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Brian K. Krolicki  
State Treasurer



John E. Adkins  
Chief Deputy Treasurer

STATE OF NEVADA  
OFFICE OF THE STATE TREASURER  
February 18, 2003

The Honorable Morse Arberry, Jr.  
Chairman, Assembly Committee  
On Ways and Means

Dear Chairman Arberry:

As requested, I am hereby providing you and the Assembly Ways and Means Committee members a schedule of projected General Fund cash flows between January 1, 2003 and June 30, 2003.

The schedule includes projected General Fund resources, expenditures and cash balances on a weekly basis. Separate revenue projections, expenditures and cash balances have been included based on the Governor's recommended tax increases, transfer from the Rainy Day Fund and supplemental appropriations. A statement of assumptions and procedures has also been included.

My office has conducted this exercise using historical data. So, while there is a quantitative approach to this analysis, this projection is subject to many variables which could well lead to these cash flow projections being materially different for what is contained herein.

As a frame of reference I have also enclosed a schedule of cash General Fund cash balances from July 2000 through January 2003.

Sincerely,

A handwritten signature in black ink, appearing to read "Brian K. Krolicki".

Brian K. Krolicki  
Treasurer

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Nevada State Treasurer  
Cash Flow Projections  
January 1, 2003 – June 30, 2003

### **Statement of Material Procedures and Assumptions**

In all material respects, actual transactions for the month of January were placed in the schedule as appropriate.

A projected weekly cash balance has been determined as if the tax law changes and supplemental appropriations have not been enacted and a second projection has been determined as if they have been enacted. The two projections have been listed side-by-side (actually one under the other). The transfers from the Distributive School Account could not be determined for both scenarios and has been included in the cash balances under the current structure.

**Sales and Business Taxes** are deposited as received in budget account 6060 within the General Fund. On a quarterly basis the Department of Taxation allocates the receipts into appropriate revenue accounts and transfers funds to county governments and Fund 615. Cash receipts were analyzed over the most recent 19 months and placed in the schedule in the expected week of deposit. Using a weighted average and historical payments to the counties, the projected transfer was placed in the schedule based on the expected transfer date. The increase in Business License Tax, if enacted and effective April 1, 2003, will have no cash flow impact (did not consider implementation costs for the Department of Taxation) during the period under consideration. The tax for the April – June quarter is not due until July 31.

Most **Gaming Taxes** are deposited as received in balance sheet account 2038 within the General Fund. The Gaming Commission then allocates the collections to the appropriate revenue accounts and transfers funds to county governments and Funds 404 and 615. Cash receipts were analyzed over the most recent 19 months and placed in the schedule in the expected week of deposit. Since the Annual Fees on Games portion allocated to the counties is generally due January 31, only a small amount of transfer to the counties have been included each week based on historical information. The increase in Restricted Slot Fees, if enacted and effective April 1, 2003, will add \$782,125 to the General Fund by June 30, 2003. Since these fees are paid in advance for slots currently in use, the first fees would be due April 1. The fee rate increase has been applied to the Treasurer's projected fee revenue to arrive at the additional revenues.

The receipt of **Liquor Taxes** is posted as received to budget account 6066 within the General Fund. On a quarterly basis the Department of Taxation allocates the receipts into appropriate revenue accounts and transfers funds to county governments. Cash receipts were analyzed over the most recent 19 months and placed in the schedule in the expected week of deposit. If enacted and made effective April 1, the 89% increase in liquor taxes will add \$1,522,837 to the General Fund by June 30, 2003. Since April taxes are not due until May 31, only one-third of the expected new taxes will have been realized prior to July 1.

Collections of **Estate Taxes** are posted to budget account 6059 within the General Fund. On a quarterly basis the Department of Taxation transfers 95% of collections to the UCCSN and the state's School Improvement Fund (639). Except for a small administration fee, the balance is retained in the budget account to make payments to heirs. Except for cash flow purposes, the state's General Fund does not benefit from estate taxes.

In prior years the **Unclaimed Property** Division transferred net collections to the General Fund at the end of each fiscal year. Effective with fiscal year 2003, the activity of the Unclaimed Property Division has moved into the General Fund. While a year-end accounting entry will be needed to record revenues from unclaimed property, the cash will already be in the General Fund.

**Cigarette Tax** collections are posted to Fund 608. On a monthly basis the Department of Taxation allocates the receipts to the General Fund and transfers funds to county governments. Cash receipts were analyzed over the most recent 19 months and placed in the schedule in the expected week of transfer to the General Fund. If enacted and made effective April 1, the increase in cigarette taxes will add \$8,298,256 to the General Fund by June 30, 2003. Since April taxes are not due until May 31, only one-third of the expected new taxes will have been realized prior to July 1. The Treasurer expects the transfer from Fund 608 to Fund 101 will be made during the week ending June 20, 2003.

Secretary of State fees (**UCC Fees, LV Commercial Recordings, Corporation Licenses and Securities Fees**) post to budget account 9040 in the General Fund upon receipt. These cash receipts were analyzed over the most recent 25 months and placed in the schedule in the expected week of deposit. Notary Fees and Declaration of Candidacy Filing Fees were estimated based on Economic Forum projections. According to Secretary of State notice requirements, any proposed fee increases will result in no additional revenues until after June 30, 2003.

**Restricted General Fund Revenues** were calculated by the Controller's Office. By subtracting actual revenues received from the amount of work-programmed revenues in the state's accounting system, the Controller determined the amount of revenues to be received for the remainder of the year. Based on FY01 and FY02 deposit dates, the Controller anticipated where the projected FY03 revenues should be placed in the schedule. However, due to over work-programming certain revenues by state agencies, projected revenues and expenditures have been proportionately over stated, which has a net zero dollar effect.

The Controller's Office calculated **General Fund Expenditures** in a manner similar to revenues. The balance of expected expenditures were placed in the schedule based on the historical (FY01 and FY02) expenditure rates. These calculated expenditures were reduced by the Budget Division's estimated amount of General Fund reversions.

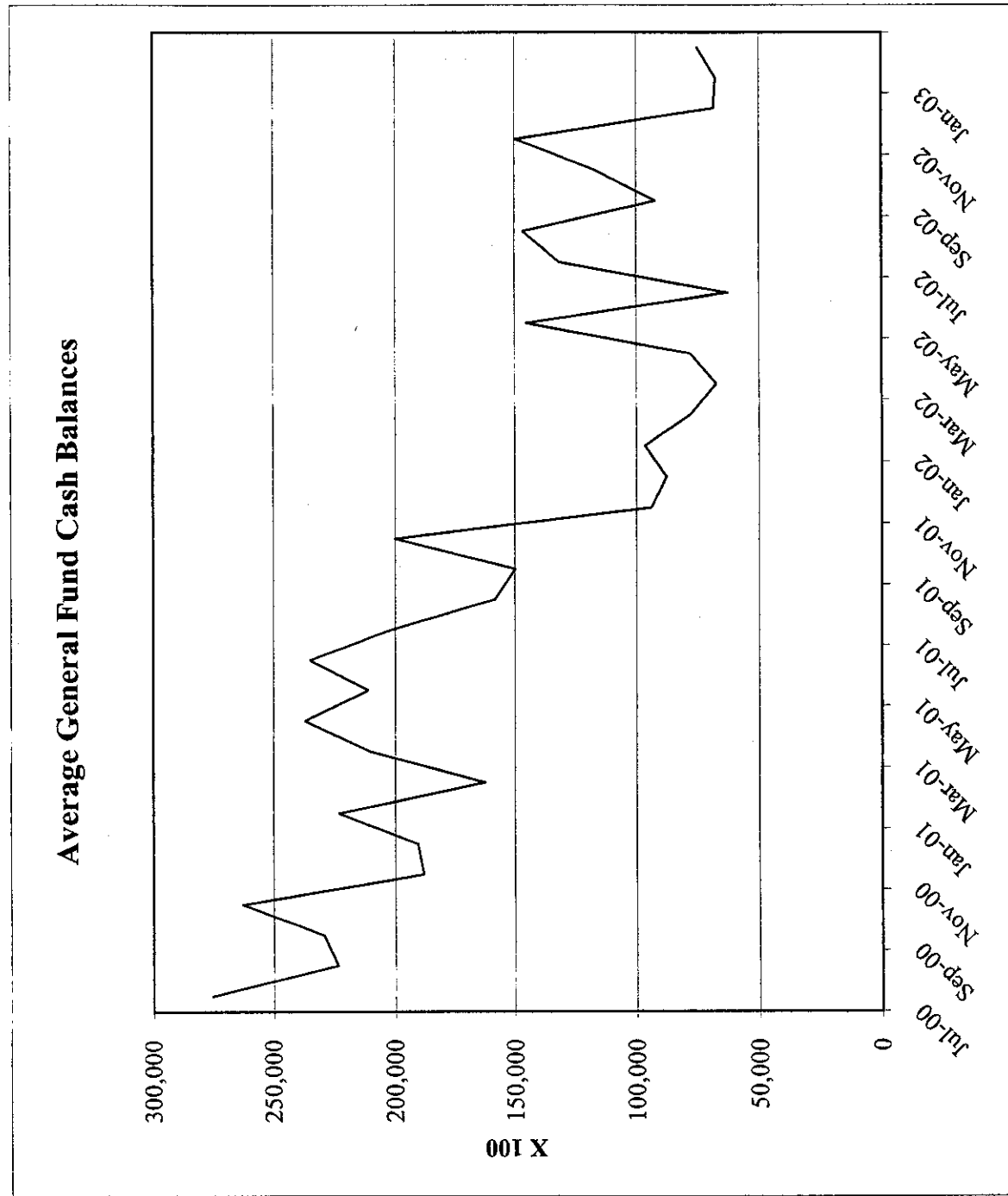
Payments to school districts from the **Distributive School Account (DSA)** were placed in the schedule based on the assumption that all payments through June 30, 2003 will be made on a monthly basis as allowed by NRS 387.124(3). The disbursement amounts were provided by the Department of Education with the anticipation that the \$71,750,340 Supplemental Appropriation will be approved.

The amount of monthly transfers to the University and Community College System of Nevada (UCCSN) were provided by the UCCSN.

The transfer of \$100 million from the Rainy Day Fund has been included in the schedule as of April 1, 2003. The \$50 million repayment scheduled for FY03 is not reflected in this schedule because it is expected that this transfer would not occur until after June 30.

The expenditures relating to the balance of the "non-DSA" Supplemental Appropriation has been projected to be disbursed evenly from April 1 through July 31.

Jul-00	275,508
Aug-00	223,507
Sep-00	229,276
Oct-00	262,793
Nov-00	187,829
Dec-00	190,462
Jan-01	223,187
Feb-01	162,467
Mar-01	210,201
Apr-01	237,079
May-01	210,987
Jun-01	234,928
Jul-01	201,709
Aug-01	158,524
Sep-01	149,794
Oct-01	200,019
Nov-01	93,834
Dec-01	87,481
Jan-02	96,431
Feb-02	77,955
Mar-02	67,238
Apr-02	77,838
May-02	145,253
Jun-02	62,445
Jul-02	131,787
Aug-02	146,615
Sep-02	92,012
Oct-02	116,906
Nov-02	149,496
Dec-02	68,268
Jan-03	67,451
Feb-03	75,043



# GENERAL FUND DEPOSITS

Week Ending	01/03/03	01/10/03	01/17/03	01/24/03	01/31/03	02/07/03	02/14/03	02/21/03	02/28/03	03/07/03
TOTAL INCREASES TO										
CASH	107,921,235	116,277,014	65,521,638	59,002,316	21,916,253	191,186,068	44,355,255	102,885,207	(16,521,748)	120,741,022
TOTAL DECREASES TO										
CASH	71,190,207	39,975,351	41,982,264	58,273,112	142,470,142	58,565,439	69,422,528	73,110,120	109,920,877	118,064,230
Cash flow due to proposed legislation										
Rainy Day Fund Transfer										
Cigarette Tax										
Liquor Tax										
Business Licenses										
Secretary of State Fees										
Restricted Slot Fees										
Expenditures od Supp. Approp.										
	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Projected GF Cash Balances based on current structure	13,446,151	89,747,814	113,287,188	114,016,392	(6,537,497)	126,083,132	101,015,859	130,790,946	4,348,320	7,025,112
Projected GF Cash Balances based on proposed legislation	13,446,151	89,747,814	113,287,188	114,016,392	(6,537,497)	126,083,132	101,015,859	130,790,946	4,348,320	7,025,112

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## GENERAL FUND DEPOSITS

Week Ending	03/14/03	03/21/03	03/28/03	04/04/03	04/11/03	04/18/03	04/25/03	05/02/03	05/09/03	05/16/03
TOTAL INCREASES TO										
CASH	47,511,004	92,845,252	(25,625,112)	137,565,455	113,387,287	53,677,728	6,068,155	154,768,017	151,473,105	52,027,351
TOTAL DECREASES TO										
CASH	52,322,233	40,605,846	105,922,470	134,138,019	47,105,880	35,757,534	112,162,809	146,993,656	46,448,149	34,310,599
Cash flow due to proposed legislation										
Rainy Day Fund Transfer				100,000,000						
Cigarette Tax										
Liquor Tax										
Business Licenses										
Secretary of State Fees										
Restricted Slot Fees										
Expenditures of Supp. Approp.										
	-0-	-0-	57,936	492,456	28,968	(663,171)	(663,171)	(663,171)	(663,171)	(663,171)
				(663,171)	(634,203)	(663,171)	(663,171)	(663,171)	(663,171)	(663,171)
Projected GF Cash Balances based on current structure	2,213,884	54,453,289	(77,094,294)	(73,666,857)	(7,385,451)	10,534,742	(95,559,912)	(87,785,552)	17,239,404	34,956,156
Projected GF Cash Balances based on proposed legislation	2,213,884	54,453,289	(77,036,358)	26,220,364	91,867,567	109,124,589	2,366,764	9,477,953	113,839,738	130,893,319

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