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STATE OF NEVADA

Prepared by The Office of the
State Treasurer

Debt Capacity Report

Biennium 2004 – 2005

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DATE: 2-28-03 EXHIBIT E
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TREASURER

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2003 Capital Improvement Recommendation

	FY 2004	FY 2005	FY 2006	Total
TOTAL EXPENDITURES	47,378,951	95,870,135	98,395,500	241,644,586
FUNDING:				
<u>Non State Funding</u>	22,138,852	28,066,936	21,390,956	71,596,744
<u>State Funding</u>				
Reallocation From Previous CIPs	37,994,051			37,994,051
Total New Bonding Available		69,550,000	95,420,000	164,970,000
Less Other Obligations:				
Tahoe Bonds		-6,500,000	-9,000,000	-15,500,000
Water AB 198		-6,000,000	-5,000,000	-11,000,000
<u>Cultural Affairs</u>		-2,000,000	-2,000,000	-4,000,000
Total State Funding	37,994,051	55,050,000	79,420,000	172,464,051
Total Funding, State and Non-State	60,132,903	83,116,936	100,810,956	244,060,795

ASSUMPTIONS

This analysis is based on the following assumptions:

1. Assessed value growth rate:

Fiscal years 2003-2005: 9.11%, 10.14% and 9.20 respectively (provided by the State Department of Taxation)

Fiscal years 2006: 8% (estimated by Howarth and Associates)

Fiscal years 2007-2009: 7.5% (estimated by Howarth and Associates)

Fiscal years 2010-2020: 4.5% (estimated by Howarth and Associates)

2. State's Tax Rate: increased to \$0.16

3. No interest earnings assumed: (Debt Service Agreement)

4. Ending Balances in the Consolidated Bond Interest and Redemption debt service fund:

Strive to maintain 100% or more of the next six month's debt service (i.e. balances as of June 30th of any given fiscal year equal to or greater than the State's debt service requirements from July 1 to January 1 of the next fiscal year) (Per the State's Debt Management Policy – see Policy for additional information).

5. State's borrowing cost: assumed at 6%

6. Issuance costs on bond issues: assumed to be 1% of total par size.

7. Debt Limit:

We have also insured that in any given fiscal year the State did not exceed its debt limit of 2% of assessed value.