capital Construction</b>			<b>Cleaning Up Petroleum Discharges</b>		
Fund balances, July 1	\$ 9,629,494	\$ 9,629,494	\$ -	\$ 8,694,726	\$ 8,694,726	\$ -
<b>Revenues:</b>						
Gaming taxes, fees, licenses	30,000,000	15,537,830	(14,462,170)	-	-	-
Other taxes	-	-	-	11,000,000	9,945	(10,990,055)
Licenses, fees and permits	-	-	-	550,000	421,900	(128,100)
Interest	-	-	-	450,000	158,796	(291,204)
Other	-	-	-	136,000	6,139	(129,861)
<b>Other financing sources:</b>						
Proceeds from sale of bonds	-	-	-	-	-	-
Transfer from other funds	-	-	-	-	-	-
<b>Total sources</b>	<b>\$ 39,629,494</b>	<b>\$ 25,167,324</b>	<b>\$ (14,462,170)</b>	<b>\$ 20,830,726</b>	<b>\$ 9,291,506</b>	<b>\$ (11,539,220)</b>
	<b>Hospital Care to Indigent Persons</b>			<b>Tourism Promotion</b>		
Fund balances, July 1	\$ 16,634,577	\$ 16,634,577	\$ -	\$ 3,148,397	\$ 3,148,397	\$ -
<b>Revenues:</b>						
Gaming taxes, fees, licenses	-	-	-	-	-	-
Federal	-	-	-	-	-	-
Other taxes	14,662,532	9,850,093	(4,812,439)	11,875,153	11,875,153	-
Sales, charges for services	-	-	-	-	-	-
Licenses, fees and permits	-	-	-	134,529	80,634	(53,895)
Interest	389,441	277,175	(112,266)	-	-	-
Other	376,566	454,455	77,889	5,000	82	(4,918)
<b>Other financing sources:</b>						
Proceeds from sale of bonds	-	-	-	-	-	-
Transfer from other funds	-	-	-	-	-	-
<b>Total sources</b>	<b>\$ 32,063,116</b>	<b>\$ 27,216,300</b>	<b>\$ (4,846,816)</b>	<b>\$ 15,163,079</b>	<b>\$ 15,104,266</b>	<b>\$ (58,813)</b>

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
	<b>Offenders' Store</b>			<b>Tobacco Settlement</b>		
Fund balances, July 1	\$ 1,694,096	\$ 1,694,096	\$ -	\$ 80,624,126	\$ 80,624,126	\$ -
<b>Revenues:</b>						
Federal	538,921	390,640	(148,281)	-	-	-
Other taxes	-	-	-	-	-	-
Sales and charges for services	12,243,028	10,393,153	(1,849,875)	-	-	-
Licenses, fees and permits	-	-	-	-	-	-
Interest	338,819	104,957	(233,862)	1,990,000	1,777,384	(212,616)
Other	315,540	291,194	(24,346)	44,763,825	44,763,037	(788)
<b>Other financing sources:</b>						
Transfer from other funds	2,836,876	2,028,903	(807,973)	28,839,685	19,621,927	(9,217,758)
<b>Total sources</b>	<u>\$ 17,967,280</u>	<u>\$ 14,902,943</u>	<u>\$(3,064,337)</u>	<u>\$ 156,217,636</u>	<u>\$ 146,786,474</u>	<u>\$ (9,431,162)</u>
	<b>Contingency</b>			<b>Care of Sites for Radioactive Waste Disposal</b>		
Fund balances, July 1	\$ 22,193,597	\$ 22,193,597	\$ -	\$ 11,208,299	\$ 11,208,299	\$ -
<b>Revenues:</b>						
Federal	-	-	-	-	-	-
Other taxes	-	-	-	-	-	-
Sales, charges for services	-	-	-	-	-	-
Licenses, fees and permits	-	-	-	144,224	105,199	(39,025)
Interest	-	-	-	569,769	265,386	(304,383)
Other	-	-	-	-	-	-
<b>Other financing sources:</b>						
Transfer from other funds	1,193,000	1,390,725	197,725	-	-	-
<b>Total sources</b>	<u>\$ 23,386,597</u>	<u>\$ 23,584,322</u>	<u>\$ 197,725</u>	<u>\$ 11,922,292</u>	<u>\$ 11,578,884</u>	<u>\$ (343,408)</u>
	<b>Gift</b>			<b>Natural Resources</b>		
Fund balances, July 1	\$ 2,835,030	\$ 2,835,030	\$ -	\$ 27,052,784	\$ 27,052,784	\$ -
<b>Revenues:</b>						
Gaming taxes, fees, licenses	-	-	-	-	-	-
Other taxes	-	-	-	-	-	-
Licenses, fees and permits	1,179,627	1,179,627	-	-	-	-
Interest	295,452	49,666	(245,786)	1,300,000	652,550	(647,450)
Other	476,089	241,389	(234,700)	-	-	-
<b>Other financing sources:</b>						
Proceeds from sale of bonds	-	-	-	8,085,376	8,085,375	(1)
Transfer from other funds	5,000	1,254	(3,746)	500	-	(500)
<b>Total sources</b>	<u>\$ 4,791,198</u>	<u>\$ 4,306,966</u>	<u>\$ (484,232)</u>	<u>\$ 36,438,660</u>	<u>\$ 35,790,709</u>	<u>\$ (647,951)</u>
	<b>Miscellaneous</b>			<b>Total Nonmajor Special Revenue Funds</b>		
Fund balances, July 1	\$ 4,622,793	\$ 4,622,793	\$ -	\$ 238,607,852	\$ 238,607,852	\$ -
<b>Revenues:</b>						
Gaming taxes, fees, licenses	-	-	-	30,000,000	15,537,830	(14,462,170)
Federal	851,216	150,100	(701,116)	70,304,181	56,419,547	(13,884,634)
Other taxes	2,427,880	2,492,022	64,142	68,514,242	52,638,162	(15,876,080)
Sales, charges for services	806,850	717,862	(88,988)	17,006,980	15,491,123	(1,515,857)
Licenses, fees and permits	6,703,968	6,278,083	(425,885)	11,501,387	10,541,361	(960,026)
Interest	599,255	327,125	(272,130)	6,722,820	4,248,373	(2,474,447)
Other	9,398,853	9,760,416	361,563	67,229,096	66,474,495	(754,601)
<b>Other financing sources:</b>						
Proceeds from sale of bonds	-	-	-	8,085,376	8,085,375	(1)
Transfer from other funds	3,134,846	2,407,233	(727,613)	72,564,082	61,066,442	(11,497,640)
<b>Total sources</b>	<u>\$ 28,545,661</u>	<u>\$ 26,755,634</u>	<u>\$(1,790,027)</u>	<u>\$ 590,536,016</u>	<u>\$ 529,110,560</u>	<u>\$(61,425,456)</u>

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

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

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
<b>Expenditures:</b>										
General government	\$ 64,525	\$ 75,742	\$ 75,770	\$ 101,565	\$ 97,606	\$ 111,116	\$ 103,360	\$ 112,393	\$ 108,507	\$ 99,406
Health, social services	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	1,737,677
Education and support	241,246	282,309	290,400	376,864	333,354	444,411	392,642	418,731	1,375,302	1,466,940
Law, justice, and public safety	211,015	224,281	256,015	276,275	341,970	338,518	361,041	382,316	412,317	428,549
Regulation of business	54,664	58,925	58,819	63,730	67,816	82,127	87,057	84,553	75,189	78,247
Transportation	347,064	368,040	344,183	312,592	331,302	433,118	537,748	484,219	418,870	499,450
Recreation, resource development	72,635	77,273	80,713	89,011	91,436	85,378	92,140	95,657	95,869	99,085
Intergovernmental	495,287	482,910	613,244	672,812	767,476	854,172	856,294	912,569	93,082	115,989
Capital improvements	49,871	40,548	27,932	49,298	46,849	67,327	150,095	37,489	18,404	22,294
Debt service	76,739	107,225	138,791	151,422	157,868	192,433	183,114	200,759	230,261	211,076
<b>Total expenditures</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>	<b>\$ 4,758,713</b>

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

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
<b>Revenues:</b>										
Gaming taxes	\$ 490,166	\$ 517,524	\$ 566,834	\$ 566,079	\$ 586,186	\$ 635,264	\$ 707,300	\$ 724,981	\$ 697,482	\$ 735,652
Sales taxes	402,548	446,504	502,960	554,891	581,991	645,560	672,473	714,249	718,910	756,962
Intergovernmental	709,128	836,557	877,735	908,806	950,533	1,036,944	1,084,235	1,187,155	1,347,251	1,662,820
Other taxes	648,390	694,031	729,808	772,563	815,270	862,477	949,538	960,301	761,908	793,199
Licenses, fees and permits	166,094	175,139	185,375	198,622	204,653	222,274	237,798	241,940	270,724	281,165
Charges for service and sales	39,657	39,751	41,458	44,885	50,427	55,298	52,378	53,049	54,953	58,585
Interest, investment income	45,572	68,387	91,595	113,061	164,843	164,919	159,220	185,299	124,674	110,011
Other	48,797	43,159	42,699	52,396	47,932	45,855	120,877	108,086	102,815	114,841
<b>Other Resources:</b>										
Net proceeds from debt financing	218,632	90,093	239,531	522,685	26,674	551,221	93,211	256,473	114,967	70,521
Net operating transfers	4,153	3,274	4,829	3,549	5,990	3,525	5,303	7,766	20,464	18,964
Other	149	162	357	3,226	31,196	450	531	870	1,539	21,419
<b>Total revenues and other resources</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>	<b>\$ 4,624,139</b>

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

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

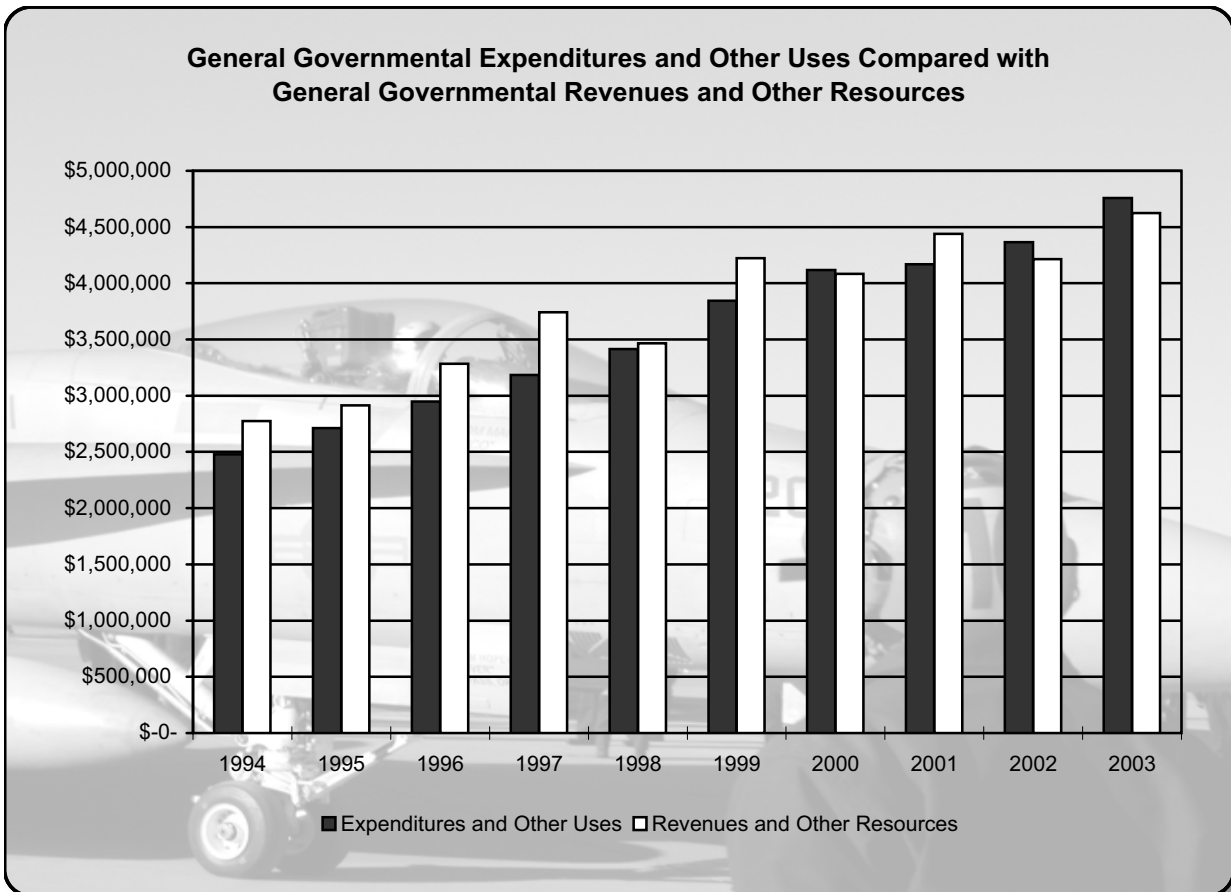


Table 3 - General Fund Expenditures and Unreserved Fund Balance

<u>Fiscal Year Ended June 30</u>	<u>General Fund Expenditures</u>	<u>Unreserved General Fund Balance</u>	<u>"Rainy Day" Fund Balance</u>
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
2003	3,614,491	(119,908)	1,341

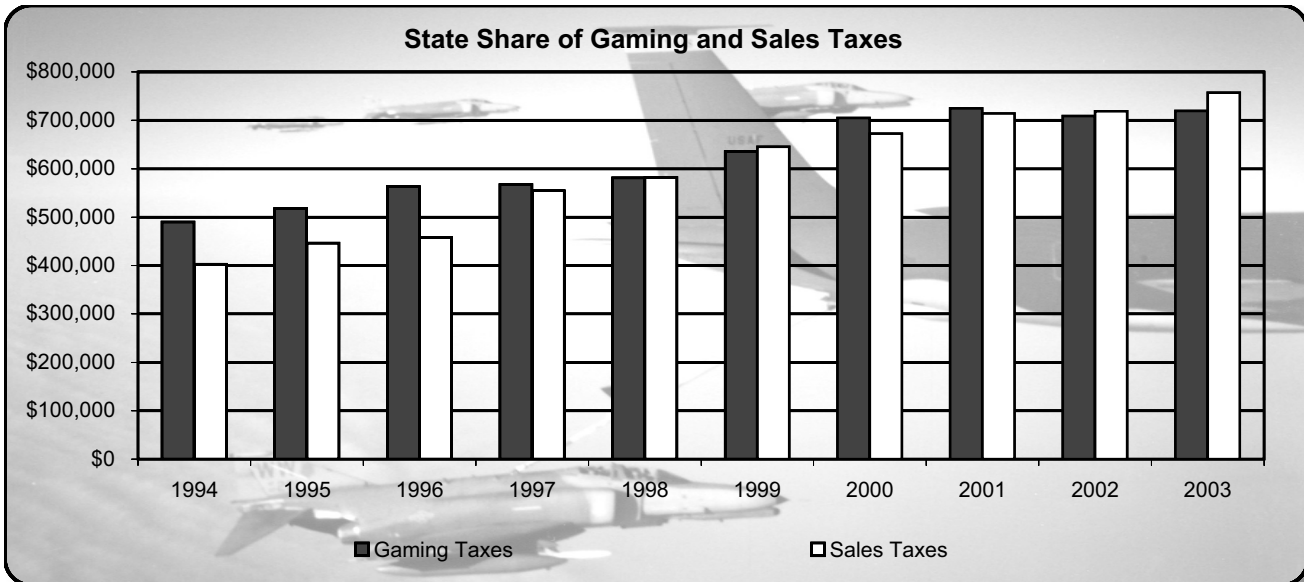


For the Last Ten Fiscal Years (Expressed in Thousands) (Unaudited)

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

Fiscal Year Ended June 30	Gaming Taxes			Sales Taxes			
	Gross Taxable Gaming Revenues	State Collections Gaming Taxes	State Share Gaming Taxes	Gross Taxable Sales	Gross Sales Tax Revenues	State General Fund Revenues	Sales Taxes Collected for Local Governments
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
2003	9,279,884	721,835	719,152	33,774,897	2,424,658	756,962	1,744,211

Sources: Nevada Gaming Control Board, Department of Taxation



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

Fiscal Year Ended June 30	Tax Rates Per \$100 of Assessed Value					
	Clark County	Washoe County	15 Other Counties	Average County Rate	State Gov't Rate	State Gov't Tax Levy
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
2004	3.0676	3.5596	2.7682	3.1115	0.1700	107,030,055

Source: Department of Taxation

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

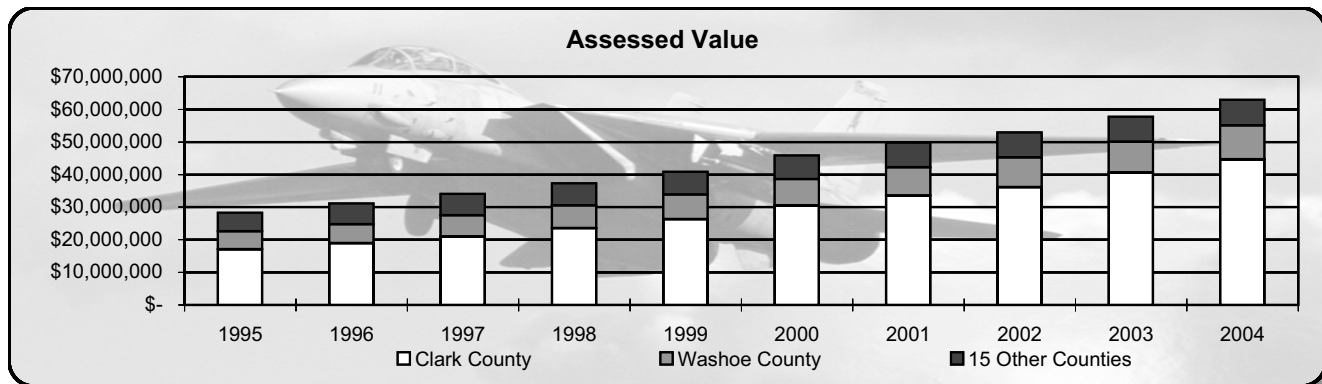
For the Last Ten Fiscal Years (Expressed in Thousands) (Unaudited)

**Table 6 - Assessed Value of Taxable Property**

Fiscal Year Ended June 30	Assessed Value (1)				Taxable Value
	Clark County	Washoe County	15 Other Counties	Total State	Total State
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
2004	44,679,769	10,408,837	7,870,249	62,958,855	179,882,444

Source: Department of Taxation

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



**Table 7 - Ten Largest Taxable Property Owners**

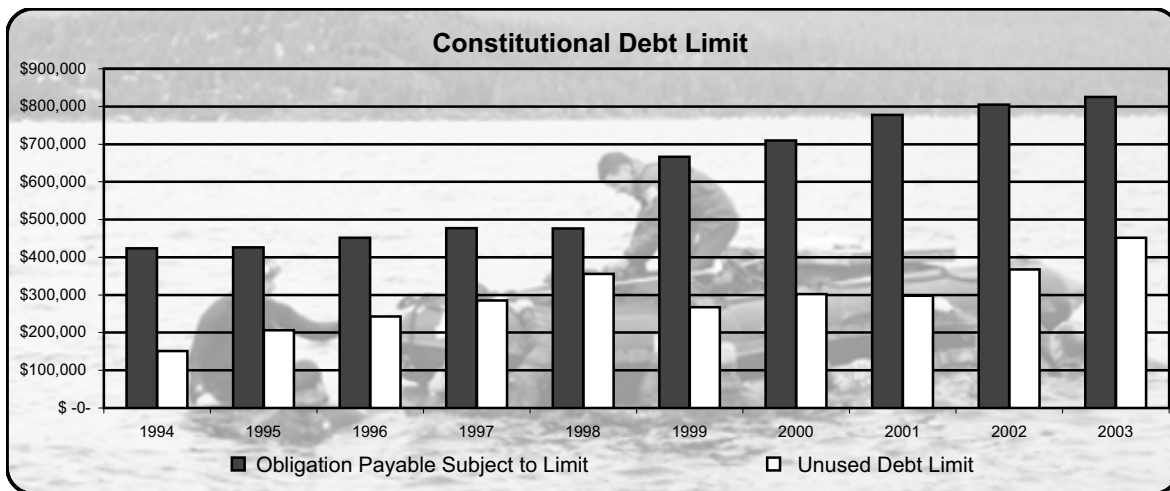
Taxpayer	FY 2003-2004 Secured Roll Assessed Value	Percentage of Total Assessed Value
M.G.M. Mirage (Las Vegas)	\$ 1,404,463	2.20 %
Park Place Entertainment (Las Vegas)	812,072	1.27
Mandalay Resort Group (Las Vegas)	783,507	1.23
Nevada Power Company	646,427	1.01
F.S. Rouse LLC (Hughes) (Las Vegas)	483,542	0.76
Sierra Pacific Power Company	410,779	0.64
Harrah's (Las Vegas, Reno, Lake Tahoe)	356,716	0.56
Venetian Casino Resort, LLC (Las Vegas)	331,767	0.52
Station Casinos, Inc. (Las Vegas)	268,325	0.42
Newmont Gold Company (Elko, Eureka, Humbolt and Lander)	192,327	0.30
<b>Totals</b>	<b>\$ 5,689,925</b>	<b>8.91 %</b>

Source: Department of Taxation

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

**Table 8 - Constitutional Debt Limit**

Fiscal Year Ended June 30	2% Assessed Valuation	Obligation Payable Subject to Limit	Unused Debt Limit
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
2003	1,276,838	825,082	451,756



**Computation of Legal Debt Margin at June 30, 2003:**

Assessed value of taxable property at June 30, 2003 (1)		<u>\$ 63,841,888</u>
Debt limitation (2% of assessed value)		\$ 1,276,838
Total general and special obligation bonded debt	\$ 2,357,113	
Leases	4,717	
Certificates of participation	13,765	
Less obligation exempt from debt margin:		
Municipal bond bank bonds	(1,069,340)	
Protection of natural resources bonds	(481,173)	
Debt subject to debt limitation		<u>825,082</u>
Legal debt margin at June 30, 2003		<u>\$ 451,756</u>

(1) Assessed value includes redevelopment assessed value of \$883,032

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

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

<u>Year Ended June 30</u>	<u>Principal</u>	<u>Interest, Fiscal Charges (1)</u>	<u>Total Debt Service (2)</u>	<u>Total General Expenditures (3)</u>	<u>Debt Service Expenditures to General Expenditures %</u>
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
2003	78,400	114,500	192,900	4,758,713	4.05

- (1) Excludes advance refunding escrow expenditures.
- (2) Excludes general obligation bonds reported in Enterprise Funds and revenue bonds.
- (3) Includes General, Special Revenue, Debt Service, Capital Project, and Permanent Funds.

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

<u>Year Ended June 30</u>	<u>Population</u>	<u>Assessed Value (1)</u>	<u>Gross Bonded Debt (2)</u>	<u>Less Debt Service Fund</u>	<u>Debt Payable From Fees and Enterprise Fund Revenues (3)</u>	<u>Net Bonded Debt</u>	<u>Net Bonded Debt to Assessed Value %</u>	<u>Net Bonded Debt Per Capita</u>
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	2,206	57,768,733	2,375,993	34,442	1,549,820	791,731	1.37	359
2003	2,325	62,958,855	2,357,113	45,349	1,422,818	888,946	1.41	382

- (1) Excludes redevelopment agency valuations.
- (2) Excludes 1977 and 1989 Sewer Improvement Bonds serviced by Clark County, but includes Municipal Bond Bank debt.
- (3) Includes University General Obligation Bonds paid from gaming taxes, Muni Bond Bank Bonds paid by local governments, Colorado River General Obligation Bonds paid by user fees and Water Pollution General Obligation Bonds paid by users' interest payments.

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

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

Fiscal Year Ended June 30	Gross Resources (2)	Uses (3)	Net Resources Available for Debt Service	Debt Service Requirements (1)			Coverage %
				Principal	Interest	Total	
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
2003	746,860	658,890	87,970	8,430	4,394	12,824	6.86

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

Fiscal Year Ended June 30	Gross Resources (4)	Uses (3)	Net Resources Available for Debt Service	Debt Service Requirements (1)			Coverage %
				Principal	Interest	Total	
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
2003	312,431	8,770	303,661	257,702	63,235	320,937	0.95

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

Fiscal Year Ended June 30	Gross Resources	Uses (3)	Net Resources Available for Debt Service	Debt Service Requirements (1)			Coverage %
				Principal	Interest	Total	
1994	\$ 12,273 (5)	\$ 5,551	\$ 6,722	\$ 3,028	\$ 3,951	\$ 6,979	0.96
1995	14,947 (5)	7,021	7,926	3,367	5,068	8,435	0.94
1996	19,030 (5)	10,591	8,439	3,120	6,707	9,827	0.86
1997	54,149 (6)	15,620	38,529	3,625	12,136	15,761	2.44
1998	55,501 (6)	15,575	39,926	5,840	11,860	17,700	2.26
1999	49,917 (6)	22,522	27,395	6,570	11,649	18,219	1.50
2000	65,643 (6)	25,957	39,686	6,905	11,326	18,231	2.18
2001	64,393 (6)	24,219	40,174	7,265	10,983	18,248	2.20
2002	126,467 (6)	90,630	35,837	3,365	7,079	10,444	3.43
2003	127,087 (6)	111,018	16,069	1,045	5,702	6,747	2.38

(1) Principal requirements represent principal outlays.

(2) Consists of the resources of the State Highway Special Revenue Fund and Highway Revenue Bonds Debt Service Fund.

(3) Uses are operating expenses, nonoperating expenses, and transfers out less interest expense and depreciation.

(4) Consists of operating revenues, nonoperating revenues, transfers in and principal collections of the Housing Division Enterprise Fund.

(5) Includes operating revenues and nonoperating revenues of the Water Treatment Enterprise Fund.

(6) Includes operating revenues and nonoperating revenues of the Southern Nevada Water Authority who replaced the Colorado River Commission Water Treatment Enterprise Fund as payor of the Colorado River Commission General Obligation/Revenue Bonds debt service.

(Unaudited)

**Table 14 - Disposable Per Capita Income**

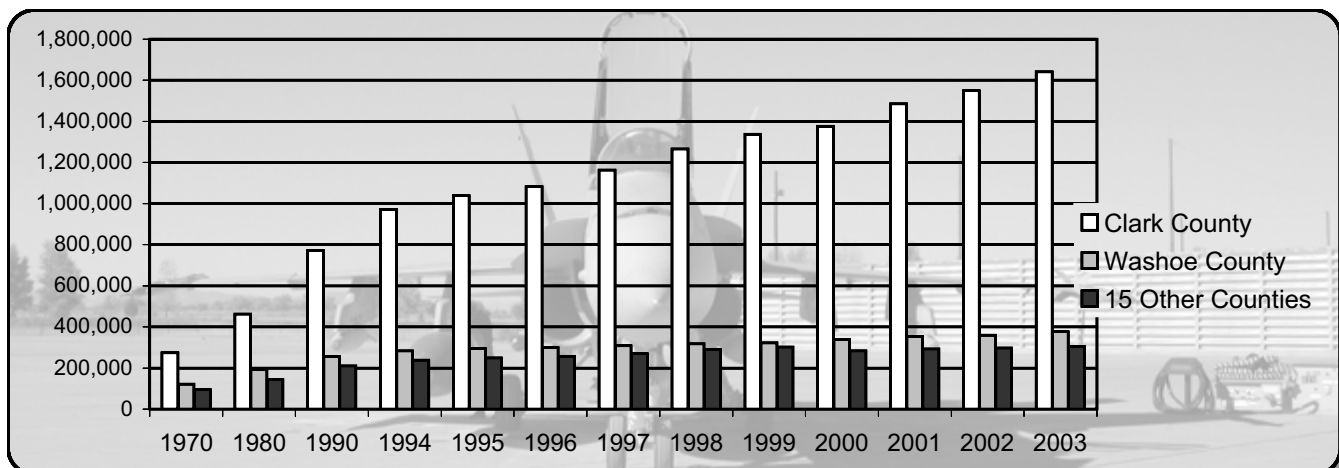
Calendar Year	United States	California	Nevada	Nevada's Per Capita as % of U.S. Per Capita	Nevada's Per Capita Rank
1970	\$ 3,484	\$ 4,131	\$ 4,425	127%	5
1980	8,424	9,876	9,714	115	5
1990	16,642	18,313	17,443	105	15
1993	18,551	19,571	19,386	105	8
1994	19,241	19,929	20,350	106	8
1995	20,189	20,970	21,065	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
2002	26,974	28,286	26,636	99	19

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

**Table 15 - Population**

Year	Clark County	Washoe County	15 Other Counties	Total State
1970	273,288	121,068	94,382	488,738
1980	463,087	193,623	143,798	800,508
1990	770,280	257,120	209,500	1,236,900
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	1,549,657	359,423	296,942	2,206,022
2003	1,641,529	377,412	305,622	2,324,563

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



For the Last Ten Fiscal Years (Unaudited)

**Table 16 - Public School Enrollment**

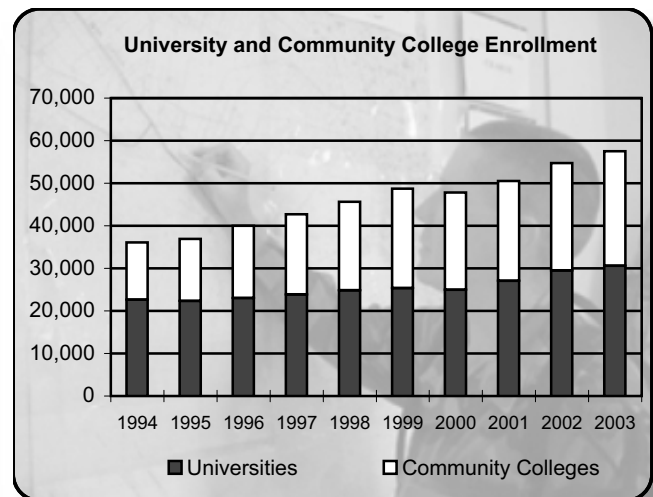
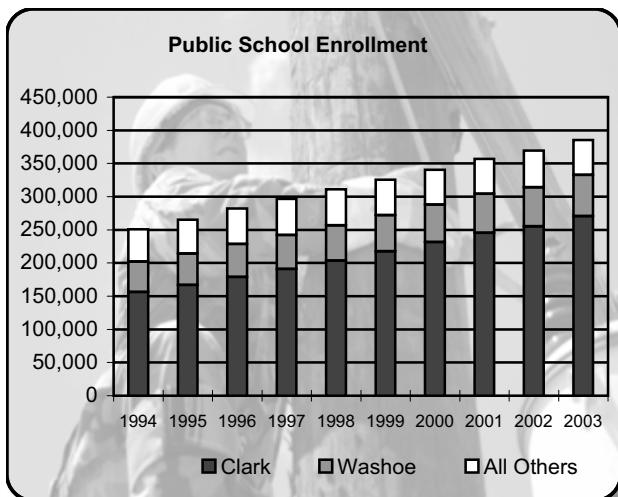
Grades	Fall Enrollment									
	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Primary (K - 6)	146,949	155,492	164,654	173,618	181,612	189,755	198,863	207,039	211,260	217,488
Secondary (7 - 12)	103,798	109,549	117,477	123,003	129,451	135,855	141,843	149,775	158,225	167,926
<b>Total</b>	<b>250,747</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>	<b>385,414</b>
<b>County</b>										
Clark	156,348	166,788	179,106	190,822	203,777	217,526	231,655	245,659	255,316	270,529
Washoe	45,752	47,572	49,671	51,205	52,652	54,508	56,268	58,532	58,908	62,103
All Others	48,647	50,681	53,354	54,594	54,634	53,576	52,783	52,623	55,261	52,782
<b>Total</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>	<b>385,414</b>

Source: Nevada Department of Education

**Table 17 - University, State College and Community College Enrollment**

Universities	Full Time Equivalent Students at Fall Enrollment									
	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Reno	9,392	9,161	9,383	9,397	9,488	9,881	9,898	10,804	11,668	11,965
Las Vegas	13,211	13,166	13,661	14,447	15,318	15,428	15,093	16,232	17,777	18,639
Subtotal	22,603	22,327	23,044	23,844	24,806	25,309	24,991	27,036	29,445	30,604
<b>State College</b>										
Henderson	-	-	-	-	-	-	-	-	116	330
<b>Community Colleges (CC)</b>										
Southern Nevada	7,111	8,599	10,245	11,380	13,135	15,215	14,410	15,266	16,532	17,716
Great Basin	933	878	1,010	1,146	1,132	1,252	1,322	1,208	1,251	1,436
Truckee Meadows	3,594	3,451	3,848	4,377	4,560	4,867	5,032	4,889	5,324	5,559
Western Nevada	1,847	1,682	1,869	1,955	2,013	2,045	2,037	2,128	2,164	2,180
Subtotal	13,485	14,610	16,972	18,858	20,840	23,379	22,801	23,491	25,271	26,891
<b>Total</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>	<b>57,825</b>

Source: University and Community College System of Nevada



**Table 18 - Average Annual Employment**

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

Calendar Year Ended 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
1994	779.0	48.0	6.2	6.1	736.7	100.9	635.8
1995	800.9	43.2	5.4	5.6	789.1	111.8	677.3
1996	844.1	45.7	5.4	5.4	842.5	128.0	714.5
1997	890.2	40.7	4.6	5.0	885.8	137.1	748.7
1998	919.9	39.6	4.3	4.5	924.4	140.1	784.3
1999	941.6	41.9	4.4	4.2	985.1	144.9	840.2
2000	986.1	40.0	4.1	4.0	1,028.7	143.1	885.6
2001	1,023.5	54.7	5.3	4.8	1,053.9	145.9	908.0
2002 (3)	1,121.7	61.8	5.5	5.8	1,049.6	143.1	906.5
2003 (1)	1,115.0	59.3	5.3	6.0	1,065.6	146.0	919.6

Source: Nevada Department of Employment, Training and Rehabilitation

(1) Average through September 2003

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

(3) Revised in 2003

**Table 19 - Revenues Collected from Counties**

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

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
<b>County:</b>										
Carson City	\$ 1,477	\$ 1,436	\$ 1,696	\$ 1,676	\$ 1,785	\$ 2,076	\$ 2,340	\$ 2,416	\$ 2,208	\$ 2,321
Churchill	677	697	684	756	750	874	892	824	815	875
Clark	40,953	40,644	45,462	49,796	53,698	70,399	82,802	92,243	82,753	88,778
Douglas	2,259	2,313	2,541	2,728	2,766	3,176	3,542	3,730	3,364	3,581
Elko	1,672	1,833	1,814	2,073	1,975	2,099	2,199	2,411	2,284	2,202
Esmeralda	123	118	119	107	175	225	170	196	199	189
Eureka	785	900	1,020	986	899	933	827	906	815	525
Humboldt	728	799	869	1,028	1,100	1,292	1,227	1,196	1,066	1,034
Lander	331	337	359	400	414	458	496	497	417	425
Lincoln	168	173	198	260	228	244	244	284	262	242
Lyon	843	910	940	1,072	1,188	1,454	1,666	1,724	1,530	1,627
Mineral	211	240	269	309	314	225	207	496	159	216
Nye	924	922	1,062	1,273	1,296	1,559	1,949	2,131	1,780	1,920
Pershing	244	241	259	272	289	339	336	293	317	302
Storey	109	122	129	142	253	242	220	246	293	309
Washoe	11,783	12,561	13,385	14,550	13,256	19,398	21,589	22,346	20,199	21,141
White Pine	281	255	405	391	332	369	374	330	274	269
<b>Total revenues collected from counties</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>	<b>\$125,956</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, 2003, and have issued our report thereon dated December 15, 2003. 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 15, 2003, 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 noncompliance 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 opinions 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 15, 2003