

AUDIT REPORTS
of
DEPARTMENTS AND AGENCIES

Issued by the
FISCAL ANALYST

BULLETIN NO. 63



NEVADA LEGISLATIVE COUNSEL BUREAU

July 1, 1965 to June 30, 1966

Carson City, Nevada

ANNUAL REPORT
and
AUDIT REPORTS
of
DEPARTMENTS AND AGENCIES

* * *

ISSUED BY THE FISCAL ANALYST
During the Fiscal Year
JULY 1, 1965 to JUNE 30, 1966

STATE OF NEVADA
LEGISLATIVE COUNSEL BUREAU
August 1966
CARSON CITY, NEVADA

STATE OF NEVADA
LEGISLATIVE COUNSEL BUREAU
LEGISLATIVE COMMISSION

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* * * * *

RUSSELL W. McDONALD	Legislative Counsel
NORMAN H. TERRELL	Fiscal Analyst
JEFF SPRINGMEYER	Research Director

STATE OF NEVADA
LEGISLATIVE COUNSEL BUREAU
CARSON CITY, NEVADA

August 15, 1966

HONORABLE GRANT SAWYER, Governor
THE LEGISLATIVE COMMISSION
THE NEVADA LEGISLATURE

Gentlemen:

In accordance with the provisions of NRS 218.830, I submit herewith the Annual Report of the Fiscal Analyst, including the 1965-1966 volume of "Audit Reports of Departments and Agencies" which contains audits completed by this office during the period July 1, 1965 to June 30, 1966, and audit reports submitted by independent accountants during the same period, covering audits of boards and commissions as provided in NRS 218.825. In addition, an audit was made of the Nevada State Highway Department during this period. Due to the length of the report it is submitted under separate cover.

Audit assignments are now designated by the Legislative Commission and the final report is rendered in two parts: Part one, covering the financial transactions of the department or agency under review; and part two, covering criticisms, recommendations and suggestions for corrective legislation. All reports are reviewed with department and/or agency heads prior to submission to the Legislative Commission in order to obtain concurrence with all recommendations and to provide where possible the implementation procedures for compliance with recommendations. All recommended corrective legislation has been extracted from the reports and transmitted to the Legal Division of the Legislative Counsel Bureau for preparation and presentation to the next regular session of the Nevada Legislature for their consideration.

In addition to the audit reports contained herein, various other studies were performed by the Fiscal Analyst at the request of the Legislative Commission or individual legislators, copies of which are available at the office of the Fiscal Analyst.

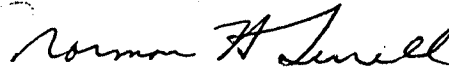
NRS 353.060 requires a quarterly money count of the State Treasury. Such counts have been performed as required and copies of these money counts are on file with the Secretary of State and the State Treasurer.

Numerous recommendations made as a result of audits performed should save the State of Nevada many dollars during coming fiscal years.

Regardless of the nature or relative significance of the accomplishments during the past year, they could not have occurred had not the members of the Legislative Commission demonstrated their confidence in the postaudit program and the work of the Fiscal and Audit Division. This acceptance is sincerely appreciated by every member of the audit staff and we will make every effort to merit your continued confidence.

The Fiscal Analyst and his staff also acknowledge and appreciate the courtesies and cooperation extended to them by the State's executive and administrative officials.

Respectfully submitted,



Norman H. Terrell
Fiscal Analyst

NHT:ph

I N D E X

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STATE OF NEVADA

DEPARTMENT OF CONSERVATION AND NATURAL RESOURCES

AUDIT REPORT

For the Fiscal Year ended June 30, 1964

LEGISLATIVE COUNSEL BUREAU
NORMAN H. TERRELL, FISCAL ANALYST
Carson City, Nevada

Nevada Legislative Commission
Capitol Building
Carson City, Nevada

Gentlemen:

We have examined the accounts and records of the Department of Conservation and Natural Resources for the fiscal year ended June 30, 1964 and have prepared therefrom the following exhibits and related schedules:

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Opinion

We have examined the statements of financial condition of the combined funds of the State Department of Conservation and Natural Resources as of June 30, 1964, and the related statements of revenue and expenditures for the year then ended. Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying statement of financial condition and statements of revenues and expenditures present fairly the financial position of the various funds of the State Department of Conservation and Natural Resources as of June 30, 1964, and the results of its operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Carson City, Nevada
May 17, 1965

Norman H. Terrell
Norman H. Terrell, C.P.A.
Fiscal Analyst *fw*

CONSERVATION AND NATURAL RESOURCES
COMBINED STATEMENT OF FINANCIAL CONDITION
June 30, 1964

<u>ASSETS</u>		
<u>Cash</u>		
Cash on Hand	\$ 40.00	
Cash in Banks	15,124.57	
Cash and Deposit in State Treasury	<u>2,172,734.69</u>	\$2,187,899.26
<u>Accounts Receivable</u>		50,114.22
<u>Loans Receivable</u>		33,000.00
<u>Investments</u>		
U.S. Treasury Notes (Cost)		43,622.48
<u>Fixed Assets</u>		
Furniture and Fixtures	\$ 1.00	
Automobiles	<u>1.00</u>	<u>2.00</u>
TOTAL ASSETS		<u>\$2,314,637.96</u>
<u>LIABILITIES AND FUND EQUITY</u>		
<u>Liabilities</u>		
Accounts Payable	\$ 24.25	
Funds Held in Trust	<u>229,789.19</u>	\$ 229,813.44
<u>Fund Equity</u>		
Current Fund Balances	\$2,084,822.52	
Fixed Assets	<u>2.00</u>	<u>2,084,824.52</u>
TOTAL LIABILITIES AND FUND EQUITY		<u>\$2,314,637.96</u>

DEPARTMENT OF CONSERVATION & NATURAL RESOURCES
ADMINISTRATION FUND
STATEMENT OF BASIS FOR APPROPRIATION COMPARED
WITH ACTUAL RECEIPTS & EXPENDITURES
For the Fiscal Year ended June 30, 1964

	<u>Work Program</u>	<u>Basis for Approp.</u>	<u>Actual Receipts & Expend.</u>	<u>Over/(Under) Approp.</u>
<u>Receipts</u>				
Appropriation	\$178,912.00	\$178,912.00	\$178,912.00	
Salary Adjustment	1,136.00	1,136.00	1,136.00	
Group Insurance Fund	216.00	216.00	216.00	
Total Receipts	<u>\$180,264.00</u>	<u>\$180,264.00</u>	<u>\$180,264.00</u>	
<u>Expenditures</u>				
Payroll Costs:				
Salaries	\$ 59,918.00	\$ 59,912.00	\$ 59,263.78	\$ (648.22)
Industrial Ins.	401.00	438.00	377.73	(60.27)
Retirement Payments	3,474.00	3,443.00	3,414.30	(28.70)
Personnel Assess.	250.00	250.00	250.00	-
Group Ins.	216.00	216.00	198.00	(18.00)
Total	<u>\$ 64,259.00</u>	<u>\$ 64,259.00</u>	<u>\$ 63,503.81</u>	<u>\$ (755.19)</u>
Travel:				
Out-of-State	\$ 2,250.00	\$ 2,250.00	\$ 2,305.10	\$ 55.10
In-State	2,300.00	2,300.00	1,331.84	(968.16)
Total	<u>\$ 4,550.00</u>	<u>\$ 4,550.00</u>	<u>\$ 3,636.94</u>	<u>\$ (913.06)</u>
Operating:				
Office Supplies	\$ 2,500.00	\$ 2,000.00	\$ 2,179.59	\$ 179.59
Postage & Freight	700.00	700.00	670.74	(29.26)
Telephone-Combined	1,150.00	1,150.00	1,332.69	182.69
Printing-Combined	2,250.00	2,750.00	3,168.68	418.68
Subscriptions & Reference Manuals	600.00	600.00	310.75	(289.25)
Dues & Registrations	30.00	30.00	237.00	207.00
Ins. & Bond Premiums			20.19	20.19
Equipment Repair	200.00	200.00	108.10	(91.90)
Water Testing & Misc.	325.00	325.00	375.62	50.62
Aerial Photos & Mapping	700.00	700.00	18.15	(681.85)
Total	<u>\$ 8,455.00</u>	<u>\$ 8,455.00</u>	<u>\$ 8,421.51</u>	<u>\$ (33.49)</u>
Equipment:				
Office Equipment	\$ 400.00	\$ 400.00	\$ 400.00	\$
Other Furniture & Equipment	100.00	100.00	95.50	(4.50)
Total	<u>\$ 500.00</u>	<u>\$ 500.00</u>	<u>\$ 495.50</u>	<u>\$ (4.50)</u>

	<u>Work Program</u>	<u>Basis for Approp.</u>	<u>Actual Receipts & Expend.</u>	<u>Over/(Under) Approp.</u>
Cooperative Snow Study	\$ 2,500.00	\$ 2,500.00	\$ 2,459.59	\$ (40.41)
U.S.G.S. Cooperative Survey	82,500.00	82,500.00	82,500.00	-
Desert Research Institute	17,500.00	17,500.00	17,500.00	-
Total	<u>\$102,500.00</u>	<u>\$102,500.00</u>	<u>\$102,459.59</u>	<u>\$ (40.41)</u>
 TOTAL EXPENDITURES	 <u>\$180,264.00</u>	 <u>\$180,264.00</u>	 <u>\$178,517.35</u>	 <u>(\$1,746.65)</u>
 Reverted to General Fund			 <u>\$ 1,746.65</u>	

DEPARTMENT OF CONSERVATION & NATURAL RESOURCES
DIVISION OF WATER RESOURCES
STATEMENT OF BASIS FOR APPROPRIATION
COMPARED WITH ACTUAL RECEIPTS & EXPENDITURES

	<u>Work Program</u>	<u>Basis for Approp.</u>	<u>Actual Receipts & Expend.</u>	<u>Over/(Under) Approp.</u>
<u>Receipts</u>				
Appropriation	\$183,920.00	\$183,920.00	\$182,920.00	\$
Salary Adjustment	8,197.00	8,197.00	8,197.00	
Group Insurance	432.00	432.00	432.00	
Total	<u>\$192,549.00</u>	<u>\$192,549.00</u>	<u>\$192,549.00</u>	<u>\$ -0-</u>
<u>Expenditures</u>				
Payroll Costs:				
Salaries	\$149,396.00	\$147,596.00	\$143,100.79	\$(4,495.21)
Industrial Ins.	1,008.00	898.00	836.44	(61.56)
Retirement	8,654.00	8,080.00	8,172.21	92.21
Personnel Assess.	850.00	825.00	850.00	25.00
Group Ins.	432.00	432.00	495.00	63.00
Total	<u>\$160,340.00</u>	<u>\$157,831.00</u>	<u>\$153,454.44</u>	<u>\$(4,376.56)</u>
Travel:				
Out-of-State	\$ 900.00	\$ 900.00	\$ 626.37	\$ (273.63)
In-State	11,000.00	11,000.00	6,583.84	(4,416.16)
Total	<u>\$ 11,900.00</u>	<u>\$ 11,900.00</u>	<u>\$ 7,210.21</u>	<u>\$(4,689.79)</u>
Operating:				
Office Supplies	\$ 1,450.00	\$ 1,450.00	\$ 3,294.66	\$ 1,844.66
Postage & Freight	1,250.00	1,250.00	1,628.70	378.70
Telephone	1,400.00	1,400.00	2,850.85	1,450.85
Printing	1,675.00	1,675.00	2,190.68	515.68
Subscrip. & Reference Manuals			76.50	76.50
Dues & Registration	325.00	325.00	290.00	(35.00)
Truck Operation	300.00			
Ins. & Bond Premiums		300.00	140.75	(159.25)
Contract Services	3,491.00	6,000.00	1,896.90	(4,103.10)
Office Equip. Repair	450.00	450.00	588.16	138.16
Rent	1,800.00	1,800.00	1,380.00	(420.00)
Project Supplies			26.95	26.95
Power			4.06	4.06
Photos & Prints			216.78	216.78
Improvements			34.45	34.45
Total	<u>\$ 12,141.00</u>	<u>\$ 14,650.00</u>	<u>\$ 14,619.44</u>	<u>\$(30.56)</u>

Exhibit C, continued

	<u>Work Program</u>	<u>Basis for Approp.</u>	<u>Actual Receipts & Expend.</u>	<u>Over/(Under) Approp.</u>
Equipment:				
Trucks	\$ 2,100.00	\$ 2,100.00	\$ 2,001.54	\$ (98.46)
Office Furniture	987.00	987.00	1,953.26	966.26
Other Furniture & Equip.	<u>1,481.00</u>	<u>1,481.00</u>	<u>290.19</u>	<u>(1,190.81)</u>
Total	<u>\$ 4,568.00</u>	<u>\$ 4,568.00</u>	<u>\$ 4,244.99</u>	<u>\$ (323.01)</u>
Other:				
Columbia River Compact	<u>\$ 3,600.00</u>	<u>\$ 3,600.00</u>	<u>\$ 1,059.05</u>	<u>\$ (2,540.95)</u>
TOTAL EXPENDITURES	<u>\$192,549.00</u>	<u>\$192,549.00</u>	<u>\$180,588.13</u>	<u>(\$11,960.87)</u>
Reverted to General Fund			<u>\$ 11,960.87</u>	

DEPARTMENT OF CONSERVATION & NATURAL RESOURCES
DIVISION OF STATE PARKS
STATEMENT OF BASIS FOR APPROPRIATION & AUTHORIZATION
COMPARED WITH ACTUAL RECEIPTS & EXPENDITURES
For the Fiscal Year ended June 30, 1964

	<u>Work Program</u>	<u>Basis for Approp. or Author.</u>	<u>Actual Receipts & Expend.</u>	<u>Over/(Under) Approp. or Author.</u>
<u>Receipts</u>				
Appropriation	\$229,633.00	\$229,633.00	\$229,633.00	\$
Salary Adjustment	2,964.00	2,964.00	2,964.00	
Insurance Fund	432.00	432.00	432.00	
Authorization	4,000.00	4,000.00		(4,000.00)
Refund			.57	.57
Total	<u>\$237,029.00</u>	<u>\$237,029.00</u>	<u>\$233,029.57</u>	<u>\$(3,999.43)</u>
<u>Expenditures</u>				
Payroll Costs:				
Salaries	\$ 85,406.00	\$ 85,406.00	\$ 80,979.56	\$(4,426.44)
Industrial Ins.	715.00	530.00	849.70	319.70
Retirement	4,926.00	4,798.00	4,737.37	(60.63)
Personnel Assess.	800.00	763.00	800.00	37.00
Group Insurance	432.00	432.00	288.00	(144.00)
Total	<u>\$ 92,279.00</u>	<u>\$ 91,929.00</u>	<u>\$ 87,654.63</u>	<u>\$(4,274.37)</u>
Travel:				
Out-of-State	\$ 750.00	\$ 750.00	\$ 739.29	\$ (10.71)
In-State	6,000.00	6,000.00	5,998.43	(1.57)
Total	<u>\$ 6,750.00</u>	<u>\$ 6,750.00</u>	<u>\$ 6,737.72</u>	<u>\$(12.28)</u>
Operating:				
Office Supplies	\$ 1,200.00	\$ 1,200.00	\$ 721.05	\$ (478.95)
Postage & Freight	455.00	455.00	667.11	212.11
Telephone	2,400.00	2,400.00	1,606.05	(793.95)
Printing	1,600.00	1,600.00	2,509.48	909.48
Auto Insurance	1,000.00	1,000.00	705.48	(294.52)
Subscriptions & Reference				
Manuals	200.00	200.00	149.72	(50.28)
Dues & Registration		500.00	45.00	(455.00)
Office Equip. Repair	300.00	150.00	146.62	(3.38)
Equipment Rental	70.00	70.00	4.80	(65.20)
Other Equip. Repair		300.00	95.16	(204.84)
Rent	550.00	900.00	545.00	(355.00)
Heat	300.00	300.00	172.78	(127.22)
Power	500.00	500.00	298.33	(201.67)
Water	175.00	175.00	141.45	(33.55)
Other Utilities	150.00	150.00	225.00	75.00
Bldg. & Grounds Maint.		3,000.00	2,965.27	(34.73)
Advertising			178.30	178.30
Other Insurance	150.00			

	<u>Work Program</u>	<u>Basis for Approp. or Author.</u>	<u>Actual Receipts & Expend.</u>	<u>Over/(Under) Approp. or Author.</u>
<u>Operating, contd.</u>				
Truck Operating	4,500.00	4,500.00	5,711.20	1,211.20
Uniform Allowance	500.00	500.00	496.80	(3.20)
Licenses & Fees			31.00	31.00
Property Taxes	3,200.00	3,200.00	2,708.13	(491.87)
Park Operation & Advance Planning	8,000.00			
Photos, Prints & Maps	500.00		241.44	241.44
Special Services & Projects		5,000.00	4,334.14	(665.86)
Raw Materials & Supplies			140.03	140.03
Total	<u>\$ 25,750.00</u>	<u>\$ 26,100.00</u>	<u>\$ 24,839.34</u>	<u>\$ (1,260.66)</u>
<u>Equipment:</u>				
Trucks	\$ 6,400.00	\$ 6,400.00	\$ 6,169.19	\$ (230.81)
Office Furniture	740.00	740.00	870.96	130.96
Office Equipment	490.00	490.00	121.06	(368.94)
Other Furniture & Equipment	4,120.00	4,120.00	4,368.23	248.23
Total	<u>\$ 11,750.00</u>	<u>\$ 11,750.00</u>	<u>\$ 11,529.44</u>	<u>\$ (220.56)</u>
<u>Improvements:</u>				
Valley of Fire State Park	\$ 57,800.00	\$ 57,800.00	\$ 50,070.34	\$ (7,729.66)
Morman Station Hist. St. Monument	5,000.00	5,000.00	4,977.11	(22.89)
Kershaw-Ryan St. Recreation Area	3,000.00	3,000.00	2,920.30	(79.70)
Ichthyosaur Paleon- tologic St. Monument	1,000.00	1,000.00	603.87	(396.13)
Ft. Churchill Hist. St. Monument	6,200.00	6,200.00	6,184.70	(15.30)
Cathedral Gorge St. Park	17,500.00	17,500.00	16,972.12	(527.88)
Beaver Dam St. Park	10,000.00	10,000.00	9,083.13	(916.87)
Total	<u>\$100,500.00</u>	<u>\$100,500.00</u>	<u>\$ 90,811.57</u>	<u>\$ (9,688.43)</u>
TOTAL EXPENDITURES	<u><u>\$237,029.00</u></u>	<u><u>\$237,029.00</u></u>	<u><u>\$221,572.70</u></u>	<u><u>(\$15,456.30)</u></u>
Reverted to General Fund			<u>\$ 11,456.87</u>	

DEPARTMENT OF CONSERVATION & NATURAL RESOURCES
DIVISION OF FORESTRY
STATEMENT OF BASIS FOR APPROPRIATION & AUTHORIZATION
COMPARED WITH ACTUAL RECEIPTS & EXPENDITURES
For Fiscal Year Ended June 30, 1964

	<u>Work Program</u>	<u>Basis for Approp. or Author.</u>	<u>Actual Receipts & Expend.</u>	<u>Over/(Under) Approp. or Author.</u>
<u>Receipts</u>				
Appropriation	\$ 80,000.00	\$ 80,000.00	\$ 80,000.00	\$
Salary Adjust.	4,726.00	1,575.00	1,575.00	
Authorization (Note 1)	150,167.00	150,167.00	160,858.51	10,691.51
Insurance Fund	504.00	168.00	168.00	
Honor Camp Receipts	20,000.00	20,000.00	20,000.00	
Tree Sales	5,000.00	5,000.00	6,085.72	1,085.72
Total Receipts	<u>\$260,397.00</u>	<u>\$256,910.00</u>	<u>\$268,687.23</u>	<u>\$11,777.23</u>
<u>Expenditures</u>				
Payroll Costs:				
Salaries	\$162,436.00	\$160,255.00	\$156,616.27	\$(3,638.73)
Industrial Ins.	3,300.00	2,913.00	3,375.87	462.87
Retirement Pymts.	9,410.00	9,212.00	8,181.38	(1,030.62)
Personnel Assess.	1,050.00	1,050.00	1,063.00	13.00
Group Ins.	504.00	168.00	540.00	372.00
Total	<u>\$176,700.00</u>	<u>\$173,598.00</u>	<u>\$169,776.52</u>	<u>\$(3,821.48)</u>
Travel:				
Out-of-State	\$ 837.00	\$ 837.00	\$ 1,354.53	\$ 517.53
In-State	3,880.00	3,500.00	2,946.11	(553.89)
Total	<u>\$ 4,717.00</u>	<u>\$ 4,337.00</u>	<u>\$ 4,300.64</u>	<u>\$ (36.36)</u>
Operating:				
Office Supplies	\$ 1,000.00	\$ 1,000.00	\$ 1,622.02	\$ 622.02
Postage & Freight	1,600.00	1,600.00	915.77	(684.23)
Telephone-Combined	3,600.00	3,600.00	3,823.69	223.69
Printing-Combined	500.00	500.00	623.48	123.48
Subscriptions & Reference Manuals			119.42	119.42
Dues & Registrations			123.50	123.50
Ins. & Bond Premiums	900.00	900.00	75.58	(824.42)
Office Equip. Repair	300.00	300.00	295.00	(5.00)
Other Equip. Repair	1,000.00	1,000.00	1,068.23	68.23
Equipment Rent	500.00	500.00	259.20	(240.80)
Building Rent			1,950.00	1,950.00
Heat	1,650.00	2,000.00	1,726.43	(273.57)
Power	1,600.00	2,500.00	2,565.00	65.00
Water	75.00	75.00	75.00	-
Other Utilities			90.00	90.00
Janitor Supplies	300.00	350.00	298.74	(51.26)
Bldg. & Grounds Maint.	2,000.00	3,000.00	1,488.08	(1,511.92)

	<u>Work Program</u>	<u>Basis for Approp. or Author.</u>	<u>Actual Receipts & Expend.</u>	<u>Over/(Under) Approp. or Author.</u>
<u>Operating, contd.</u>				
Fire Prevention	1,000.00	1,500.00		(1,500.00)
Auto Insurance		3,500.00		(3,500.00)
Truck Operation	24,365.00	25,000.00	27,657.22	2,657.22
Air Operation	5,000.00	5,000.00	6,443.51	1,443.51
Spec. Serv. or Project				
Supplies	2,720.00	2,500.00	2,264.61	(235.39)
Uniform Allowance	1,000.00		1,150.00	1,150.00
Patient & Inmate Transport.			25.00	25.00
Clothing			123.55	123.55
Laundry			360.78	360.78
Radio Maint. Supplies			1,099.31	1,099.31
Prisoner's Food			1,049.85	1,049.85
Photo's - Prints & Maps	250.00	250.00	297.83	47.83
Raw Materials Purchased	2,500.00	2,000.00	1,464.97	(535.03)
Other Govt. Divisions	5,220.00		3,400.00	3,400.00
Total	<u>\$ 57,080.00</u>	<u>\$ 57,075.00</u>	<u>\$ 62,455.77</u>	<u>\$ 5,380.77</u>
<u>Equipment:</u>				
Trucks	\$ 6,200.00	\$ 6,200.00	\$ 5,582.29	\$ (617.71)
Office Furniture	200.00	200.00	488.06	288.06
Other Furniture & Equipment	15,500.00	15,500.00	15,532.49	32.49
Total	<u>\$ 21,900.00</u>	<u>\$ 21,900.00</u>	<u>\$ 21,602.84</u>	<u>\$ (297.16)</u>
Other Expenditures (Note 1)			<u>\$ 2,424.64</u>	<u>\$ 2,424.64</u>
Total Expenditures	<u>\$260,397.00</u>	<u>\$256,910.00</u>	<u>\$260,560.41</u>	<u>\$ 3,650.41</u>
Transferred to Fire Protection Fund			<u>5,688.00</u>	
REVERTED TO GENERAL FUND			<u>\$ 2,438.82</u>	

NOTE 1: Authorization (Actual) includes \$2,424.64 worth of materials which were given to the Division of Forestry directly by the federal government. The federal government accordingly reduced the authorized subvention due the Division of Forestry by the same amount. We reflected this amount on the actual authorization and in the expenditures to indicate what actually transpired.

DEPARTMENT OF CONSERVATION AND NATURAL RESOURCES
DIVISION OF FORESTRY
FOREST INSECT PEST CONTROL FUND
STATEMENT OF BASIS FOR APPROPRIATION COMPARED
WITH ACTUAL RECEIPTS AND EXPENDITURES
For the Fiscal Year Ended June 30, 1964

	<u>Work Program</u>	<u>Basis for Approp.</u>	<u>Actual Receipts & Expend.</u>	<u>Over/(Under) Approp.</u>
<u>Revenues:</u>				
G.F. Approp. (lump sum)	<u>\$5,000.00</u>	<u>\$5,000.00</u>	<u>\$5,000.00</u>	
Total Approp.	<u>\$5,000.00</u>	<u>\$5,000.00</u>	<u>\$5,000.00</u>	
<u>Operating:</u>				
Truck operations			\$ 158.97	\$ 158.97
Photos, prints, maps			15.27	15.27
Total operating exp.			<u>\$ 174.24</u>	<u>\$ 174.24</u>
<u>Equipment:</u>				
Spraying equip.			<u>\$ 567.39</u>	<u>\$ 567.39</u>
Total equip.			<u>\$ 567.39</u>	<u>\$ 567.39</u>
Total Expenditures	<u>\$5,000.00</u>	<u>\$5,000.00</u>	<u>\$ 741.63</u>	<u>\$(4,258.37)</u>
Reverted to General Fund			<u>\$4,258.37</u>	

DEPARTMENT OF CONSERVATION AND NATURAL RESOURCES
DIVISION OF FORESTRY
FOREST FIRE SUPPRESSION FUND
STATEMENT OF BASIS FOR APPROPRIATION COMPARED
WITH ACTUAL RECEIPTS AND EXPENDITURES
For the Fiscal Year Ended June 30, 1964

	<u>Work Program</u>	<u>Basis for Approp.</u>	<u>Actual Receipts & Expend.</u>	<u>Over/ (Under) Approp.</u>
<u>Receipts:</u>				
G. F. Approp. (lump sum)	\$30,000.00	\$30,000.00	\$30,000.00	\$
Reimbursement Private			871.03	871.03
Reimbursement Fed.			22,078.86	22,078.86
Total Receipts	<u>\$30,000.00</u>	<u>\$30,000.00</u>	<u>\$52,949.89</u>	<u>\$22,949.89</u>
<u>Expenditures:</u>				
<u>Payroll Costs</u>				
Salaries			\$ 4,950.71	
Industrial Insurance			359.13	
Retirement Payment			199.01	
Total			<u>\$ 5,508.85</u>	
<u>Travel</u>				
Out-of-state			\$ 4.00	
In-state			118.50	
Total			<u>\$ 122.50</u>	
<u>Operating</u>				
Equip. Repair - other			\$ 47.05	
Truck Operation			430.65	
Transp. of Inmates			37.50	
Food			872.86	
Air Operations			4,678.71	
Med. & Dental Supplies			27.40	
Radio Maint. Supplies			77.94	
Prisoners Stipends			1,428.66	
Spec. Serv. or Projects			12,715.49	
Spec. Serv. or Project Supplies			10,521.93	
Total			<u>\$30,838.19</u>	
<u>Equipment</u>				
Other Equipment			\$ 617.19	
Total			<u>\$ 617.19</u>	
Total Expenditures	<u>\$30,000.00</u>	<u>\$30,000.00</u>	<u>\$37,086.73</u>	<u>\$ 7,086.73</u>
Reverted to General Fund			<u>\$15,863.16</u>	

DEPARTMENT OF CONSERVATION AND NATURAL RESOURCES
HUMBOLDT RIVER INVESTIGATION FUND
STATEMENT OF BASIS FOR APPROPRIATION & AUTHORIZATION
COMPARED WITH ACTUAL RECEIPTS & EXPENDITURES
For the Fiscal Year ended June 30, 1964

	<u>Work Program</u>	<u>Basis for Approp. or Author.</u>	<u>Actual Receipts & Expend.</u>	<u>Over/(Under) Approp. or Author.</u>
<u>Receipts</u>				
Appropriation	\$40,000.00	\$40,000.00	\$40,000.00	
Federal Authorization	3,000.00	3,000.00	3,000.00	
Total Receipts	<u>\$43,000.00</u>	<u>\$43,000.00</u>	<u>\$43,000.00</u>	
<u>Expenditures:</u>				
Payroll Costs:				
Salaries	\$ 7,632.00	\$ 7,632.00	\$ 7,032.00	\$ (600.00)
Industrial Ins.	51.00	50.00	44.91	(5.09)
Retirement	357.00	312.00	356.16	44.16
Personnel Assess.	50.00	50.00	50.00	-
Group Ins.			33.00	33.00
Total	<u>\$ 8,090.00</u>	<u>\$ 8,044.00</u>	<u>\$ 7,516.07</u>	<u>\$ (527.93)</u>
Travel:				
In-State	<u>\$ 600.00</u>	<u>\$ 600.00</u>	<u>\$ 776.20</u>	<u>\$ 176.20</u>
Operating:				
Office Supplies	\$ 54.00	\$ 100.00	\$ 124.61	\$ 24.61
Printing	1,500.00	1,500.00	5,197.33	3,697.33
Telephone	60.00	60.00		(60.00)
Auto Ins.	225.00	225.00		(225.00)
Contract Services	2,200.00	2,200.00		(2,200.00)
Rent	100.00	100.00	100.00	-
U.S.G.S. Contract	22,000.00	22,000.00	22,000.00	-
Soil Conservation	4,200.00	4,200.00	4,000.00	(200.00)
Project Supplies	1,000.00	1,000.00	137.46	(862.54)
Power	338.00	338.00	270.54	(67.46)
Freight & Postage	133.00	133.00		(133.00)
Total	<u>\$31,810.00</u>	<u>\$31,856.00</u>	<u>\$31,829.94</u>	<u>\$ (26.06)</u>
Equipment:				
Trucks	\$ 2,500.00	\$ 2,500.00	\$ 2,001.54	\$ (498.46)
Other Furniture & Equipment			65.33	65.33
Total	<u>\$ 2,500.00</u>	<u>\$ 2,500.00</u>	<u>\$ 2,066.87</u>	<u>\$ (433.13)</u>
TOTAL EXPENDITURES	<u>\$43,000.00</u>	<u>\$43,000.00</u>	<u>\$42,189.08</u>	<u>\$ (810.92)</u>
Reverted to General Fund			<u>\$ 810.92</u>	

DEPARTMENT OF CONSERVATION AND NATURAL RESOURCES
SOIL CONSERVATION COMMITTEE
STATEMENT OF BASIS FOR APPROPRIATION AND AUTHORIZATION
COMPARED WITH ACTUAL RECEIPTS AND EXPENDITURES
For the Fiscal Year Ended June 30, 1964

	<u>Work Program</u>	<u>Basis for Approp.</u>	<u>Actual Receipts & Expend.</u>	<u>Over/(Under) Approp.</u>
<u>Receipts</u>				
Appropriation	<u>\$750.00</u>	<u>\$750.00</u>	<u>\$750.00</u>	
Total Receipts	<u>\$750.00</u>	<u>\$750.00</u>	<u>\$750.00</u>	
<u>Expenditures</u>				
Payroll costs:				
Industrial Insurance (note)			<u>\$ 79.20</u>	<u>\$ 79.20</u>
Total			<u>\$ 79.20</u>	<u>\$ 79.20</u>
Travel:				
In-state travel			<u>\$100.00</u>	<u>\$100.00</u>
Total			<u>\$100.00</u>	<u>\$100.00</u>
Operating:				
Printing			\$559.97	\$559.97
Dues and Registration			8.50	8.50
Total			<u>\$568.47</u>	<u>\$568.47</u>
Total Expenditures	<u>\$750.00</u>	<u>\$750.00</u>	<u>\$747.67</u>	<u>\$ (2.33)</u>
Reverted to the General Fund			<u>\$ 2.33</u>	

Note: Insurance payments required on committee members who receive no salaries computed at \$250.00 for this purpose.

DEPARTMENT OF CONSERVATION AND NATURAL RESOURCES
 CALIFORNIA - NEVADA COMPACT COMMISSION
 STATEMENT OF BASIS FOR APPROPRIATION AND AUTHORIZATION
 COMPARED WITH ACTUAL RECEIPTS AND EXPENDITURES
 For the Fiscal Year Ended June 30, 1964

	<u>Work Program</u>	<u>Basis for Approp.</u>	<u>Actual Receipts & Expend.</u>	<u>Over/(Under) Approp.</u>
<u>Receipts</u>				
Appropriation	\$51,677.00	\$51,677.00	\$51,677.00	
Total Receipts	<u>\$51,677.00</u>	<u>\$51,677.00</u>	<u>\$51,677.00</u>	
<u>Expenditures</u>				
Payroll costs:				
Salaries	\$ 6,450.00	\$ 6,450.00	\$ 6,060.00	\$ (390.00)
Indust. Insurance	42.00	42.00	35.68	(6.32)
Total	<u>\$ 6,492.00</u>	<u>\$ 6,492.00</u>	<u>\$ 6,095.68</u>	<u>\$ (396.32)</u>
Travel:				
Out-of-state	\$ 6,198.00	\$ 6,198.00	\$ 871.60	\$ (5,326.40)
In-state	4,424.00	4,424.00	3,793.63	(630.37)
	<u>\$10,622.00</u>	<u>\$10,622.00</u>	<u>\$ 4,665.23</u>	<u>\$ (5,956.77)</u>
Operating:				
Postage and freight	\$ 200.00	\$ 200.00	\$ 15.00	\$ (185.00)
Telephone	500.00	500.00	500.25	.25
Office Supplies	125.00	125.00		(125.00)
Contract Services	5,000.00	5,000.00	2,784.00	(2,216.00)
Special Services & Projects	12,000.00	12,000.00	10,509.95	(1,490.05)
Professional Services			111.00	111.00
Rent	360.00	360.00		(360.00)
Printing	760.00	760.00		(760.00)
Subscrip. & Manuals			31.60	31.60
Legal Services	15,400.00	15,400.00	11,400.00	(4,000.00)
Total	<u>\$34,345.00</u>	<u>\$34,345.00</u>	<u>\$25,351.80</u>	<u>\$ (8,993.20)</u>
Equipment:				
Office Equipment	\$ 218.00	\$ 218.00	\$ 78.41	\$ (139.59)
Total Expenditures	<u>\$51,677.00</u>	<u>\$51,677.00</u>	<u>\$36,191.12</u>	<u>\$ (15,485.88)</u>
Excess of receipts over expenditures reverted to the General Fund			<u>\$15,485.88</u>	

DEPARTMENT OF CONSERVATION AND NATURAL RESOURCES
 WEATHER MODIFICATION RESEARCH FUND
 STATEMENT OF BASIS FOR APPROPRIATION AND AUTHORIZATION
 COMPARED WITH ACTUAL RECEIPTS AND EXPENDITURES
 For the Fiscal Year Ended June 30, 1964

	<u>Work Program</u>	<u>Basis for Approp.</u>	<u>Actual Receipts & Expend.</u>
Revenues:			
Appropriation - GF	<u>\$30,000.00</u>	<u>\$30,000.00</u>	<u>\$30,000.00</u>
Expenditures:			
Contract Services (Note)	<u>\$30,000.00</u>	<u>\$30,000.00</u>	<u>\$30,000.00</u>

Note: Paid to North American Weather Consultants of Nevada for weather modification research per contract. Contract was \$39,600.00 of which \$9,600.00 was paid from the Conservation Cooperative Fund.

DEPARTMENT OF CONSERVATION AND NATURAL RESOURCES
STATE ENGINEERS AND ENGINEER'S REVOLVING FUND
STATEMENT OF RECEIPTS AND EXPENDITURES
For the Fiscal Year Ended June 30, 1964

	Balance July 1, 1963	Receipts	Expenditures	Balance June 30, 1964
Publication Fund	\$ 9,134.94	\$11,070.00	\$14,335.00	\$ 5,869.94
Proof Fund	5,586.41	80.00	8.00	5,658.41
Blueprint Fund	875.86	1,336.30	2,141.29	70.87
Certificate Fund	21.00	183.00	177.00	27.00
Excess Collection Fund	822.10	643.00	710.00	755.10
Las Vegas Holding Account	--	22.00	78.00	(56.00)
Carson City Holding Account	--	24,031.45	23,596.45	435.00
State Treasurer Account	--	22,571.71	22,571.71	--
Total	<u>\$16,440.31</u>	<u>\$59,937.46</u>	<u>\$63,617.45</u>	<u>\$12,760.32</u>

Represented by:

Cash on Hand	\$ 40.00
1st Natl. Carson City - State Engineer's Fund	2,260.32
1st Natl. Carson City - Engineer's Revolving Fund	9,864.25
1st Natl. Las Vegas - State Engineer's Fund	500.00
Due from Controller for postage paid from Revolving Fund	120.00
Due to the General Fund for sale of bulletins	(24.25)
	<u>\$12,760.32</u>

DEPARTMENT OF CONSERVATION AND NATURAL RESOURCES
FLOOD REPAIR AND DISASTER RELIEF FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES
For the Fiscal Year Ended June 30, 1964

Balance - July 1, 1963	\$50,000.00
Receipts:	
Total	<u> -- </u> \$50,000.00
Expenditures:	
Loan to Overton Water District	28,000.00
Balance - June 30, 1964	<u><u> \$22,000.00 </u></u>

DEPARTMENT OF CONSERVATION AND NATURAL RESOURCES
FLOOD CONTROL REVOLVING FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES
For the Fiscal Year Ended June 30, 1964

Balance - July 1, 1963 \$164,958.05

Receipts

Clark County Loan Repayment	\$30,000.00	
Federal Flood Reimbursement (Note)	15,364.88	
Washoe County Truckee River Channel Clearance Reimbursement	5,500.00	
City of Reno Truckee River Channel Clearance Reimbursement	3,000.00	
City of Sparks Truckee River Channel Clearance Reimbursement	<u>1,000.00</u>	
Total Receipts		<u>54,864.88</u>

Total Funds Available \$219,822.93

Expenditures:Payroll Costs:

Salaries	\$ 2,010.00	
Industrial Insurance	13.22	
Retirement	98.08	
Group Insurance	<u>18.00</u>	\$ 2,139.30

Travel:

In -state	303.59
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Operating:

Channel Clearance Work Truckee River	\$ 4,128.09	
Feb. 1963 Flood Repair Work on Truckee River	<u>11,803.96</u>	
Total Operating		15,932.05

Other:

Loan to Elko County Fair and Recreation Board	<u>5,000.00</u>
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Total Expenditures 23,374.94

Balance - June 30, 1964 \$196,447.99

Note: Partial reimbursement for direct flood repair work on damage caused by the February 1963 flood of the Truckee River.

DEPARTMENT OF CONSERVATION AND NATURAL RESOURCES
TRUCKEE RIVER FLOOD REPAIR FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES
For the Fiscal Year Ended June 30, 1964

Receipts

Federal Assistance Funds

\$35,555.00

Expenditures

Division of Forestry

\$15,182.57

Flood Control Revolving Fund

15,364.8830,547.45

Balance - June 30, 1964

\$ 5,007.55

STATE OF NEVADA
DEPARTMENT OF CONSERVATION AND NATURAL RESOURCES
STATE PARK ACQUISITION FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES
For the Fiscal Year Ended June 30, 1964

Balance - July 1, 1963		\$499,988.75
<u>Receipts</u>		<u>--</u>
Total Funds Available		<u>\$499,988.75</u>
<u>Expenditures</u>		
Travel:	\$ 71.10	
Out-of-state	<u>98.90</u>	\$ 170.00
Operating:		
Office Supplies	\$ 438.66	
Photos and Prints	41.23	
Land Classification Study	9,144.48	
Factual Data Report	5,005.00	
Appraisals	48,150.00	
Maps	664.04	
Professional Services	<u>60.00</u>	
Total		<u>63,503.41</u>
Total Expenditures		<u>\$ 63,673.41</u>
Balance Reverted to the General Fund		<u>\$436,315.34</u>

DEPARTMENT OF CONSERVATION AND NATURAL RESOURCES
STATEWIDE PARK PLAN FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES
For the Fiscal Year Ended June 30, 1964

Receipts

Transferred from Outdoor Park Recreation
Development Fund

\$100,000.00

Expenditures

Travel:

In-state

\$ 8.80

Operating:

Office Supplies

\$ 4.48

Printing of Brochures

2,279.75

Appraisals

14,000.00

Consulting Services

423.71

Photos, Prints and Maps

81.50

16,789.44

Equipment:

Map File Care

812.35

Total Expenditures

\$ 17,610.59

Balance - June 30, 1964

\$ 82,389.41

DEPARTMENT OF CONSERVATION AND NATURAL RESOURCES
PARK DIVISION LAND PURCHASE FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES
For the Fiscal Year Ended June 30, 1964

<u>Receipts</u>	
Appropriation	\$21,358.00
<u>Expenditures</u>	<u>--</u>
Balance - June 30, 1964	<u>\$21,358.00</u>

Note: The funds appropriated for the 1963-1964 fiscal year will be used during the 1964-1965 fiscal year to purchase certain lands as authorized by SB - 305, Section 50, 1963 Statutes.

DEPARTMENT OF CONSERVATION AND NATURAL RESOURCES
DIVISION OF STATE PARKS
STATE PARKS GRAND AND GIFT FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES
For the Fiscal Year Ended June 30, 1964

Balance - July 1, 1963		\$124.40
<u>Receipts</u>		
Concession Contracts - Valley of Fire	\$103.57	
Sales - Mormon Station - Genoa	292.18	
Donations	<u>50.00</u>	
Total Receipts		<u>445.75</u>
TOTAL FUNDS AVAILABLE		\$570.15
<u>Expenditures</u>		
Subscriptions and Reference Manuals	\$ 12.00	
Special Services and Project Supplies	45.71	
Advertising	<u>47.95</u>	
Total Expenditures		<u>105.66</u>
Balance - June 30, 1965		<u><u>\$464.49</u></u>

DEPARTMENT OF CONSERVATION AND NATURAL RESOURCES
OUTDOOR PARK RECREATION DEVELOPMENT FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES
For the Fiscal Year Ended June 30, 1964

<u>Receipts</u>	
Appropriation	<u>\$1,600,000.00</u>
<u>Expenditures</u>	
Reference Manuals (Note 1)	\$ 4.00
Transferred to Statewide Park Plan Fund (Note 2)	<u>100,000.00</u>
Total Expenditures	<u>\$ 100,004.00</u>
Balance - June 30, 1964	<u><u>\$1,499,996.00</u></u>

Note 1: Paid from this fund in error. Will be reimbursed.

Note 2: Transferred under authority of Chapter 11, special session of the 1964 Legislature.

DEPARTMENT OF CONSERVATION AND NATURAL RESOURCES
DIVISION OF FORESTRY
HONOR CAMP FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES
For the Fiscal Year Ended June 30, 1964

Balance - July 1, 1963		\$11,355.21
 <u>Receipts</u>		
Inmate Labor		<u>9,712.49</u>
 Total Funds Available		 <u>\$21,067.70</u>
 <u>Expenditures</u>		
Operating:		
Postage and Freight	\$ 13.51	
Contract Services	638.00	
Other Equipment Repairs	382.31	
Equipment Rental	28.00	
Building Maintenance	11,058.92	
Grounds Maintenance	13.00	
Truck Operation	157.53	
Radio Maintenance and Supplies	67.99	
Special Services or Project Supplies	<u>72.89</u>	\$12,432.15
 Equipment:		
Other Furniture and Fixtures		<u>1,335.58</u>
Total Expenditures		<u>\$13,767.73</u>
 Balance - June 30, 1964		 <u><u>\$ 7,299.97</u></u>

DEPARTMENT OF CONSERVATION AND NATURAL RESOURCES
FORESTER FIREWARDEN REVOLVING FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES
For the Fiscal Year Ended June 30, 1964

Balance - July 1, 1963	\$ 2,555.64
Money Transferred from Appropriated Funds	<u>12,724.91</u>
Total to Account for	\$15,280.55
 <u>Expenditures</u>	
Direct Firefighting Labor Costs	\$12,269.25
Other Governmental Firefighting	605.00
Immated Driver's Licenses	32.00
B.L.M. Honor Camp Filing Fee	<u>10.00</u>
	<u>12,916.25</u>
	\$ 2,364.30
 Disbursements to be Reimbursed by Division of Forestry	 <u>135.70</u>
Balance - June 30, 1964	<u><u>\$ 2,500.00</u></u>

DEPARTMENT OF CONSERVATION AND NATURAL RESOURCES
 FOREST PROTECTION FUND
 SCHEDULE OF RECEIPTS AND EXPENDITURES
 For the Fiscal Year Ended June 30, 1964

Balance - July 1, 1963 \$ 44,523.65

Receipts

Federal Receipts	\$62,351.30	
Transfers from Division of Forestry Fund	5,688.00	
Washoe County Taxes	44,000.00	
Douglas County Taxes	12,015.77	
Ormsby County Taxes	4,341.06	
Clark County Taxes	120.00	
Federal Truckee River Flood Reimbursement	15,182.57	
Honor Camp Receipts	11,514.05	
Christmas Tree Tag Sales	90.80	
Sale of Nursery Trees	5,158.02	
Sale of Vehicles	713.40	
Other Reimbursements and Refunds	558.12	161,733.09

Total Funds Available \$206,256.74

Expenditures

Transferred to Division of Forestry Operating Fund		175,105.94
--	--	------------

Balance - June 30, 1964 \$ 31,150.80

DEPARTMENT OF CONSERVATION AND NATURAL RESOURCES
WATER DISTRIBUTION FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES
For the Fiscal Year Ended June 30, 1964

	Baker & Lehman Crks.	Las Vegas Artesian Basin	Muddy Creek	Pahrnagat Lake
Balance - July 1, 1963	<u>\$1,741.86</u>	<u>\$ 44,167.20</u>	<u>\$2,856.22</u>	<u>\$1,980.02</u>
<u>Receipts</u>				
Taxes	\$ 758.07	\$ 64,143.22	\$2,115.91	\$5,552.59
Expense Reimb.	--	173.48	--	--
Sale of Equipment	--	--	--	--
Other Receipts	--	--	--	--
Total Receipts	<u>\$ 758.07</u>	<u>\$ 64,316.70</u>	<u>\$2,115.91</u>	<u>\$5,552.59</u>
Total Funds Available	<u>\$2,499.93</u>	<u>\$108,483.90</u>	<u>\$4,972.13</u>	<u>\$7,532.61</u>
<u>Expenditures</u>				
Payroll Costs:				
Salaries	\$ --	\$ 24,922.92	\$ --	\$ --
Retirement	--	1,227.89	--	--
Group Insurance	--	78.00	--	--
Industrial Insurance	12.00	297.78	14.56	16.32
Total	<u>\$ 12.00</u>	<u>\$ 26,526.59</u>	<u>\$ 14.56</u>	<u>\$ 16.32</u>
Travel:				
Out-of-State	\$ --	\$ --	\$ --	\$ --
In-State	168.80	5,530.27	1,163.60	1,383.91
Total	<u>\$ 168.80</u>	<u>\$ 5,530.27</u>	<u>\$1,163.60</u>	<u>\$1,383.91</u>
Operating:				
Office Supplies	\$ --	\$ 795.44	\$ --	\$ --
Postage & Freight	--	138.72	--	--
Telephone	--	850.34	--	25.50
Printing	--	122.33	--	--
Utilities	--	--	--	--
Special Services or				
Project Supplies	--	16.60	--	927.25
Gas & Oil	--	--	--	--
Other Auto Expense	--	--	--	--
Contract Services	--	6,550.00	--	--
Office Equip. Repair	--	18.68	--	--
Licenses & Fees	--	25.00	--	--
Subscriptions & Dues	--	32.00	--	--
Auto Insurance	--	132.50	--	--
Photos & Prints	--	16.00	--	--
Professional Serv.	525.00	--	750.00	930.00
Rent	--	--	--	--
Other Misc.	--	--	--	--
Total	<u>\$ 525.00</u>	<u>\$ 8,697.61</u>	<u>\$ 750.00</u>	<u>\$1,882.75</u>

WATER DISTRIBUTION FUND
Schedule 12, Continued

	<u>Baker & Lehman Crks.</u>	<u>Las Vegas Artesian Basin</u>	<u>Muddy Creek</u>	<u>Pahrnagat Lake</u>
Equipment:				
Automobiles	--	\$ 2,322.40	--	--
Trucks	--	1,992.36	--	--
Office Furniture & Equipment	--	228.17	--	--
Other Furniture & Equipment	--	360.88	--	--
	<u>--</u>	<u>\$ 4,903.81</u>	<u>--</u>	<u>--</u>
Total Expenditures	<u>\$ 705.80</u>	<u>\$ 45,658.28</u>	<u>\$1,928.16</u>	<u>\$3,282.98</u>
Balance - June 30, 1964	<u>\$1,794.13</u>	<u>\$ 62,825.62</u>	<u>\$3,043.97</u>	<u>\$4,249.63</u>

WATER DISTRIBUTION FUND
Schedule 12, continued.

	<u>Silver Creek</u>	<u>Virgin Creek</u>	<u>White Creek</u>	<u>Pahrump Valley Basin</u>
Balance, July 1, 1963	<u>\$16.72</u>	<u>\$3,018.23</u>	<u>\$1,677.45</u>	<u>\$11,645.46</u>
<u>Receipts</u>				
Taxes	\$ --	\$ --	\$1,200.00	\$ 7,949.67
Expense Reimb.	--	--	--	--
Sale of Equip.	--	--	--	--
Other Receipts	--	--	--	--
Total Receipts	<u>\$ --</u>	<u>\$ --</u>	<u>\$1,200.00</u>	<u>\$ 7,949.67</u>
Total Funds Available	<u>\$16.72</u>	<u>\$3,018.23</u>	<u>\$2,877.45</u>	<u>\$19,595.13</u>
<u>Expenditures</u>				
Payroll Costs:				
Salaries	\$ --	\$ --	\$ --	\$ 804.00
Retirement	--	--	--	46.68
Group Ins.	--	--	--	6.00
Indus. Ins.	--	--	6.00	10.00
Total	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 6.00</u>	<u>\$ 866.68</u>
Travel:				
Out-of-State	\$ --	\$ --	\$ --	\$ --
In-State	--	233.00	1,914.54	--
Total	<u>\$ --</u>	<u>\$ 233.00</u>	<u>\$1,914.54</u>	<u>\$ --</u>
Operating:				
Office Supplies	\$ --	\$ --	\$ --	\$ --
Postage & Freight	--	--	--	--
Telephone	--	--	--	--
Printing	--	--	--	--
Utilities	--	--	--	--
Spec. Serv. or Project Supplies	--	38.96	--	--
Gas & Oil	--	--	--	--
Other Auto Expense	--	--	--	--
Contract Services	--	--	--	--
Office Equip. Repair	--	--	--	--
License & Fees	--	--	--	--
Subscrip. & Dues	--	--	--	--
Auto Ins.	--	--	--	--
Photos & Prints	--	--	--	--
Profes. Serv.	--	--	85.50	--
Rent	--	--	--	--
Other Misc.	--	--	--	--
Total	<u>\$ --</u>	<u>\$ 38.96</u>	<u>\$ 85.50</u>	<u>\$ --</u>

	<u>Silver Creek</u>	<u>Virgin Creek</u>	<u>White Creek</u>	<u>Pahrump Valley Basin</u>
Equipment:				
Automobiles	\$ --	\$ --	\$ --	\$ --
Trucks	--	--	--	--
Office Furniture & Equip.	--	--	--	605.47
Other Furniture & Equip.	--	--	--	--
Total	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 605.47</u>
Total Expenditures	<u>\$ -0-</u>	<u>\$ 271.96</u>	<u>\$2,006.04</u>	<u>\$ 1,472.15</u>
Balance, June 30, 1964	<u>\$16.72</u>	<u>\$2,746.27</u>	<u>\$ 871.41</u>	<u>\$18,122.98</u>

WATER DISTRIBUTION FUND
Schedule 12, continued.

	Humboldt River Distr. Dist.	Smith Valley Artesian Basin	Currant Creek	Duckwater Creek
Balance, July 1, 1963	<u>\$59,745.64</u>	<u>\$1,773.10</u>	<u>\$3,538.42</u>	<u>\$4,361.09</u>
<u>Receipts:</u>				
Taxes	\$50,727.88	\$1,914.97	\$ --	\$2,262.44
Expense Reimb.	4,419.25	--	--	--
Sale of Equip.	1,620.60	--	--	--
Other Receipts	608.10	--	--	--
Total	<u>\$57,375.83</u>	<u>\$1,914.97</u>	<u>\$ --</u>	<u>\$2,262.44</u>
Total Funds Available	<u>\$117,121.47</u>	<u>\$3,688.07</u>	<u>\$3,538.42</u>	<u>\$6,623.53</u>
<u>Expenditures:</u>				
Payroll Costs:				
Salaries	\$23,326.50	\$ --	\$ --	\$ --
Retirement	986.04	--	--	--
Group Ins.	81.00	--	--	--
Industrial Ins.	146.92	6.00	--	23.69
Total	<u>\$24,540.46</u>	<u>\$ 6.00</u>	<u>\$ --</u>	<u>\$ 23.69</u>
Travel:				
Out-of-State	\$ 75.79	\$ --	\$ --	\$ --
In-State	343.50	40.22	116.00	1,641.64
Total	<u>\$ 419.29</u>	<u>\$ 40.22</u>	<u>\$ 116.00</u>	<u>\$1,641.64</u>
Operating:				
Office Supplies	\$ 294.70	\$ --	\$ --	\$ --
Postage & Freight	55.78	--	--	--
Telephone	175.15	--	--	--
Printing	44.49	--	--	--
Utilities	159.48	--	--	--
Spec. Serv. or Proj. Supplies	865.76	--	--	--
Gas & Oil	2,734.43	--	--	--
Other Auto Expense	2,947.05	--	--	--
Contract Services	--	--	--	--
Office Equip. Repair	--	--	--	--
License & Fees	--	--	--	--
Subscrip. & Dues	--	--	--	--
Auto Ins.	721.62	--	--	--
Photos & Prints	25.00	--	--	--
Prof. Serv.	--	400.00	119.00	2,496.52
Rent	900.00	--	--	--
Other Misc.	34.50	--	--	--
Total	<u>\$ 8,957.96</u>	<u>\$ 400.00</u>	<u>\$ 119.00</u>	<u>\$2,496.52</u>

	Humboldt River Distr. <u>Dist.</u>	Smith Valley Artesian <u>Basin</u>	<u>Currant Creek</u>	<u>Duckwater Creek</u>
Equipment:				
Automobiles	\$ 2,030.17	\$ --	\$ --	\$ --
Trucks	4,308.15	--	--	--
Office Furniture & Equipment	1,611.88	--	--	--
Other Furniture & Equipment	210.00	82.37	--	--
Total	<u>\$ 8,160.20</u>	<u>\$ 82.37</u>	<u>\$ --</u>	<u>\$ --</u>
Total Expenditures	<u>\$42,077.91</u>	<u>\$ 528.59</u>	<u>\$ 235.00</u>	<u>\$4,161.85</u>
Balance, June 30, 1964	<u><u>\$75,043.56</u></u>	<u><u>\$3,159.48</u></u>	<u><u>\$3,303.42</u></u>	<u><u>\$2,461.68</u></u>

DEPARTMENT OF CONSERVATION AND NATURAL RESOURCES
ELKO COUNTY HUMBOLDT RIVER STUDY
SCHEDULE OF RECEIPTS AND EXPENDITURES
For the Fiscal Year Ended June 30, 1964

Receipts

Transfers from other funds:

Conservation cooperative fund	\$ 2,534.20	
Taxes Received from Elko County		
Fair and Recreation Board	14,850.00	\$17,384.20

Expenditures

Payroll costs:

Salaries	\$ 7,797.50	
Industrial Insurance	44.78	
Retirement	441.72	
Group Insurance	6.00	\$ 8,290.00

Travel:

In-state		1,511.42
----------	--	----------

Operating:

Office Supplies	\$ 20.00	
Telephone	34.87	
Printing	2.74	57.61

Equipment:

Office Furniture	\$ 676.43	
Office Equipment	550.78	1,227.21

Total Expenditures

\$11,086.24

Balance - June 30, 1964

\$ 6,297.96

DEPARTMENT OF CONSERVATION AND NATURAL RESOURCES
ADJUDICATION EMERGENCY FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES
For the Fiscal Year Ended June 30, 1964

Balance - July 1, 1963	\$4,916.00
<u>Receipts</u>	
Reimbursements	<u>185.65</u>
Total Funds Available	<u>\$5,101.65</u>
<u>Expenditures</u>	
Advertising Costs	<u>\$ 214.36</u>
Balance - June 30, 1964	<u><u>\$4,887.29</u></u>

DEPARTMENT OF CONSERVATION AND NATURAL RESOURCES
 CONSERVATION COOPERATIVE FUND
 SCHEDULE OF RECEIPTS AND EXPENDITURES
 For the Fiscal Year Ended June 30, 1964

Balance - July 1, 1963		\$28,458.77
<u>Receipts</u>		
Ground Water Research	\$ 3,935.52	
Weather Modification Research	12,500.00	
Las Vegas Underground Water Research	917.20	
Contract Services	3,000.00	
Reimbursements	<u>7,900.00</u>	<u>28,252.72</u>
Total Funds Available		<u>\$56,711.49</u>
<u>Expenditures</u>		
Payroll Costs:		
Salaries	\$ 913.00	
Retirement	<u>52.80</u>	
Total		\$ 965.80
Research Reimbursements:		
Weather Modification	\$ 9,600.00	
Investigation of Water Resources	10,900.00	
Las Vegas Artesian Basin Study	<u>2,050.14</u>	
Total		22,550.14
Transferred to Elko County Humboldt River Study		<u>2,534.20</u>
Total Expenditures		<u>\$26,050.14</u>
Balance - June 30, 1964		<u><u>\$30,661.35</u></u>

DEPARTMENT OF CONSERVATION AND NATURAL RESOURCES
STATE LAND REGISTER REVOLVING FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES
For the Fiscal Year Ended June 30, 1964

Balance - July 1, 1963		\$ 645.90
<u>Receipts</u>		
Reimbursements		<u>428.60</u>
Total Funds Available		\$1,074.50
<u>Expenditures</u>		
Licenses and Fees	\$ 5.00	
Refunds	4.40	
Appraisal Fees	243.60	
Advertising	<u>170.80</u>	<u>423.80</u>
Balance - June 30, 1964		<u>\$ 650.70</u>

DEPARTMENT OF CONSERVATION AND NATURAL RESOURCES
PENDING LAND APPLICATIONS
SCHEDULE OF RECEIPTS AND EXPENDITURES
For the Fiscal Year Ended June 30, 1964

Balance - July 1, 1963	\$226.05
<u>Receipts</u>	
Reimbursement	<u>1.70</u>
Total Funds Available	\$227.75
<u>Expenditures</u>	
License and Fees	<u>124.30</u>
Balance - June 30, 1964	<u>\$103.45</u>

DEPARTMENT OF CONSERVATION AND NATURAL RESOURCES
RADIOACTIVE MATERIAL DISPOSAL FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES
For the Fiscal Year Ended June 30, 1964

Balance - July 1, 1963		\$ 6,463.32
<u>Receipts</u>		
Redemption of Treasury Notes	\$130,866.96	
Interest Income	<u>1,133.04</u>	<u>\$132,000.00</u>
Total Funds Available		\$138,463.32
<u>Expenditures</u>		
In-state Travel to Burial Site	\$ 73.96	
Photos and Prints of Burial Site	15.00	
Purchase of Treasury Notes	<u>\$130,866.96</u>	<u>130,955.92</u>
Balance - June 30, 1964		<u>\$ 7,507.40</u>

DEPARTMENT OF CONSERVATION AND NATURAL RESOURCES
WELL DRILLERS LICENSE FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES
For the Fiscal Year Ended June 30, 1964

Balance - July 1, 1963		\$ 9,488.56
<u>Receipts</u>		
New Permits	\$ 650.00	
Renewal of Permits (Note)	<u>1,530.00</u>	<u>2,180.00</u>
Total Funds Available		<u>\$11,668.56</u>
<u>Expenditures</u>		
Payroll Costs:		
Salaries	\$3,584.60	
Industrial Insurance	30.75	
Retirement	209.64	
Group Insurance	<u>18.00</u>	3,842.99
Travel:		
In-State		640.65
Operating:		
Office Supplies	\$ 91.80	
Printing	84.06	
Professional Services	<u>304.50</u>	480.36
Equipment:		
Office Furniture	\$ 188.93	
Office Equipment	443.20	
Other Furniture and Equipment	<u>74.79</u>	<u>706.92</u>
Total Expenditures		<u>\$ 5,670.92</u>
Balance - June 30, 1964		<u>\$ 5,997.64</u>

Note: A \$25.00 application to appropriate water was deposited to this account in error. The Controller shows total receipts as \$2,205.00 due to this error.

DEPARTMENT OF CONSERVATION AND NATURAL RESOURCES
WELL DRILLERS FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES
For the Fiscal Year Ended June 30, 1964

Balance - July 1, 1963	\$2,950.05
<u>Receipts</u>	<u>--</u>
Total Funds Available	\$2,950.05
<u>Expenditures</u>	
Contract Services	<u>1,875.00</u>
Balance - June 30, 1964	<u>\$1,075.05</u>

DEPARTMENT OF CONSERVATION AND NATURAL RESOURCES
SPRING MOUNTAIN YOUTH CAMP FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES
For the Fiscal Year Ended June 31, 1964

Balance - July 1, 1963 \$ 736.07

Receipts

Appropriation (Lump Sum) \$50,000.00

Total Funds Available \$50,736.07

Expenditures

Construction Materials	\$13,240.26	
Furniture	4,747.33	
Equipment	<u>2,031.75</u>	<u>20,019.34</u>

Balance - June 30, 1964 \$30,716.73

DEPARTMENT OF CONSERVATION AND NATURAL RESOURCES
OIL AND GAS CONSERVATION COMMITTEE
SCHEDULE OF RECEIPTS AND EXPENDITURES
For the Fiscal Year Ended June 30, 1964

Balance - July 1, 1963		\$3,382.16
<u>Receipts</u>		
Well Drillers Permits	\$400.00	
Producer's Severance Tax	<u>756.42</u>	<u>1,156.42</u>
Total Funds Available		<u>\$4,538.58</u>
<u>Expenditures</u>		
Travel:		
In-State Travel		\$ 162.24
Operating:		
Printing Expenses	\$ 24.21	
Dues and Registration	<u>108.00</u>	132.21
Equipment:		
Pro-rated Costs of Typewriter		<u>\$ 205.51</u>
Total Expenditures		<u>\$ 499.96</u>
Balance - June 30, 1964		<u><u>\$4,038.62</u></u>

DEPARTMENT OF CONSERVATION AND NATURAL RESOURCES
 COMBINED SCHEDULE OF RECEIPTS AND EXPENDITURES--INACTIVE FUNDS
 For the Fiscal Year Ended June 30, 1964

	<u>Balance</u> <u>July 1, 1963</u>	<u>Receipts</u>	<u>Expenditures</u>	<u>Balance</u> <u>June 30, 1964</u>
Forester Soil Bank Fund	\$ 48.05			\$ 48.05
Water District Revol. Fund	30,000.00	--	--	30,000.00
Hydro-Graphic Survey Fund	2,595.71	--	--	2,595.71
Weather Modification Fund	240.50	--	--	240.50
Carey Act Trust Fund	163.98	--	--	163.98
Steptoe Creek Fund	32.25	--	--	32.25
Lincoln Co. Pilot Land Development Fund	1,500.00	--	--	1,500.00
Colorado River Boundary Commission Fund	2,464.93	--	--	2,464.93
	<u>\$37,045.42</u>	<u>--</u>	<u>--</u>	<u>\$37,045.42</u>

DEPARTMENT OF CONSERVATION

SUPPLEMENTAL LETTER

For the Fiscal Year Ended June 30, 1964

1. Annual Report

NRS 232.070 authorizes the department to issue an annual report no later than October 1st. The report has been completed within the prescribed time. However, upon reading the last two annual reports, it was noticed that some financial data was dated as of October 1st, although the figures used were for the fiscal year ended June 30th. We believe this might be misleading to persons reading the report.

We recommend that future reports be checked for accurate dates when presenting financial data.

It was also noticed that the department is not complying with NRS 344.050, which requires that all reports must be printed by the State Printing Office. It was observed that certain reports are produced as mimeographed reports rather than being printed by the state printer. As this appears to be satisfactory and more economical, it is recommended that NRS 344.050 be amended to allow the department to mimeograph reports.

2. Outside Purchase of Supplies

An analysis of office supplies purchased by the department showed that the division of water resources purchased \$3,294.66 worth of office supplies during the 1963-1964 fiscal year. Of this amount, \$2,207.15, or 66.9% were purchased from outside sources. The office of the Director purchased \$2,179.59 of office supplies of which \$1,689.73 or 77.5% were purchased from outside sources. The division of state parks purchased \$721.05 in office supplies of which \$587.96 or 81.5% were purchased from outside sources. The division of forestry purchased \$1,622.02 in supplies of which \$1,034.82 or 63.7% were purchased from outside sources.

It is recommended that steps be taken by the department to purchase all supplies from the State Purchasing Department, where possible. All purchases from independent suppliers should be made only after written authorization is received from the State Purchasing Department.

3. Computation of Leave

An analysis of all annual leave, sick leave and compensatory time accrued and used by all divisions of the department of conservation from July 1, 1963 to June 30, 1964, revealed that there is a definite need for better record-keeping in this vital area. The parks division had sick leave of one individual overstated by 9 days. Another person also had 1 day more on the books than he was entitled to. The division of forestry was found to have overstated annual leave by 9 days. Since this person was leaving state employment shortly, the state could have possibly paid this person for 9 days to which he was not entitled.

The division of water resources had numerous errors in computing employees' leave records. It was noted that employees had $4\frac{1}{2}$ days excess sick leave and $7\frac{7}{8}$ days excess annual leave on the books.

We recommend that division heads appoint one person to keep leave records up to date and a monthly reconciliation be made and sent to each employee, having each person acknowledge the amount of leave he had accumulated and used during the month.

It was also noticed that one former employee of the division of water resources owed the state \$593.98 as of June 30, 1964, due to the fact that the employee was paid for annual and sick leave when none had been accrued. This situation had prevailed since 1960 and at no time during the period did the employee have sufficient sick leave accrued to justify leave with

pay. The employee mentioned above paid the total amount owed the state on May 26, 1965.

We suggest that steps be taken to prevent this in the future and that employees who have overdrawn their accrued annual and sick leave be put on leave without pay status to avoid having deficits of this nature.

4. Inventory

A physical check of furniture and equipment charged to the department was attempted by the auditors. It was found that there is a definite need for a complete physical count of all equipment. Many items were found to have no identification tags on them and many were not listed in the IBM read-out sheets prepared by the division of purchasing. While NRS 333.220 (3) requires that the chief of the Purchasing Department keep an inventory record of all equipment charged to the various state agencies and offices, we feel that it is only good business practice for each agency head to know exactly with what equipment his agency is charged.

Therefore, we wish to recommend that a complete physical count be taken of all equipment and proper identification tags be affixed to each item in order to insure better control over all equipment. In addition, the department should instigate and maintain a complete record of all equipment showing tag numbers, and the location of each item at all times. We feel this will eliminate misplacing items and possible losses of valuable equipment.

We wish to point out that the division of forestry has the beginning of a superior inventory control system and suggest that other divisions look into the possibility of setting up their systems on the same basis.

5. Internal Control

During the course of our examination, we noticed quite a few internal control procedures which, in our opinion, could be strengthened or amended

to give the department better control over cash received and expended; as well as provide better records to keep management more fully informed of the current status of the overall operations. Some of the items noted have been covered in other sections of this report. However, we wish to point out that we consider these of sufficient importance to warrant repetition.

From a cursory examination of the accounting records, we found that it was not possible to determine the existence of the Las Vegas bank account of the state engineer's fund. This is partly attributable to the fact that no formal general ledger is kept of the various bank accounts. We recommend that the Las Vegas bank account be terminated and inter-branch transfers be used to deposit receipts from the Las Vegas office. We also suggest that general ledger accounts be kept of all bank accounts in order to reflect the correct fiscal status of the agency.

In tracing checks to satisfy ourselves that they all were accounted for, we found quite a few voided checks missing. This is one of the best methods available to cover a defalcation and we strongly recommend that all checks be accounted for in the future to prevent any misuse of funds. We also noticed that voided checks were not being marked to identify them as such. We suggest that henceforth, all voided checks be altered to render them non-negotiable.

The department has recently invested surplus radioactive material disposal funds in government securities; however, again, a cursory examination of the accounting records did not reveal the cost basis of such securities or the fact that funds had been so invested. We recommend that the department acquire and maintain a bond and securities ledger to properly reflect purchases and the net value of the funds.

During the course of our examination, we noticed that certain refund checks as well as moneys received from sales of bulletins and laws were not being deposited intact or in compliance with applicable statutes. We recommend that henceforth the department take steps to insure that all funds received are deposited at least once a week, intact, and in accordance with applicable statutes.

We also noticed many instances of expenditures made during the 1962-1963 fiscal year which were paid from 1963-1964 funds. We suggest that department personnel take steps to insure that proper dates are observed as to fiscal periods relative to receiving moneys and making expenditures.

6. Office Holding Accounts

During our reconciliation of the well-driller's licenses issued for moneys received, we found that in one instance, the receipt was posted to the well-driller's license fund but the money was deposited to the engineer's fund. Since the funds were in balance after this error, we must surmise that the office holding account was in error and that this account was presumably forced to come out to the book figures. Although agency personnel maintain that the office holding account is reconciled each month to the number of temporary receipts on hand, from the foregoing discussion it can be assumed that this is not being done since the error stated above would have been caught upon proper reconciliation. We found that temporary receipts are not kept by the department, thereby making the reconciliation of prior periods impossible.

We wish to recommend that the department look into the possibility of consolidating temporary and permanent receipts into one receipt which can be used as the document of original entry, thereby eliminating one step in recording receipts and preventing errors of this type in the future. If

this is not feasible, the department should look into the possibility of making the temporary receipts the controlling documents.

7. Accounting and Procedures Manual

It was determined that the department does not have a formal accounting and procedures manual. With the great increase in the work load and the related increased number of funds for which the department is responsible, we feel that such a manual is mandatory for an agency of this size and complexity. The manual would be invaluable in outlining procedures to be followed for each fund in case the department's accountant became incapacitated due to illness or accident. The manual would also serve as an effective management tool, training guide, bring about greater consistency in accounts and transactions, and serve as a guide for interested outside parties.

We therefore recommend that the department take steps to obtain and maintain an up to date accounting and procedures manual as soon as possible.

8. State Park System Accounting Records

By action of the 51st Legislature, the park system became a division of the Department of Conservation and Natural Resources in July of 1963. Since that time, there has been a duplication of accounting records by state park system personnel and the department's accounting section.

We suggest that park division personnel and a representative of the department's accounting section conduct a study of the accounting records kept by the park system in order to eliminate any duplicate records which are not needed.

9. Well Driller's Logs

NRS 534.170 requires the office of the state engineer to compile well logs and to make periodic inspections of wells to insure that they are in

compliance with the amounts authorized by the division of water resources. It was found that field inspections of wells is very limited in the northern area of the state. The division of water resources states that they have insufficient personnel to inspect wells periodically, except in the Las Vegas area where two engineers survey wells to insure that the water users do not pump more water than they are allocated.

We recommend that the division take steps to acquire an outside inspector or have water commissioners now employed check on wells. The penalty provisions outlined in NRS 534.190 should also be sought whenever a water user refuses to comply with Chapter 534 or when division personnel find a water user pumping more water than is allocated under the appropriation permit.

10. Township Plats

NRS 321.040 directs the land register to procure from the BLM a copy of each township plat of public surveys now approved. We found that the BLM has 3,200 approved township plats of which the state land register does not have 817 on file.

The maps on file in the land register's office are, mainly, the original maps, some of them dating back to the 1880's. These plats are in use by other departments in the state for reference use and are subject to considerable wear and tear.

Since, in accordance with NRS 321.040, a complete set of township plats must be on file in the land register's office, we recommend that a complete set be procured from the BLM. It was found that the BLM would supply plats at a maximum price of \$.50 per map. With a substantial number of plats purchased it is conceivable that the plats could be purchased at

greatly reduced prices. The old plats presently in use might be given to the Nevada Historical Society to be used as historical documents. In addition to this, we wish to recommend that certain records which cannot be replaced or reproduced be microfilmed, with the films stored in a separate location.

11. Sale of Bulletins and Laws

The department is authorized by NRS 232.075 to make a nominal charge for any books or reports distributed by it. The department does make sales of booklets, reports and applicable laws. Not all reports are sold, however; many are given away to libraries, universities and federal agencies which request them.

A review of internal control procedures utilized in the sale of bulletins revealed that there is a definite need for strengthening these procedures to insure against possible losses or defalcations.

Each division handles the sale of bulletins and laws under its jurisdiction and issues receipts for moneys received. An attempt was made to reconcile receipts issued to money deposited; however, this was impossible since each person making a sale had a receipt book. In addition, the receipt books were not used in consecutive order and we found quite a few numbers missing. An analysis of 350 receipt numbers to be accounted for revealed that 138 were missing and presumably used. In addition, one unused receipt number had the original copy missing with only the duplicate in the book.

A check of the safe revealed that there was a \$1.00 bill with the receipt dated May, 1964 and a \$2.00 check with a receipt dated September, 1964. These were finally deposited on February 13, 1965.

In addition, it appears that money received from sale of bulletins is not deposited intact to the general fund as specified by NRS 232.075. It was noticed that a check for \$53.60 was written from the state engineer's revolving fund to the state treasury which suggests that funds received from the sale of bulletins is being put into the revolving fund instead of the general fund, as required by law.

It appears that no written records of bulletin and law sales are kept by the department. When the money is deposited to the general fund the letter of transmittal serves as the only written evidence. In the fiscal year ended June 30, 1964, sales of bulletins and laws were approximately \$386.00. In view of all the problems of internal control outlined above and since the department does give away quite a few reports, we recommend that the department give all reports away and eliminate the bookkeeping involved in addition to the time involved in preparing receipts and writing answers to persons who inquire as to the price of the reports. If the department does not want to give away all reports, bulletins and laws, we would like to recommend that strict inventory controls be put on all reports made by the department. We also suggest that written records be kept of the various sales in order to reconcile them to the moneys received and deposited in the general fund.

12. Forester-Firewarden Revolving Fund

The state forester firewarden is authorized to acquire a revolving fund to be deposited in a bank of reputable standing by NRS 472.045. The only expenditures to be paid from the revolving fund are temporary labor hired for fire fighting purposes and other obligations connected with fire fighting operations.

An analysis of expenditures through the fund showed that \$12,077.91 was paid to individuals for direct fire fighting operations. It was determined that the forester firewarden does not deduct federal withholding taxes from wages paid temporary employees hired for fire fighting purposes. A thorough search of the Internal Revenue Code disclosed that Section 3121 exempts employers of fire fighters from withholding FICA taxes. However, Section 3402 specifically requires every employer to withhold income taxes on all employees regardless of amounts earned or the number of days worked.

Since severe penalties can be imposed on employers who do not withhold income taxes from their employees, we recommend that the division of forestry commence withholding on all temporary labor hired for fire fighting or other emergency purposes as required by Section 3402 of the Internal Revenue Code, or get a letter from the Internal Revenue Service specifically exempting them from such practice.

During our review of the revolving fund, we noted that 513 checks were drawn against the fund during the year. Since most of these checks were paid to individuals, we recommend that the division acquire a check protector machine to prevent any alterations of checks.

13. State Flood Repair and Disaster Relief Fund

NRS 543.150 authorizes the director to make loans to any governmental subdivision whenever the water distribution system under the subdivision's jurisdiction has been damaged by flood or other act of God. One of the conditions to be met in qualifying for such loans must be a "lack of water service and a threat to public health because of the emergency condition resulting from a water shortage . . ."

Under the provisions noted above, an emergency loan was made to the Overton Water District and the Moapa Valley Water Company, as guarantor, under the following conditions:

The loan must be repaid within a period of 20 years with payments to start within 5 years or 1968. In addition, no interest is to be charged under the loan agreement.

The moneys so loaned will be deposited in a revolving trust fund in a Las Vegas bank in sums not to exceed \$5,000 per deposit. Upon receipt by the director of verified vouchers showing in detail the expenditure of the \$5,000 for the purpose of rehabilitating the pipe line from the source of water to Overton, the director will take necessary steps to advance a further sum of \$5,000 to the account of the water district. The same voucher procedure and replenishment of the fund shall be followed until the full sum of \$50,000 has been loaned to the district.

A further provision stipulates that the district agrees that no moneys loaned to it under the agreement will be used to pay any outstanding indebtedness it may now owe as a result of any prior commitments on its water system.

A thorough review of correspondence and other related data revealed that the department and Overton Water District have complied with all the provisions of NRS 543.150.

However, the department sent a warrant for \$10,000 to the revolving trust fund in direct contradiction of Section 4 of the contract. We recommend that in the future, the department adhere to the provisions contained in its contract for the protection of all funds under its jurisdiction.

14. Flood Control Revolving Fund

Under the provisions of NRS 543.040, the department has set up a fund known as the Truckee River Flood Control Fund. This is a misnomer as the true name of this fund should be flood control revolving fund. We recommend the fund name be changed to reflect the statutory name as set forth in NRS 543.040.

In reviewing the contracts for loans made to other governmental subdivisions under the provisions of NRS 543.090 to 543.140, it was noted that two loans were made from the flood control revolving fund. A \$50,000 loan was made to the Clark county water conservation and flood control district (paid in full), and a \$5,000 loan was made to the Elko county fair and recreation board to initiate a flood control study on the Humboldt River. NRS 543.100 stipulates that the loans must be approved by the governor and state board of finance. No such approval was obtained on the contract held in the department's office.

It is recommended that in the future, approval be secured on the original documents to insure compliance with NRS 543.100.

15. Forest Protection Fund

The state forester firewarden is authorized to enter into any contracts which are necessary to promote fire protection and forest management of any forests or other lands under the state's jurisdiction. NRS 472.050 stipulates that all funds received from such agreements will be deposited in the Forest Protection Fund in the state treasury.

An analysis of the above-mentioned fund revealed that in addition to moneys received from the federal government for forest protection and forest management, funds received for the reforestation fund as stipulated in NRS 528.100 are being deposited in the forest protection fund.

It is recommended that all funds received by the forester firewarden for reforestation projects be put into a special fund as required by NRS 528.100.

The federal government allocates a flat sum for forest protection, management, and reforestation each year under the various agreements. For the fiscal year ended June 30, 1964, a total of \$70,100.00 was

allocated to the state. Of this amount, \$52,100 was for fire suppression work, \$10,000 was for cooperative forest management practices and \$8,000 was expended for reforestation purposes.

Due to the inherent weakness of the state's accounting system, whenever the division of forestry makes purchases of supplies and equipment from the federal government which are not paid by state warrant, with receipt of federal allotments, amounts are correspondingly understated by the amount of such supplies and equipment. The expenditures of the division of forestry were also understated by the same amount. Thus, there was no evidence in the accounting records of such supplies being purchased. In the year under review, this amounted to \$2,424.64.

Until such time as the state controller sets up an accrual method of accounting, we recommend that the division of forestry account for such purchases in its own books to properly reflect all revenues and expenditures.

16. Well Drillers License Fees

NRS 534.140 specified that every well driller before engaging in the physical drilling of a well for development of water must annually make application for a license to drill. This section also stipulates that all licenses will expire on June 30 of each year. Furthermore, the department has adopted rules and regulations stating that any licenses not renewed as of June 30 of each year will be treated as new applications for licenses and not as renewals and each such late application will pay the \$25 fee instead of the \$10 renewal fee.

An analysis of licenses at the start of the fiscal year revealed that 18 licensees had not renewed their licenses before June 30, 1963. These should have been treated as new license applications and the \$25

fee collected instead of the \$10 renewal fee actually collected by the department.

Six licensees were found to have been late in submitting their renewal applications on June 30, 1964. Again, the department did not collect the \$25 new application fee as required per department regulation.

We recommend that the department abide by NRS 534.140 and its own rules and regulations concerning licensing of well-drillers. Whenever a licensee is late in applying for renewal, we recommend that the \$25 fee be assessed instead of the \$10 fee required in the past.

17. Weather Modification Fund

NRS 544.110 authorizes the department to set up a fund, to be known as the weather modification fund for receipts of any funds available from federal grants or appropriations, private gifts, donations or bequests, or from any other source. In addition, chapter 322, Statutes of Nevada 1961, authorized an appropriation of \$40,000 for 2 years to carry out a weather modification research program scheduled to last at least 5 years.

The department apparently got the funds mixed up since the appropriation was put into the weather modification fund and money received from permit fees of firms engaged in weather modification research as authorized in NRS 544.200 was deposited in the weather research fund.

We recommend that the fund names be changed and receipts and permit fees be deposited in the weather modification fund in accordance with NRS 544.110.

NRS 544.150 specifies the conditions for issuance of permits;

one of which requires the applicant to furnish proof of financial responsibility as provided in NRS 544.190, in an amount not to exceed \$20,000. NRS 544.190 stipulates that proof of financial responsibility must show ability to respond in damages for liability which might occur from his weather modification and control activities in connection with the operation for which he seeks a license.

In reviewing the insurance policy submitted by the licensee as proof of financial responsibility it was noticed that there is a rider specifically excluding any resultant effects of weather modification.

We recommend that a new policy be obtained from the licensee which meets the requirements of NRS 544.150 and 544.190.

18. State Engineer's Revolving Fund

Under the authority of NRS 532.195, the state engineer is entitled to have a revolving fund not to exceed \$10,000, established out of fees received from applications for permits to appropriate water and from proofs of appropriation. This section of NRS also directs the state engineer to deposit the fund in one or more banks of reputable standing and to secure the deposit by depository bonds satisfactory to the state board of examiners.

The state engineer has established three bank accounts in two banks. The balance of the combined accounts at July 1, 1963 was \$16,440.31. On June 30, 1964, the balance in the accounts was \$12,760.32. Agency officials maintain that two of the bank accounts were intended to be one fund, and were split so that both accounts would have full coverage under the Federal Depository Insurance Corporation. The third bank account in the Las Vegas area was set up in order to facilitate receipting for fees collected in that area.

NRS 532.195 is very specific in limiting the amounts which are to be in a bank account. We therefore recommend that the department abolish two of the bank accounts and deposit all funds in excess of \$10,000 in the state treasury in compliance with NRS 532.195.

An analysis of the fund balances as of June 30, 1964 indicated that only \$5,658.41 of the total \$12,760.32 was comprised of the fees stipulated in subsection 1 of NRS 532.195: applications for permits to appropriate water and proofs of appropriation. Money being held in trust by the department for pending publication expenditures, unfilled certificates of appropriation, and excess fees collected (not yet returned), amounted to \$6,652.04. The blueprint fund had \$70.87 in the bank account as of June 30, 1964. In addition, \$379.00 was deposited but remained unallocated pending action by department personnel at which time allocation to the proper account would be made.

As mentioned above, it appears that, although the agency is acting in good faith, they have either created two unauthorized bank accounts or have been operating the authorized fund in violation of NRS 532.195. Furthermore, subsection 2 of NRS 532.195 states, ". . . all bills or demands paid from the fund shall, after payment thereof, be passed upon by the state board of examiners, the state controller shall draw his warrant for the amount of such claim or claims in favor of the state engineers revolving fund to be paid to the order of the state engineer, and the state treasurer shall pay the same." A total of \$40,226.60 was paid from the accounts during the fiscal year ended June 30, 1964, but claims sent to the board of examiners for approval for reimbursement amounted to only \$254.25. Thus it can be seen that the department is not in compliance with the above-quoted statute.

In addition to the above-quoted section, NRS 533.360, subsection 2 states in part, ". . . but if the application is cancelled for any reason before it is published, the \$15.00 fee collected for publication shall be returned by the state engineer to the applicant." NRS 533.435, subsection 4, requires that, "If, after exercise of due diligence, the state engineer is unable to refund such moneys to the person who paid the same, he shall pay such money into the general fund in the state treasury."

Since publication fees amounted to \$9,134.94 on July 1, 1963, and were \$5,869.94 on June 30, 1964, we felt that there might have been unpublished application fees collected which were never reimbursed as required. Therefore, an analysis was made of all unpublished applications on hand as of January 31, 1965. Our analysis disclosed that of the \$4,608.94 on hand January 31, 1965, in the publication fund, only 135 current unpublished applications at \$15.00 each could be accounted for in the amount of \$2,025. This left \$2,583.94 which could not be identified with any application, and which should have been deposited in the general fund in accordance with NRS 533.435, subsection 4.

We recommend that department personnel initiate a study of all unpublished applications and efforts be made to contact applicants who are entitled to refunds. In cases where attempts to contact applicants fail, we suggest that the funds be transferred to the general fund as specified by statute.

19. Sale of Trees

The division of forestry is authorized to enter into cooperative agreements with other agencies to insure reforestation of Nevada's

forests. In addition, NRS 528.105 authorizes the division to sell trees at cost for wind-break purposes.

For the year ended June 30, 1964, the division sold \$6,085.72 worth of trees. In accordance with NRS 528.100 there should be a special fund set up to account for revenues and expenses of the nursery.

In accounting for receipts for the sale of trees, it was noticed that the division does not have prenumbered receipts. We also found receipts written in pencil instead of ink. Investigation revealed that the person responsible for filling the tree orders does not keep a record of applications received. When the application is received in the division's office, it is sent back to the Carson City office where it is filed for future reference.

We recommend that prenumbered receipts be used to account for all tree sales. We also recommend that all receipts be written in ink. If at all possible, the nurserymen should have duplicate copies of all applications filed in order to insure better control of funds received and for the protection of employees handling cash.

20. Oil Producers Tax

NRS 522.150 requires all producers of oil and/or natural gas to pay an extraction tax on the oil and/or natural gas produced and marketed by the producer. During the year under review, the state received \$756.42 in taxes from this source.

The instructions on the tax returns specify that a copy of the return together with the check go directly to the state treasury. This is not being done presently since the producers send the money to the department of conservation which then deposits the money in the treasury.

We recommend that the oil and gas conservation committee of the department of conservation either revise the tax return or remind the producers of the correct procedures to be followed in remitting tax moneys to the state and require them to follow the procedures outlined in the tax returns.

In reviewing the bonds which producers must post before drilling to insure that the wells will be plugged or capped if abandoned or depleted, it was noticed that a \$2,500 bond must be posted for drilling one well and a \$10,000 bond be posted for drilling two or more wells. It was brought to the attention of the auditors that one driller had 13 wells which had been abandoned and none had been plugged or capped as required by the oil and gas committees regulations and NRS 522.040.

We recommend that the oil and gas committee take steps to have the abandoned wells capped with the \$10,000 bond posted for this purpose. However, we recognize that in all probability, the \$10,000 bond will be inadequate to plug all 13 wells safely. Therefore, we recommend that the oil and gas committee amend their regulations and have a sliding scale or limit on the number of wells that can be drilled before posting additional bonds to insure that sufficient funds are available to enforce NRS 522.040.

In addition, the committee should take steps to insure that abandoned wells have been capped before issuing a drillers permit to the well driller in another area of the state.

21. Adjudication Emergency Fund

The adjudication emergency fund of \$6,000 was established by statute in 1925 to advance and pay advertising costs involved in adjudicating the various streams in the state. An analysis of the

fund as of June 20, 1964 disclosed that \$1,113.16 in unreimbursed expenses had been advanced from the fund. Further checks revealed that \$456.22 of the above costs were incurred in adjudication proceedings dating back to 1936. The identity of the expenses has been lost through the years, and in all probability will never be recovered.

Since NRS 533.190 requires that the court assess the final costs and adjudge the same against any or all parties to the adjudication, and because some of the adjudication proceedings never get to the courts, it is possible that the state will advance moneys for publications and advertising which will never be recovered. Therefore, we suggest that NRS 533.190 be amended to give the department of conservation and natural resources the authority to collect funds in advance and place these in trust in order that all moneys advanced by the state will be reimbursed regardless if adjudications go into court or not.

22. Water Rights Surveyors

A review of registered water rights surveyors for compliance with NRS 533.080 was included in our audit procedures. It disclosed that some of the older permits, dating back to 1921 in some cases, did not have bonds and other information kept up to date. It could not be determined whether bonds were still in effect as dates were missing on some of them. Even newer permits did not, in most cases, show this information. It was also noticed that personal bonds were in the files instead of having bonding company surety bonds.

It is recommended that NRS 533.080 be amended to include a provision for securing the bonds from approved bonding companies. It

is further recommended that steps be taken to bring the files up to date and all bond information be shown in the applicant's file with particular attention being paid to expiration dates of the bonds.

An apparent conflict of the law was noted concerning water rights surveyors. NRS 533.080 states that, "1. All maps, surveys and measurements of water required under the provisions of this chapter shall be made by a state water right surveyor. No survey, map or measurement of flow of water shall be approved by the state engineer unless such survey is made by a state water right surveyor."

Under NRS 533.400 upon filing of a certificate of proof of beneficial use, section 8 states, "An actual measurement (taken by some competent person, giving the name of the person) of the water diverted for such use" In addition, section 13 reads in part, "The amount of water beneficially used, taken from actual measurements by some competent person, naming the person"

It is our contention that the above quoted sections of NRS are in conflict since NRS 533.080 very clearly specifies that only a state water right surveyor's measurement shall be approved by the state engineer for any of the provisions of chapter 533. Therefore, we recommend that sections 8 and 13 of NRS 533.400 be amended to conform to NRS 533.080.

23. Honor Camp Fund

Operation of two honor camps under the direction and supervision of the division of forestry is authorized by NRS 209.196. Section 2 of NRS 209.196 states, "Any moneys received from the operation of any honor camp established pursuant to the provisions of this chapter, to the extent that such moneys are not used for the operation of any

such camp, shall be placed in the honor camp fund."

During the fiscal year 1963-1964, \$29,712.49 was earned from projects. Of this amount, \$20,000 was transferred to the forest protection fund.

Expenditures from the honor camp fund during 1963-1964 were \$13,767.33. Of this amount, 80.3% or \$11,058.92 was expended for building maintenance. The balance expended, \$2,708.81 was for other items some of which had no direct relationship with building renovation or repair. For example, \$1,335.58 was spent for equipment which included, among other things, an upright freezer and a gas range costing \$993.48.

The \$20,000 deposited in the state treasury and credited to the division of forestry fund was a part of its appropriation budget as determined by the legislature. NRS 209.196, section 2 stipulates that moneys received are to be used for operations of the camp with excess money to be deposited to the honor camp fund. An analysis was attempted, disregarding expenditures from the honor camp fund, to determine if the \$20,000 was in fact used for operation of the honor camps. However, the division of forestry records expenses by districts instead of facilities, thereby making a meaningful determination very difficult, if not impossible. It was found that salaries were expended from the division of forestry fund for three employees of the division in the amount of \$20,302. There was \$10,739.25 paid to inmates who worked at the honor camps. This amount was paid out of the \$20,000 transferred to the division of forestry fund.

If we assume that moneys expended for salaries to division of forestry employees and inmates are chargeable costs of operating

the honor camps, then it would appear that no funds should have been placed in the honor camp fund since the fund would have a deficit balance of approximately \$15,096.49, for the fiscal year ended June 30, 1964, computed as follows:

<u>Receipts</u>		\$29,712.49
<u>Expenditures</u>		
Salaries	\$31,041.25	
Operating*	12,432.15	
Equipment	<u>1,335.58</u>	<u>44,808.98</u>
Excess of Expenditures Over Receipts		<u>(\$15,096.49)</u>

*This does not include utilities, heat, telephone and transportation expenses all of which are paid by the prison.

It is felt that legislative action is necessary to clarify Section 2 of NRS 209.196 or no moneys will ever accrue to the honor camp fund. We also would like to point out that the honor camps do not appear to be paying their way, and recommend that prison and forestry officials look into the possibility of increasing the rates they charge other agencies and private individuals for inmate's labor.

24. Forest Pest Control Fund

NRS 527.230 requires that state forester firewarden to deposit all moneys received for the eradication and control of forest insect pests in a trust fund known as the forest pest control fund. It was ascertained that inmate labor from the honor camp has been used to control and destroy forest pests on private land at the request of the owners. The money earned by the inmates has been deposited in the division of forestry's operating fund until the \$20,000 mentioned in the honor camp section has been reached.

Thereafter, moneys earned by the inmates working on pest control activities are deposited in the honor camp fund.

In view of the fact that NRS 527.230 makes it mandatory that all moneys earned through pest control activities be deposited in the forest pest control fund, and because of the vague language used in section 2 of NRS 209.196, it is recommended that the division of forestry start keeping accurate job records of all inmate labor and any money received from insect control activities be deposited in the forest pest control fund as required by NRS 527.230.

25. Radioactive Materials Disposal Funds

Under the authority of chapter 374, Statutes of Nevada, 1961, the department was authorized to acquire certain lands in Nye County, for the purpose of leasing such lands for the disposal of radioactive materials.

Section 5 of this chapter authorizes the department to deposit funds received from leases or other agreements in the radioactive materials disposal fund until the amount remaining in the fund is, in the opinion of the director and the governor, sufficient to accomplish the purposes of the act. All such moneys received in excess of such amount shall be deposited in the general fund. Moneys in the radioactive materials disposal fund shall be used to pay for any expenses incurred by the department in carrying out the provisions of the act, including the costs of providing such protection at the termination of any lease as may be necessary in the interests of public health and welfare.

The department entered into a 99 year lease with a private corporation and received \$50,000 as advance payment for burying one

million cubic feet of atomic waste at \$.05 per cubic foot. Under the terms of the lease, the corporation was to obtain one million dollar insurance policy for nuclear hazards. In addition, if economically feasible, the corporation was to acquire a \$250,000 surety bond to insure continued protection at the burial site should the lessee abandon the site for any reason whatsoever and the department of conservation and natural resources had to assume responsibility for guarding and maintaining the site.

In any case, the \$50,000 advance payment was to be used for paying expenses had the department been forced to take over operation of the burial site and the \$250,000 bond had not been acquired by the lessee.

Section 5, Chapter 374, Statutes of Nevada, 1961, was amended in the 52nd session of the Legislature by Chapter 443, Statutes of Nevada, 1963. This amendment gave the director of the department the authority to request the state board of finance to invest moneys in the fund in excess of \$5,000 in short term securities.

In accordance with the 1963 amendment, the department invested \$44,000 of the \$50,000 advance payment in short term government securities. In addition, the fund had \$7,507.40 on deposit at the state treasury as of June 30, 1964.

We feel that the state treasurer could better invest the money in the fund in long-term securities, at a higher rate of return, than is currently being obtained by the department. In addition, if the lessee abandoned the site for any reason and the department had to take over maintenance and upkeep of the grounds, we feel that

the balance on deposit of \$7,507.40 could be utilized to pay emergency expenses until a session of the legislature could appropriate funds for permanent maintenance and upkeep.

Therefore, we recommend that the \$44,000 presently invested in short-term securities be deposited in the general fund in accordance with section 5, chapter 374, Statutes of Nevada, 1961.

Under the terms of the contract, the lessee was to acquire the one million dollar insurance policy against nuclear hazards. Upon reading the certificate of insurance, it was noted that the amount of insurance in force was \$500,000.

We recommend that the department contact the lessee and instruct them to get adequate coverage as required by the terms of the contract.

26. Water Distribution Fund

Under the provisions of NRS 533.290 and 533.295, the department has the authority to set up certain funds for the purpose of paying expenses incurred in the administration of all adjudicated stream systems in the state. Furthermore, each stream system must be set up as a separate fund and moneys budgeted and collected from that stream system must be used exclusively for paying expenses of that stream system and no other.

The statutes further provide that proper provisions for allocation of receipts and expenditures must be kept by the department. During our examination of expenditures from the eleven funds currently in use, it was noted that the methods used in accounting for incurrences and reimbursements of expenses were inadequate.

It was found that the largest water district, the Humboldt Water Distribution District, pays expenses of some of the smaller stream systems and is reimbursed by them periodically whenever they obtain funds. For example, the Humboldt district paid \$4,127.05 in expenses for six of the smaller districts and was later reimbursed for these payments.

An analysis of the above-mentioned amount disclosed that \$2,404.45 had been claimed as travel expense. The difference, \$1,345.45, was apparently reimbursement for salary costs paid by the Humboldt stream system although confirmation could not be made showing what these costs were. It appears that the Humboldt stream system kept expenses allocated on a sheet of paper in the Elko office and reimbursements were made by simply referring to previously paid claims and not to actual expenses incurred. This has now been corrected and a trip report form is now being used to allocate expenses to the various systems.

The remaining moneys reimbursed to the Humboldt Water District were from one steam system for expenses in the amount of \$1,722.60 incurred as far back as the 1961-1962 fiscal year. These were paid on April 23, 1964 with the explanation that the stream system previously had not been financially able to repay these costs. We were unable to determine what the expenses consisted of for this stream system since the claims could not be located.

In addition, a thorough search of the statutes did not disclose any provisions that would permit one stream to, in effect, loan money to another stream system. We also wish to point out that the Nevada Legislature specifically provided for just such situations

by authorizing the water distribution revolving fund. It appears that this fund has not been used as intended by the Legislature since no activity was recorded in the fund during the past three fiscal years.

We recommend that whenever the smaller stream systems do not have sufficient funds on hand to pay their expenses, the water distribution revolving fund be used. If this is not done, we then recommend that the \$30,000 in the fund be reverted to the general fund where it might be put to better use.

We also recommend that better cost allocations be made from the various funds in order to prevent occurrences of the nature described at the start of this section. This would also prevent overpayments of salaries by the state which properly should be charged to the stream system receiving the service.

27. Eldorado Valley Development Fund

NRS 321.460 states in part, "1. There is hereby created in the state treasury, for the use of the Colorado River Commission of Nevada in carrying out the provisions of NRS 321.390 to 321.470, inclusive, a trust fund to be known as the Eldorado Valley Development Fund."

Since the fund was created for the use of the Colorado River Commission and the only connection the department of conservation and natural resources has with this fund is the fact that the director is a member of the Colorado River Commission, we recommend that these sections of NRS be deleted from chapter 321, and be included in chapter 538, the chapter under which the Colorado River Commission operates.

28. Mohave Valley Development Fund

This fund was created under the same circumstances as the Eldorado Valley Development. Therefore, we recommend that NRS 321.480 to 321.536 be deleted from chapter 321 and be included in chapter 538.

June 3, 1965
Carson City, Nevada


Norman H. Terrell, C.P.A. *SB*
Fiscal Analyst

NOTE: At a meeting of the Fiscal Analyst and the Director of the Department of Conservation held June 16, 1965, agreement was reached on implementation of all foregoing recommendations not already instituted.

STATE OF NEVADA

NEVADA STATE LIBRARY

AUDIT REPORT

For the Fiscal Year Ended June 30, 1964

LEGISLATIVE COUNSEL BUREAU
NORMAN H. TERRELL, FISCAL ANALYST
Carson City, Nevada

Nevada Legislative Commission
Capitol Building
Carson City, Nevada

Gentlemen:

We have examined the accounts and records of the Nevada State Library for the fiscal year ended June 30, 1964, and have prepared therefrom the following attached exhibit.

Administration Fund
Statement of Basis for Appropriation and
Authorization Compared with Actual Receipts
and Expenditures for the Fiscal Year ended
June 30, 1964-----Exhibit A

Scope of the Examination

Although a detailed examination of all recorded transactions was not made, our examination was made in accordance with generally accepted auditing standards. It included test-checks, an analyses of the accounting records and other supporting documents to the extent which, in our opinion were adequate to satisfy ourselves of the general accuracy of the records.

A complete analysis of fines and fees collected for the period from July 1, 1961 through September 30, 1964, was made when an unaccounted-for cash shortage was discovered. No definite conclusion could be reached from the results of the analysis, as certain original receipt records had either been destroyed or lost, and records of cash expenditures were non-existent.

Opinion

We have examined the statement of Receipts and Expenditures of the Nevada State Library for the year ending June 30, 1964. Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying statement of Receipts and Expenditures presents fairly the results of the operation of the Nevada State Library for the year ended June 30, 1964, with the exception of the accounting for revenue received from fines and fees and cash disbursed therefrom for miscellaneous expenditures.

Carson City, Nevada
June 28, 1965

Norman H. Terrell
Norman H. Terrell, C.P.A.
Fiscal Analyst *for*

NEVADA STATE LIBRARY
ADMINISTRATION FUND
STATEMENT OF BASIS FOR APPROPRIATION AND AUTHORIZATION
COMPARED TO ACTUAL RECEIPTS AND EXPENDITURES
For the Fiscal Year Ended June 30, 1964

	<u>Work Program</u>	<u>Basis for Approp. & Author.</u>	<u>Actual Receipts & Expend.</u>	<u>Over/ (Under) Approp. & Author.</u>
<u>Receipts</u>				
G.F. Appropriation	\$177,970.00	\$177,970.00	\$177,970.00	--
Federal Subven.	48,300.00	48,300.00	48,282.00	\$ (18.00)
County Subven.	3,435.00	3,435.00	4,659.00	1,224.00
Augmen. from Ormsby Co. & Carson City	3,000.00	--	2,250.00	2,250.00
Fines & Fees	1,200.00	1,200.00	991.96	(208.04)
Salary Adjust. Fund	9,131.00	8,131.00	8,131.00	--
Group Ins. Fund	828.00	828.00	828.00	--
Miscellaneous	--	--	3.60	3.60
Total Receipts	<u>\$243,864.00</u>	<u>\$239,864.00</u>	<u>\$243,115.56</u>	<u>\$ 3,251.56</u>
<u>Expenditures</u>				
Payroll Costs:				
Salaries	\$140,190.00	\$135,289.00	\$136,328.13	\$ 1,039.13
Industrial Ins.	940.00	826.00	782.81	(43.19)
Retirement Payments	7,981.00	7,399.00	7,664.41	265.41
Personnel Assess.	1,234.00	1,210.00	1,234.00	24.00
Group Insurance	828.00	828.00	651.00	(177.00)
Total	<u>\$151,173.00</u>	<u>\$145,552.00</u>	<u>\$146,660.35</u>	<u>\$ 1,108.35</u>
Travel:				
Out-of-State	\$ 800.00	\$ 800.00	\$ 799.79	\$ (.21)
In-State	4,000.00	4,000.00	4,409.63	409.63
Total	<u>\$ 4,800.00</u>	<u>\$ 4,800.00</u>	<u>\$ 5,209.42</u>	<u>\$ 409.42</u>
Operating:				
Office Supplies	\$ 2,357.00	\$ 2,500.00	\$ 2,902.69	\$ 402.69
Postage & Freight	1,500.00	1,500.00	1,409.16	(90.84)
Combined Telephone	2,040.00	2,040.00	2,838.81	798.81
Combined Printing	1,100.00	1,100.00	1,077.24	(22.76)
Subscrip. & Refer. Manuals	--	--	267.17	267.17
Dues & Registration	550.00	550.00	588.00	38.00
Ins. & Bond Prem.	230.00	230.00	190.17	(39.83)
Office Equip. Repairs	384.00	384.00	654.17	270.17
Equipment Rent	50.00	50.00	50.00	--
Books, Public	13,197.00	14,000.00	14,005.41	5.41
Books, Govern.	4,000.00	4,000.00	2,927.01	(1,072.99)
Books, Law	12,500.00	12,500.00	12,524.39	24.39
Processing Supplies	3,700.00	4,000.00	2,547.75	(1,452.25)

Microfilm and				
Microprint	\$ 4,000.00	\$ 4,000.00	\$ 5,368.47	\$ 1,368.47
Film	500.00	500.00	161.00	(339.00)
Binding & Clipping	1,125.00	1,500.00	1,120.55	(379.45)
Prisoners' Meals	850.00	850.00	1,614.60	764.60
Advertising	--	--	36.60	36.60
Medical Supplies	--	--	16.26	16.26
Miscellaneous	100.00	100.00	4.73	(95.27)
Total	<u>\$ 48,183.00</u>	<u>\$ 49,804.00</u>	<u>\$ 50,304.18</u>	<u>\$ 500.18</u>
Equipment:				
Office Furniture	\$ 472.00	\$ 472.00	\$ 210.77	\$ (261.23)
Office Equipment	1,218.00	1,218.00	4,544.67	3,326.67
Other Furn. & Equip.	8,018.00	8,018.00	2,573.18	(5,444.82)
Total	<u>\$ 9,708.00</u>	<u>\$ 9,708.00</u>	<u>\$ 7,328.62</u>	<u>\$ (2,379.38)</u>
Other:				
Library Payment	<u>\$ 30,000.00</u>	<u>\$ 30,000.00</u>	<u>\$ 29,999.58</u>	<u>\$ (.42)</u>
Total Expenditures	<u>\$243,864.00</u>	<u>\$239,864.00</u>	<u>\$239,502.15</u>	<u>\$ (361.85)</u>
Reverted to the General Fund			<u>\$ 3,613.41</u>	

NEVADA STATE LIBRARY

SUPPLEMENTAL LETTER

For the Fiscal Year Ended June 30, 1964

1. Internal Control Evaluation

NRS 378.110 provides that money collected by the state librarian from fines shall be deposited in the appropriated fund of the state library, and may be credited to those budgeted items as may be designated by the state librarian.

An analysis of fines and fees collected by the state library from available records for the period from July 1, 1961 through September 30, 1964, reveals an unaccountable cash shortage of \$987.46.

Agency personnel allege that expenditures were made from cash on hand in addition to those recorded expenditures found by the auditors. However, no records giving dates, amounts, or purpose of these cash payments were kept by the agency, making it impossible for the auditors to reconcile the fund.

All original daily receipt records were missing for dates prior to November 1, 1962.

Pursuant to subsection 1 of NRS 218.880, the Governor, Legislative Counsel, and department head were notified of evidence of improper practices of financial administration or inadequacy of fiscal records.

Internal control was found to be inadequate and it is recommended that the state librarian initiate immediate controls and procedures to insure that all receipts and refunds of cash are properly recorded and accounted for; and that all deposits to the state treasurer be made intact. The fines and fees should be counted and reconciled daily by office

personnel, which includes a person from the reader services division. Permanent records of all transactions should be retained by each. All remittances received by mail in the administrative office for lost book payments, overdue fines, etc., should be reported to the reader services division and included in the daily receipt records.

It was found during the audit that checks for lost books, reimbursements and other fees were received and deposited with the state treasurer, but many were not recorded on the daily receipt records.

Prenumbered receipts should be utilized, and signed copies of such should be obtained and retained for each refund made. It is recommended that the statutes be amended to provide a petty cash fund for the state library as it was found that some publishers require that orders, for inexpensive pamphlets and documents, be accompanied with advance payment.

The state librarian is presently the only person on the library staff that is bonded. It is recommended that in the interest of good business practices, and for the protection of state property that consideration be given to obtaining a blanket bond to cover all employees.

2. Books and Records

A bound ledger is maintained to record expenditures of appropriated and authorized funds. Expenditures are recorded in total in one section of the ledger with category and expense item breakdown. Another section of the ledger is used to record applicable federal and state matching expenditures by project with category expense breakdown only. Four projects are involved and require the use of seven separate ledger sheets to satisfy federal requirements.

The ledger is well kept and easy to follow; however, considerable duplication is necessary to provide required information of this combined federal-state program.

It is recommended that the state librarian consider the possible use of one of the pegboard systems available. Many of these systems are quite flexible, and if careful and imaginative installation methods are employed, duplication can be greatly reduced, time saved, arithmetical correctness assured and the desired information easily obtained. Help in setting up any system should be obtained from the Department of Administration.

It was noted that the attendance cards of four employees could not be located for the 1963 calendar year. It is recommended that all records of such a nature be properly filed and kept in a storage unit until permission from the board of examiners is granted to destroy such records.

3. Outside Purchase of Office Supplies

An analysis of office supplies purchased by the state library revealed that of \$2,902.69 expended for office supplies, \$2,390.34 or 82.4% were purchased from sources other than the state purchasing division during the 1963-1964 fiscal year.

It is recommended that in the future all office supplies wherever practicable be acquired through the state purchasing division.

4. Purchasing and Receiving Procedures

The methods and forms used to order and receive library material was found to be inadequate and a revision should be considered. The technical processes division which is responsible for all acquisitions except law material, was found to have a number of inadequacies.

The form now in use to order and receive material is primarily a cataloging and processing document rather than a purchase order. The form is not numbered, making it difficult to identify or reference an order except by date or name of book or publication. A copy of the order form is placed in a received file when material is received and the invoice is

marked "received" and sent to the accounting office for payment. Without proper referencing, it is possible that duplicate payments could be made to vendors from subsequent copies of invoices sent by them.

The office manager stated that duplicate payments were a problem, and nine duplicate payments were found during the audit involving book purchases.

It is recommended that the library consider the possible use of pre-numbered purchase orders to help eliminate the above-mentioned problem, and also as a method of encumbering its obligations to avoid any overspending, especially in the operating category.

It was observed that the library was authorized to spend \$53,384.00 in the operating category for the 1962-1963 fiscal year. The actual expenditures in this category for that period amounted to \$53,381.89; however, it was found that sixteen invoices amounting to \$851.21 for books purchased in the 1962-1963 period were paid from 1963-1964 funds. It was also observed that the library over-expended in its operating category for the 1963-1964 period by \$500.18.

It is felt that if the library was cognizant of the amount of its unpaid obligations at any given time, its acquisition program would be greatly enhanced, as well as minimizing the possibility of overspending its budget.

5. Control of Loaned Books and Material

All books loaned, except from the law library, are processed through the library charging machine in the reader services division on a library card. This applies whether the borrower be an individual, a school, another library, or an institution. It appears that the reader services division has adequate control of the physical location of its books.

Material loaned by the law library is done so entirely by the honor system. Some local attorneys have keys and can gain access to the library at any time to research or borrow library material.

The law librarian stated that this arrangement works very well and that no more than three or four books have had to be replaced because of loss since his employment in July of 1963. Four missing books inquiry markers were observed on the shelves by the auditors during this audit, indicating that some law books are being taken out of the library without the borrower being known.

It is felt that no book should be taken from the library without full knowledge and consent of the librarian in charge, nor should any person be allowed in the library without library personnel being in attendance. The practice of allowing certain people to have keys is particularly dangerous in that a person might, inadvertently, forget to lock the door upon departing leaving the entire library at the mercy of thieves or vandals. It might be argued that this possibility is remote because of the close proximity of the library to the police station; however, it should be pointed out that a burglary did occur at the library in May of 1960.

6. Lost Books

Individuals are charged acquisition cost for lost books. A series of notices are sent to individuals when books become overdue. If these notices fail to get results, the state librarian attempts to contact the person directly. If the above-mentioned steps fail to achieve results, no further action is generally taken.

Information taken from library statistics reveal that a total of 205 books were lost and never returned during the 1963-1964 fiscal year. Of this total, 130 books having an acquisition cost of \$433.30, were not paid

for. NRS 379.160 provides for penalties upon conviction of persons willfully detaining material from any public library after 30 days written notice demanding the return of such material. Provisions of this statute have never been invoked by the library.

It is recommended that steps be taken in the future to invoke NRS 379.160 when repeated efforts to collect have failed.

It might also be a good procedure to prepare a list of those persons owing for lost books and circulate same to all Nevada libraries in order that such libraries be forewarned and could concurrently suspend local library privileges.

7. Federal Funds

The state plan or agreement is the basic document governing library operations under the Federal-State program. One provision of the "Nevada Plan" appears to have been violated during the 1963-1964 fiscal year.

Part 2.7 of the Nevada Plan for the 1963-1964 fiscal year provides that "payments made to contracting libraries or library systems will be made to the appropriate finance officer of the designated library fund." One payment of \$360.00, charged to the Elko County Library System, was made payable to the librarian of that system for a salary increase, and several payments were made to various vendors in the amount of \$781.51 in behalf of and charged to the Mineral County Library. These amounts were not included as receipts or expenditures on either of the County Auditor's Annual Reports, nor did they appear on either libraries' quarterly report to the state library.

It is recommended that all future library payments be made directly to the county treasurer and allow the rural libraries to make disbursements in accordance with the provisions of the federal agreement.

NRS 378.100 provides in part, that federal funds shall be deposited in the state treasury in a fund to be known as the state library federal fund. It was found that the library deposits these federal funds into the library administrative fund along with other receipts.

It is recommended that the state librarian indicate on all deposit slips the fund to which receipts should be deposited, insuring that all federal moneys are deposited in accordance with NRS 378.100.

8. Town, Municipal and County Codes

Washoe County is the only county that has filed its code with the Nevada State Library in accordance with NRS 244.118. No amendments or extensions of the codes have been filed by any county as provided for by NRS 244.119.

The following cities have filed municipal codes with the state library in accordance with NRS 266.160: Elko, Fallon, Las Vegas, Reno, Sparks, and Winnemucca.

No town codes or extensions and amendments have been filed with the library as provided for in NRS 269.168 and NRS 269.169, respectively.

The state librarian instructed the law librarian to write to each of the cities and counties on April 26, 1965, to determine if any codes have been published which have not been filed with the state library.

9. Library Personnel Bank Accounts

Two bank accounts are maintained by and for library personnel for the following purposes: No. 1, to permit staff members to purchase books at a discount and, No. 2, to purchase flowers for the ill, or gifts for special occasions.

It is felt that the library staff's use of the state library's discount position to obtain material at a reduced price constitutes an

improper "fringe" benefit and it is recommended that the practice be terminated.

No conflict can be envisioned if library staff members, as individuals, desire to maintain a bank account for flower and gift purchases. However, such a bank account should be kept in the name of an individual or group of individuals as may be desired and not in the name of the state library. Furthermore, any such account should not be reflected in the books and records of the state library.

10. Improper Payments and Category Charges

The library had five typewriters under service agreement with IBM, during our audit period, yet two of five invoices paid to this firm included labor charges amounting to \$26.50. The machines on which labor was charged were listed in the service contract.

It is recommended that the state librarian contact the appropriate IBM representative and request a refund, and that all future invoices be carefully reviewed before payment is made.

An amount of \$277.20 chargeable to the operating category was improperly charged to the equipment category. A more careful screening of such claims should be made in the future before posting, in order to insure a correct financial picture and to maintain proper budget control.

Carson City, Nevada
June 25, 1965

Norman H. Terrell
Norman H. Terrell, C.P.A.
Fiscal Analyst

NOTE: A meeting between the State Librarian and the Fiscal Analyst was held July 2, 1965. The comments of the State Librarian are attached hereto.

NEVADA STATE LIBRARY
CARSON CITY, NEVADA

Mildred J. Heyer
State Librarian

July 6, 1965

Mr. Norman C. Terrell, CPA
Fiscal Analyst
Legislative Counsel Bureau
Carson City, Nevada

Dear Mr. Terrell:

Enclosed is a statement which I have prepared in response to the supplemental letter. Quite possible this should not all be included with the final report, but I did it largely as a matter of tracing through the areas in which the audit showed that we needed to reevaluate our procedures.

In almost every area, I do concur that the auditor found something remiss. I believe that the language used in the report implied more than is true or was necessarily intended. These areas are covered in the statement, or have been discussed with Mr. Seay.

Probably no agency finds an audit a pleasant experience, but it is important that it be an educational one. The State Library will be better and stronger for having had this audit and it will handle its business affairs more efficiently.

I appreciate the courtesies and consideration extended to the State Library and to me.

In the interest of brevity, I shall be glad to discuss with your staff areas in my statement which are more useful to me as an individual in assessing the changes needed in our library policies, and those areas which ought to remain in the final report.

I shall be back in the office on Monday, July 12;

Sincerely,

(Mrs.) Mildred J. Heyer
State Librarian

MJH:ed
Encl.

TRUE COPY

Nevada State Library
July 6, 1965

Statement on Audit Report

1. Internal Control Evaluation

The auditor has performed a real service to the Library in pointing out the deficiencies in controls over fines, fees, refund and expenditures which were handled in accordance with good library practice but not properly accounted for. The refunds and expenditures were made, as alleged.

All of the recommendations have been put into effect with the exception of bonding the ten or more employees who are in some way involved in these transactions. When the possibility of bonding was investigated, the numbers and changing personnel made it seem not feasible to either the Library or the Department of Administration. I believe that the controls established will be adequate, but I shall investigate again the possibility of bonding.

2. Books and Records

Any means of reducing the time spent on maintaining the business records of the Library and thereby releasing personnel to provide better library service should certainly be considered. I shall look forward to working with the Department of Administration to that end.

3. Outside Purchase of Office Supplies

Because the supplies used by libraries which can only be purchased through library supply firms, there was a tendency to purchase directly.

We have found that there are advantages to the Library, other than compliance, in following the proper procedure of using the services of the State Purchasing Division.

4. Purchasing and Receiving Procedures

Prenumbered order forms have been ordered from the State Printer. The Library now has a full staff in the technical processes division. Due to a national shortage of trained library personnel, the Library has had difficulty in recruiting and holding qualified personnel. The division in which acquisition falls has had four changes of directors in the years mentioned and protracted periods when the position was vacant. At times the director had to double in a second position, outside the division, because of other vacancies.

The Library's program of acquisition was in need of revamping and it is being done. Part of the overexpenditure in 1963-64 was due to the fact that the Library did not receive as much library income in that category as was originally budgeted.

5. Control of Loaned Books and Material

Perhaps it is a matter of semantics, but "no control is attempted" seems hardly applicable to a situation which has been a matter of serious concern to this Library for more than fifteen years. Control over library resources in the law library with approximately six possible entrances and exits including a self-service elevator stopping on both floors and extending to two floors below can only be maintained through some sort of "honor" system. All patrons of the law library

are adult, state personnel who use the collection almost daily and do much of their work there, and/or are respected members of the State Bar Association. The keys in question have not been issued by the Library, and it is most difficult to prevent the duplication of keys if that duplication is made from a key in the possession of someone who has a right to have access to the Library and Supreme Court Building which houses three agencies and branches of government. Keys are also in the hands of members of the Legislative Counsel Bureau who use the Library extensively.

I believe that we have good control. An attempt to institute conventional methods of a library checking system in this situation has great possibilities for drama but very little for the effective control.

6. Lost Books

If invoking NRS 379.180 is the answer to the universal problem of lost books, it certainly should be considered. Most states have such laws, seldom enforced. The statute serves a useful purpose in that a letter in which reference is made to it, brings many books back to the Library.

7. Federal Funds

1965 Statutes of Nevada, Chapter 345 (Uniform Budgeting and Auditing, A.B. 33) has corrected for the future the situation which led to this incident. Because the State budgeting act required that counties not spend unauthorized funds, the State library agency was unable to allot directly \$960 which we had budgeted in library payments. The libraries

had not included the amount in their budgets in time to secure authorization, although the funds were duly requested and approved by the library boards, as indicated in the LSA folders. Practices in the counties varied in respect to spending unauthorized gifts or grants received too late to be included in the budget document.

The Federal auditor was concerned about this transaction because the amounts were not reflected in expenditures by the county libraries even though the books and salary were received there. This seemed to be a satisfactory method of carrying out the intent of the Federal Library Services Act and of the Nevada Legislature which approved the payment of Federal grants to local libraries. The problems of bookkeeping and accounting were not traced through to the final tabulation and so this violation occurred. It should not arise again.

8. Town, Municipal and County Codes

The Library has made several attempts through the years to acquire the municipal and county codes both through routine requests and on occasions when the codes were needed for reference. The April 26 letter brought in a second copy of a code which the Library has and two copies of one other code. Apparently there is a matter of terminology involved and the librarian will pursue the request asking for copies of the compiled ordinances. Apparently some subdivisions are in the process of publishing codes or compiled ordinances and others have not yet published any.

9. Library Personnel Bank Accounts

The purchase of library books by staff members at library discounts is universal practice. If it is unethical in a state library situation, it is not sufficiently important to continue.

The social committee account maintained by NSL staff members will be deposited under a name or names not associated with "Library".

Neither of the above accounts are reflected in the books and records of the State Library.

10. Improper Payments and Categories

A refund will be requested on the labor charges improperly paid for services under contract to LBM. The improperly charged supplies were purchased with a piece of photocopying equipment and permitted a saving for discount on bulk. This should have been caught when the claim was prepared for payment.

STATE OF NEVADA

DIVISION OF BANKING

DEPARTMENT OF COMMERCE

For the Fiscal Year ended June 30, 1964

LEGISLATIVE COUNSEL BUREAU
NORMAN H. TERRELL, FISCAL ANALYST
Carson City, Nevada

Nevada Legislative Commission
Capitol Building
Carson City, Nevada

Gentlemen:

We have examined the accounts and records of the Division of Banking, Department of Commerce, for the fiscal year ended June 30, 1964, and have prepared therefrom the following exhibits:

Combined Statement of Financial
Condition for the Fiscal Year
ended June 30, 1964-----Exhibit A

Administrative Fund--
Statement of Basis for Appropriation
Compared with Actual Revenues and
Expenditures for the Fiscal Year
ended June 30, 1964-----Exhibit B

Scope of the Examination

Although we did not make a detailed examination of all recorded transactions, our examination was made in accordance with generally accepted auditing standards.

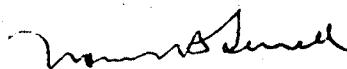
It included test-checks and analyses of the accounting records and other supporting documents to the extent which, in our opinion, were adequate to satisfy ourselves of the general accuracy of the records.

Opinion

We have examined the statement of financial condition of the Administrative Fund of the Division of Banking, Department of Commerce, as of June 30, 1964, and the related statements of revenue and expenditures for the year then ended. Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying statement of financial condition and statement of revenues and expenditures present fairly the financial position of the Administrative Fund of the Division of Banking, Department of Commerce, as of June 30, 1964, and the results of its operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Carson City, Nevada



Norman H. Terrell, C.P.A.
Fiscal Analyst

DEPARTMENT OF COMMERCE
DIVISION OF BANKING
COMBINED STATEMENT OF FINANCIAL CONDITION
AS OF JUNE 30, 1964

	<u>Total</u>	<u>Collection Agency Fund</u>	<u>Banking & Sml. Loan Co. Lic. Fees</u>	<u>Fixed Assets</u>
<u>Assets</u>				
Cash Held in State				
Treasury	\$21,117.58	\$642.58	\$20,475.00	\$
Furniture & Fixtures	1.00			1.00
Total	<u>\$21,118.58</u>	<u>\$642.58</u>	<u>\$20,475.00</u>	<u>\$1.00</u>
<u>Liabilities & Fund Equity</u>				
Funds Held to be Trans-				
ferred to General Fund				
this Date	\$21,117.58	\$642.58	\$20,475.00	\$
Fund Equity	1.00			1.00
Total	<u>\$21,118.58</u>	<u>\$642.58</u>	<u>\$20,475.00</u>	<u>\$1.00</u>

DEPARTMENT OF COMMERCE
DIVISION OF BANKING
STATEMENT OF BASIS FOR APPROPRIATION COMPARED
WITH ACTUAL REVENUES AND EXPENDITURES
For the Fiscal Year ended June 30, 1964

	<u>Work Program</u>	<u>Basis for Approp.</u>	<u>Actual Revenue & Expend.</u>	<u>Over/(Under) Approp.</u>
<u>Revenues</u>				
General Fund Approp.	\$79,588.00	\$79,588.00	\$79,588.00	\$ --
Salary Adj. Fund			1,703.00	1,703.00
Group Insurance Fund			252.00	252.00
Indust. Ins. Rebate			71.36	71.36
Total	<u>\$79,588.00</u>	<u>\$79,588.00</u>	<u>\$81,614.36</u>	<u>\$ 2,026.36</u>
<u>Expenditures</u>				
Salaries & Payroll Costs:				
Salaries	\$57,116.00	\$57,116.00	\$50,611.74	\$ (6,504.26)
Indust. Ins.	371.00	371.00	320.29	(50.71)
Retirement Pymts.	3,313.00	3,313.00	2,926.82	(386.18)
Personnel Assess.	300.00	300.00	300.00	--
Group Ins.	--	--	168.00	168.00
Total	<u>\$61,100.00</u>	<u>\$61,100.00</u>	<u>\$54,326.85</u>	<u>\$ (6,773.15)</u>
Travel:				
Out-of-State	\$ 789.00	\$ 789.00	\$ 54.00	\$ (735.00)
In-State	14,000.00	14,000.00	12,702.74	(1,297.26)
Total	<u>\$14,789.00</u>	<u>\$14,789.00</u>	<u>\$12,756.74</u>	<u>\$ (2,032.26)</u>
Operating:				
Freight & Postage	\$ 200.00	\$ 200.00	\$ 137.70	\$ (62.30)
Office Supplies	800.00	800.00	529.10	(270.90)
Printing	650.00	650.00	1,053.62	403.62
Telephone & Telegraph	600.00	600.00	620.94	20.94
Equipment Repair	175.00	175.00	199.15	24.15
Dues & Subscriptions	250.00	250.00	198.00	(52.00)
Hearings	200.00	200.00	--	(200.00)
Total	<u>\$ 2,875.00</u>	<u>\$ 2,875.00</u>	<u>\$ 2,738.51</u>	<u>\$ (136.49)</u>
Equipment:				
Office Furniture	\$ 224.00	\$ 224.00	\$ --	\$ (224.00)
Office Equipment	600.00	600.00	164.17	(435.83)
Total	<u>\$ 824.00</u>	<u>\$ 824.00</u>	<u>\$ 164.17</u>	<u>\$ (659.83)</u>
Total Expenditures	<u>\$79,588.00</u>	<u>\$79,588.00</u>	<u>\$69,986.27</u>	<u>\$ (9,601.73)</u>
Excess of Revenues over Expenditures			\$11,628.09	<u>\$ (11,628.09)</u>
Amount Reverted			<u>(11,556.73)</u>	
Insurance Rebate Applied Directly to General Fund by Controller			<u>\$ 71.36</u>	

DIVISION OF BANKING
DEPARTMENT OF COMMERCE
SUPPLEMENTAL LETTER

1. Bond of the Superintendent of Banks

In accordance with NRS 658.030, a bond for faithful performance of duties was posted in 1954 in the face amount of \$50,000. Fiscal statements for continuance of the official bond have been filed annually with the Secretary of State at his request. However, at the date of this writing, no bond has been posted with the Director of the Department of Commerce, as required by subsection 2 of NRS 658.030.

We recommend that NRS 658.030 be amended to read that the required bond be filed with the Secretary of State, and copies filed in the Division of Banks and with the Director of the Department of Commerce. Under NRS 282.080, subsection 2, all bonds are to be filed with the Secretary of State who has established a system which prevents lapse of bonds. This is a good system which protects the state, and the Secretary of State being set up to handle this job, should continue to have all bonds filed in his office.

2. Administrative and Procedures Manual

No formal office procedure or administrative manual has been promulgated by the office of the Superintendent of Banks. New employees have no reference for office procedures or applicable rules and regulations. The majority of applicable rules, regulations and general policy were carried in the Superintendent's head and therefore only known fully by him. Since the recent demise of the Superintendent, it became quite obvious that there is a definite need for an administrative manual.

It is recommended that upon the appointment of the new Superintendent that immediate steps be taken to compile a comprehensive administrative and procedures manual.

3. Oral Decisions and Communications

It became evident during this audit that the past Superintendent of Banks made a great many verbal decisions concerning the operations of various banks where the operations were affected by the Nevada Revised Statutes. These decisions were never reduced to written memos nor were they imparted to other members of the staff. When something was found remiss in regard to one of the bank audits, no notations were made; the Superintendent simply discussed the points of issue with the authorities concerned.

We recommend that all decisions made by the Superintendent of Banks be reduced to writing and kept on file. All issues, arising on an audit, should be duly noted and any action thereon should be reflected as part of the audit working papers.

4. Presigning Licenses

It has been the practice of the Superintendent of Banks in the past to sign a number of blank licenses which are subsequently issued by office personnel. By doing so, the principle of approval becomes nonexistent. Further, because of this practice, at least one license was issued with the Superintendent's signature, dated after his death. Such license was recalled, but the fallacy of presigning licenses is quite evident.

We recommend that the licenses be completed but not issued until the Superintendent has reviewed such licenses, approved and signed same.

5. Issuance of Receipts

No receipts are issued when money comes into the office. This, coupled with the fact that the money is allowed to stay in the office for several days before being deposited is poor internal control.

We recommend that prenumbered receipts be obtained and used for all types of revenues, whether cash, check or money order. The person who receives the license fees, etc., and issues a receipt therefor, should not record the transactions on the agency books, nor make the deposits. If possible, some person other than the person making deposits and book entries should periodically reconcile the receipts issued with the deposits and book balance.

6. Uniform Filing System

At present the Superintendent maintains a different method of filing for each type of license issued. There is no cross-index kept and each file has to be consulted to determine if a licensee holds more than one type of license.

We recommend that a uniform filing system be instituted for all licenses and that such system include a numerical file and cross-index files.

7. Control of File Material

During the course of this audit, several items were noted missing from the files and later found in some of the bank examiners' working papers. The chief file clerk should be made responsible for all files and should be given sufficient authority to maintain such files completely. Material not in the file should be checked out with the chief file clerk in order that she might ascertain its location at any and all times.

One possible solution we recommend is to have a number of colored file folders available on which space is provided for signatures. Whenever anyone wished to take material from the file that person would sign his or her name, indicate the date material was taken and insert the card in place of the material. A further notation might also be made to indicate specifically what material was taken from the files.

8. Reports Received from Licensees

Various reports are required by statute and regulation to be submitted to the Superintendent of Banks either periodically or upon demand. NRS 668.030 makes it unlawful for any director, officer, or other employee of any bank, directly or indirectly, for himself or as the agent of others to borrow money in excess of \$250.00 from such bank or trust company, unless he gives good and sufficient security for the repayment of such loan, which loan and security must be approved by a majority vote of the directors. Everyone of the 6 state banks has its own method of reporting. One bank merely sends a copy of the request for such loan to the Superintendent of Banks, while another bank sends in quite complete information periodically. It is our suggestion that a form be devised by the division wherein the reporting to the Superintendent of these loans is uniform providing all the information necessary to insure compliance with the above statute. This form should be signed by the proper authority of the bank and the information should include: (1) The type of loan, (2) whether the loan was authorized by the Board of Directors BEFORE the loan was granted, (3) the name of the borrower, (4) the security and its value (5) the length of the loan, (6) the payments and the period thereof, (7) the amount of the loan, and (8) the accumulated balance of all loans to the particular individual whether direct or indirect. Any examination conducted should state that these reports are confirmed.

9. Capital Requirements

NRS 659.020, subsection 1(d), states that the capital stock of any bank shall not be less than \$50,000. The same paragraph gives the Superintendent authority to require capital in excess of \$50,000, if he deems it necessary. For a considerable number of years now, the Superintendent has required newly incorporated banks to have between \$750,000

and \$1,000,000 as a minimum capital. NRS 659.020 was written in 1935 during the depression years, and the capital required then would understandably be considerably less than needed currently.

We recommend that NRS 659.020, subsection 1(d), be amended to reflect the current capital requirements of the past Superintendent of Banks. This would also serve to eliminate any pressure which might be exerted on the new Superintendent to have him authorize a new bank capitalized at only \$50,000 because the statutes so state that amount.

10. Small Loan Companies and Collection Agencies Audits

It was noted that no complete audits have been made of any loan company or collection agency. Only superficial examinations have been made to insure that insurance rebates and interest is correctly paid. The examinations are made on an irregular basis only as time saved from a scheduled bank audit might permit.

It is understandable that because of the Superintendent's small staff and heavy work load that these loan companies and collection agencies have of necessity been neglected; however, the 1965 Legislature has removed the responsibility of all county audits from the Superintendent of Banks. Therefore, we wish to recommend that a comprehensive audit campaign be initiated whereby all small loan companies and all credit collection agencies are given a thorough audit in the future. Chapter 675 of the Nevada Revised Statutes was passed in 1959 specifically for the purpose of bringing all such operations under the supervision of the state. Chapter 675 sets forth a number of provisions of law for each small loan company to follow. No small loan company in the state has ever been completely audited to determine if all these provisions of law are being observed.

It was noted that even on spot-checks made by the bank examiners that several instances of overcharging interest and insurance were discovered.

Subsection 7 of NRS 675.290 states, "If any amount in excess of the amounts authorized by this chapter is charged, contracted for or received, except as the result of an accidental or bona fide error, the contract of loan shall be void, and the licensee shall have no right to collect or receive any principal, charges or recompense whatsoever."

The above quoted penalty provision has never been invoked by the Superintendent.

11. Depreciation Requirements

NRS 662.010, subsection 3, states as follows: "The value of the banking premises and buildings shall be depreciated annually at a rate of not less than 5 percent per annum, until the value of the premises and building, as carried upon the books of the bank, shall not exceed a sum equal to 50 percent of the capital and surplus, fully paid, of the bank, after which the rate of depreciation shall be not less than 25 percent per annum until the value of the premises as carried upon the books of the bank, shall not exceed the sum of 35 percent of the capital and surplus, fully paid, of the bank."

NRS 662.010, subsection 4, states, "The assessed value of furniture and fixtures shall be written down on the books of the bank at an annual rate of 10 percent until it does not exceed the assessed value of the furniture and fixtures."

A review of the bank examiners' audit working papers disclose that no analysis was made to determine if the banks were complying with the above statutory requirements. The U. S. Internal Revenue Service, has, in recent years, passed some very stringent regulations concerning depreciation and therefore the state examiners have let the federal examiners prevail in determining depreciation allowances for state banks.

Since all state banks are audited by federal auditors from either the Federal Reserve Bank or the Federal Deposit Insurance Corporation and they verify depreciation to be within the intent of the Internal Revenue Code, it is recommended that subsection 3 and 4 of NRS 662.010 be amended to provide that the depreciation rates be established by the Superintendent of Banks, with the consent of the Director of the Department of Commerce, especially since there is a very great possibility of the state law conflicting with federal law and thus perhaps making it impossible for a bank to comply with both.

12. Action on New Legislation

The 1965 Legislature amended NRS 622.220, subsection 1, to read as follows:

"A receipt or a passbook shall be issued to each depositor in a savings bank for all money deposited on open account. Such receipt or passbook shall contain the rules and regulations adopted by such savings bank governing such deposits and shall be accepted by the depositor, and thereupon shall be deemed agreed to by him. Payments from such account to such depositor shall be made only upon his written order. Banks issuing savings deposit receipts shall, not less often than quarterly, deliver or mail to such depositor a statement, showing the balance on deposit in such account and each deposit made by and each payment made to such depositor during the calendar quarter."

The above law was effective April 1, 1965. As of the end of this audit, August 1965, no steps had been taken by the Superintendent of Banks or acting Superintendent to insure that all savings banks were notified of such law change, nor was any effort made to insure that there was compliance with the new law.

We recommend that a notice of all applicable law changes be forwarded to all banks in order that they be put on notice of what is expected from them by the next audit date. During such next audit, the Superintendent should then insure that all provisions of the Nevada Revised Statutes are being fully complied with.

13. Need for Written Audit Outline and Report

During the course of our audit, we attempted to determine if the various portions of the Nevada Revised Statutes as they apply to banking regulations were being followed and if the Superintendent of Banks was thoroughly checking each provision of the statutes.

A brief discussion with two of the auditors indicated that there were some parts of the banking statutes they were unfamiliar with and to their knowledge had never been checked on during an audit. In any event, there are no records or notes of any kind in the audit working papers to indicate whether or not certain statutory provisions were being adhered to by the banking industry.

NRS 665.030 requires that all examinations be reduced to a written report, including "a full statement of any violation of any of the provisions of this title." This has not been done. Although some violations were pointed out by letter from the Superintendent, many other violations were not. We were informed that the Superintendent many times discussed such violations in person or over the telephone with the bank concerned. However, no notes as to any agreements entered into or what was actually discussed were ever made. Furthermore, the Superintendent did not disclose the nature of these discussions with his deputy or other auditors. From our examination, it has appeared that a great many details were known only to the Superintendent, personally. For instance, a specific violation

was noted by us and we inquired as to what action had been taken. We were informed that the Superintendent was aware of such violations and accordingly handled it in his own manner. What action was taken specifically, no one can possibly tell, but it was noted that the same violation was prevalent year after year.

We wish to recommend that an audit outline be prepared for each banking examination, setting forth all statutory provisions as they relate specifically to the banking industry, and the audit procedure that should be followed in determining that such provisions of law are adhered to by each bank. Whenever an examiner has completed his assigned question he should write a brief narrative describing the actual procedure followed by the bank.

This is the only sure method by which it can be determined that all the applicable law is known to the examiner and that he has fully investigated such law to satisfy himself and the Superintendent that the bank is or is not complying. Such narrative should be made a part of the examiner's working papers.

14. Retention of Examiner's Working Papers

The Superintendent of Banks and his staff periodically make joint bank examinations with the Federal Government. During such examinations the Superintendent and his staff are directed to specific tasks by the federal examiner in charge. At the end of such joint examination all notes, work papers, etc., are collected by the Federal examiners and taken to San Francisco for their files.

It is a cardinal rule for all accountants and auditors to never, under any circumstances, give up their working papers. Because of the Superintendent giving up these working papers he has no ready reference material when he and his staff make the next state audit.

We recommend that the Superintendent seek to make an agreement with the federal examiners whereby copies of their work papers are exchanged for copies of his work papers on each joint bank examination. Thus, both the Federal Government and the State would have satisfactory back-up records for every audit performed. If the federal examiners refuse to give copies of their work papers to the superintendent and still insist that his work papers be turned over to them, it would be in the best interest of the state to forego all future joint audits and conduct audits with state examiners only.

The foregoing comments point up the need for additional staff of auditors if the Superintendent of Banks is to fulfill the requirement of two audits annually of each state bank. As small loan companies and savings and loan associations are required to pay the state for audits made, it is recommended that the Director of the Department of Commerce and Superintendent of Banks make a study of the possibility of charging banking institutions for state audits thus providing funds for additional audit staff.

September 1, 1965
Carson City, Nevada



Norman H. Terrell, C.P.A.
Fiscal Analyst

NOTE: At a meeting of the Fiscal Analyst, Director of the Department of Commerce, and the acting Superintendent of Banks held September 3, 1965, agreement was reached on implementation of all foregoing recommendations.

STATE OF NEVADA
INSURANCE DIVISION
DEPARTMENT OF COMMERCE

LEGISLATIVE COUNSEL BUREAU
NORMAN H. TERRELL, FISCAL ANALYST
Carson City, Nevada

Nevada Legislative Commission
Capitol Building
Carson City, Nevada

Gentlemen:

We have examined the accounts and records of the Insurance Division of the Department of Commerce for the fiscal year ended June 30, 1964, and have prepared therefrom the following exhibits and related schedules:

Insurance Division--
Statement of Financial Condition,
June 30, 1964-----Exhibit A

Insurance Division--
Statement of Basis for Appropriation
Compared with Actual Receipts &
Expenditures for the Fiscal Year
Ended June 30, 1964-----Exhibit B

Insurance Division--
Schedule of Revenues & Distribution
For the Fiscal Year Ended June 30, 1964----Schedule 1

Unclaimed Funds Account--
Schedule of Receipts & Expenditures
For the Fiscal Year Ended June 30, 1964----Schedule 2

Publications Account--
Schedule of Receipts & Expenditures
For the Fiscal Year Ended June 30, 1964----Schedule 3

Securities on Deposit with the
Commissioner of Insurance,
June 30, 1964-----Schedule 4

Scope of Examination

Although we did not make a detailed examination of all recorded transactions, our examination was made in accordance with generally accepted auditing standards. It included test-checks and analyses of the accounting records and other supporting documents to the extent which, in our opinion, were adequate to satisfy ourselves of the general accuracy of the records.

Opinion

We have examined the statement of financial condition of the Insurance Collection Fund of the Insurance Division as of June 30, 1964, and the related statements of revenues and expenditures for the year then ended. Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying statement of financial condition and statement of revenues and expenditures present fairly the financial position of the Insurance Collection Fund of the Insurance Division as of June 30, 1964, and the results of its operations for the year then ended in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Carson City, Nevada
September 28, 1965



Norman H. Terrell, C.P.A.
Fiscal Analyst

DEPARTMENT OF COMMERCE
INSURANCE DIVISION
STATEMENT OF FINANCIAL CONDITION
June 30, 1964

	<u>Total</u>	<u>Insurance Suspense Account</u>	<u>Code Book Sales Fund</u>	<u>Public Publication Account</u>	<u>Unclaimed Funds Account</u>	<u>Valuation of Secur. Fund</u>	<u>Fixed Assets</u>
<u>ASSETS</u>							
Cash in Banks	\$2,631.72	\$741.00	\$	\$	\$1,890.72	\$	\$
Cash Held in State Treasury	1,137.08		641.50	485.58		10.00	
Securities Held in State Treasury	2,000.00				2,000.00		
Furniture & Fixtures	1.00						1.00
Total Assets	<u>\$5,769.80</u>	<u>\$741.00</u>	<u>\$641.50</u>	<u>\$485.58</u>	<u>\$3,890.72</u>	<u>\$10.00</u>	<u>\$1.00</u>
<u>LIABILITIES & FUND EQUITY</u>							
Funds Owing the Operating Acct.*	\$ 10.00	\$	\$	\$	\$	\$10.00	\$
Funds Held in Trust	4,376.30			485.58	3,890.72		
Fund Equity	<u>1,383.50</u>	<u>741.00</u>	<u>641.50</u>				<u>1.00</u>
Total Liabilities & Fund Equity	<u>\$5,769.80</u>	<u>\$741.00</u>	<u>\$641.50</u>	<u>\$485.58</u>	<u>\$3,890.72</u>	<u>\$10.00</u>	<u>\$1.00</u>

*Money received for valuation of securities was paid in error from the operating account. The money was reimbursed to that operating account during 1964-1965 fiscal year.

DEPARTMENT OF COMMERCE
INSURANCE DIVISION
STATEMENT OF BASIS FOR APPROPRIATION
COMPARED WITH ACTUAL RECEIPTS AND EXPENDITURES
For the Fiscal Year Ended June 30, 1964

	<u>Work Program</u>	<u>Basis for Approp.</u>	<u>Actual Receipts or Expend.</u>	<u>Over/ (Under) Approp.</u>
<u>Receipts</u>				
Appropriation	\$106,926.00	\$106,926.00	\$106,926.00	
Salary Adj. Fund	2,559.00	2,559.00	2,559.00	
Group Ins. Fund	432.00	432.00	432.00	
Total	<u>\$109,917.00</u>	<u>\$109,917.00</u>	<u>\$109,917.00</u>	
<u>Expenditures</u>				
Payroll Expenses:				
Salaries	\$ 80,677.00	\$ 80,677.00	\$ 80,493.80	\$ (183.20)
Indus. Ins.	541.00	507.00	514.07	7.07
Retirement	4,686.00	4,539.00	4,522.30	(16.70)
Personnel Asses.	488.00	488.00	488.00	--
Group Ins.	432.00	432.00	285.00	(147.00)
Total	<u>\$ 86,824.00</u>	<u>\$ 86,643.00</u>	<u>\$ 86,303.17</u>	<u>\$ (339.83)</u>
Travel:				
Out-of-State	\$ 875.00	\$ 875.00	\$ 828.06	\$ (46.94)
In-State	4,000.00	4,000.00	2,614.58	(1,385.42)
Total	<u>\$ 4,875.00</u>	<u>\$ 4,875.00</u>	<u>\$ 3,442.64</u>	<u>\$ (1,432.36)</u>
Operating:				
Freight & Postage	\$ 3,000.00	\$ 3,000.00	\$ 3,276.04	\$ 276.04
Printing	5,500.00	5,500.00	6,186.57	686.57
Office Supplies	1,250.00	1,250.00	1,495.17	245.17
Telephone	1,850.00	1,850.00	2,084.11	234.11
Insurance	600.00	600.00	--	(600.00)
Office Equip. Repair	400.00	400.00	377.21	(22.79)
Court Recorders	1,000.00	1,000.00	262.20	(737.80)
Hearing Transcripts	250.00	250.00	151.97	(98.03)
Company Examiners	819.00	1,000.00	--	(1,000.00)
Dues & Subscriptions	1,400.00	1,400.00	1,263.44	(136.56)
Ins. & Bond Prem.	--	--	715.51	715.51
Other Equip. Repair	--	--	68.13	68.13
Project Supplies	--	--	69.68	69.68
Valuation of Securities (Reimbursed during 1964-65)	--	--	10.00	10.00
Total	<u>\$ 16,069.00</u>	<u>\$ 16,250.00</u>	<u>\$ 15,960.03</u>	<u>\$ (289.97)</u>
Equipment:				
Office Furniture	\$ 835.00	\$ 835.00	\$ 412.09	\$ (422.91)
Office Equipment	1,114.00	1,114.00	1,695.49	581.49
Other Furn. & Equip.	200.00	200.00	19.11	(180.89)
Total	<u>\$ 2,149.00</u>	<u>\$ 2,149.00</u>	<u>\$ 2,126.69</u>	<u>\$ (22.31)</u>
Total Expenditures	<u>\$109,917.00</u>	<u>\$109,917.00</u>	<u>\$107,832.53</u>	<u>\$ (2,084.47)</u>
Reverted to General Fund			<u>\$ 2,084.47</u>	

DEPARTMENT OF COMMERCE
INSURANCE DIVISION
SUSPENSE ACCOUNT
STATEMENT OF REVENUE AND DISTRIBUTION
For the Fiscal Year Ended June 30, 1964

Revenue

Balance, July 1, 1963		\$ 2,750.50
License Fees	\$ 177,924.00	
Less Refunds	<u>2,831.00</u>	175,093.00
Examination Fees	\$ 14,050.00	
Less Refunds	<u>80.00</u>	13,970.00
Premium Taxes	\$1,628,401.27	
Less Refunds	<u>3,182.12</u>	1,625,219.15
Miscellaneous Fees	\$ 10,029.30	
Less Refunds	<u>81.00</u>	9,948.30
Code Book Sales		1,895.00
Fines		450.00
Valuation of Securities Fund		<u>10.00</u>
Total Revenue		<u>\$1,826,585.45</u>
Total to Account For		<u><u>\$1,829,335.95</u></u>

Distribution

Funds Transferred to General Fund	\$1,827,945.45
Code Book Sales Fund carried forward	641.50
Valuation of Securities Fund (Note)	10.00
Income Received by Division but not Posted by Controller	<u>739.00</u>
Total Distributions	<u><u>\$1,829,335.95</u></u>

NOTE: Funds received paid in error from operating account.
The operating account was reimbursed from this fund in
August, 1964.

DEPARTMENT OF COMMERCE
INSURANCE DIVISION
UNCLAIMED FUNDS ACCOUNT
SCHEDULE OF RECEIPTS AND EXPENDITURES
For the Fiscal Year Ended June 30, 1964

Balance, July 1, 1963		\$3,345.83
<u>Receipts</u>		<u>4,174.11</u>
Total to Account For		7,519.94
<u>Expenditures</u>		
Legal Advertising	\$ 147.70	
Funds Paid Insured, Beneficiaries or Estates	346.28	
Funds Transferred to General Fund per NRS 690.260	<u>3,135.24</u>	<u>3,629.22</u>
Balance, June 30, 1964		<u><u>\$3,890.72</u></u>
Represented by:		
Cash on Deposit - First National Bank of Nevada		\$1,890.72
Humboldt County School District Bonds		<u>2,000.00</u>
Total		<u><u>\$3,890.72</u></u>

DEPARTMENT OF COMMERCE
INSURANCE DIVISION
PUBLICATIONS ACCOUNT
SCHEDULE OF RECEIPTS AND EXPENDITURES
For the Fiscal Year Ended June 30, 1964

Balance, July 1, 1963	\$ 565.58
<u>Receipts</u>	<u>13,920.00</u>
Total to Account For	<u>\$14,485.58</u>
<u>Expenditures</u>	
Advertising Fees	<u>\$14,000.00</u>
Balance, June 30, 1964	<u>\$ 485.58</u>

DEPARTMENT OF COMMERCE
INSURANCE DIVISION
SCHEDULE OF SECURITIES ON DEPOSIT WITH
THE COMMISSIONER OF INSURANCE
June 30, 1964

California State Automobile Association	\$ 145,000.00
Coastal States Life Insurance Company	25,000.00
First Title Insurance Company	50,000.00
First Western Life Insurance Company	300,000.00
Great Basin Insurance Company	407,000.00
Mark Twain Life Insurance Company	50,000.00
Meridian Life Insurance Company	99,552.88
Pacific Standard Life Insurance Company	175,000.00
Pioneer Title Insurance Company	50,000.00
Universe Life Insurance Company	<u>200,000.00</u>
Total Securities on Deposit with the State Treasurer for Safekeeping	<u>\$1,501,552.88</u>

DEPARTMENT OF COMMERCE

INSURANCE DIVISION

SUPPLEMENTAL LETTER

1. Annual Report

NRS 680.070 requires the Insurance Commissioner to report annually to the Director of the Department of Commerce. The report submitted by the Commissioner is prepared on a calendar year basis, with receipts and expenditures being compiled from January 1st to December 31st of each year.

As all other state agencies operate and report on a fiscal year basis, it would be more consistent if the Insurance Division changed to a fiscal year report.

2. Reconciliation of Securities on Deposit

The Commissioner has deposited with the State Treasurer, for safe-keeping, \$1,503,522.88. This amount represents the deposits made by domestic insurance companies to comply with NRS 682.180.

In reconciling with the money count made by the office of the Fiscal Analyst, we noticed a discrepancy between the actual amount on deposit at the state treasury, and the amount shown on the Insurance Division's books.

It is recommended that the division obtain letters of confirmation from the insurance companies to ascertain whether the amounts as shown on their records coincide with the confirmations and with the actual securities on deposit with the State Treasurer. This should be done at least once a year on June 30, and preferably more often.

3. Security Valuation

Every stock company organized under NRS 682.010 through 682.290,

inclusive, must meet certain minimum capital requirements in accordance with the class or classes of insurance it is authorized to write. NRS 682.180 requires that every stock company deposit cash or securities in an amount equal to the minimum capital required by NRS 682.160.

During our audit, it was noted that one company, required to deposit \$200,000 with the Commissioner, had on deposit two \$100,000 U. S. Treasury bonds. An analysis of the company's financial statement disclosed that the bonds were purchased in 1964 at a price of \$196,125 and that their market value as of December 31, 1964, was only \$195,875. Therefore, the actual value of such securities is \$4,125 less than the statutory requirements of NRS 682.180.

It is recommended that in the future all securities offered for deposit be thoroughly analyzed, insuring that the current market value at the time of deposit is at least equal to the minimum capital as required under NRS 682.160.

4. Limitations on Investments of Domestic Companies

Under the provisions of NRS 682.340 to 682.410, inclusive, domestic insurance companies are required to invest funds according to the limitations set forth in the above-mentioned statutes.

One of the limitations states that no company may invest more than 2% of its admitted assets, or \$30,000, whichever is greater, in a single issue of a deed of trust or mortgage for real property.

It was noted that one company was showing as an asset, a mortgage for approximately \$67,000. The total shown as admitted assets was \$2,082,181.88 on December 31, 1964. Therefore, the total amount it could have invested in this mortgage was \$41,643.84. Thus, the company was approximately \$25,000 over the limit set out by NRS 682.380, subsection 1(b). This company should be informed of the violation and required to comply with NRS.

5. Examination Fees

Each agent or broker, before receiving a license to engage in an insurance business in this state must pass a written examination. The fee for the examination is \$10.00. NRS 684.120 states that, "The examination fee shall not be returned for any reason."

If a company pays the original fee, it is given the option of having any applicant take the examination within the year without paying an additional fee. This appears to be a violation of NRS 684.120 in that the Insurance Division is technically returning the fee to applicants who do not sit for the examination. There appears to be no basis for allowing companies credit on future examinations.

We recommend that the Insurance Division stop the practice of giving credit to companies on future examinations whenever an applicant does not sit for the examination.

6. Refunds of License Fees

In accordance with NRS 684.120, whenever . . . "an applicant fails to qualify for, or is refused, a license, the license fee shall be returned." The division processed approximately 500 warrants for refunds during the year. Since most companies pay for the agent's licenses, we feel that the division should adopt the policy of giving companies credit for licenses not issued rather than refunding the money. In this way, the Insurance Division would not have to constantly make refunds to companies but could inform the companies they have so much money to their credit to obtain licenses for other agents.

7. Penalty for Late Filing of Tax Returns

NRS 668.030 requires that every insurance company doing business in Nevada submit a statement to the Commissioner for the purpose of computing

the premium tax due. This tax return must be submitted on or before March 1st of each year. In addition, the law specifies a penalty of 10% of the tax assessed for refusing to file or filing after the due date.

An analysis of all the returns filed in March 1965 revealed that whenever the Commissioner granted an insurance company an extension for filing its annual financial statement as authorized under NRS 686.090, no provision was made by the Insurance Division for collecting the 10% penalty due for late filing of the tax returns. Further study revealed that there were 16 companies who filed their financial statements and tax returns after March 1, 1965. The 10% penalty was not paid by any company. The amount due the state for such penalties approximated \$2,500. This was brought to the attention of the Commissioner who is taking steps to collect the amounts due.

It is recommended that division personnel go through all the returns filed after March 1, 1964, in order to assess and collect any moneys due the state under the provisions of NRS 686.030.

In the future, all returns coming into the Insurance Division's office after the statutory date of March 1 should be set aside and the applicable 10% penalty be computed and collected.

8. Analyses of Financial Statements

Every insurance company doing business in this state is required by NRS 686.090 to submit to the Insurance Commissioner, unless granted an extension for good cause, a financial statement on or before March 1st of each year. During our review of the financial statements sent in by licensed companies, the following items were noticed and brought to the attention of the Commissioner.

One company sent in the financial statement made out for another state. On March 8, 1965, the Insurance Division requested the Nevada

statement which was subsequently received. The division did not assess this company the \$100 per day penalty cited under NRS 686.100. The tax return, as required by NRS 686.030, was also filed late, but because there was no premium tax due, the 10% penalty was not applicable.

Two companies were late in filing their annual statement; one company was made to pay the \$100 per day penalty and the other was excused because the previous Commissioner felt that the penalty would create a hardship on the small company.

Another company was 7 days late in filing its annual financial statement without having to pay the penalty. This was also brought to the attention of the Commissioner who is proceeding to collect the \$700 due.

One company was assessed the penalty in March of 1964, but the company delayed paying it until January 1965.

The law is very specific in this regard, requiring the assessment of the penalty for late filing unless an extension has been granted. We informed the Insurance Division of the above-stated facts and proceedings were started to collect the penalty from the aforementioned companies.

From the above-cited examples it would appear that control measures should be installed to provide for complete compliance with NRS in regard to renewing licenses and assessing penalties, so that the State of Nevada will receive all moneys due, as provided by law.

We would like to point out that while all insurance companies are required to submit their financial statements annually to the Insurance Division, it does not have the staff to fully analyze the statements to insure that all pertinent provisions of NRS are being complied with. Most of the difficulties which the Insurance Division is currently confronted

with involving domestic companies could have been averted if trained personnel had been available to analyze and comment on the annual statements submitted by the companies.

9. Surplus Line Brokers

During a review of surplus line insurance brokers, it was noted that the Nevada Surplus Line Association has been authorized to take over some of the functions which previously had been done by the division. This association now handles all provisions of NRS 686.310 and 686.320, which requires all brokers to submit detailed lists of insurance sold and to pay the 2% tax on the gross premiums received during the year by April 1st of the next year without penalty.

Upon checking dates of remittance of taxes by the association to the Insurance Division, we noted that the association has been delinquent 24 days in 1964, and 47 days late in filing and paying the taxes due April 1.

Since Section 4 of Ruling 62-5 (Division Regulations) makes it mandatory that the association, as agent for each broker, collect and remit the taxes due the state as required by NRS 686.310, subsection 1(b), it appears that the association owes the penalty outlined by NRS 686.340, paragraph (1), in the amount of \$1,775.

10. Licensing of Fraternal Benefit Societies

NRS 686.295, effective July 1, 1963, requires that societies authorized to transact business in this state will have their licenses renewed on the 1st day of May of each succeeding year. The division has been issuing renewal licenses to societies on the same basis as regular insurance companies; i.e.; from the 1st day of March to the 1st day of March.

It is recommended that the Insurance Division comply with NRS 688.295 and license fraternal benefit societies on May 1st of each year.

Under the provisions of NRS 688.455, the division is required to collect a \$5 filing fee from each fraternal benefit society upon the filing of its annual financial statement.

The division has not been collecting the fee required by this provision of NRS. It is recommended that the fee be charged the 13 currently licensed fraternal benefit societies for the 1964 and 1965 licenses and that in the future, all fees required to be paid are collected by the Insurance Division before issuing a subsequent license to such society.

11. Bank Accounts

The Insurance Division has two commercial bank accounts; the Unclaimed Funds Special Trust Fund, authorized by NRS 690.260, and the Insurance Account.

The insurance account is used for transmitting funds from the Las Vegas office to the Carson City branch through interbranch transfers. A check is then written for the amount remitted by the Las Vegas office and is deposited in the state treasury.

There is no statutory provision for having an "insurance account" bank account; therefore, we recommend that the Las Vegas office deposit the funds in Las Vegas directly to the state treasury's Carson City bank account (via interbranch deposits) and submit detailed transmittal sheets for the state treasury in order to insure the funds are credited to the correct account in the Insurance Divisions' name. This would eliminate an unauthorized bank account and also serve to eliminate physical transfer of funds through the mail.

12. Title Insurance Reserve Fund

NRS 695.090 states, "Every title insurance company shall annually set apart a sum equal to 10 percent of its premiums collected during the year.

Such sums shall be allowed to accumulate until a fund shall have been created equal in amount to 50 percent of the subscribed capital stock of the corporation. Such fund shall be known as the "title insurance reserve fund."

During our review of the annual financial statements submitted by title insurance companies, we noticed one company was not setting up the fund as required by statute. It is recommended that the Insurance Division inform this company of the provisions of NRS 695.090, and request that they set up the reserves specified in the statute.

13. Filing System

During our audit of the Division, we noticed that the system of filing used by the Division needs improvement. Permanent files of domestic insurance companies are lacking in many respects with important documents not clipped together to insure that they will not get lost.

Upon requesting certain files and other documents pertinent to the audit, division personnel had difficulty finding the necessary papers.

It is recommended that the division take steps to have a records analyst from the Department of Administration make a complete study of their record keeping procedures to provide a more efficient system for filing vital information.

14. Internal Control Procedures

A review of the internal control of the Insurance Division was made in conjunction with all moneys received. The study revealed that procedures for handling money needs improvement, with duties and responsibility sufficiently fixed by function to provide better control of moneys received.

The division receives practically all of its receipts through the mail. Depending on the volume of mail received, one, two or three persons

open mail and date and stamp it. If money is enclosed, the person opening the mail also applies the division's endorsement stamp on the back of each check.

The check is attached to the accompanying form and sent to the person responsible for processing it (in many cases the same person opening mail), who then makes a receipt in triplicate and sends the original to the person remitting the money. The duplicate is put in the file of the person or company, and the triplicate is forwarded to the bookkeeper who posts from the receipt to the cash received ledger. Triplicates are then filed numerically by fiscal year for future use.

The first listing of money received is made by the bookkeeper when she makes up the deposit for transmission to the state treasury. In some instances the bookkeeper also opens mail thus violating a basic principle of internal control, i.e., one person receiving, depositing and recording of cash receipts.

In order to protect state funds as well as for the protection of employees by assigning specific responsibility for receiving, depositing and recording of receipts, the following procedure is suggested:

The person or persons responsible for opening mail should make a daily list of all funds received in quadruplicate. One copy should be retained by her. The second copy, together with the money received, should be sent to the person responsible for making the deposit. The third copy should go to the person who will process the application to insure that the correct amount has been remitted. The fourth copy should be sent to the bookkeeper for reconciliation to the deposits and to her copies of the receipts. The issuing of receipts by the person processing the forms should be retained as it now is, but instead of making the receipts from

actual checks, she will do so from her copy of the list. If any errors are noted, she can notify the cashier to hold the check in order to return it if necessary.

In conjunction with the above procedures, it was noted that some licenses issued by the division are prenumbered while others are not. It is recommended that all licenses be prenumbered in order to further strengthen the control over cash receipts.

15. Leave Records

An analysis of sick and annual leave records disclosed that the division only maintains the current years records. Leave records are being destroyed at the end of each calendar year and totals are brought forward to new cards. Thus, we could only audit leave accrued and used since January 1, 1965.

Destroying leave records at the end of each calendar year is in violation of Rule IX of the rules for state personnel administration as outlined in SAM. In addition, any records, before being destroyed must have the approval of the State Board of Examiners.

16. Inventory Control

During the course of our examination, we took a physical inventory of all equipment charged to the Insurance Division and compared it to the IBM readout sheet published by the Purchasing Division of the Department of Administration.

Thirty items of equipment were not listed on the inventory sheets. In addition, 6 items on the inventory sheets could not be accounted for during the physical inventory. Part of the problem in not finding the items listed on the inventory sheets was due to inadequate and incorrect numbering. Some transmittal sheets from the Purchasing Division still had

the ID numbers attached. However, due to the inadequate description on the transmittal sheets, we could not readily identify the equipment.

It is recommended that the division take a complete physical inventory of all equipment. In addition, adequate, up-to-date records should be kept, by location, of all equipment in order to ascertain that the equipment is on hand at all times.

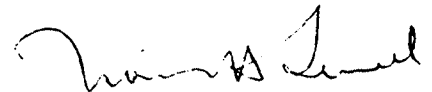
17. Outside Purchases of Office Supplies

The division purchased \$880.30 or 58.8% of its office supplies from sources other than the Purchasing Division, Department of Administration. We recommend that henceforth, where possible, all supplies be acquired from the Purchasing Division. The Insurance Division is currently making every attempt to purchase through the Purchasing Division.

18. Accounting and Procedures Manual

The Insurance Division does not have an up-to-date accounting or procedures manual. With the great increase in the work load of the division, such a manual would be of great help in training and cross-training personnel of an agency of this size and complexity. We therefore recommend that the division take steps to prepare and maintain an up-to-date accounting and procedures manual as soon as possible.

Carson City, Nevada
September 15, 1965



Norman H. Terrell, C.P.A.
Fiscal Analyst

NOTE: At a meeting held September 22, 1965 between the Director of the Department of Commerce, Insurance Commissioner and the Fiscal Analyst, agreement was reached on the implementation of all the foregoing recommendations.

STATE OF NEVADA
STATE PRINTING OFFICE
AUDIT REPORT
For the Fiscal Year ended June 30, 1964

LEGISLATIVE COUNSEL BUREAU
NORMAN H. TERRELL, FISCAL ANALYST
Carson City, Nevada

Nevada Legislative Commission
Capitol Building
Carson City, Nevada

Gentlemen:

We have examined the accounts and records of the Nevada State Printing Office for the fiscal year ended June 30, 1964, and have prepared therefrom the following exhibits and related schedules:

Statement of Financial Condition
of the State Printing Fund as of
June 30, 1964-----Exhibit A

Statement of Basis for Authorization
Compared to Actual Receipts &
Expenditures for the Fiscal Year
ended June 30, 1964-----Exhibit B

Scope of the Examination

Although we did not make a detailed examination of all recorded transactions, our examination was made in accordance with generally accepted auditing standards. It included test-checks and analyses of the accounting records and other supporting documents to the extent which, in our opinion, were adequate to satisfy ourselves of the general accuracy of the records.


Opinion

We have examined the statement of financial condition of the State Printing Fund of the Nevada State Printing Office as of June 30, 1964, and the related statement of receipts and expenditures for the year then ended. Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as were considered necessary in the circumstances.

In our opinion, the accompanying statement of financial condition and statement of receipts and expenditures present fairly the financial

position of the State Printing Fund of the Nevada State Printing Office as of June 30, 1964, and the results of its operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Carson City, Nevada
October 15, 1965


Norman H. Terrell, C.P.A.
Fiscal Analyst

STATE OF NEVADA
STATE PRINTING OFFICE
STATEMENT OF FINANCIAL CONDITION
June 30, 1964

ASSETS

Cash held in State Treasury	\$ 80,257.26
Accounts Receivable	73,722.21
Finished Work not Billed	57,196.61
Furniture & Fixtures, Machinery, and Warehouse Building	<u>1.00</u>
TOTAL ASSETS	<u><u>\$211,177.08</u></u>

LIABILITIES AND FUND EQUITY

Unappropriated Surplus	<u>\$211,177.08</u>
TOTAL LIABILITIES AND FUND EQUITY	<u><u>\$211,177.08</u></u>

STATE OF NEVADA
STATE PRINTING OFFICE
STATE PRINTING FUND
STATEMENT OF BASIS FOR AUTHORIZATION
COMPARED TO ACTUAL RECEIPTS AND EXPENDITURES
For the Fiscal Year Ended June 30, 1964

	<u>Work Program</u>	<u>Basis for Author.</u>	<u>Actual Receipts & Expend.</u>	<u>Over/(Under) Author.</u>
<u>Receipts</u>				
Authorized Sales	\$430,593.00	\$430,593.00	\$472,782.70	\$42,189.70
Reimbursements & Rebates			449.60	449.60
Personnel Assess. Refund			695.00	695.00
Total Receipts	<u>\$430,593.00</u>	<u>\$430,593.00</u>	<u>\$473,927.30</u>	<u>\$43,334.30</u>
<u>Expenditures</u>				
Payroll Costs:				
Salaries	\$233,100.00	\$233,100.00	\$291,096.83	\$57,996.83
Indus. Ins.	1,561.00	1,515.00	1,915.65	400.65
Retirement	13,536.00	13,543.00	16,056.51	2,513.51
Group Ins.	540.00	--	954.00	954.00
Personnel Assess.	1,700.00	1,850.00	1,500.00	(350.00)
Total	<u>\$250,437.00</u>	<u>\$250,008.00</u>	<u>\$311,522.99</u>	<u>\$61,514.99</u>
Travel:				
Out-of-State	\$ 500.00	\$ 500.00	\$ 288.08	\$ (261.92)
In-State	150.00	150.00	127.68	(22.32)
Total	<u>\$ 650.00</u>	<u>\$ 650.00</u>	<u>\$ 365.76</u>	<u>\$ (284.24)</u>
Operating:				
Office Supplies	\$ 1,200.00	\$ 1,200.00	\$ 453.50	\$ (746.50)
Freight & Postage	5,000.00	5,000.00	2,121.73	(2,878.27)
Equip. Rental	960.00	960.00	--	(960.00)
Telephone	1,100.00	1,100.00	1,122.17	22.17
Heat	1,250.00	1,250.00	1,132.28	(117.72)
Power	3,000.00	3,000.00	2,692.23	(307.77)
Garbage	500.00	500.00	360.00	(140.00)
Truck Operation	2,000.00	2,000.00	375.79	(1,624.21)
Auto Ins.	125.00	125.00	60.92	(64.08)
Office Equip. Repair	150.00	150.00	106.50	(43.50)
Sundry	1,500.00	1,500.00	426.51	(1,073.49)
Taxes & Assess.	--	--	126.97	126.97
Refunds	--	--	85.00	85.00
Delivery Supplies	1,500.00	1,500.00	1,740.94	240.94
Janitorial Supplies	500.00	500.00	614.10	114.10
Other Equip. Repair	10,000.00	10,000.00	6,219.24	(3,780.76)
Printing Shop Maint.	1,500.00	1,500.00	1,162.56	(337.44)
Paper & Bookpaper	99,571.00	100,000.00	90,328.17	(9,671.83)

Exhibit B, Continued

Operating, Cont'd.				
Envelopes	\$ 16,000.00	\$ 16,000.00	\$ 8,304.43	\$ (7,695.57)
Ink	7,000.00	7,000.00	3,235.72	(3,764.28)
Printing Supplies	15,000.00	15,000.00	10,466.12	(4,533.88)
Artwork & Engraving	5,000.00	5,000.00	7,923.77	2,923.77
Printing Services	5,000.00	5,000.00	20,736.21	15,736.21
Dues & Subscrip.	100.00	100.00	194.50	94.50
Total	<u>\$177,956.00</u>	<u>\$178,385.00</u>	<u>\$159,989.36</u>	<u>\$ (18,395.64)</u>
Equipment:				
Office Furniture	\$ 500.00	\$ 500.00	\$ 13.95	\$ (486.05)
Office Equipment	850.00	850.00	290.72	(559.28)
Other Furniture & Equipment	200.00	200.00	192.53	(7.47)
Total	<u>\$ 1,550.00</u>	<u>\$ 1,550.00</u>	<u>\$ 497.20</u>	<u>\$ (1,052.80)</u>
Total Expenditures	<u>\$430,593.00</u>	<u>\$430,593.00</u>	<u>\$472,375.31</u>	<u>\$ 41,782.31</u>
Excess of Receipts over Expenditures			\$ 1,551.99	
Balance, June 30, 1963			<u>78,705.27</u>	
Balance, June 30, 1964			<u>\$ 80,257.26</u>	

STATE PRINTING OFFICE

SUPPLEMENTAL LETTER

1. Cash Control

Basically, the State Printing Office has satisfactory internal control. However, we do wish to recommend that incoming remittances be recorded by the person opening the mail before they are sent to the accounting office. Later, such remittance listings should be reconciled to the actual deposits.

2. Charges for Bad Check and Shoplifting Notices

Bad check and shoplifting notices are being printed in bold face type in accordance with NRS 206.130 and 598.030, respectively, and are available to anyone requesting them. The State Printer charges \$.08 each plus postage for these notices.

The Printing Office produced 20,000 of these notices from July 1, 1962 through June 30, 1964, at a total cost of \$243.34, or a unit cost of 1.2167 cents each. The statutes provide that the State Printer shall be entitled to charge a fee based on cost for each copy of these notices. The profit mark-up from cost is extremely high for these notices. It is recommended that the State Printer henceforth charge a fee more in keeping with the statutory provisions of NRS 206.130 and 598.030. To arrive at such a fee a comprehensive cost system should be incorporated in the books and records.

3. Printing Charges

The Superintendent of State Printing determines prices to be charged for printing and binding from the Franklin Printing Catalog. Some jobs, not listed in the catalog, must be computed individually. Prices taken

from the Catalog are always prices charged for medium grade work. The Superintendent states that all jobs produced by the State Printing Office are of excellent grade work. Therefore, the Superintendent is charging medium grade prices (which he further reduced 10%), for excellent grade work. The Superintendent states that because of this pricing policy, the state agencies are receiving an overall discount of 25% from the prices that would normally be charged by a commercial establishment.

Subsection 1 of NRS 344.110 provides that, "The superintendent of state printing shall determine the charge to be made for all printing and binding, and shall fix a price from time to time that will cover all costs of material and doing the work, not taking into consideration the cost of the plant of the state printing office."

The Superintendent has established no system of costing other than paper stock and labor used, and this only partially. Some "costs" are determined by arbitrarily selecting a rate similar to the rates produced in the Franklin Printing Catalog.

The Franklin Catalog is printed for use by the commercial printing industry. Because of this, all rates include a margin of profit, and provision for such expenses as taxes and licenses, various selling expenses, advertising, depreciation, etc., none of which are applicable to a state agency.

Even though the Superintendent does charge less than the printing industry, this is no proper indication of what rates should be charged in accordance with the statutes. The fact that the printing fund has increased appreciably since its creation in 1951 is indicative that the Superintendent is charging in excess of cost. Besides the increase in the fund, considerable new and expensive equipment has been purchased from this fund.

It is recommended that the Superintendent of State Printing consult the Department of Administration in order to establish a cost system which would include all costs of material, labor and overhead. Such a cost system should be made a part of the present accounting system and records.

In conjunction with the above and in order to provide more efficient use of current equipment and to allow continuing analysis of new equipment needs along with more modern methods of printing plant operation, it is suggested that a technical assistant be employed on a full-time basis. The present State Printer and his assistant spend their full time on production problems.

It is further recommended that the statutes be amended to provide that if the state printing fund is in excess of \$100,000, at the end of any fiscal year, such excess be reverted to the general fund.

4. Equipment Inventory

It was noted that a complete inventory of equipment had not been made since March, 1958. The Printing Office did initiate the use of a Kardex visual file in the early part of 1962, and inventory cards have been made up for new equipment purchased since that date. However, the Kardex file did not reflect all equipment on hand at the time such file was initiated.

A partial inventory check was made and it was determined that many items were not noted on the 1958 inventory, nor on the Kardex visual file. Many items had no identification tags.

It is recommended that the State Printing Office take immediate steps to have a complete inventory made and list all equipment as part of their Kardex visual file.

5. Surplus Property

The Printing Office is in possession of many items of equipment that are surplus and not being used. Some equipment has been on hand, unused for at least two to three years.

Holding equipment for such a period of time prevents other state agencies from making use of it, and if such equipment is to be eventually sold or traded in, a considerable amount of cash value may be lost to the state.

It is recommended that all surplus equipment be immediately turned over to the Purchasing Division for disposal as provided in NRS 333.220, and section 2710.4 of the State Administrative Manual.

6. Purchase of Out-of-Date Equipment

The Printing Office acquired the use of three pieces of Xerox equipment on a rental basis October 30, 1952. The rental agreement did not call for any portion of the \$80.00 monthly rental fee to be applied against a future optional purchase.

The State Printer asked for a price quotation on this equipment on July 30, 1961. The vendor offered to apply \$3,120 of the rental paid against the original list price of \$4,420, or a net price to the Printing Office of \$1,300.

The State Printer did not accept this offer, but continued paying 21 more monthly rental payments totaling \$1,680, until May 1, 1963, at which time the equipment was purchased for \$1,700. Rental payments were made in the amount of \$10,000, plus the purchase price of \$1,700 for a total consideration of \$11,700 for machinery having a mere cost value of only \$4,420.

New and more effective equipment was purchased on April 19, 1962, to replace the Zerox equipment. It is not known if the Zerox equipment was kept for limited use; however, at the present time it is lying unused at the Printing Office warehouse and has been there for the last two years.

If this equipment is no longer serviceable to the Printing Office, it is recommended that the State Printer declare it excess property and advise the Purchasing Division accordingly.

7. Union Labels on Printing

NRS 344.060 states, "The superintendent of state printing shall cause to be affixed to all public printing the union label recognized by the International Typographical Union. He is authorized to purchase such cuts for that purpose as in his discretion are necessary."

It was noted that on 10 different issues of public printing the union label had not been affixed. It is recommended that before each issue goes to print, that a careful check be made to insure that a union label has been affixed in accordance with NRS 344.060.

8. Monthly Reports to State Controller

NRS 344.120 provides that, "The superintendent of state printing shall render monthly reports to the state controller of all money received under the provisions of this chapter, and he shall pay the same into the state treasury to the credit of the state printing fund."

The State Printer does not render monthly reports to the state controller as the information required by this statute is being furnished to the state controller by the state treasurer. Therefore, in the interest of eliminating duplication of effort, it is recommended that NRS 344.120 be amended making reports to the controller unnecessary.

9. Outside Purchase of Office Supplies

An analysis of office supplies purchased by the Printing Office during the past two fiscal years ending June 30, 1964, revealed that a total of \$981.23 was expended, of which \$816.10 or 83.1% was acquired from sources other than the Purchasing Division of the Department of Administration.

It is recommended that the Printing Office procure, whenever possible, its office supplies from the State Purchasing Division, as specified in Section 2700 of the State Administrative Manual.

10. Attendance and Leave Records

The Printing Office inadvertently overpaid two employees for accrued leave upon their termination. This was due simply to clerical error. In the future all records should be checked and re-checked, especially in the instances of employee termination.

The agency also permitted three employees to use annual leave in excess of four days which they had not yet accrued. Item 4, Part C, Rule IX, Personnel Administration, in the State Administrative Manual, states in part, " . . . Vacation leave shall not be granted in excess of the vacation credit earned." No employee should be allowed to take annual leave not earned.

11. Reports Required by NRS 344.140

Under the provisions of NRS 344.140, certain state officers, boards, commissions, trustees, superintendents, regents and directors that are required by law to make reports to the Governor and the Legislature must first send the draft of such report to the Governor who shall submit the same to the Superintendent of State Printing who shall order such a number

as in his judgment meet the requirements of the law, but not less than 50 or more than 1,500 copies.

It is recommended that NRS 344.140 be amended to eliminate the sending of a draft to the Governor as this is not current practice and to also increase the maximum number of copies allowable to more conform to present requirements.

Carson City, Nevada
October 15, 1965


Norman H. Terrell, C.P.A. *for*
Fiscal Analyst

NOTE: At a meeting held October 19, 1965, between the Superintendent of State Printing and the Fiscal Analyst, agreement was reached on the implementation of all the foregoing recommendations. In addition, see attached letter from the Superintendent of State Printing.

STATE PRINTING OFFICE
OF NEVADA
Carson City

November 4, 1965

Mr. Norman H. Terrell
Fiscal Analyst
Legislative Counsel Bureau
Fiscal and Audit Division
Capitol Building
Carson City, Nevada

Dear Mr. Terrell:

I consider your supplemental letter relative to the operation of the State Printing Office an accurate analysis. Some of your recommendations have already been put into effect, and some others, in my opinion, could be subject to further review.

1. Incoming remittances are now being recorded as recommended.
2. The statute concerning bad checks and shoplifting placed the printing office in mail order retail business with incidental storing, bookkeeping, shipping, etc., leaving the production cost the least factor in expense, and at the start, an \$.08 charge was, in my opinion, justified. Later, chambers of commerce and service clubs placed large orders and took care of retail distribution. I have now fixed the cost of large orders at \$.03 and \$.05 for single copies.
3. Receipts in the printing office from July 1, 1957 to July 1, 1965, were \$3,118,452. Expenditures during the same period were \$3,089,115 and of this amount \$103,798 was for equipment authorized by the legislature in response to our budget requests. These figures reflect the practical result of our cost accounting.

During the years efforts were made to install standard cost accounting procedures but these proved to be very expensive and results never approached the accuracy of the Franklin Catalog in our effort to meet the requirements of the statutes. Due to state budget requirements every printing order must be estimated in advance and for this purpose I do not know of any costing system that will equal the Franklin.

The National Association of Photo Printers, of which the State Printing Office is a member, has made a study of building budgeted hourly cost rates in a printing plant which is furnished free to its members. We are to furnish the Association with a detailed analysis of all factors in our plant, which comprises first cost and depreciation of each of the many cost centers here. Each expenditure is itemized and rent, taxes, sales, etc., which do not apply here can be deleted.

The Association will set up budgeted hourly cost rates for cost centers here, based on specific costs in this plant.

When these studies have been completed I will comply with your recommendation and request cooperation of the Department of Administration in implementing the cost system. This will require employment of at least one qualified cost accountant familiar with printing.

The Printing Office makes every effort to fill all orders received, but if at any time it can be shown that work can be done cheaper elsewhere, authorization to purchase is issued. Heavy work load sometimes make outside purchases necessary when time is of the essence. The Personnel Division just recently brought an order for 10,000 40-page pamphlets. Our estimate was \$31.72 per page, with delivery date in three months. As this time was not satisfactory the department was issued authorization to purchase, and two competitive bids were received, one for \$42.75 per page and the other for \$50.98 per page. I know of no single instance where outside purchases were cheaper than our cost estimates.

The continuing fund was placed at \$50,000 in 1951, and when annual expenditure was \$97,272, this was adequate. In 1965 expenditure was \$539,527 and receipts \$540,342. (In passing, I suggest that these figures indicate the practical result of our present unorthodox costing.)

With present and ever-increasing expenditures, the continuing fund, as reflected by the controller's balance sheets, fluctuates widely and rapidly. It shows \$144,415, August 6, 1965, and \$43,608 as of October 20, 1965. Monthly expenditures reflect the increase in production with expenditure of \$83,211 in October 1965.

The legislature has authorized expenditure for equipment of \$14,050 in 1965 and \$36,500 in 1966. It is essential that funds be available for purchase of paper in carload lots from time to time. Also a 50 year-old linotype may go out at any time and replacement will cost \$35,000. Accumulation of funds for these purchases cannot be made if reversion to the general fund is placed at less than \$150,000.

Reversion of funds would be insurance of observance of the statutory provision concerning cost, but I earnestly request that the reversion is set at a figure that does not make continued operation of the printing office impossible.

Recommendations concerning equipment inventory are being put into effect as rapidly as possible. The accounting department has a heavy work load, and a request for authority to employ extra clerical help has been made. Necessary steps have also been taken to implement other recommendation in your supplemental letter.

Very truly yours,

/s/ Jack McCarthy
State Printer

P.S. In the last session a bill which took our warehouse from the printer to some other department passed the Assembly, was amended in the Senate and failed passage only because of failure to agree. Without this warehouse we would be unable to buy paper in car lots at a saving of some 20 to 30%.

NEVADA FISH AND GAME COMMISSION

AUDIT REPORT

For the Fiscal Year ended June 30, 1964

LEGISLATIVE COUNSEL BUREAU
NORMAN H. TERRELL, FISCAL ANALYST
Carson City, Nevada

1.
Nevada Legislative Commission
Capitol Building
Carson City, Nevada

Gentlemen:

We have examined the accounts and records of the Nevada Fish and Game Commission for the fiscal year ended June 30, 1964, and have prepared therefrom the following exhibits and related schedules:

Nevada Fish and Game Fund--
Statement of Financial Condition as of
June 30, 1964-----Exhibit A

Nevada Fish and Game Reserve Fund--
Statement of Financial Condition as of
June 30, 1964-----Exhibit B

Statement of Basis for Authorization
Compared to Actual Receipts and Expenditures
for the Fiscal Year ended June 30, 1964----Exhibit C

Scope of the Examination

Although we did not make a detailed examination of all recorded transactions, our examination was made in accordance with generally accepted auditing standards. It included test-checks and analyses of the accounting records and other supporting documents to the extent which, in our opinion, were adequate to satisfy ourselves of the general accuracy of the records.

Opinion

We have examined the statement of Financial Condition of the Nevada Fish and Game Fund, and the Nevada Fish and Game Reserve Fund of the Nevada Fish and Game Commission as of June 30, 1964, and the related statement of revenues and expenditures for the year then ended. Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying statement of financial condition and statement of revenues and expenditures present fairly the financial position of the Nevada Fish and Game Fund and the Nevada Fish and Game Reserve Fund of the Nevada Fish and Game Commission as of June 30, 1964, and the results of its operation for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Carson City, Nevada
November 2, 1965

Norman H. Terrell
Norman H. Terrell, C.P.A. *fw*
Fiscal Analyst

NEVADA FISH AND GAME COMMISSION
STATEMENT OF FINANCIAL CONDITION
FISH AND GAME FUND
June 30, 1964

ASSETS

<u>Cash</u>			
In State Treasury	\$1,325,427.17		
Petty Cash Fund	50.00		
Change Fund	<u>200.00</u>		\$1,325,677.17
<u>Accounts Receivable</u>			
Federal Aid	\$ 84,755.45		
Counties	315.55		
License Agents	37,300.20		
Arizona Fish & Game	8,793.45		
Leases-Tests-Rents	<u>11,826.56</u>		142,991.21
Land and Equipment			2,535,128.72
Buildings			<u>1.00</u>
			<u>\$4,003,798.10</u>

LIABILITIES AND SURPLUS

<u>Accounts Payable</u>			
Federal Aid	\$ 8,485.55		
Arizona Fish & Game	<u>53,091.70</u>		\$ 61,577.25
<u>Surplus:</u>			
<u>Unappropriated</u>			
Current Cumulated License			
Sales to Finance Subsequent			
Year Operations	\$1,163,942.63		
Other Receipts	<u>106,698.50</u>	\$1,270,641.13	
<u>Arising from Fixed Assets</u>			
Land and Equipment* (See Note)	\$2,535,128.72		
Buildings	<u>1.00</u>	2,535,129.72	
<u>Restricted</u>			
Eagle Valley Dam	\$ 131,250.00		
Ruby Hatchery	<u>5,200.00</u>	<u>136,450.00</u>	3,942.220.85
			<u>\$4,003,798.10</u>

NOTE: Included in land amount-88 shares of Hiko Irrigation and Water District Stock, par value \$5.00 per share-Total value \$440.00.

NEVADA FISH AND GAME COMMISSION
STATEMENT OF FINANCIAL CONDITION
FISH AND GAME RESERVE FUND
June 30, 1964

ASSETS

Interest Receivable

\$24,629.06*

SURPLUS

Unappropriated

\$24,629.06

*Interest from Time Deposit Certificates of Fish and Game Fund principal - No expenditures to date.

NEVADA FISH AND GAME COMMISSION
FISH AND GAME FUND
STATEMENT OF BASIS FOR AUTHORIZATION
COMPARED TO ACTUAL RECEIPTS AND EXPENDITURES
For the Fiscal Year Ended June 30, 1964

	<u>Work Program</u>	<u>Basis for Author.</u>	<u>Actual Receipts & Expend.</u>	<u>Over/(Under) Author.</u>
<u>Funds Available</u>				
Balance, July 1, 1963		\$1,100,000.00	\$ 918,928.66	\$ (181,071.34)
Revenue, Sale of				
Licenses, etc.	\$ 976,392.00	1,055,000.00	1,243,239.30	188,239.30
Revenue, Federal Aid	438,980.00	339,034.00	409,072.45	70,038.45
Gifts, Eagle Valley Dam	150,000.00		131,250.00	131,250.00
Aug. - Salary Adj.	35,007.00			
Aug. - Group Ins.	3,600.00			
Total	<u>\$1,603,979.00</u>	<u>\$2,494,034.00</u>	<u>\$2,702,490.41</u>	<u>\$ 208,456.41</u>
<u>Expenditures</u>				
Payroll Costs:				
Salaries	\$ 685,048.00	\$ 685,048.00	\$ 681,078.59	\$ (3,969.41)
Indus. Ins.	6,592.00	6,592.00	6,444.41	(147.59)
Retirement	37,713.00	37,713.00	39,153.54	1,440.54
Personnel Assess.	5,000.00	5,000.00	4,720.00	(280.00)
Group Ins.	3,600.00	3,600.00	2,763.00	(837.00)
Total	<u>\$ 737,953.00</u>	<u>\$ 737,953.00</u>	<u>\$ 734,159.54</u>	<u>\$ (3,793.46)</u>
Travel:				
Out-of-State	\$ 8,149.00	\$ 8,149.00	\$ 5,970.22	\$ (2,178.78)
In-State	122,255.00	122,255.00	101,003.75	(21,251.25)
Total	<u>\$ 130,404.00</u>	<u>\$ 130,404.00</u>	<u>\$ 106,973.97</u>	<u>\$ (23,430.03)</u>
Operating:				
Office Supplies	\$ 9,181.00	\$ 9,181.00	\$ 11,364.73	\$ 2,183.73
Postage & Freight	12,345.00	12,345.00	14,057.47	1,712.47
Telephone Rental	--	--	6,722.67	6,722.67
Telephone-Tolls/ Telegraph	15,772.00	15,772.00	6,582.76	(9,189.24)
Printing - Annual Reports	5,675.00	5,675.00	8,206.63	2,531.63
Printing - Operational	10,806.00	10,806.00	12,206.49	1,400.49
Subscrip. Ref. Manuals	663.00	663.00	277.22	(385.78)
Dues & Regis.	593.00	593.00	335.00	(258.00)
Bond & Ins. Premiums	1,990.00	1,990.00	9,889.41	7,899.41
Contract Services	7,300.00	7,300.00	32,791.74	25,491.74
Office Equip. Repair	2,145.00	2,145.00	1,329.86	(815.14)
Equip. Repair - Other	14,446.00	14,446.00	10,351.80	(4,094.20)
Equip. Rental	6,722.00	6,722.00	2,852.61	(3,869.39)
Bldg. Space Rental	1,725.00	1,725.00	2,318.43	593.43
Heat	--	--	1,721.58	1,721.58

Operating, Cont'd.

Power	\$ 14,924.00	\$ 14,924.00	\$ 16,026.08	\$ 1,102.08
Water	--	--	313.53	313.53
Other Utilities	--	--	2,991.15	2,991.15
Janitorial Supplies	780.00	780.00	510.05	(269.95)
Bldg. Maint.	3,340.00	3,340.00	7,190.47	3,850.47
Grounds Maint.	43,524.00	43,524.00	2,987.60	(40,536.40)
Airplane Operation	5,700.00	5,700.00	2,422.93	(3,277.07)
Uniform Allowance	3,900.00	3,900.00	4,002.20	102.20
Transportation	--	--	198.00	198.00
Improvements & Betterments	29,448.00	29,448.00	12,932.40	(16,515.60)
Advertising	--	--	228.30	228.30
Professional Serv.	--	--	782.98	782.98
Special Reports	--	--	32.00	32.00
Licenses & Fees	10,902.00	10,902.00	1,748.20	(9,153.80)
Taxes & Assess.	10,325.00	10,325.00	9,906.19	(418.81)
Radio Maint. Supplies	8,305.00	8,305.00	5,279.05	(3,025.95)
Electronic Data Proc. Exp.	1,175.00	1,175.00	35.70	(1,139.30)
Prisoner's Stipends	--	--	876.00	876.00
Photos, Prints & Maps	--	--	1,559.54	1,559.54
Lab. or Tech. Supplies	--	--	224.68	224.68
Spec. Serv. or Projects	15,988.00	15,988.00	62,367.05	46,379.05
Spec. Serv. or Proj. Supplies	24,715.00	24,715.00	--	(24,715.00)
Tools, Poison, Taxidermy etc.	--	--	40,685.17	40,685.17
Fish Food	48,000.00	48,000.00	11,046.23	(36,953.77)
Public Information	--	--	102.05	102.05
Farming	4,700.00	4,700.00	1,168.87	(3,531.13)
Transfer - Fish & Wildlife Service	32,106.00	32,106.00	25,502.98	(6,603.02)
Transfer - Other Agcies.	87,940.00	87,940.00	103,812.70	15,872.70
Transfer-County Game Bds.	--	--	1,053.97	1,053.97
Transfer-State Prison	--	--	4,925.00	4,925.00
Refunds	--	--	183.90	183.90
Contingency:				
State Funds	25,000.00	25,000.00	--	(25,000.00)
Pittman Robertson Act	20,000.00	20,000.00	--	(20,000.00)
Dingle-Johnson Act	5,000.00	5,000.00	--	(5,000.00)
Total	<u>\$ 485,135.00</u>	<u>\$ 485,135.00</u>	<u>\$ 442,103.37</u>	<u>\$ (43,031.63)</u>

Equipment:

Automobiles	\$ 5,000.00	\$ 5,000.00	\$ 15,351.62	\$ 10,351.62
Trucks	55,000.00	55,000.00	27,136.67	(27,863.33)
Office Furniture	1,058.00	1,058.00	768.74	(289.26)
Office Equipment	1,525.00	1,525.00	2,275.08	750.08
Other Furn. & Equip.	33,129.00	33,129.00	48,294.25	15,165.25
Total	<u>\$ 95,712.00</u>	<u>\$ 95,712.00</u>	<u>\$ 93,826.36</u>	<u>\$ (1,885.64)</u>

Capital Improvement	<u>\$ 154,775.00</u>	<u>\$ 4,775.00</u>	<u>\$ --</u>	<u>\$ (4,775.00)</u>
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Total Expenditures	<u>\$1,603,979.00</u>	<u>\$1,453,979.00</u>	<u>\$1,377,063.24</u>	<u>\$ (76,915.76)</u>
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Balance, June 30, 1964			<u>\$1,325,427.17</u>	
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DEPARTMENT OF FISH AND GAME

SUPPLEMENTAL LETTER

For Fiscal Year Ended June 30, 1964

1. Internal Control Evaluation

Internal control procedures of the Fish and Game Commission were verified to be adequate with some exceptions. Areas where we feel internal control procedures are in need of improvement are as follows:

(a) Recommendations were made in a previous audit whereby all moneys received for special drawings would be deposited with the State Treasurer in a special account. Upon completion of the drawing, the Treasurer would refund moneys to unsuccessful applicants. This procedure has been followed for nonresident deer applications but it is not followed with regard to applications for resident elk, antelope, turkey, sheep, and nonresident sheep. Checks or money orders are required with the above applications and these are held with the application until after the drawing at which time the checks and money orders of the unsuccessful applicants are returned.

It is recommended that all moneys received with applications for special drawings be deposited with the State Treasurer and that refunds to unsuccessful applicants be made from a suspense account.

(b) A general type license is used for such licenses as private fish hatcheries, non-commercial game breeders, commercial game farms, private shooting preserves, commercial fishing camps, commercial hunting camps, and fur buyers. These licenses are not prenumbered serially and are printed in advance for use in many fiscal years. The license number and the fiscal year are stamped or typed on at time of sale. Without serially numbered licenses it is not possible to insure that all moneys are being received for licenses sold.

We recommend that the present general type license be replaced by a serially numbered general license. Due to the variety of uses of this license, the applicant's name, assigned number and fiscal year could be stamped on at time of sale. The license should have a double stub in order that numerical sequence and files for the particular types of licenses sold could be maintained. Void licenses should be maintained intact in serially numbered sequence in the file.

(c) The Commission does not keep an accounts-receivable general ledger control, nor is any reconciliation made between billings and the accounts-receivable register.

It is recommended that an accounts-receivable control be immediately established and made part of the Commission's general ledger. It is also suggested that monthly reconciliations between the control and subsidiary accounts receivable be made part of the regular accounting procedure.

(d) Sales of license, tags and permits are made by bonded license agents and the office of the Fish and Game Commission. The present controls on license agents are adequate to insure that all sales and receipts are accounted for. However, there is a definite lack of control of these sales by the license office as no reconciliation is made between actual licenses sold and cash receipts. The report issued by the license office indicates only complete books sold, whereas the accounting records show actual cash received. In order to reconcile sales with receipts, the license office will have to report all sales of licenses, tags and permits whether or not a book is completely sold.

It is therefore recommended that the license office furnish the accounting office with a monthly report indicating all sales for the preceding month, and that the accounting office make a reconciliation of this report based on cash received. Care should be taken by the

accounting office at the end of a fiscal year to insure proper segregation of fiscal year receipts in order to reconcile and also insure that deposits of prior year funds shall be deposited with the State Treasurer as required by statute.

2. Books and Records

Verification of paid claims indicated that account coding was quite inconsistent. In one particular instance an amount was posted to three different accounts. The project expense register and the state expense register use the same coding but many times an account coding would be changed when posted to one register after having been posted to the other register under the original coding.

During the course of our audit, several discussions were held relative to the above problem with all persons involved. As a result, a new system was implemented and will reflect consistent coding in all registers.

Accounting records now being maintained are substantially expanded from prior years' requirements. It would save considerable time and effort if all records were machine-posted. It is recommended that a review by a competent Burroughs programmer be requested to determine if the present posting machine could be programmed sufficiently to adequately post all necessary accounting records.

3. Semi-Annual Meeting of the Nevada Fish and Game Commission

NRS 501.150, section 1, states, "The commission shall hold regular meetings at its principal place of business semi-annually in each year, and the first meeting shall be held prior to March 15 of each year." (Emphasis added.) The Commission held the two meetings as required by law, but one of the meetings was held in Las Vegas, which is not the principal place of business.

It is therefore recommended that all meetings be held at the principal place of business, in Reno, Nevada.

4. Biennial Report

NRS 501.175 states, "The commission shall report biennially to the governor, giving an account of its transactions and of all receipts and disbursements under this title." The Commission is complying with the above statute but the fiscal reporting procedures have not been consistent due to changes in accounting systems and accountants.

It is recommended that the Nevada Fish and Game Commission strictly adhere to the state account code system in future reports in order to provide consistent fiscal information.

5. Damage by Game Animals

NRS 501.245 gives the Commission authority to prevent and/or alleviate damage caused by game animals, after the Commission has received information from the owner or tenant of the property or land that such damage has taken place or it is likely to occur.

The Commission receives reports of such damage but no records of such reports are maintained, except reports of beaver damage. Furthermore, no recorded information is available with regard to what action, if any, was taken in response to such damage reports, other than beaver-caused damage.

It is recommended that a system of reporting all information relative to complaints of damage and action taken on each complaint be established as soon as possible. It was noted that the game division has created a report form which would appear to be satisfactory, but they have never put it to use. It is recommended that they do so in the near future.

6. Fish and Game Fund: Creation, Sources, and Use

NRS 501.255, section 2, states, "The moneys received from the sale of licenses and all other sources except appropriations, gifts and federal

funds obtained under NRS 501.115 and 501.117, shall, upon receipt, be deposited at interest with the written approval of the state board of finance, in any state or national bank or banks or savings associations in the State of Nevada. The principal so deposited shall be transferred annually to the fish and game fund between June 1 and June 30 for use of the commission during the next succeeding fiscal year."

At June 30, 1964, the Fish and Game Commission had money remaining in their commercial bank account in the amount of \$11,899.39 which was from June receipts and they also had \$620,000.00 from cashed time certificates which were not transferred to the State Treasurer until the first week of July. It is not possible to clear the commercial account in the specified time due to deposits in transit and it would create a loss of interest if the time certificates were cashed earlier.

It is therefore recommended that the above statute be amended making the last sentence in section 2, to read as follows: The principal so deposited shall be transferred annually to the fish and game fund between June 1 and July 15 for use of the commission during the next succeeding year. Section 1 of NRS 501.256 would also have to be amended to reflect the change in dates.

It was noted that the Commission has never deposited money in savings associations even though interest rates paid are much higher. There would be no risk if the savings association was a member of the Federal Savings Insurance Corporation as they insure accounts up to \$10,000.00. They have no restrictions as to the number of multiple accounts that can be maintained which do not exceed the \$10,000.00 maximum per account.

It is recommended that the Fish and Game Commission make inquiries to determine federal savings associations which are located in the State of

Nevada and that a portion of Fish and Game moneys be deposited with them where higher interest rates can be obtained through the use of the multiple insured accounts.

An analysis of the 1963-1964 deposits indicate that if the funds had earned interest at 4.85% compounded to 4.97%, the Fish and Game Commission could have earned between \$15,000.00 and \$20,000.00 additional interest income for the fiscal year ended June 30, 1964.

7. Fish and Game Reserve Fund

NRS 501.256 directs that interest received from the deposit of Fish and Game funds moneys be placed in a fund to be known as the "Fish and Game Reserve Fund." The moneys in this fund are then to be deposited at interest in the same manner as the Fish and Game Fund. The money is to be used only for those purposes stated in NRS 501.256. The Fish and Game Commission has complied with the requirement of this law but they have never set up a formal system of accounting for this money.

It is recommended that a general ledger be maintained which will note all moneys on deposit, by fund and by account.

8. Sale of Confiscated Equipment

NRS 501.370, section 1 states, "Whenever any fishing or hunting equipment used in any unlawful taking of fish or game is, in the discretion of the Justice of the Peace or other judicial officer having jurisdiction, confiscated, the same shall be kept under the control of the court until July 1, or December 31 next following and then sold at public auction sale to the highest bidder by the Justice of the Peace or other judicial officer." The Fish and Game Commission has equipment stored at headquarters which was seized pending further action. As it turned out, parties never reclaimed such equipment although they could have.

It is recommended, that in the future, any equipment seized for an act of unlawful taking of fish or game be turned over immediately to the Justice of the Peace in the county where the act took place. It is also recommended that any equipment now held by the Fish and Game Commission be turned over to the Justice of the Peace in the county that said equipment was seized.

9. License Sales Receipts

NRS 502.260 states, "All sums from the sale of hunting, fishing and trappers' licenses shall be paid into the state treasury to the credit of the fish and game fund."

NRS 501.255, subsection 2, states in part, "The moneys received from the sale of licenses and all other sources except appropriations, gifts and federal funds obtained under NRS 501.115 and NRS 501.117 shall, upon receipt be deposited at interest, with the written approval of the state board of finance, in any state or national bank or banks or savings associations in the State of Nevada..."

Since the above two statutes are in direct conflict and as NRS 501.255 was amended during the 1963 session of the Legislature, to permit earning interest on Fish and Game receipts, it is recommended that NRS 502.260 be repealed.

10. Petty Cash Fund

The petty cash fund was established primarily for the payment of purchases under \$3.00 and payment to city, state, county and federal agencies that require cash before any service is rendered.

During our audit it was noted that the petty cash fund is being used for such purposes as stamp purchases, \$30.00 license refunds, \$10.00 and \$25.00 purchases which were not of an emergency nature. Expenditures of

such extent deplete the \$50.00 petty cash fund so as to render its primary purpose useless. All large stamp purchases could be made with state warrants. Refunds of license fees could be handled as we recommended in paragraph #1 of this report. All expenditures from petty cash should be closely scrutinized and approved by at least two responsible persons before any expenditure is authorized.

11. Competitive Field Trials for Hunting Dogs; Training of Dogs; Use, Possession of Upland Game Birds

NRS 503.200, section 4, states, "All legally acquired upland game birds used in a field trial or for the purpose of training hunting dogs shall be banded with legbands by the person in charge of such field trial or training. Legbands shall be furnished by the commission at a cost of not to exceed 10 cents per legband . . . " (Emphasis Added.) Letters in the files indicate that the commission has authorized the purchase of legbands by individuals wishing same, but due to the few field trials being held it is not economical nor practical for the Fish and Game Commission to stock legbands.

It is recommended that the above statute be amended and that the above underlined sentences be changed to read, "Legbands to be used shall be of the type and size the commission shall require and approve."

NRS 503.200, section 5 states, "All birds killed under the provision of this section must be accompanied by a receipt, giving the permit number, the date, the name of the person in possession, and signed by the permit holder. Birds killed and accompanied by a receipt under the provisions of this section may be legally possessed." There were no indications in the records of the Commission that any inspections had been made to insure that permit holders were complying with the provisions of NRS 503.200.

It is recommended that frequent on-sight inspections be made of permit holders to insure that they are complying with NRS 503.200, and that the results of these inspections become a matter of formal record.

12. Live Bait; Permit Required

NRS 503.310, section 2 states, "Any person engaged in the sale, capture, transportation or propagation of fish for bait shall first obtain a permit from the commission. The commission may charge a reasonable fee not to exceed \$10.00 for each permit. Such permit may be revoked for any violation of regulations." At the present time live bait dealers do not receive a license but are issued a signed copy of the application which is authorization to operate.

The Commission sends the application with the money to the license office who in turn ring it up as paid and then return it. The only record the license office has is the cash register tape.

It is recommended that a general type license be used which should be issued by the license office. This license shall be used in conjunction with the signed copy of the application issued by the Chief of the Fish division. The permit issued by the Commission shall be the authorization for the species of fish which may be taken, held or sold by the permittee.

13. Maintenance of Zoos, Menageries, Private Collections of Wild Animals; Wild Birds or Reptiles; Permits from Commission.

NRS 503.590, section 1 states, "Except as provided in this section, it shall be unlawful for any person, firm, partnership or corporation to maintain any zoo, menagerie or display of live wild animals, wild birds or other wildlife or non-domesticated species of animals, either native or exotic, or to exhibit as a zoo, menagerie or display any living wild animals, birds or other wildlife, whether for compensation or otherwise."

NRS 503.590, section 5 states, "This section shall not apply to any regularly organized traveling circus, menagerie or trained act of wild animals not permanently located within the State of Nevada."

Permit SD-10 was issued for two elephants for display as trained animal acts. Permit C-2 was issued for two bears for display as trained animal acts. Both of these permits are in violation of section 1 of NRS 503.590 as they are being used for display as trained animal acts. They could not be excluded under section 5 as both are permanently located within the State of Nevada.

NRS 503.590, section 3 states, "Any individual may apply to the commission for a permit to maintain a private collection of wild animals, wild birds or reptiles. Being satisfied that such collection will not be maintained for public display nor as a part of or adjunct to any commercial establishment, the commission may grant such permit. The permit shall authorize the permittee to keep and maintain live predatory animals, live predatory birds, live non-game animals, live non-game birds and live reptiles, subject to inspection by the commission or its agents, and shall be revocable at any time."

Permit SD-8 was issued for a Falcon and Goshawk as a Private Collection. The above birds were authorized for public display as trained animal acts in the sport of falconry.

Permit SD-9 was issued for a Redtail Hawk as a Private Collection. The above bird was authorized for public display as a trained animal act in the sport of falconry. Both of the above permits were issued in violation of section 3 of NRS 503.590 which does not allow private collections to be used for public display.

The Fish and Game Commission is aware of such law violations and introduced legislation before the 1965 Legislature which would grant the Commission more discretionary powers. It is recommended that the proposed legislation be introduced before the 1967 Legislature.

14. Fish Hatcheries

Under the provisions of NRS 504.150 and 504.160, the Commission has licensed 19 private fish hatcheries as commercial fish hatcheries or fishing grounds. Some of these hatcheries sell their fish to the general public, usually by letting the public fish in the private pond and charging in accordance with weight or length of the catch.

NRS 504.170 states, "1. When the proprietor of any licensed fish hatchery shall sell or dispose of any fish as provided in this chapter, he shall, at the same time, attach thereto, or deliver to the purchaser or donee, an invoice signed by the proprietor or his agent, stating:

- (a) The number of his license.
 - (b) The name of the hatchery.
 - (c) The date of disposition.
 - (d) The kind, and, as near as practicable, the weight and number of such fish.
 - (e) The name and address of the purchaser, consignee or donee.
2. The invoice shall authorize transportation and use for 6 days after its date.
3. The proprietor or his agent shall at the same time mail, postpaid, or otherwise deliver a duplicate of the invoice to the commission at its principle place of business."

Although several of the hatcheries licensed as commercial fish hatcheries sell fish to the public, the Commission maintains that such hatcheries are

private and therefore not subject to the provisions of NRS 504.170.

Accordingly, no duplicate invoices have been required by the Commission.

The above quoted statute does not make a distinction between private and commercial hatcheries. It simply states, ". . .the proprietor of any licensed fish hatchery . . ." Therefore, it is recommended that the Commission take immediate steps to notify all licensed fish hatcheries to begin complying fully with the provisions of NRS 504.170.

15. Licensed Breeding Grounds

NRS 504.250 states, "1. When the proprietor of any licensed breeding ground shall sell or dispose of any animals or fowl as provided in this chapter, he shall, at the same time, attach thereto, or deliver to the purchaser or donee, an invoice signed by the proprietor or his agent, stating:

- (a) The number of his license.
- (b) The name of such breeding ground.
- (c) The date of disposition.
- (d) The kind and number of such animals or fowl.
- (e) The name and address of the purchaser, consignee or donee.

2. The invoice shall authorize transportation and use after its date.

3. The proprietor or his agent shall at the same time mail, postpaid, or otherwise deliver, a duplicate of such invoice to the Commission.

4. No invoice shall be required in case of animals or fowl lawfully taken or killed in such private breeding ground during the open season therefor, and within the quantity provided by law while in the possession of the person killing the same during the open season and for 5 days thereafter."

Although there are private breeding grounds which sell game out of season, no duplicate invoices or notification of any kind has been forwarded to the Commission. No formal record is maintained by the Commission, citing

whether or not inspections of breeding grounds have been made or if the required invoices have been prepared when game is taken from the grounds.

It is recommended that all breeding grounds in Nevada be immediately notified of the provisions of NRS 504.250 and requested by the Fish and Game Commission to comply fully with same. It is further suggested that periodic inspections be made of such grounds and written reports of the results of the inspections be prepared and filed at Commission headquarters.

16. In-Lieu Taxes

NRS 361.055, section 1 states, "All lands and other property owned by the State are exempt from taxation, except real property acquired by the state board of fish and game commissioners pursuant to NRS 501.225 which is or was subject to taxation under provisions of this chapter at the time of acquisition."

NRS 361.055, section 2 designates how such property is to be taxed. At the present time there is no tickler file maintained on Commission-owned lands or lands subject to "in-lieu" taxes.

It is recommended that the Fish and Game Commission prepare and maintain a listing of all properties held, noting properties for which "in-lieu" taxes are being paid. This listing should state date of acquisition, tax rate and valuation at date of acquisition and yearly amount to be paid. This listing for "in-lieu" taxes should be incorporated with the tickler file for Commission-owned or -leased lands.

17. Property Holdings

NRS 321.045, section 3 states, "Every department or agency of the state except the department of highways, shall, upon acquiring any land or interest therein, transmit to the state land register the information necessary to make such entries in the index."

Of the 20 parcels the Fish and Game Commission owns, only 14 could be completely checked for existence and acreage against the land register's records. It is recommended that information necessary be supplied the land register's office so that all lands can be indexed as required by NRS 321.045.

Recommendations were made in the previous audit of the Fish and Game Commission that a tickler file be set up to catalogue all of their property holdings. As yet this has not been accomplished. A partial listing of leased-lands only is presently maintained. It is again recommended that a tickler file be formulated by the Commission setting forth all property holdings whether they are owned, leased or withdrawn.

All property agreements entered into by the Fish and Game Commission should have approval of the Attorney General as to form. Of the 14 such agreements, six did not indicate this approval. It is recommended that all agreements, (property or otherwise) be approved as to form by the Attorney General.

18. In-State Travel

A test-check of the in-state travel claims revealed areas where discrepancies have occurred, which are as follows:

(1) Purposes of the various trips were recorded only on approximately 10% to 15% of the travel claims submitted.

(2) Four people submitted travel claims which duplicated travel dates previously submitted. No reimbursement of these duplicate payments could be found in the records. Under the present system there is no way that duplicate payments can be discovered.

It is recommended that a file folder be maintained for each individual in travel status. Travel claims submitted should be filed in date-order and checked against previous claims submitted to insure against duplicate payments. A miscellaneous file folder should be maintained for employees

who perform only occasional travel. This folder should be arranged in alphabetical order, and should be made the responsibility of one person to maintain the file and also check for any duplication. It is also recommended that the duplicate payments mentioned above be researched to gain reimbursement where possible. It is further recommended that a more thorough examination of travel claims be made in order that payments are made from the proper fiscal year and to insure the proper category of travel is charged.

19. Overtime

In reviewing employees time sheets and pay records it was noted that overtime worked in an entire month is normally paid on the check received the tenth of the next month. This situation arises through the use of a time sheet covering a calendar month for many of the employees in the field. State Administrative Manual, Section 5520.5 states in part, " . . . overtime worked the first half of the month shall be paid by the 25th of the month (the first payday for most employees). Overtime payments for the second half of the month shall be paid by the 10th of the following month . . . ". In at least one instance during the audit period, an employee was overpaid due to the fact that overtime worked in the first half of the month, was compensated at the rate he was earning at the end of the month, during which he had received a merit increase effective the 16th.

It is recommended that the present time sheets be revised to include only a semi-monthly period and that they be submitted timely in order to conform to SAM 5520.5.

20. Employee Leave Records

In reviewing employee leave records, numerous discrepancies were noted. The following sections of the State Administrative Manual, Chapter 8400, Rule IX were disregarded:

Section C, Paragraph 4, which states in part, "Vacation leave shall not be granted in excess of vacation credit earned." Two employees have been allowed to take vacation leave in excess of that earned and both of these on two separate occasions.

Section D, Paragraph 2 which states, "Part-time employees shall be allowed prorated sick leave on the basis of 1-1/4 days credit for each month of service for full-time employees." As with annual leave, Section C, Paragraph 3 above, part-time employees are not credited with sick leave earned.

Section D, although not specifically stated, implies that an employee can only take sick leave to the extent of that earned. Two employees were allowed to take sick leave in excess of that earned; both, on at least three separate occasions. In addition, one of these employees was allowed to take 48 hours of sick leave (38 hours in excess of that earned) and make it up with overtime. This employee also requested 23 hours of sick leave and 24 hours of annual leave for a period not worked due to an employment-connected accident which possibly should be covered by an NLC claim.

Section 3, Paragraph 1, which states in part, "On the first day of the pay period, following the completion of six months of service, each employee who is employed full-time shall be allowed 7-1/2 working days credit for vacation with pay." Presently, annual leave credit is posted only at the beginning of a calendar month and then only to the extent of 60 hours. An employee starting to work on the 10th of a month will then lose 5 hours of vacation credit due to the fact that the posting is made on the first day of the second day period following completion of six months rather than the first pay period.

It is recommended that:

(1) Part-time employees be given credit for annual and sick leave earned retroactive to January 1, 1965 and hereafter.

(2) Prior to the approval of state form NPD 21, "Application and Authorization for Leave," the completed form be sent to the time record posting clerk who should then indicate on the face of the form, the current accumulated balance of the type of leave requested.

(3) The posting of earned credit for annual and sick leaves of new employees be on the first day of the pay period following completion of the required time. If this date is the 16th rather than the 1st of the month, the next two weeks can be prorated to establish a 1st of the month basis.

(4) A full investigation be conducted to explore the merits of a possible NIC claim in the case of the injured employee.

21. Records of Compensatory Time

During the review of the employee time records, it was noted that compensatory time earned and taken by personnel outside the Reno office was not controlled by that office. Individual time sheets, (for those employees required to turn in time sheets), indicate compensatory time earned and taken; however, only that time taken is posted to the time records. Neither time earned nor taken is submitted for approval on the appropriate form on other than rare instances. Section 5520.8 of the State Administrative Manual states, "All compensatory time must be approved by the agency head or his designated division or section representative. Employee time records should record such approval."

With the present lack of proper control, it is undoubtedly difficult to administer Section 5520.6 of SAM, which states in part, "Such compensatory time off shall be given within the calendar year it is earned."

It is recommended that both compensatory time earned and taken be recorded in the time records for all employees; that the use of form NPD 21, "Application and Authorization for Leave," be required; and that the form be handled in the same manner as previously recommended for annual and sick leave. It is also recommended that the form, "Authorization for Overtime Work and Compensatory Time or Salary Adjustments," be used for employees in the field as well as those in the Reno office and that the posting of time records be done from the two authorization forms rather than from time sheets. Further, signed authorization should be obtained in all instances, from the agency head or his appointed representative.

22. Files

The Fish and Game Commission presently maintains files in at least seven separate locations in the Reno office, the principal ones of which are: (1) General File, (2) Vault File, (3) Game File, (4) Fish File, (5) Federal Aid File. The General File is designed to contain copies of all documents; however, each of files 2 through 5 have items not found in the General File. Under the present system, no one person is responsible for the upkeep of the General File; consequently, there is no uniformity in the manner like documents are filed. Also, the structure of the General File is such that one document may be cross-filed under three or four categories. The General File now contains documents which are dated in excess of five years.

It is recommended that documents in other files be incorporated into the General File, one person be assigned to maintain the General File, and that a cross-indexed card system be established for the General File, thereby eliminating duplicate copies of documents. The person in charge

of the General File could also be required to send copies of items relating to a particular department, such as Federal Aid or Game, to that department. It is also recommended that documents in the General Files which do not pertain to current year operations be eliminated and placed in storage.

23. Fur Dealers Records

NRS 505.090 states, "1. Every fur dealer shall keep a book in which shall be recorded separately the date of each transaction and the following facts:

(a) The number and kinds of all skins and pelts purchased or sold by such dealer.

(b) The place where such skins or furs were killed or trapped, and a separate record of all such skins or pelts as were killed or trapped outside the State of Nevada.

(c) The trapping license number under which such furs or pelts were taken in instances where a trapper's license is required for the taking thereof.

(d) The names and addresses of the persons to whom such skins or pelts were sold or from whom they were purchased.

2. The book shall be open at all reasonable times to the inspection of any member of the state board of fish and game commissioners, members of the Nevada state police, every fish or game warden throughout the state, and every sheriff and constable in his respective county. The book shall be preserved and accessible for 1 year after the expiration of any license granted to the fur dealer."

A review of the Commission's files indicated that no inspections had been made to determine if all information required by the above quoted statute is being properly recorded by the fur dealer. Since there are

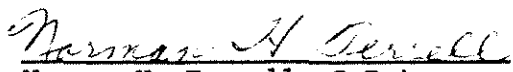
only two licensed fur dealers in the state, it would require little time and effort to determine if all provisions of NRS 505.090 are being fully complied with.

It is recommended that periodic inspections be made and a written report thereon forwarded and preserved by the Fish and Game Commission headquarters staff.

24. Need for Statutory Review

The results of this audit indicate that there is some confusion in the interpretation of certain parts of the statutes dealing with Fish and Game laws. It is therefore recommended that a review be made of all statutes pertaining to Fish and Game management and administration and necessary amendments, revisions, and clarifications be proposed at the next legislative session.

November 30, 1965
Carson City, Nevada


Norman H. Terrell, C.P.A. *fw*
Fiscal Analyst

NOTE: At a meeting held December 16, 1965, between members of the Fiscal Analyst's office and management personnel of the Fish and Game Department, agreement was reached on implementation of the foregoing recommendations.

STATE OF NEVADA
NEVADA NATIONAL GUARD

AUDIT REPORT

For the Fiscal Year ended June 30, 1965

LEGISLATIVE COUNSEL BUREAU
NORMAN H. TERRELL, FISCAL ANALYST
Carson City, Nevada

Nevada Legislative Commission
Capitol Building
Carson City, Nevada

Gentlemen:

We have examined the accounts and records of the Nevada National Guard for the fiscal year ended June 30, 1965, and have prepared the following exhibits and related schedules:

Combined Statement of Financial Condition-----Exhibit A

Administrative Fund--

Statement of Basis for Appropriation and
Authorization Compared to Actual Receipts
and Expenditures for the Fiscal Year
ended June 30, 1965-----Schedule 1

Armory Construction Fund--

Statement of Receipts and Expenditures
for the Fiscal Year ended June 30, 1965-----Schedule 2

Adjutant General's Special Fund--

Statement of Receipts and Expenditures
for the Fiscal Year ended June 30, 1965-----Schedule 3

Scope of the Examination

Although we did not make a detailed examination of all recorded transactions, our examination was made in accordance with generally accepted auditing standards. It included test-checks and analyses of the accounting records and other supporting documents to the extent which, in our opinion, were adequate to satisfy ourselves of the general accuracy of the records.

Opinion

We have examined the statement of financial condition of the Administrative Fund, the Armory Construction Fund and the Adjutant General's Special Fund of the Nevada National Guard as of June 30, 1965, and the related statements of revenue and expenditures for the year then ended. Our examination was made in accordance with generally accepted auditing standards

and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

Because of the lack of accounting records and the practice of each armory retaining the receipts from the armory rental and spending it in cash, we were unable to satisfy ourselves that the income from such rentals was properly expended. Although this practice was stopped early in the audit year, we do not express an opinion on the actual receipts and expenditures of the Statement of Basis for Appropriation and Authorization Compared to Actual Receipts and Expenditures.

In our opinion, the accompanying statement of financial condition and statement of revenues and expenditures present fairly the financial position of the Nevada National Guard as of June 30, 1965, and the results of its operations for the year then ended, with the exception as noted in the above paragraph, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Carson City, Nevada
February 25, 1966

Norman H. Terrell
Norman H. Terrell, C.P.A.
Fiscal Analyst

NEVADA NATIONAL GUARD
COMBINED STATEMENT OF FINANCIAL CONDITION
AS OF JUNE 30, 1965

	<u>Total</u>	<u>Admin. Fund</u>	<u>Armory Const. Fund</u>	<u>Spec. Fund</u>	<u>Fixed Assets</u>
<u>ASSETS</u>					
Cash					
In State Treasury	\$10,347.90		\$5,747.98	\$4,599.92	
Accounts Receivable					
Federal Aid	18,217.42	\$18,217.42			
Furniture & Fixtures	1.00				\$1.00
Land and Buildings	1.00				1.00
Automotive Equip.	1.00				1.00
Total Assets	<u>\$28,568.32</u>	<u>\$18,217.42</u>	<u>\$5,747.98</u>	<u>\$4,599.92</u>	<u>\$3.00</u>
<u>LIABILITIES & FUND EQUITY</u>					
Liabilities	\$ -0-				
Fund Equity					
Current Fund Balances	28,565.32	\$18,217.42	\$5,747.98	\$4,599.92	
Fixed Assets	<u>3.00</u>				<u>\$3.00</u>
Total Liabilities and Fund Equity	<u>\$28,568.32</u>	<u>\$18,217.42</u>	<u>\$5,747.98</u>	<u>\$4,599.92</u>	<u>\$3.00</u>

NEVADA NATIONAL GUARD
ADMINISTRATIVE FUND
STATEMENT OF BASIS FOR APPROPRIATION AND AUTHORIZATION
COMPARED TO ACTUAL RECEIPTS AND EXPENDITURES
For the Fiscal Year ended June 30, 1965

	<u>Work Program</u>	<u>Basis for Approp. & Author.</u>	<u>Actual Receipts & Expend.</u>	<u>Over/(Under) Approp. & Author.</u>
<u>Funds Available</u>				
G.F. Appropriations, Reg.	\$ 98,308.00	\$ 98,308.00	\$ 98,308.00	\$
Federal Reimbursements	48,000.00	48,000.00	56,710.48	8,710.48
Augmentation			4,481.88*	4,481.88
Total	<u>\$146,308.00</u>	<u>\$146,308.00</u>	<u>\$159,500.36</u>	<u>\$13,192.36</u>
<u>Expenditures</u>				
Salaries & Payroll Costs:				
Salaries	\$ 33,256.00	\$ 33,256.00	\$ 33,453.85	\$ 197.85
Industrial Ins.	2,920.00	2,920.00	2,436.00	(484.00)
Retirement	1,912.00	1,912.00	1,919.11	7.11
Retirement Admin.	-0-	-0-	32.40	32.40
Personnel Assessment	50.00	50.00	100.00	50.00
Group Ins.	-0-	-0-	135.00	135.00
Total	<u>\$ 38,138.00</u>	<u>\$ 38,138.00</u>	<u>\$ 38,076.36</u>	<u>\$ (61.64)</u>
Travel:				
Out-of-State	\$ 2,752.00	\$ 2,752.00	\$ 2,730.76	\$ (21.24)
In-State	790.00	790.00	597.00	(193.00)
Total	<u>\$ 3,542.00</u>	<u>\$ 3,542.00</u>	<u>\$ 3,327.76</u>	<u>\$ (214.24)</u>
Operating:				
Office Supplies	\$ 1,575.00	\$ 1,575.00	\$ 1,602.29	\$ 27.29
Postage & Freight	125.00	125.00	244.07	119.07
Telephone Rental	5,060.00	5,060.00	6,214.10	1,154.10
Telephone-Tolls & Telegraph	3,500.00	3,500.00	3,214.56	(285.44)
Printing-Annual Reports	500.00	500.00	470.40	(29.60)
Printing-Operational	900.00	900.00	501.49	(398.51)
Subscriptions & Ref. Manuals	-0-	-0-	209.00	209.00
Dues & Registrations	700.00	700.00	289.20	(410.80)
Bond & Ins. Premiums	200.00	200.00	10.00	(190.00)
Office Equip. Repairs	300.00	300.00	491.93	191.93
Equip. Repair-Other	300.00	300.00	653.17	353.17
Equipment Rental	-0-	-0-	35.00	35.00
Building Space Rental	7,180.00	7,180.00	7,748.29	568.29
Heat	24,000.00	24,000.00	20,393.24	(3,606.76)
Power	22,000.00	22,000.00	24,082.86	2,082.86
Water	2,200.00	2,200.00	3,514.32	1,314.32
Other Utilities	2,200.00	2,200.00	1,320.80	(879.20)

*This represents income from armory rental receipts of \$4,111.88 for approximately 10 months and receipts from sale of surplus scoopmobile of \$370.00. Prior to September 1964 armory rental receipts were retained by the individual armories and used to purchase materials and supplies in cash.

Schedule 1, continued

Operating, cont'd.:				
Janitor Supplies	\$ 7,000.00	\$ 7,000.00	\$ 4,800.01	\$(2,199.99)
Building Maintenance	16,700.00	16,700.00	34,670.58	17,970.58
Grounds Maintenance	5,000.00	5,000.00	1,018.54	(3,981.46)
Licenses & Fees	-0-	-0-	37.50	37.50
Advertising	50.00	50.00	-0-	(50.00)
Special Services & Projects	1,493.00	1,493.00	1,895.32	402.32
Raw Materials Purchases	-0-	-0-	47.77	47.77
Total	<u>\$100,983.00</u>	<u>\$100,983.00</u>	<u>\$113,464.44</u>	<u>\$12,481.44</u>
Equipment:				
Automobiles			\$ 10.00	\$ 10.00
Office Furniture	\$ 200.00	\$ 200.00	200.34	.34
Office Equipment			1,220.39	1,220.39
Other Furniture & Equip.	3,445.00	3,445.00	2,212.68	(1,232.32)
Total	<u>\$ 3,645.00</u>	<u>\$ 3,645.00</u>	<u>\$ 3,643.41</u>	<u>\$ (1.59)</u>
Total Expenditures	<u>\$146,308.00</u>	<u>\$146,308.00</u>	<u>\$158,511.97</u>	<u>\$12,203.97</u>
Excess of Funds Available				
Reverting to General Fund	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 988.39</u>	<u>\$ 988.39</u>

NEVADA NATIONAL GUARD
ARMORY CONSTRUCTION FUND
STATEMENT OF RECEIPTS AND EXPENDITURES
For the Fiscal Year ended June 30, 1965

Balance, July 1, 1964		\$11,336.01
<u>Expenditures</u>		-0-
Building Improvement	\$5,329.95	
Building Equipment	<u>258.08</u>	
Total Expenditures		<u>5,588.03</u>
Balance, June 30, 1965		<u><u>\$5,747.98</u></u>

NEVADA NATIONAL GUARD
ADJUTANT GENERAL'S SPECIAL FUND
STATEMENT OF RECEIPTS & EXPENDITURES
For the Fiscal Year ended June 30, 1965

Balance, July 1, 1964	\$4,599.92
<u>Receipts</u>	-0-
<u>Expenditures</u>	<u>-0-</u>
Balance, June 30, 1965	\$4,599.92

NEVADA NATIONAL GUARD

SUPPLEMENTAL LETTER

June 30, 1965

1. Internal Control Evaluation

Internal control procedures of the National Guard are adequate in most instances, however we feel the following internal control procedures are in need of improvement:

(a) Funds received for rental of armories are normally not submitted to the adjutant general's office for deposit until the end of the month. No formal receipt is issued to the renter. Prior to October, 1964, rental funds were retained by the individual armories and used to purchase services and materials with cash. This procedure has now been changed and proper records are being maintained.

It is recommended that all moneys received, together with the rental agreement, be submitted to the deputy adjutant general no later than 5 days after receipt, and that either the rental agreements or formal receipts be serially numbered and in sufficient copies to distribute the original to the renter; the first copy to the deputy adjutant general with the funds and the second copy retained by the armory.

(b) All purchase orders, invoices and claims lists are approved solely by the deputy adjutant general. Invoices are paid on the basis of the purchase order or if no order, on the basis of the signature of the person receiving the material or service.

It is recommended that purchase orders and claims lists also be approved by the deputy adjutant general.

(c) Billings made against the federal service contracts for the audit year contained errors which resulted in underbillings of \$15.26. It is recommended that at the time the claims lists are prepared for payment, that a copy of each invoice subject to federal reimbursement be set aside in a special folder to be used in the preparation of the federal billings. After preparation, the federal billing should be compared with the project ledger. This will insure that the project ledger has been posted properly and that the billing has been prepared correctly.

It is also recommended that the final billing for the year under each service contract list all qualified expenses, and also indicate the amount that exceeds the maximum allowable under the terms of the contract. Then, if after audit by the army audit agency a portion of the claims are disallowed, there is still a reserve of expenses previously billed to offset the claims disallowed.

During the review of the service contract billings it was noted that claims by the federal government against the state were deducted from the gross amount of federal billings, and not recorded on the records which results in the agency's income being understated by the same amount. These claims amounted to \$1,100 in 1963-1964, and \$519.98 in 1964-1965. It is understood that these claims represent the cost of unauthorized use of federally paid employees and vehicles for state duties.

It is recommended that the agency's books reflect the nature and amount of such income and expense in the future, even though under the present state accounting system, the state controller's records will not agree.

2. Books and Records

A number of account coding inconsistencies were noted during the course of the audit. In one case, two items were charged to equipment

purchases while at least four other like items were coded to an operative expense account. Many inconsistencies were noted in project coding, particularly in utility bills. The latter example can be quite serious in that some projects are federal participating and others are not. It is recognized that a number of the inconsistencies arose due to the change of accountants in the middle of the audit year, and because the basic policies of the agency are not outlined in a procedures manual. It is recommended that a procedures manual be prepared as soon as practical.

The deputy adjutant general recently completed a list of utility account numbers with the proper project code which should eliminate the inconsistency in this area.

Records now maintained are:

(a) Project ledger in which costs for each particular area of operation are recorded.

(b) General or budget control ledger which is self-explanatory.

The above two ledgers are the primary records of the agency and appear quite adequate for their intended use.

It is recommended that the following ledgers be developed:

(a) An accounts-receivable ledger. Essentially the only account receivables occur through billings for federal participating projects. Some of the billings are relatively smaller than others and it could be quite easy to overlook the non-receipt of a check.

(b) Cash-receipts ledger. Presently, the record of cash receipts is merely a copy of the state treasurer's receipts. A cash receipts ledger should be initiated which would indicate information not found on the state treasurer's receipts such as the source of the income and the payor.

During the examination of paid claims, it was noted that cash discounts were not taken. It is recommended that all invoices be reviewed for possible cash discounts and that the invoices be paid timely in order to take advantage of such cash discounts.

3. Adjutant General's Bond

NRS 412.135 states that the adjutant general shall give a bond to the people of the State of Nevada in the sum of \$10,000.00. Although the adjutant general was under the impression he was bonded, the secretary of state's office reports that no such bond is currently in force. It is recommended that the adjutant general take immediate steps to secure a bond as provided by the above statute.

4. Officer's Bonds

NRS 412.445 states that all officers must give bonds in amounts that may be required by the commander-in-chief, to secure the state for loss on account of the misuse or misapplication of any state or federal funds or property and that the bonds must be conditioned upon the faithful performance of all duties. No bonds are presently required of any officer. As this section of NRS is not practical under present day conditions, it is recommended that it be repealed, and that the adjutant general initiate a study through an insurance carrier to provide coverage if possible for loss or mysterious disappearance of equipment or supplies.

5. Property and Equipment Inventory

An evaluation of the inventory records and control procedures for state-owned property and equipment was not made during the course of the audit. The decision to forego the inventory check was based on the statement of the deputy adjutant general that the inventory records had not been maintained when property or equipment had been transferred or disposed

of and that he was attempting to rectify this condition as soon as possible. Steps have been taken to obtain a complete listing of all equipment whether it be state or federal property. Such property will be charged to the person having control or use of the property.

6. Leave Records

Annual and sick leave records were reviewed with the following irregularities noted:

(a) State form NPD 30 - Attendance and Leave Record - is used by the National Guard. This form prescribed codes in the upper right hand corner for use in denoting the type of absence. There is no code for illness or death in the family and consequently this type of absence is not made a matter of record. State Administrative Manual, Chapter 8400, Rule IX, Section D. Par. 6 states in part, " . . . in the event an illness or death in an employees immediate family requires his attendance, he is entitled to use sick leave not to exceed five days in any one calendar year." Without proper posting, the above quoted regulation cannot be adequately administered.

(b) Part-time employees are not given credit for annual and sick leave earned as provided in SAM, Chapter 8400, Rule IX, Section C, Par. 2, and Section D, Par. 2. These regulations provide pro-rated sick and annual leave for part-time employees based on $1\frac{1}{2}$ days of credit for each month of service for full-time employees.

(c) Errors were noted in the posting of leave earned and taken. The errors were caused primarily by the practice of posting fractions of days. All errors were noted in the disfavor of the employees.

(d) State form NPD 21 - Application and Authorization for Leave - be used for each leave application and a copy filed in the personnel folder of each employee.

7. Approval Authorities on Armory Janitorial Contracts

During the course of the audit, it was noted that the caretaker of an armory was approving independent contracts for janitorial services arising from the rental of an armory when the caretaker himself was the independent contractor. In addition, the contracts in some cases were not submitted for payment until three to four months after the fact.

It is recommended that contracts for janitorial services in which the armory caretaker is the contractor be approved by either the armory commander or the president of the armory board and that all such claims be submitted to the adjutant general's office for payment as soon as the proper approval can be obtained. Although the rate per hour on these contracts is set at \$2.00, the number of hours could be manipulated. In no case should an individual be allowed to give final approval on a document whereby the same individual will receive some form of reimbursement.

8. Armory Construction Fund

During the course of the audit, a review was made of the appropriations for and expenditures from, the armory construction fund. It was noted that: The 1956 and 1957 Legislatures appropriated a total of \$380,000.00 to be matched by federal funds in the ratio of 75% federal to 25% state, to be used for the construction of 10 armories within the state. Only nine armories were built at a total construction cost of \$344,290.61 state funds, and \$1,032,871.85 federal funds. Since this is as far as the federal program would participate, it is felt that the remaining \$35,709.39 in the state construction fund should have reverted to the general fund. However, as of June 30, 1965, \$29,961.41 of this balance had been expended for improvements and equipment for the nine armories, for which matching

federal funds had not been received as stipulated by the legislative appropriation acts.

The remaining fund balance of \$5,747.98 has been committed on a 25%-75% matching basis for Reno facilities expansion and will be held for this purpose until federal funds are available.

9. Adjutant General's Special Fund

The adjutant general's special fund was created in 1951 from funds donated for the rebuilding of the National Guard and from federal reimbursements for expenditures made both from this fund and the administrative fund. The 1961 Legislature authorized the adjutant general to expend the balance in this fund for furnishings and equipment for the National Guard armories and then to terminate the fund. No expenditures have been made from this fund since May 1963 and as of June 30, 1965, there is a \$4,599.92 balance.

It is recommended that all current equipment purchases be made from this fund and that no additional equipment funds be budgeted until the adjutant general's special fund is exhausted. Should there be a balance in this fund at the time the next work program or budget is prepared, it is recommended that equipment be listed as usual and that the balance remaining in this fund be shown as a source of funds to purchase the equipment.

10. Compliance with State Statutes

It was noted during this audit that few of the statutory military laws are being observed by the adjutant general. The reason being that most of the state statutes are now in conflict with federal law or simply outdated because of a multitude of changes in federal regulations. The last major revision to the state's military laws occurred in 1929.

Since constant change in the federal laws would require that the state statutes be continually amended, it is recommended that one basic statutory provision be written into the Nevada Revised Statutes whereby the adjutant general is given general powers to administer the state's militia laws, following all applicable federal regulations.

The legal division of the legislative counsel bureau is in the process of rewriting the Nevada Revised Statutes applicable to the adjutant general and National Guard. Our observations and recommendations in this matter were voluminous and therefore not included here; however, they have been submitted to the legal division for consideration.

11. Office and Janitorial Supplies

During 1964-1965 approximately \$6,400.00 in office and janitorial supplies were purchased of which less than 44% were purchased through the state purchasing department. A number of the items purchased from outside vendors could have been acquired through the state purchasing division of the department of administration at a savings. It is recommended that the state purchasing division of the department of administration be used to a greater extent where practical.

12. Claims Paid in 1964-1965 for Other Fiscal Years

In excess of \$1,400.00 in claims were paid in 1964-1965 for other fiscal years. More than 55% of this amount was for fiscal year 1963-1964. Expenses incurred in one fiscal year should be paid from funds budgeted for that fiscal year and no commitments should be made when funds for that fiscal year are depleted.

13. Deposit of Funds Received from Armory Rentals

Funds now received from the rental of armories are deposited with the state treasurer and used to augment the adjutant general's budget.

This procedure is in conflict with paragraph 4 of NRS 412.850 which states in part, "The adjutant general is the custodian of the state armory building and grounds at Carson City, Nevada. He is authorized to rent or lease the state armory building and charge and collect a fair rental therefore. Money derived therefrom shall be placed in a revolving fund in a bank at Carson City, Nevada, in the name of the adjutant general, and may be used by the adjutant general for necessary repairs and improvements of the state armory buildings and grounds."

It is recommended that paragraph 4 of NRS 412.850 be revised to read as follows, "The adjutant general is the custodian of the state armory buildings, grounds and other national guard facilities. He is authorized to rent or lease the state armory buildings and charge and collect a fair rental therefore. Money derived therefrom shall be deposited with the state treasurer and may be used by the adjutant general for repairs and improvements of the state armory buildings and grounds. In his biennial report to the governor, the adjutant general shall render a complete and accurate statement of all moneys received."

14. Semi-annual Inventory of Federal Military Property

Under the provisions of NRS 412.235, the fiscal analyst is required to take semi-annual physical inventory of federal military property in control of the National Guard. It is recommended that this statute be repealed on the basis of the following:

(a) The majority of such equipment is controlled by employees hired on a full-time basis and paid by the federal government.

(b) Controls established by the federal government are quite adequate and representatives of the Sixth Army Inspector General's staff and the Army Audit Agency spot-check the physical inventory yearly.

(c) The adjutant general has estimated that approximately 300 man-months would be required for each physical inventory count.

Carson City, Nevada
February 25, 1966


Norman H. Terrell, C.P.A. *fw*
Fiscal Analyst

NOTE: At a meeting held March 17, 1966 between the adjutant general and the fiscal analyst, agreement was reached for implementation of the foregoing recommendations.

STATE OF NEVADA
NEVADA RACING COMMISSION
AUDIT REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 1965
AND THE PERIOD JULY 1, 1965 THROUGH MARCH 15, 1966

LEGISLATIVE COUNSEL BUREAU
NORMAN H. TERRELL, FISCAL ANALYST
Carson City, Nevada

Nevada Legislative Commission
Capitol Building
Carson City, Nevada

Gentlemen:

We have examined the accounts and records of the Nevada Racing Commission for the fiscal year ended June 30, 1965, and the period July 1, 1965 through March 15, 1966, and have prepared therefrom the following exhibits:

Nevada Racing Commission Fund--
Statement of Condition as of March 15, 1966-----Exhibit A

Nevada Racing Commission Fund--
Statement of Basis for Authorization
Compared to Actual Receipts & Expenditures
for the Fiscal Year ended June 30, 1965-----Exhibit B

Nevada Racing Commission Fund--
Statement of Receipts and Expenditures for
the Period July 1, 1965 through March 15, 1966-----Exhibit C

Petty Cash Fund--
Statement of Receipts and Expenditures for
the Period July 1, 1965 through March 15, 1966-----Exhibit D

Scope of the Examination

Although we did not make a detailed examination of all recorded transactions, our examination was made in accordance with generally accepted auditing standards. It included test-checks and analyses of the accounting records and other supporting documents to the extent which, in our opinion, were adequate to satisfy ourselves of the general accuracy of the records.


Opinion

We have examined the statements of financial condition of the Nevada Racing Commission funds as of March 15, 1966, and the related statements of revenue and expenditures for the period then ended. Our examination was made in accordance with generally accepted auditing standards and accordingly included

such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

We are not able to state an opinion as to the accuracy of the accompanying statements of financial condition and statement of revenues and expenditures of the funds of the Nevada Racing Commission as of March 15, 1966, and the results of its operations for the year then ended, because of expenditures from the Petty Cash Fund totaling \$809.22 which could not be substantiated as vendors invoices and cancelled checks covering same were not available for examination.

Carson City, Nevada
April 28, 1966


Norman H. Terrell, C.P.A. *26.*
Fiscal Analyst

NEVADA RACING COMMISSION
NEVADA RACING COMMISSION FUND
STATEMENT OF FINANCIAL CONDITION
As of March 15, 1966

<u>Assets</u>		
Cash on Hand		\$ 50.00
Cash on Deposit:		
Bank of Nevada	\$ 385.57	
Valley Bank of Nevada	2,568.24	
State Treasurer	<u>11,983.09</u>	<u>14,936.90</u>
Total Assets		<u>\$14,986.90</u>
<u>Liabilities</u>		
Pari-mutuel Taxes Due General Fund		\$ 640.92
<u>Fund Equity</u>		<u>14,345.98</u>
Total Liabilities and Fund Equity		<u>\$14,986.90</u>

NEVADA RACING COMMISSION
NEVADA RACING COMMISSION FUND
STATEMENT OF BASIS FOR AUTHORIZATION
COMPARED TO ACTUAL RECEIPTS AND EXPENDITURES
For the Fiscal Year ended June 30, 1965

	<u>Basis for Author.</u>	<u>Actual Receipts & Expend.</u>	<u>Over or (Under) Author.</u>
Balance, July 1, 1964	\$	\$ 40,596.70	\$
<u>Receipts</u>			
Pari-mutuel Taxes (Gaming Comm.)		\$ 5,862.02	5,862.02
Pari-mutuel Taxes	3,000.00	44,469.13	41,469.13
License Fees & Fines		10,313.50	10,313.50
Comm. Bank Acct.		2,000.00	2,000.00
Total	<u>\$3,000.00</u>	<u>\$ 62,644.65</u>	<u>\$ 59,644.65</u>
Total Funds Available		<u>\$103,241.35</u>	
<u>Expenditures</u>			
Travel:			
In-State		\$ 618.50	\$ 618.50
Operating:			
Office Supplies	\$	\$ 63.57	\$ 63.57
Indus. Ins.		334.53	334.53
Equip. Repair		20.15	20.15
Telephone		180.41	180.41
Lab. Services		5,847.75	5,847.75
Contract Services		21,987.90	21,987.90
Printing		368.45	368.45
Office Rent		900.00	900.00
Veterinarian		3,075.00	3,075.00
Pony Boy		1,457.50	1,457.50
Photo Patrol		21,966.93	21,966.93
Advance Pari-mutuel			
Fee Refunds		950.00	950.00
Lump Sum	3,000.00	-0-	(3,000.00)
Total	<u>\$3,000.00</u>	<u>\$ 57,152.19</u>	<u>\$ 54,152.19</u>
Agricultural Association			
Distributions:			
Elko 1963-1964		\$ 16,899.80	\$ 16,899.80
Ely 1963-1964		12,419.77	12,419.77
Elko 1964-1965		3,511.42	3,511.42
Ely 1964-1965		1,808.92	1,808.92
Total		<u>\$ 34,639.91</u>	<u>\$ 34,639.91</u>
Total Expenditures	<u>\$3,000.00</u>	<u>\$ 92,410.60</u>	<u>\$ 89,410.60</u>
Balance, June 30, 1965		<u>\$ 10,830.75</u>	
Represented by Deposits with:			
State Treasurer		\$ 9,582.43	
Bank of Nevada		1,248.32	
		<u>\$ 10,830.75</u>	

NEVADA RACING COMMISSION
NEVADA RACING COMMISSION FUND
STATEMENT OF RECEIPTS AND EXPENDITURES
For the Period July 1, 1965 through March 15, 1966

<u>Balance - July 1, 1965</u>		\$10,830.75	
<u>Receipts</u>			
General Fund Pari-mutuel Taxes	\$	640.92	
License Fees and Fines		4,689.00	
Advance Pari-mutuel License Fees		500.00	
Pari-mutuel Taxes		<u>21,034.46</u>	
Total Receipts			<u>26,864.38</u>
 TOTAL FUNDS AVAILABLE			 \$37,695.13
<u>Expenditures</u>			
Travel:			
In-State	\$	232.20	
<u>Operating</u>			
Office Supplies	\$	67.66	
Industrial Insurance		24.75	
Telephone		163.71	
Printing		29.35	
Postage and Box Rent		33.50	
Payroll Taxes		12.84	
Accounting Fees		107.35	
Notary Fees		25.00	
Membership Dues		600.00	
Flowers		17.18	
Laboratory Services		3,828.16	
Contract Services		17,541.60	
Equipment Repair		20.55	
Bank Charges		<u>4.38</u>	
Total Operating			<u>22,476.03</u>
 TOTAL EXPENDITURES			 <u>22,708.23</u>
 <u>Balance, - March 15, 1966</u>			 <u><u>\$14,986.90</u></u>
Represented by Deposits with:			
State Treasurer		\$11,983.09	
Bank of Nevada		385.57	
Cash on Hand		50.00	
Valley Bank of Nevada		<u>2,568.24</u>	
Balance March 15, 1966			<u><u>\$14,986.90</u></u>

NEVADA RACING COMMISSION
PETTY CASH FUND
STATEMENT OF RECEIPTS AND EXPENDITURES
For the Period July 1, 1965 through March 15, 1966

<u>Balance - July 1, 1965</u>	\$ 248.32
Transfer from Administrative Fund	<u>1,000.00</u>
Total Funds to Account for	1,248.32
Less: Expenditures	<u>812.75*</u>
<u>Balance - March 15, 1966</u>	<u><u>\$ 435.57</u></u>

*Expenditures in the amount of \$808.37 covering period March 16, 1965 to November 24, 1965, were submitted to the State Budget Office for reimbursement on List No. 7, dated November 24, 1965. Reimbursement was denied by the Budget Office due to lack of supporting data.

NEVADA RACING COMMISSION

SUPPLEMENTAL LETTER

1. Cash Control

Improvement is necessary in the control of State funds during the collection, recording and depositing procedures.

During the licensing period there were numerous people in and about the Racing Commission office at which time the only safeguard to State funds was the use of a small metal box. It is recommended that the Racing Commission consider acquiring a small office safe to provide better fund protection.

An analysis of depositing procedures used during the 1964 and 1965 Elko and Ely meets for license fees and pari-mutuel taxes indicated that these funds were held from 12 to 265 days before they were banked.

It is recommended that all funds be deposited at least twice a week and more often, if practical, and that the night depository facilities of the bank be used as often as possible so that money will not remain in the Racing Commission office overnight.

As a further protection to State funds, it is recommended that the Racing Commission acquire blanket fidelity bond protection for all personnel handling money.

Racing Commission Chairman's Comments: I approve of a small office safe to provide better fund protection.

2. Books and Records

Prenumbered consecutive receipts in a bound book are issued in duplicate by the State steward to applicants for racing licenses.

A copy of the numbered receipt and a license bearing the same number are given to the person remitting the money. The steward then turns the money over to the Commission secretary for deposit. The Commission secretary periodically audits the State steward's receipt books to insure that the correct amount of money has been turned over to her. It is felt that this procedure is adequate except that the Commission secretary should issue a prenumbered receipt to the steward for money turned in for deposit. This receipt should be issued to the steward indicating the numbers of the license receipts for which a given amount of money has been turned in.

This agency does not now have an office, and its files and records are in the possession of at least four different individuals connected with the Racing Commission. Numerous documents that were requested during this audit could not be found. No vendor invoices substantiating claim lists were found, and had to be observed at the State Controller's office. Two of the claims lists were missing, plus nine months' petty cash fund bank statements. Eight checks were also missing. The eight checks covered expenditures amounting to \$791.19 which, of course, could not be substantiated. The retention of supporting documents is a basic requirement for all accounting activities and strict adherence to this rule is strongly recommended.

It is recommended that the Commission acquire a ledger to record its receipt and disbursement activity. A simple ledger or journal would be sufficient as the amount and types of transactions are not numerous.

It is recommended that all Commission books, files and records be put in one place and that one person be charged with the responsibility of their safekeeping.

Racing Commission Chairman's Comments: No comments.

3. Compliance with Statutes

NRS 466.120 states: "1. Except in the case of the trotting and pacing meetings provided for in NRS 466.130, and except as provided in subsection 3 of this section, each applicant desiring to hold horse races on the day or days awarded by the Commission shall, before the issuance of any license therefor, pay to the Commission a license fee fixed by the Commission at the time of making application of not less than \$50.00 nor more than \$200.00 for each day of any meeting for the conduct of races so licensed.

2. If the license is to include permission for pari-mutuel wagering, such license fee shall be deducted from the tax imposed by NRS 466.125."

All license fees required under this statute were collected except the records did not reveal license fees deposited for the 1965 fall Las Vegas meet. Eleven hundred dollars should have been collected from this licensee before a license was issued. No money was lost by the State as the statute provides that these fees shall be deducted from the tax imposed by NRS 466.125. The final tax settlement for the meet did not list a deduction for the license fees which would indicate that they had not been collected in advance of the meeting dates. This procedure is not in compliance with the statutes and all future fees should be collected in advance as required.

It was also noted that the license fees paid under NRS 466.120 by the licensees of the 1965 summer Reno meet were not deducted from the pari-mutuel taxes paid by them, nor have they yet been returned by the Commission. It is felt the Commission was justified in holding this money, as some bad checks were issued to winning horsemen by these licensees. If these checks have now been made good, and other debts satisfied, these fees should be returned to the licensees of this meet.

All taxes under NRS 466.125 were properly computed and collected except those from the Elko and Ely licensees for 1965 fall meets. NRS 466.125 states in part: "Each licensee conducting horse racing with pari-mutuel wagering shall pay to the Commission for the use of the State of Nevada a tax at the rate of: (a) two percent on all moneys handled which does not exceed \$2,000,000 at any one race meeting. -- State fair associations, agricultural societies, county fair and recreation boards and other associations to which state or county aid is given are exempt from the taxes imposed by subsection 1 of this section."

The Elko and Ely licensees receive County aid; therefore, they should be exempt from the taxes imposed under the above statute. However, the Commission collected 1 percent (which was the incorrect percentage) of the total money handled from these County fairs held in the fall of 1965. Such taxes should be refunded as soon as possible.

NRS 466.190 provides that, "Every person or persons, association, or corporation licensed to hold racing meets within the State of Nevada, as provided in this chapter, shall within 30 days after conclusion of

any license period, or extension thereof, return to the commission a full statement, under oath, of their receipts from all sources whatsoever during the calendar year, and of all expenses and disbursements, all itemized in manner and form as shall be directed by the commission and with such allowances as may be approved by the commission, showing the net revenue from all sources derived by such person, persons, association or corporation engaged in or conducting horse racing."

The Las Vegas and Ely licensees did file reports within 30 days after the conclusion of their license periods. The Elko licensee also filed a report, but the filing date could not be determined. No report was filed by the Reno licensee, or if so, the Commission had no record thereof. None of the reports were filed under oath. None of the reports filed disclosed receipts from all sources, all expenses and disbursements, nor the net revenue derived. Furthermore, the reports filed were not consistent as to form and content as they were prepared by the licensees on their own stationery.

It is recommended that the Commission devise and prescribe a reporting form to be used by all licensees, that will incorporate all the requirements of NRS 466.190. It is also recommended that the Commission take steps to insure that all its licensees are made aware of the provisions of this statute and require proper compliance thereto.

If complete and accurate financial reports are not obtained and closely observed by the Commission, it could very well result in financial loss to either the State or race participants.

Racing Commission Chairman's Comments: I deny that the license fees were not collected for the Fall of 1965. The \$1,100.00 was collected before the license was issued, but the money was not deposited timely.

Reno Meet. The report for the Reno Meet is just being completed by Mr. Harry Frost.

Ely & Elko Licensees. I disagree with your interpretation as to Ely and Elko being exempt from paying the 1% tax, and refer you to Sec. 466.080 which requires, "The Commission shall deposit such funds periodically as collected out of the proceeds of the taxes, imposed by N.R.S. 466.125 in an amount equal to 1% of all moneys handled by each pari-mutuel licensee."

In sub-section 3 of the same section it further provides in Paragraph 4 " in proportion to the amount of license fees and taxes paid to the Commission by each association."

It is my opinion that Sec. 466.090 requires that anyone conducting a pari-mutuel method of wagering on horse racing shall first procure a license the same as anyone else and shall be subject to the 2% tax as set forth in Sec. 466.125. I feel that the Legislature erred in removing that portion of the Statute which provided for a 1% tax to be paid directly to the Racing Commission from county fairs.

In addition thereto, the Racing Commission received 1/8 of 2% from all other licensees. I realize that this Statute has now been completely changed and provided no end of confusion to the Commission when we recently tried to interpret this.

As to your interpretation on the fact that Elko and Ely need not pay the 1% and need not pay any taxes, then why should it even be required that they come under control of the Commission?

As you can well note, the Commission has spent considerable money toward the improvement of racing at county fairs by imposing strict requirements as to the testing of and identification of horses. In addition, what moneys were received were refunded under Sec. 466.080. The 1965 amendment to this act is certainly confusing.

I disagree with that portion where they are not exempt from paying any taxes. My interpretation is that we are still entitled to collect the old 1%.

4. Licensing Requirements

All applications for licenses to conduct horse racing were filed in accordance with the statutes and Racing Commission regulations.

The licensee of the 1965 Reno summer meet was under-financed and as a result several winning horsemen were paid with checks that were returned due to insufficient funds.

The Chairman of the Commission stated on March 8, 1966, that one of the promoters of this group was able to negotiate a loan and that all horsemen holding bad checks had been paid.

Item (b) in subsection 2 of NRS 466.100 reads, "The application shall be in such form and supply such data and information as the commission shall prescribe." Subsection 4 under the same statute states, "The commission shall have the power to revoke, modify, or suspend a license or to refuse to issue the same if it has reasonable cause to believe that the public interest can best be served." No prescribed form for application for license was presented to the auditors when request was made for same. The minutes of meetings of the Racing Commission do not indicate that such a form has been adopted or approved.

It is recommended that the Commission adopt such a form and that it include provisions for full financial disclosure of the proposed licensee. It is also recommended that the statutes be amended by adding a provision requiring licensees to post bond to the State of Nevada to insure against any possible loss to the State, the licensees, employees or race participants.

Racing Commission Chairman's Comments: The Commission does have application forms which comply with the statute since the passing of the 1965 Act. Prior to this time it was the Gaming Commission's duty to first check on all applicants. This was a drastic change, as previous to this time all applicant's first had to apply to the Gaming Control Board. At the present time there have been no requests for any applications other than Ely and Elko, which have been licensed for many years by the State of Nevada.

It is also the recommendation that a statute requiring a performance bond be provided similar to that in Arizona, with a minimum \$5,000.00 cash bond, and a maximum performance bond in the amount of \$50,000.00 payable to the State of Nevada to cover all debts incurred known as "horsemen's bookkeepers debts". A copy of a sample performance bond is attached.

5. Control of Pari-Mutuel Meets

The only people employed and paid by the State during a racing meet are the State steward, veterinarian, and one or two other persons to assist them.

The Chairman of the Commission stated that one or more commissioners are always present at each race meet and do observe the pari-mutuel betting as it progresses. The mutuels at the Las Vegas meets are computed by machines that are leased and operated by the American Totalizer Company, a national firm in this field. The Chairman of the Commission said he felt it would be quite difficult for a licensee to conceal wagering receipts with this method of operation. It is not known how effective or foolproof this machine operation might be. However, it is felt that State-employed auditors should be placed in the pari-mutuel rooms at all racing meets to insure that the best interests of the State are served.

The Commission does not send out auditors to review association payrolls to insure that all people employed have been properly licensed.

It is recommended that auditors be employed for this function. Under the provisions of NRS 466.070, the Commission is authorized to employ such auditors as it may find necessary.

Racing Commission Chairman's Comments: I do not feel that it is necessary for the State to employ auditors in the pari-mutuel rooms, as the operators of the pari-mutuels systems receive a percentage of all mutuels and the cost would be extremely high in a small operation to pay for State auditors. I do not believe that the State auditors would be qualified to determine whether the machinery is operating properly or not.

The Commission did check and the State Steward had a copy of a list of all the personnel on the payrolls and did have an opportunity to check the licenses except Ely and Elko. They had no payroll and practically all the work was contributed. The Commission did not feel that they should force personnel who are donating their time to pay a license fee. Had the Commission felt it necessary to employ State auditors, we would have employed them. As a matter of fact, we did have the books audited for our own protection and for the public's protection had investigators investigating mutuels at no cost to the State.

6. Licensee Pari-Mutuel Takeout

Section 19, Chapter 466 of NRS, as amended, March 31, 1965, reads:

"1. The commissions deducted by any licensee from pari-mutuel wagering on horse racing shall not exceed 16.5 percent of the gross amount of money handled in each pari-mutuel pool operated by such licensee during the period of the license.

2. In addition to the commissions provided for in subsection 1, the licensee may deduct odd cents less than ten cents per dollar in paying bets."

It was found that the Ely track deducted 18.69 percent from the total handled. This total may include the breakage, but this fact was not indicated or broken down on the report to the Commission.

It could not be determined what commissions were deducted from the Reno meet as the only information available was the Commissioner's daily reports which listed the total amount handled and the taxes collected. This is another area where State auditors should be used to insure that no licensee deducts more from the mutuels than is provided for in the law.

Racing Commission Chairman's Comments: Ely did not include breakage, and perhaps this is the reason the percentage shows what it does.

7. Payments to Agricultural Associations

Subsection 3 of NRS 466.080 before amendment on March 31, 1965, read: "On July 1 of each year the Commission shall pay any excess over \$10,000 remaining in such fund after payment of administrative expenses to each agricultural association which has paid license fees or taxes or both under the provisions of this chapter in proportion to the amount paid by each such association."

The amount in excess of \$10,000 at the end of the 1964-65 fiscal year in the Racing Commission fund was \$4,902.77. However, the Commission paid \$5,320.34 to the agricultural associations, or an overpayment to them of \$417.57.

The proportions to which each agricultural association was paid were also incorrect. Elko was paid 66 percent and Ely 34 percent of the total distributed. The correct calculations according to the amount of taxes paid by each association were Elko 73.705 percent and Ely 26.295 percent. These miscalculations resulted in an underpayment to Elko of \$102.17 and an overpayment to Ely in the amount of \$519.74.

Racing Commission Chairman's Comments: I don't know how you arrived at your conclusions, but our figures don't agree with yours.

8. Use of Petty Cash Fund

The state administrative manual states that, "Petty cash funds should be used only for expenditures of an emergency nature requiring immediate payment and must never be used to circumvent the normal claim process."

Expenditures were made from the petty cash fund amounting to \$858.37. It is felt that only one expenditure in the amount of \$50.00 was justified as an emergency. All other expenditures could have been processed and paid as are normal claims against the state.

One expenditure was made in the amount of \$17.18 for flowers sent to a Commission member. This was an improper expenditure and should never have been made with State funds.

The auditors feel that the Racing Commission has no need for a petty cash bank account with amounts on deposit as high as \$3,600.00. It is recommended that only the Steward's fund of \$50.00 be retained and the balance be deposited with the State Treasurer and all claims be processed as provided by law. It is also recommended that duplicate copies of invoices submitted on Claims List No. 7, November 24, 1965, be obtained, and the claim resubmitted to the State Budget office for reimbursement.

Racing Commission Chairman's Comments: We disagree on this completely.

9. Responsibility for Pari-Mutuel Wagering

The Racing Commission, as it is now organized, is operated by part-time personnel highly dedicated to the principle of striving for better horse racing in the State of Nevada.

As horse racing expands and becomes more successful in the State, a full-time staff should be available to insure proper compliance with gambling activities.

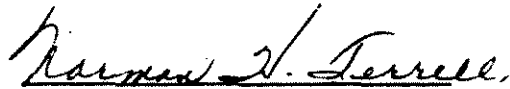
The Nevada Gaming Commission is staffed with full-time investigators, auditors, etc., as well as a full-time Deputy Attorney General, all of whom could be charged with the responsibility of investigating and recommending action on all pari-mutuel horse racing applications, performing auditing functions, the collection of taxes and licenses, plus insuring proper compliance with Chapter 466 of the Nevada Revised Statutes.

As the administration of Chapter 466 could be easily handled by the Gaming Commission and the change could be made with a minimum of effort, it is recommended that the statutes be so amended.

Racing Commission Chairman's Comments: I agree with you that as horse racing does expand a full time staff should be available, however, this may be many years from now. Racing would have to be supplemented by funds from the General Treasury and could not be self-supporting in any way if it had a full time staff and a full time office.

I do not think that the people of the State of Nevada at this time with the small amount of money they have taken in from horse racing, could afford such high expenditures and such a low return.

Carson City, Nevada
April 28, 1966


Norman H. Terrell, C.P.A. ss
Fiscal Analyst

NOTE: See attached letter from Racing Commission Chairman Michael L. Hines.

Mike Hines
Chairman
Las Vegas, Nevada

(SEAL)

Hon. Grant Sawyer
Governor

J. Kell Houssels
Las Vegas, Nevada

NEVADA STATE RACING COMMISSION
Post Office Box 699
Las Vegas, Nevada
89101

Harry Frost
Reno, Nevada

R E C E I V E D

May 14, 1966

May 16, 1966

Lester Agee
Wells, Nevada

LEGISLATIVE COUNSEL BUREAU

Boyde Symes
McGill, Nevada

Norman H. Terrell, Fiscal Analyst
State of Nevada
Legislative Counsel Bureau
Room 45 Capitol Building
Carson City, Nevada

Dear Mr. Terrell:

I have your letter and report of April 28, 1966. I have been extremely busy, and some of the Commissioners have been out of the State of Nevada, so a meeting was not feasible at this time, however, I am giving you my own opinion of the audit and review of the Racing Commission. Going through the report under the Supplemental Letter, I give the following:

1. Cash Control.

I approve of a small office safe to provide better fund protection.

2. Books and Records.

No comments.

3. Compliance with Statutes.

I deny that the license fees were not collected for the Fall of 1965. The \$1,100.00 was collected before the license was issued, but the money was not deposited timely.

Reno Meet. The report for the Reno Meet is just being completed by Mr. Harry Frost.

Ely & Elko Licensees. I disagree with your interpretation as to Ely and Elko being exempt from paying the 1% tax, and refer you to Sec. 466.080 which requires, "The Commission shall deposit such funds periodically as collected out of the proceeds of the taxes imposed by N.R.S. 466.125 in an amount equal to 1% of all moneys handled by each pari-mutuel licensee."

In sub-section 3 of the same section it further provides in Paragraph 4 ". in proportion to the amount of license fees and taxes paid to the Commission by each association."

It is my opinion that Sec. 466.090 requires that anyone conducting a pari-mutuel method of wagering on horse racing shall first procure a license the same as anyone else and shall be subject to the 2% tax as set forth in Sec. 466.125. I feel that the Legislature erred in removing that portion of the Statute which provided for a 1% tax to be paid directly to the Racing Commission from county fairs.

In addition thereto, the Racing Commission received 1/8 of 2% from all other licensees. I realize that this Statute has now been completely changed and provided no end of confusion to the Commission when we recently tried to interpret this.

As to your interpretation on the fact that Elko and Ely need not pay the 1% and need not pay any taxes, then why should it even be required that they come under control of the Commission?

As you can well note, the Commission has spent considerable money toward the improvement of racing at county fairs by imposing strict requirements as to the testing of and identification of horses. In addition, what moneys were received were refunded under Sec. 466.080. The 1965 amendment to this act is certainly confusing.

I disagree with that portion where they are not exempt from paying any taxes. My interpretation is that we are still entitled to collect the old 1%.

4. Licensing Requirements.

The Commission does have application forms which comply with the statute since the passing of the 1965 Act. Prior to this time it was the Gaming Commission's duty to first check on all applicants. This was a drastic change, as previous to this time all applicant's first had to apply to the Gaming Control Board. At the present time there have been no requests for any applications other than Ely and Elko, which have been licensed for many years by the State of Nevada.

It is also the recommendation that a statute requiring a performance bond be provided similar to that in Arizona, with a minimum \$5,000.00 cash bond, and a maximum performance bond in the amount of \$50,000.00 payable to the State of Nevada to cover all debts incurred known as "horsemen's bookkeepers debts". A copy of a sample performance bond is attached.

5. Control of Pari-Mutuel Meets.

I do not feel that it is necessary for the State to employ auditors in the pari-mutuel rooms, as the operators of the pari-mutuels systems receive a percentage of all mutuels and the cost would be extremely high in a small operation to pay for State auditors. I do not believe that the State auditors would be qualified to determine whether the machinery is operating properly or not.

The Commission did check and the State Steward had a copy of a list of all the personnel on the payrolls and did have an opportunity to check the licenses except Ely and Elko. They had no payroll and practically all the work was contributed. The Commission did not feel that they should force personnel who are donating their time to pay a license fee. Had the Commission felt it necessary to employ State auditors, we would have employed them. As a matter of fact, we did have the books audited for our own protection and for the public's protection had investigators investigating mutuels at no cost to the State.

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Ely did not include breakage, and perhaps this is the reason the percentage shows what it does.

7. Payments to Agricultural Associations.

I don't know how you arrived at your conclusions, but our figures don't agree with yours.

8. Use of Petty Cash Fund.

We disagree on this completely.

9. Responsibility for Pari-Mutuel Wagering.

I agree with you that as horse racing does expand a full time staff should be available, however, this may be many years from now. Racing would have to be supplemented by funds from the General Treasury and could not be self-supporting in any way if it had a full time staff and a full time office.

I do not think that the people of the State of Nevada at this time with the small amount of money they have taken in from horse racing, could afford such high expenditures and such a low return.

Very truly yours,

/s/ Michael L. Hines
MICHAEL L. HINES
Chairman

STATE BOARD OF ARCHITECTURE OF NEVADA

JUNE 30, 1965

KAFOURY, ARMSTRONG AND BERNARD
Public Accountants
100 California Avenue
Reno, Nevada

STATE BOARD OF ARCHITECTURE OF NEVADA

JUNE 30, 1965

Index to Financial Statements

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4	Comments on Financial Statements.
5	Statement of Financial Condition.
6	Statement of Revenues and Expenditures and Budget Comparison.
8	Comparative Statement of Revenues and Expenditures.

SAM P. KAFOURY
RA ARMSTRONG
LOV L. C. BERNARD
LEROY R. BERGSTROM

KAFOURY, ARMSTRONG AND BERNARD
PUBLIC ACCOUNTANTS
100 CALIFORNIA AVENUE
RENO, NEVADA

TELEPHONE
322-9471

October 7, 1965

State Board of Architecture of Nevada
137 Vassar Street
Reno, Nevada

Gentlemen:

Pursuant to your request, we have audited the accounts and records of the State Board of Architecture of Nevada for the year ended June 30, 1965. Our examination was made in conformity with generally accepted auditing standards, and, accordingly, included such tests and analyses of the accounting records as we deemed necessary under the circumstances.

In our opinion, the attached exhibits present fairly, on a cash basis, the financial condition of the State Board of Architecture of Nevada at June 30, 1965, and the results of its operations for the year then ended in conformity with generally accepted accounting principles, applicable under the circumstances, applied on a basis consistent with that of the preceding year.

STATEMENT OF FINANCIAL CONDITION

The balance in the Board's commercial account at Nevada Bank of Commerce, \$3,060.48, was confirmed by direct correspondence with the bank and reconciled to the Board's records.

The balances in the Board's savings accounts on deposit at Union Federal Savings and Loan Association, \$8,627.58, and American Savings and Loan Association, \$5,311.52, were confirmed by direct correspondence with the respective depositories.

Unappropriated surplus at June 30, 1965, of \$11,916.97, represented a \$1,151.86 increase below that of the previous year end. We analyze this account below:

Balance, July 1, 1964	\$10,765.11
Add: Net Revenue per Exhibit	<u>1,151.86</u>
Balance, June 30, 1965	<u>\$11,916.97</u>

STATEMENT OF REVENUES AND EXPENDITURES
AND BUDGET COMPARISON

Operations for the year under review resulted in an excess of revenues over expenditures of \$1,151.86. Part of this net revenue is attributable to an increase in renewals of certificates of registration. As Exhibit B illustrates, expenditures for the year under review were in excess of those budgeted, which is in violation of N.R.S. 353.260. Certain substantial travel costs incurred in June 1964 were paid within the year under review. Since the current year's expenditures for travel included unpaid carryovers of the 1963-64 fiscal period, the net revenue for the period under review is somewhat lower and the expenditures are somewhat higher than would normally be expected.

COMPARATIVE STATEMENT OF REVENUES AND EXPENDITURES

Exhibit C illustrates the continuing growth in the Board's operations in relation to those of the preceding year.

GENERAL COMMENTS

1. Our examination included a review of the Board's internal control of financial operations. Within the natural limitations of any office employing only one full-time clerk, we found this control to be entirely satisfactory. Our tests included correlation of carbon copies of receipts issued with the Board's financial records, member files and the permanent registry of certificates (N. R. S. 623.220). All funds received by the Board appear to have been properly recorded.

2. During the year under review, all receipts were deposited in a commercial account and all claims were paid out of the account. This account is maintained at a nominal level subject to withdrawal by the Secretary of the Board or one other Board member. Funds not required for operations are held on deposit with two local savings and loan associations. Two signatures are required for all withdrawals from savings accounts. Persons having responsibility for the receipt, deposit or withdrawal of Board funds are suitably bonded.

3. We found the Board's permanent files and financial records to be particularly well maintained.

Respectfully submitted,

Kafoury, Armstrong, Bernard and Bigot

STATE BOARD OF ARCHITECTURE OF NEVADA
STATEMENT OF FINANCIAL CONDITION
JUNE 30, 1965

ASSETS

CURRENT ASSETS:

Cash in Bank - Commercial	\$ 3,060.48	
Cash in Bank - Savings	13,939.10	
Petty Cash Fund	-	
Accounts Receivable - Travel	<u>25.99</u>	\$17,025.57

FIXED ASSETS:

Office Furniture and Equipment (At Nominal Value)		<u>1.00</u>
--	--	-------------

Total Assets		<u>\$17,026.57</u>
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LIABILITIES, RESERVES AND SURPLUS

LIABILITIES:

Employees' Withheld Taxes	\$ 84.60
Deferred Credits	25.00

RESERVES AND SURPLUS:

Legal Reserve	\$ 5,000.00	
Unappropriated Surplus	<u>11,916.97</u>	<u>16,916.97</u>

Total Liabilities, Reserves and Surplus		<u>\$17,026.57</u>
---	--	--------------------

STATE BOARD OF ARCHITECTURE OF NEVADA
STATEMENT OF REVENUES AND EXPENDITURES
AND BUDGET COMPARISON
FOR THE YEAR ENDED JUNE 30, 1965

	<u>BUDGETED</u>	<u>ACTUAL</u>	<u>EXCESS OF ACTUAL OVER BUDGETED</u>
<u>REVENUES:</u>			
Examinations	\$ 1,900.00	\$ 1,995.00	\$ 95.00
Reexaminations	900.00	1,350.00	450.00
Certificate of Registration	2,000.00	1,575.00	(425.00)
Annual Renewals	6,500.00	7,275.00	775.00
Restorations	100.00	550.00	450.00
Treatise	300.00	450.00	150.00
Miscellaneous	-	671.62	671.62
Total Revenue	<u>\$11,700.00</u>	<u>\$13,866.62</u>	<u>\$2,166.62</u>
<u>EXPENDITURES:</u>			
Board Salaries	\$ 625.00	\$ 360.00	\$ (265.00)
Secretary Salary	200.00	400.00	200.00
Clerical Salary	2,600.00	2,600.00	-
Extra Help	400.00	316.00	(84.00)
<u>Travel - Out of State:</u>			
Transportation	900.00	1,089.15	189.15
Per Diem	500.00	495.31	(4.69)
<u>Travel - In State:</u>			
Transportation	680.00	507.00	(173.00)
Per Diem	450.00	177.89	(272.11)
Industrial Insurance	120.00	114.51	(5.49)
Building Rentals	600.00	683.33	83.33
Equipment Rentals	75.00	70.20	(4.80)
Freight and Postage	375.00	322.94	(52.06)
<u>Printing:</u>			
Annual Register	225.00	265.00	40.00
Other Forms	100.00	622.00	522.00
Miscellaneous	200.00	48.95	(151.05)
Office Supplies and Expense	325.00	237.77	(87.23)
<u>Telephone:</u>			
Service Fee	35.00	33.66	(1.34)
Tolls	300.00	390.25	90.25
General Insurance and Bonding	45.00	43.75	(1.25)
Legal Services	1,000.00	1,230.00	230.00
Audit and Accounting	450.00	500.00	50.00
Meeting Expense	100.00	96.79	(3.21)

STATE BOARD OF ARCHITECTURE OF NEVADA
STATEMENT OF REVENUES AND EXPENDITURES
AND BUDGET COMPARISON
FOR THE YEAR ENDED JUNE 30, 1965

	<u>BUDGETED</u>	<u>ACTUAL</u>	<u>EXCESS OF ACTUAL OVER BUDGETED</u>
Examination Expense	\$ 1,600.00	\$ 1,628.27	\$ 28.27
Convention Registration	125.00	40.00	(85.00)
NCARB Dues	225.00	180.00	(45.00)
Investigation Expense	25.00	191.35	166.35
Capital Outlay, Equipment	-	-	-
Office Equipment, Repair and Maintenance	85.00	45.64	(39.36)
Western Conference Due		25.00	25.00
Total Expenditures	<u>\$12,365.00</u>	<u>\$12,714.76</u>	<u>\$ 349.76</u>
Excess of Revenues Over Expenditures	<u>\$ 665.00</u>	<u>\$ 1,151.86</u>	

STATE BOARD OF ARCHITECTURE OF NEVADA
COMPARATIVE STATEMENT OF REVENUES AND EXPENDITURES
FOR THE YEARS ENDED JUNE 30, 1964 AND JUNE 30, 1965

	YEAR ENDED		INCREASE OR (DECREASE)
	JUNE 30, 1964	JUNE 30, 1965	
<u>REVENUES:</u>			
Examinations	\$ 2,485.00	\$ 1,995.00	\$ (490.00)
Reexaminations	1,575.00	1,350.00	(225.00)
Certificate of Registration	2,225.00	1,575.00	(650.00)
Annual Renewals	6,350.00	7,275.00	925.00
Restoration	325.00	550.00	225.00
Treatise	75.00	450.00	375.00
Miscellaneous	295.15	671.62	376.47
Total Revenues	<u>\$13,330.15</u>	<u>\$13,866.62</u>	<u>\$ 536.47</u>
<u>EXPENDITURES:</u>			
Board Salaries	\$ 210.00	\$ 360.00	\$ 150.00
Secretary Salary	-	400.00	400.00
Clerical Salary	2,157.81	2,600.00	442.19
Extra Help	283.00	316.00	33.00
<u>Travel - Out of State:</u>			
Transportation	170.80	1,089.15	918.35
Per Diem	164.85	495.31	330.46
<u>Travel - In State:</u>			
Transportation	479.80	507.00	27.20
Per Diem	329.27	177.89	(151.38)
Examination Expenses	1,151.99	1,628.27	476.28
Industrial Insurance	73.26	114.51	41.25
Building Rentals	480.00	683.33	203.33
Equipment Rentals	70.20	70.20	-
Freight and Postage	322.14	322.94	.80
<u>Printing:</u>			
Annual Register	204.90	265.00	60.10
Other Forms	100.20	622.00	521.80
Miscellaneous	368.48	48.95	(319.53)
Office Supplies and Expense	358.30	237.77	(120.53)
<u>Telephone:</u>			
Service Fee	33.66	33.66	-
Tolls	333.25	390.25	57.00
General Insurance and Bonding	78.75	43.75	(35.00)
Legal Services	1,380.00	1,230.00	(150.00)
Audit and Accounting	400.00	500.00	100.00
Meeting Expense	61.89	96.79	34.90

STATE BOARD OF ARCHITECTURE OF NEVADA
COMPARATIVE STATEMENT OF REVENUES AND EXPENDITURES
FOR THE YEARS ENDED JUNE 30, 1964 AND JUNE 30, 1965

	YEAR ENDED		INCREASE OR (DECREASE)
	JUNE 30, 1964	JUNE 30, 1965	
Office Equipment Repairs and Maintenance	\$ -	\$ 45.64	\$ 45.64
Convention Registration	92.00	40.00	(52.00)
Western Conference Dues	25.00	25.00	-
NCARB Dues	180.00	180.00	-
Investigation Expenses	-	191.35	191.35
Capital Outlay	<u>347.48</u>	<u>-</u>	<u>(347.48)</u>
Total Expenditures	<u>\$ 9,857.03</u>	<u>\$12,714.76</u>	<u>\$2,857.73</u>
Excess of Revenues Over Expenditures	<u>\$ 3,473.12</u>	<u>\$ 1,151.86</u>	<u>\$ (2,321.26)</u>

NEVADA STATE BARBERS' HEALTH & SANITATION BOARD

JUNE 30, 1965

HUGH TEMPLETON
CERTIFIED PUBLIC ACCOUNTANT
120 South Third Street, Suite 14a
Las Vegas, Nevada

NEVADA STATE BARBERS' HEALTH & SANITATION BOARD

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REPORT OF CERTIFIED PUBLIC ACCOUNTANT

FINANCIAL STATEMENTS

Statement of Financial Condition

Statement of Revenues and Expenditures

SUPPLEMENTARY INFORMATION

(TRUE COPY)

THE BOARD MEMBERS

Nevada State Barbers' Health & Sanitation Board

I have examined the accompanying statement of Financial Condition of the General Fund of the Nevada State Barbers' Health & Sanitation Board at June 30, 1965, and the related statement of revenues and expenditures for the year then ended. My examination was made in accordance with generally accepted auditing standards and such other auditing procedures as I considered necessary in the circumstances.

In my opinion, the statements mentioned above present fairly the financial position of the General Fund of the Nevada State Barbers' Health & Sanitation Board at June 30, 1965, and the results of its operations for the year then ended, in conformity with generally accepted accounting principles.

The accompanying supplemental information has been subjected to the tests and other auditing procedures applied in the examination of the financial statements mentioned above and, in my opinion is fairly stated in all respects material in relation to the financial statement taken as a whole.

/s/ Hugh Templeton

August 3, 1965

NEVADA STATE BARBERS' HEALTH & SANITATION BOARD

STATEMENT OF FINANCIAL CONDITION

GENERAL FUND

June 30, 1965

ASSETS

Cash in Banks	\$6,186.75
Fixed Assets - Office Equipment	<u>320.20</u>
Total Assets	<u>\$6,506.95</u>

RESERVES AND FUND EQUITY

Reserve for Encumbrances	\$ 520.37
General Fixed Assets	320.20
Unappropriated Fund Equity	<u>5,666.38</u>
Total Reserves and Fund Equity	<u>\$6,506.95</u>

(TRUE COPY)

NEVADA STATE BARBERS' HEALTH & SANITATION BOARD
STATEMENT OF REVENUES AND EXPENDITURES
GENERAL FUND
For the Fiscal Year Ended June 30, 1965

	<u>Estimate</u>	<u>Actual</u>	<u>Excess or (Deficiency) of Actual Compared With Estimate</u>
Unappropriated Fund Equity- July 1, 1964	\$ 6,670.18	\$ 6,670.18	-
<u>Add:</u>			
<u>REVENUE</u>			
Registration and Examination Fees	\$ 5,600.00	\$ 6,290.00	\$ 690.00
License Renewal Fees, Including Penalties on Late Fees	3,750.00	3,997.00	247.00
Interest Earnings	<u>150.00</u>	<u>111.17</u>	<u>(38.83)</u>
Total Revenue	<u>\$ 9,500.00</u>	<u>\$10,398.17</u>	<u>\$ 898.17</u>
Total Balance and Revenue	<u>\$16,170.18</u>	<u>\$17,068.35</u>	<u>\$ 898.17</u>
 <u>Deduct:</u>			
<u>Expenditures and Reserve for Encumbrances</u>			
Salaries	\$ 5,100.00	\$ 6,000.00	\$ 900.00
Subsistence Allowance and in-state travel	4,000.00	3,804.45	(195.55)
Travel-Out of State	350.00	300.00	(50.00)
Office Equipment	200.00	-	(200.00)
Operating Expenses	<u>1,450.00</u>	<u>1,297.15</u>	<u>(152.85)</u>
Total Deductions	<u>\$11,100.00</u>	<u>\$11,401.60</u>	<u>\$ 301.60</u>
Unappropriated Fund Equity June 30, 1965	<u>\$ 5,070.18</u>	<u>\$ 5,666.75</u>	<u>\$ 596.57</u>

(TRUE COPY)

SUPPLEMENTARY INFORMATION

(TRUE COPY)

FUNCTIONS OF THE AGENCY

The Nevada State Barbers' Health & Sanitation Board created under NRS 643.020 is to serve as a qualified examining body to determine the pertinent qualifications and competence of any and all applicants who desire to secure a registered barber certificate or an apprentice barber certificate for the lawful practice of barbering within the State of Nevada. Their duties also include the inspection of shops and the administering of the examinations.

SCOPE OF EXAMINATION

General

Although I did not make a detailed examination of all recorded transactions, my examination was made in accordance with generally accepted auditing standards. My examination included test-checks and analyses of the accounting records and other supporting documents to the extent which in my opinion was adequate to satisfy myself of the general accuracy of the records.

Internal Control Evaluation

The internal control was found to be adequate under the existing bookkeeping procedures and volume of cash transactions.

Books and Records

The books and records of the Nevada State Barbers' Health & Sanitation Board are as follows:

- | | |
|-------------------------------|--|
| A) Cash Receipts Journal | Book of Original entry for all cash receipts transactions |
| B) Cash Disbursements Journal | Book of original entry for all cash disbursements transactions |
| C) Payment Vouchers | Vouchers to be filled out and signed by all employees and officers for all salaries and expense reimbursements |

The above records were found to be adequate at the present time and no duplications or inefficiencies in accounting record keeping procedures were observed during my examination.

Fidelity Bonding

A Fidelity Bond with The Travelers Indemnity Company, Hartford, Connecticut, in the amount of \$2,000.00 in the favor of the Nevada State Barbers' Health & Sanitation Board to cover the Secretary-Treasurer was executed and issued on May 1, 1963, and was in force at June 30, 1965.

Efficiency of Subordinate Employees

The administration and accounting functions are performed by three salaried board members:

Reese E. Llewellyn	President
Elmo H. Martinelli	Vice President
Kenneth R. Shaddy	Secretary-Treasurer

Duplication of work with Other Departments

None

Status and Conditions of Fund

The present unappropriated balance is \$5,666.38. The increase of fees during 1966 should be adequate for the board.

Possible Conflict With Statutes or Good Business Practice

No deviations from fiscal statutes or good business practices were observed during the course of my examination.

Suggested Changes and Recommendations

No suggested changes or recommendations.

FINANCIAL INFORMATION

Cash in Bank - \$6,186.75

The cash in bank was \$6,186.75 at June 30, 1965 and was verified by reconciling the amount confirmed to me by the depository.

Bank of Las Vegas	\$6,186.75
-------------------	------------

Reserve for Encumbrances - \$520.37

This balance represents the audit fee of \$75.00 for the post audit of the records and \$445.37 for salaries, subsistence, travel, and operating expenses occurred in June 1965.

Unappropriated Fund Equity - \$5,666.38

The unappropriated fund equity at June 30, 1965, was \$5,666.38 as compared with \$6,670.18 at June 30, 1964, a decrease of \$1,008.80, which is analyzed in the statement of revenues and expenditures.

Revenue - \$10,398.17

The actual revenues of \$10,398.17 as compared to the estimated expected revenue of \$9,500.00 was over by 9.45%. The actual revenues are summarized as follows:

Registration and Examination Fees	\$6,290.00
License Renewal Fees - Shops, Journeymen, and apprentice, including penalty fees on late license renewals	3,997.00
Interest earned on savings account for the period July 1, 1964 to June 30, 1965	111.17
	<u>\$10,398.17</u>

Expenditures - \$11,401.60

The actual expenditures and encumbrances or \$11,401.60 were 2.72% above the estimated expected expenditures or \$11,100.00.

The expenditures as segregated in budget categories are compared to the estimated as follows:

Actual salary expenses and encumbrances of \$6,000.00 was 18% above the estimate of \$5,100.00

Actual travel and subsistence expenses and encumbrances of \$4,104.45 were 4.55% below the estimate of \$4,300.00.

Actual operating expenses and reserve for encumbrances totaling \$1,297.15 were 10.5% below the estimate of \$1,450.00.

NEVADA STATE BOARD OF EXAMINERS IN THE BASIC SCIENCES

JUNE 30, 1965

ALBERT E. CARTLIDGE
Certified Public Accountant
Phone Fairview 9-3496
1440 Haskell St.
Reno, Nevada

ALBERT E. CARTLIDGE
Certified Public Accountant
Phone Fairview 9-3496
1440 Haskell St.
Reno, Nevada
November 18, 1965

Member Nevada Society of
Certified Public Accountants

Member American Institute of
Certified Public Accountants

Dr. Thomas D. O'Brien, Chairman
Nevada State Board of Examiners in the Basic Sciences
Box 8355, University Station
Reno, Nevada

Dear Dr. O'Brien:

I have examined the records of the Nevada State Board of Examiners in the Basic Sciences, in accordance with Chapters 402 and 117, of 1963 Nevada Statutes, for the year ended June 30, 1965. I have prepared the following exhibits:

Statement of Financial Condition of the Nevada State Board
of Examiners in Basic Sciences as of June 30, 1965 Exhibit A

Statement of Budgeted Revenues and Expenditures Compared
with Actual for the Nevada State Board of Examiners in
the Basic Sciences for the Years Ended June 30, 1964,
and June 30, 1965 Exhibit B

FUNCTIONS OF AGENCY

The purpose of the Nevada State Board of Examiners in the Basic Sciences, is to administer examinations in the basic sciences and to issue certificates of proficiency therein, through either examination or reciprocity, to qualified persons intending to practice the healing arts in the State of Nevada. The board is appointed by the Board of Regents of the University of Nevada for a three-year term. Statutory authority for the agency is contained in Chapter 629, Nevada Revised Statutes. The chapter is cited as The Basic Science Act of 1951.

INTERNAL CONTROL EVALUATION

The board does not employ full-time employees. The Secretary-Treasurer

(True Copy)

of the Board, Dr. Lowell L. Jones, receives and deposits in banks in the State of Nevada, examination fees for the four quarterly examinations, and also prepares and issues checks for claims to be paid from these funds. All checks are also signed by the Chairman of the Board, Dr. Thomas D. O'Brien. Part-time clerical help is employed to assist in administering quarterly examinations in the basic sciences. Due to the lack of employees, and the corresponding lack of delegation of various duties necessary to effect proper internal control, there is a lack of internal control. The amounts of monies handled by the board are not considerable and, since all funds are deposited in banks and disbursed through proper procedures, the lack of internal control within the board's operations is, in my opinion, insignificant.

BOOKS AND RECORDS

The board's records are contained in one sectional post binder. Receipts are entered according to the date deposited. The total of each deposit is entered in the income journal. Claims are paid by check and entered numerically in columnar form in three categories. The categories are Expenditures for Salaries, Expenditures for Travel, and Expenditures for Operating Expenses. In prior years, receipts and disbursements were summarized quarterly and the balance of funds held by the State Treasurer determined on that basis. The funds are no longer held by the State Treasurer and, therefore, a quarterly summary has not been prepared. Receipts and disbursements are summarized annually and a record of the current fund balance is maintained at all times. In my opinion, the records are adequate for the Nevada State Board of Examiners in the Basic Sciences.

In addition to the above, Section 218.810, Nevada Revised Statutes, as amended by Chapter 402, Nevada Statutes of 1963, specifically charges the

fiscal and auditing division of the Nevada Legislative Council with the responsibility of examining the following:

EFFICIENCY OF SUBORDINATE EMPLOYEES

There are no subordinate employees connected with the Nevada State Board of Examiners in the Basic Sciences, with the exception of part-time clerical help employed to assist in administering quarterly examinations. Work completed by the part-time clerical held was completed in a creditable manner.

STATUS AND CONDITION OF FUNDS

There were no deficiencies noted in funds on deposit in bank accounts maintained by the board. The board has a large balance in comparison to its annual requirements. The balance at June 30, 1965, was \$10,256.65, and the annual requirements of the board are approximately \$4,900.00. The fund balance decreased \$681.34 during the year ended June 30, 1965.

DUPLICATION OF WORK WITH OTHER DEPARTMENTS

I found no evidence of duplication of the Board's work with that performed by other departments.

BREACHES OF TRUST AND DUTY IN CONNECTION WITH PUBLIC FUNDS

I found no evidence of breaches of trust or duty in my examination of the Nevada State Board of Examiners in the Basic Sciences. All funds received were properly accounted for, and funds were properly disbursed through the checking account maintained by the Board.

SUGGESTED CHANGES AND RECOMMENDATIONS

I have no suggestions to offer in connection with the Board's accounting records. A suggestion in my previous audit report for the year ended June 30, 1961, was followed and, in my opinion, the records are now adequate.

(True Copy)

FINANCIAL STATEMENTSSTATEMENT OF FINANCIAL CONDITION OF THE NEVADA STATE BOARD OF EXAMINERS IN THE BASIC SCIENCES AS OF JUNE 30, 1965 - EXHIBIT A

Cash on deposit in the checking account at the First National Bank of Nevada, Second and Virginia Office, Reno, Nevada, totaled \$1,529.87 at June 30, 1965. Cash on deposit in the savings account at Union Federal Savings and Loan Association, Reno, Nevada, totaled \$8,726.78 at June 30, 1965. I received direct confirmation of both balances.

The Board did not purchase office fixtures during the year ended June 30, 1965. Purchases prior to the current year are reflected in the Statement of Financial Condition at a nominal value of \$1.00, since the inventory of office fixtures is the responsibility of the Department of Purchasing.

The Board had no outstanding liabilities as of June 30, 1965.

Unappropriated surplus decreased from \$10,938.99 to \$10,257.65, or \$681.34. The decrease represented the excess of expenditures over revenues for the year ended June 30, 1965.

REVENUES AND EXPENDITURES COMPARED WITH ACTUAL FOR THE NEVADA STATE BOARD OF EXAMINERS IN THE BASIC SCIENCES FOR THE YEARS ENDED JUNE 30, 1964, AND JUNE 30, 1965 - EXHIBIT B

Actual revenues were \$126.05 more than budgeted revenues for the year ended June 30, 1964. Actual revenues were \$1,024.27 less than budgeted revenues for the year ended June 30, 1965.

There were no significant differences between budgeted and actual expenditures for the two years with the exception of out-of-state travel expenditures for the year ended June 30, 1965. The budgeted expenditure was \$562.50 and the actual expenditures totaled \$275.00, a difference of \$287.50. Actual expenditures were \$2.92 less than budgeted expenditures

for the year ended June 30, 1964, and actual expenditures were \$342.93 less than budgeted expenditures for the year ended June 30, 1965. Budgeted expenditures for the two years totaled \$9,200.00 as compared to actual expenditures of \$8,854.15, a difference of \$345.85.

OPINION

I have examined the Statement of Financial Condition of the Nevada State Board of Examiners in the Basic Sciences as of June 30, 1965, and the related Statement of Budgeted Revenues and Expenditures Compared with Actual for the Years Ended June 30, 1964, and June 30, 1965. My examination was made in accordance with generally accepted auditing procedures and, accordingly, included such tests of the accounting records and other auditing procedures as I considered necessary in the circumstances.

In my opinion, the accompanying Statement of Financial Condition and Statement of Budgeted Revenues and Expenditures Compared With Actual, present fairly the financial position of the Nevada State Board of Examiners in the Basic Sciences as of June 30, 1965, and the result of operations for the year then ended in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Sincerely,

/s/ Albert E. Cartlidge

(True Copy)

NEVADA STATE BOARD OF EXAMINERS IN THE BASIC SCIENCES
STATEMENT OF FINANCIAL CONDITION
JUNE 30, 1965

ASSETS

Cash on Deposit in Banks	\$ 10,256.65	
Office Fixtures	<u>1.00</u>	\$ 10,257.65

LIABILITIES

None		<u>-</u>
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UNAPPROPRIATED SURPLUS

		<u><u>10,257.65</u></u>
--	--	-------------------------

Represented by:

Balance, July 1, 1964	10,938.99	
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Less: Excess of expenditures over revenues for the year ended June 30, 1965	<u>681.34</u>	
--	---------------	--

Balance, June 30, 1965	<u><u>10,257.65</u></u>	
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(True Copy)

EXHIBIT B

NEVADA STATE BOARD OF EXAMINERS IN THE BASIC SCIENCES
STATEMENT OF BUDGETED REVENUES AND EXPENDITURES COMPARED WITH ACTUAL
FOR THE YEARS ENDED JUNE 30, 1964, AND JUNE 30, 1965

	<u>Budgeted</u>	<u>June 30, 1964</u> <u>Actual</u>	<u>Difference</u>	<u>Budgeted</u>	<u>June 30, 1965</u> <u>Actual</u>	<u>Difference</u>	<u>Budgeted</u>	<u>Total</u> <u>Actual</u>	<u>Difference</u>
<u>REVENUES</u>									
Licenses and Fees	\$ 4,250.00	\$ 4,060.00	\$(190.00)	\$ 4,500.00	\$ 3,465.00	\$(1,035.00)	\$ 8,750.00	\$ 7,525.00	\$(1,225.00)
Dividends - On Deposit in Savings Account	-	316.05	316.05	400.00	410.73	10.73	400.00	726.78	326.78
	<u>4,250.00</u>	<u>4,376.05</u>	<u>126.05</u>	<u>4,900.00</u>	<u>3,875.73</u>	<u>(1,024.27)</u>	<u>9,150.00</u>	<u>8,251.78</u>	<u>(898.22)</u>
<u>EXPENDITURES</u>									
Salaries	3,512.50	3,512.50	-	3,800.00	3,750.00	50.00	7,312.50	7,262.50	50.00
Travel - Out of State	285.00	272.35	12.65	562.50	275.00	287.50	847.50	547.35	300.15
Travel - In State	137.50	134.16	3.34	137.50	133.25	4.25	275.00	267.41	7.59
Dues	50.00	50.00	-	50.00	50.00	-	100.00	100.00	-
Rent	5.00	9.60	(4.60)	-	4.80	(4.80)	5.00	14.40	(9.40)
Postage	45.00	48.00	(3.00)	70.00	50.20	19.80	115.00	98.20	16.80
Printing	70.00	70.76	(.76)	80.00	127.76	(47.76)	150.00	198.52	(48.52)
Telephone and Telegraph	-	3.00	(3.00)	10.00	2.37	7.63	10.00	5.37	4.63
Supplies	40.00	41.71	(1.71)	60.00	33.69	26.31	100.00	75.40	24.60
Contract Services	150.00	150.00	-	125.00	125.00	-	275.00	275.00	-
Bond Premium	5.00	5.00	-	5.00	5.00	-	10.00	10.00	-
	<u>4,300.00</u>	<u>4,297.08</u>	<u>2.92</u>	<u>4,900.00</u>	<u>4,557.07</u>	<u>342.93</u>	<u>9,200.00</u>	<u>8,854.15</u>	<u>345.85</u>
Excess of Revenues over Expenditures	<u>(50.00)</u>	<u>78.97</u>	<u>128.97</u>	<u>-</u>	<u>(681.34)</u>	<u>(681.34)</u>	<u>(50.00)</u>	<u>(602.37)</u>	<u>(552.37)</u>

Note: Budget figures for the year ended June 30, 1965, were secured from budget worksheets as modified by a letter dated June 29, 1964, to Robert L. Lawless, Deputy Budget Administrator, Nevada Department of Administration.

(True Copy)

NEVADA STATE BOARD OF CHIROPRACTIC EXAMINERS

JUNE 30, 1965

ROGERS & MERITHEW
135 Elm Street, P. O. Box 1087
Reno, Nevada

ROGERS & MERITHEW

Public Accountants

135 ELM STREET • PHONE 329-1171 • P.O. BOX 1087
RENO, NEVADA

August 24, 1965

Nevada State Board of
Chiropractic Examiners
Reno, Nevada

Gentlemen:

In accordance with your instructions, an examination of your books and records was made for the fiscal year ended June 30, 1965, and a statement of receipts and disbursements follows:

Cash in F.N.B. 94-2, Reno, Nevada	\$3,221.69	
Cash in American Savings & Loan, Reno	<u>4,237.99</u>	
Total Cash in Banks July 1, 1964		\$ 7,459.68

RECEIPTS:

Renewal Fees	\$6,040.00	
Examination & License Fees	115.00	
Miscellaneous Income	5.50	
Savings Account Interest	<u>210.62</u>	
Total Receipts		<u>6,371.12</u>
Total Cash & Receipts		<u>\$13,830.80</u>

DISBURSEMENTS:

Telephone & Telegraph	\$ 383.37	
Postage	181.60	
Stationary Supplies	47.47	
Printing & Mimeographing	128.09	
Travel & Mileage	896.53	
Per Diem & Sub. - Board Members	1,782.15	
Legal Fees & Expense	35.00	
Salaries	2,400.00	
Payroll Taxes	87.00	
Industrial Insurance	97.68	
Registration Fees	40.00	
Auditing Fees	150.00	
Room Rentals	10.00	
Safety Deposit Box Rent	4.40	
Personal Property Taxes	3.11	
Dues	50.00	
Delivery Service	5.00	
Bond	<u>15.00</u>	
Total Disbursements		\$ 6,316.40
Cash in F.N.B. 94-2 6/30/65		3,065.79
Cash in American Savings & Loan 6/30/65		<u>4,448.61</u>
Total Disbursements plus cash on hand		<u>\$13,830.80</u>

All receipts shown were deposited as evidenced by bank statements, and receipted bills of accounts and vouchers were verified against the checks drawn and were found in order.

The book of account is informative and in our opinion, properly reflects your operations for the period July 1, 1964, through June 30, 1965.

Respectfully submitted,

ROGERS & MERITHEW

By 
W. L. Merithew

WLM:11

STATE OF NEVADA
DEPARTMENT OF COMMERCE
REAL ESTATE DIVISION

JUNE 30, 1965

KAFOURY, ARMSTRONG AND BERNARD
Public Accountants
100 California Avenue
Reno, Nevada

SAM P. KAFOURY
R/ ARMSTRONG
LOY. L. C. BERNARD
LEROY R. BERGSTROM

KAFOURY, ARMSTRONG AND BERNARD
PUBLIC ACCOUNTANTS
100 CALIFORNIA AVENUE
RENO, NEVADA

TELEPHONE
322-9471

January 13, 1966

State of Nevada
Department of Commerce
Real Estate Division
222 North Carson Street
Carson City, Nevada

Gentlemen:

Pursuant to your request, we have audited the accounts and records of the State of Nevada, Department of Commerce, Real Estate Division, for the year ended June 30, 1965. Our examination was made in conformity with generally accepted auditing standards and accordingly included such tests and analyses of the accounting records as we deemed necessary in the circumstances.

Attached to and forming a part of this report are the following exhibits which set forth on a cash basis the results of its operations for the year ended June 30, 1965.

Exhibit A - Statement of Revenues and Expenditures
and Budget Comparison.

Exhibit B - Comparative Statement of Revenues and
Expenditures.

STATEMENT OF REVENUES AND EXPENDITURES
AND BUDGET COMPARISON

Operations for the year under review resulted in an excess of revenues over expenditures of \$31,182.29. As Exhibit A illustrates, expenditures were \$1,434.21 less than total appropriations while actual revenues exceed the budget estimate by \$26,014.08.

COMPARATIVE STATEMENT OF REVENUES AND EXPENDITURES

Exhibit B compares the operations of the current year with that of the prior year ended June 30, 1964. We note that the excess of revenues over expenditures was \$5,372.60 more than that of the preceding year.

GENERAL COMMENTS

1. Our examination included a review of the internal control of the Division's financial operations and we found this control to be satisfactory. Our tests included correlation of carbons of receipts issued with the Division's financial records and member files.

2. We found the Division's licensee files and financial records particularly well maintained.

3. In accordance with S.B. 311, amending NRS 645.140, all moneys in the Real Estate Division Fund in the State Treasury were transferred into the General Fund of the State Treasury on July 1, 1965. Thereafter, all funds for the support of the Real Estate Division shall be provided by direct legislative appropriation, and shall be paid out on claims as other claims against the State are paid.

In our opinion the attached exhibits present fairly the results of the operations of the Department of Commerce, Real Estate Division, for the year ended June 30, 1965, in conformity with generally accepted accounting principles applicable in the circumstances applied on a basis consistent with that of the preceding year.

Respectfully submitted,

Kafoury, Armstrong and Bernard
CERTIFIED PUBLIC ACCOUNTANTS

STATE OF NEVADA
DEPARTMENT OF COMMERCE
REAL ESTATE DIVISION
STATEMENT OF REVENUES AND EXPENDITURES
AND BUDGET COMPARISON
JUNE 30, 1965

	<u>BUDGETED</u>	<u>ACTUAL</u>	<u>EXCESS OF ACTUAL OVER BUDGETED</u>
<u>REVENUES:</u>			
Licenses	\$ 88,000.00	\$ 93,600.00	\$ 5,600.00
Examination Fees	15,000.00	26,840.00	11,840.00
Transfers, Penalties and Miscellaneous	8,000.00	16,574.08	8,574.08
Total Revenues	<u>\$111,000.00</u>	<u>\$137,014.08</u>	<u>\$26,014.08</u>
<u>EXPENDITURES:</u>			
Salaries and Payroll Costs	\$ 64,966.00	\$ 62,921.38	\$ (2,044.62)
<u>Travel:</u>			
In State	8,000.00	7,120.19	(879.81)
Out of State	2,000.00	1,917.35	(82.65)
<u>Operating Expenses:</u>			
Office Supplies	3,000.00	2,532.79	(467.21)
Postage and Freight	2,500.00	1,747.82	(752.18)
Telephone and Telegraph	3,000.00	2,682.36	(317.64)
Printing	2,500.00	2,855.30	355.30
Dues, Subscriptions and Registrations	600.00	522.50	(77.50)
Bond and Insurance	200.00	162.02	(37.98)
Building Maintenance	600.00	679.50	79.50
Office Equipment Repairs	400.00	622.81	222.81
Building Space Rental	8,500.00	7,790.00	(710.00)
Legal Counsel, Auditors and Hearings	5,000.00	8,341.71	3,341.71
Miscellaneous	-	50.00	50.00
<u>Equipment:</u>			
Office Furniture and Equipment	6,000.00	5,886.06	(113.94)
Total Expenditures	<u>\$107,266.00</u>	<u>\$105,831.79</u>	<u>\$ (1,434.21)</u>
Excess of Revenue over Expenditures	<u>\$ 3,734.00</u>	\$ 31,182.29	<u>\$27,448.29</u>
Cash Balance, July 1, 1964		<u>38,514.77</u>	
Cash Balance, June 30, 1965		<u>\$ 69,697.06</u>	
<u>REPRESENTED BY:</u>			
Cash on Deposit with Nevada State Treasurer		<u>\$ 69,697.06</u>	

STATE OF NEVADA
DEPARTMENT OF COMMERCE
REAL ESTATE DIVISION
COMPARATIVE STATEMENT OF REVENUES AND EXPENDITURES
FOR THE YEARS ENDED JUNE 30, 1964 AND JUNE 30, 1965

	YEAR ENDED		INCREASE OR (DECREASE)
	JUNE 30, 1964	JUNE 30, 1965	
REVENUES:			
Licenses	\$ 90,021.00	\$ 93,600.00	\$ 3,579.00
Examination Fees	18,930.00	26,840.00	7,910.00
Transfers, Penalties and Miscellaneous	17,253.94	16,574.08	(679.86)
Total Revenues	<u>\$126,204.94</u>	<u>\$137,014.08</u>	<u>\$10,809.14</u>
EXPENDITURES:			
Salaries and Payroll Costs	\$ 59,497.53	\$ 62,921.38	\$ 3,423.85
Travel:			
In State	8,185.28	7,120.19	(1,065.09)
Out of State	1,900.24	1,917.35	17.11
Operating Expenses:			
Office Supplies	2,328.91	2,532.79	203.88
Postage and Freight	1,826.63	1,606.02	(220.61)
Telephone and Telegraph	2,965.02	2,682.36	(282.66)
Printing	3,169.63	2,855.30	(314.33)
Dues, Subscriptions and Registrations	311.00	522.50	211.50
Bond and Insurance	153.00	162.02	9.02
Building Maintenance	694.90	679.50	(15.40)
Office Equipment Repairs	284.59	622.81	338.22
Equipment Rental	84.24	141.80	57.56
Building Space Rental	7,850.00	7,790.00	(60.00)
Legal Counsel, Auditors and Hearings	9,001.94	8,341.71	(660.23)
Miscellaneous	-	50.00	50.00
Equipment:			
Office Furniture and Equipment	2,142.34	5,886.06	3,743.72
Total Expenditures	<u>\$100,395.25</u>	<u>\$105,831.79</u>	<u>\$ 5,436.54</u>
Excess of Revenue over Expenditures	<u>\$ 25,809.69</u>	<u>\$ 31,182.29</u>	<u>\$ 5,372.60</u>

NEVADA STATE CONTRACTORS BOARD

JUNE 30, 1965

SEMENZA, KOTTINGER & McMULLEN
Certified Public Accountants
320 South Virginia Street
Post Office Box 30
Reno, Nevada

William B. Kottlinger
Joseph W. McMullen
James L. Murphy
John F. Rhodes
Robert J. Somps
John R. Sinkey

SEMENZA, KOTTINGER & McMULLEN
Certified Public Accountants
320 South Virginia Street
Post Office Box 30
Reno, Nevada
89504

Telephone 323-6113

August 31, 1965

Members of the Contractors Board
State of Nevada
Reno, Nevada

Gentlemen:

Pursuant to your instructions, we have examined the accounts and records of the Nevada State Contractors Board for the period July 1, 1964, to June 30, 1965, and in connection therewith present the following exhibits:

Statement of Financial Condition,
June 30, 1965

- Exhibit A

Statement of Revenue and Expenditures
for the fiscal year ended June 30,
1965

- Exhibit B

Functions of Agency

Chapter 624, Nevada Revised Statutes, established the State Contractors Board and defines its composition, duties and powers. NRS 624.040 created the Board and NRS 624.150 authorizes its fund. The functions of the Nevada State Contractors Board are to license and to regulate contractors in the construction business who are soliciting or performing work within the State of Nevada.

Scope of Examination

General

We did not make a detailed examination of all recorded transactions, however, our examination was made in accordance with generally accepted auditing standards and included such tests and analysis of accounting records and other supporting documents to the extent we deemed appropriate.

The books of account of this board are maintained on a fiscal year basis and on a cash basis of accounting in accordance with the provisions of Section 1

of Article IX, Constitution of the State of Nevada.

Chapter 624 does not set forth the various key administrative functions of the Board, in particular with reference to the employment and compensation of the staff in addition to the secretary. Chapter 624 was amended during the 1963 legislative session and the Board is authorized to deposit funds in its possession in banks and savings and loan associations in the State of Nevada, to maintain offices in as many localities in the state as it finds necessary, to hire legal assistance, to engage the services of independent certified public accountants or public accountants, to license automobiles owned by the Board in the same manner as privately owned vehicles and to maintain the vehicles without any identifying insignia or label.

Internal Control Evaluation

In our opinion, methods and procedures followed in daily routine work processing have been adequate to produce an accurate recording of the transactions as they have occurred. All transactions have been recorded on a cash basis since July 1, 1961. We examined the methods of recording transactions and procedures attendant upon licensing activities and we believe that the office is being operated efficiently. The records of the Board are properly safeguarded and methods are to be initiated for the permanent preservation of the records on film.

Efficiency of Subordinate Employees

We observed the staff members during the course of our examination and it appears to us that the efforts of the entire staff are well coordinated and the business of the office is being efficiently conducted.

Fidelity Bond and Casualty Insurance

An "Honesty Blanket Bond" was issued by Fidelity and Deposit Company of Maryland, on May 1, 1964 for the period May 1, 1964 to May 1, 1967. The coverage is in the amount of \$10,000.00 to cover loss sustained by the Board through any fraudulent act or acts committed by any of the employees acting alone or in collusion, during the bond period. The amount of the indemnity is not to exceed

the aggregate amount of \$10,000.00 as stated in the policy.

Automobiles owned by the board are covered by a Glens Falls Insurance Company policy expiring June 30, 1966, written in limits as follows:

Bodily injury	\$100,000/300,000
Property damage	25,000
Medical	2,000
Comprehensive	Actual cash value

The office furniture and fixtures are insured by a policy of Citizens Insurance Company of New Jersey expiring June 30, 1967. Fire and extended coverage is provided in the amount of \$16,000 with a 90% co-insurance clause.

Previous audit reports have suggested that the Board should seek legal opinion on all insurance coverages in force in the light of state sovereignty. Attention is also called to the fact that the State Administrative Manual, Section 0901, states as follows: "The state board of finance places all insurance required by the State of Nevada upon its property." Recent amendments to Chapter 624, NRS have not clarified this area.

Leases

The Board has entered into a lease for the office premises located at 700 Ryland Avenue, Reno, Nevada. The lease is for a period of one year, commencing October 1, 1961, at a net rental of \$375.00 per month with an option for two more years at a rental of \$425.00 per month. The option was renewed in September, 1963, for an additional two years. The Board acquired additional office space at 700 Ryland Avenue, Reno, Nevada at a monthly rental of \$150.00. There is no existing lease on the newly acquired premises. The Board has signed a lease for the office premises in Las Vegas located at 3141 Industrial Road, Las Vegas, Nevada. The lease is for a period of two years commencing November 1, 1963 at a monthly rental of \$324.00.

Status and Condition of Funds

At the Board meeting of October 13-14, 1961, a resolution was adopted

establishing an enforcement fund with a minimum balance of \$60,000.00. At the Board meeting of January 24-26, 1963, it was unanimously approved to increase the fund by the sum of \$10,000.00. Expenditures for the fund shall not be made for budgeted items, but shall be for special and unusual enforcement problems as they arise. The fund is to be reviewed in January of each year by the Board. It shall be the policy of the Board to retain a minimum amount in the enforcement fund on January 1 of each year which shall be equal to the total expenditures of the preceding fiscal year.

The following tabulation is presented for a comparison of the actual receipts and expenditures for the fiscal year 1964-65 with the Work Program for the fiscal year 1964-65.

	<u>Actual Fiscal Year 1964-65</u>	<u>Work Program Fiscal Year 1964-65</u>	<u>Over or Under Amounts Authorized</u>
<u>Revenue</u>			
Renewals	\$ 97,310.00	\$ 95,000.00	\$2,310.00
New licenses and applications	40,010.00	48,000.00	(7,990.00)
Miscellaneous and interest	5,413.59	4,000.00	1,413.59
	<u>142,733.59</u>	<u>\$147,000.00</u>	<u>\$4,266.41</u>
<u>Expenditures</u>			
Salaries	78,813.15	75,000.00	3,813.15
Travel	10,452.67	15,000.00	(4,547.33)
Operating expenses	44,025.85	45,000.00	(974.15)
Equipment	16,788.90	10,000.00	6,788.90
	<u>150,080.57</u>	<u>\$145,000.00</u>	<u>\$5,080.57</u>
Excess of expenditures over revenues	<u>(\$ 7,346.98)</u>		

Non-Compliance with Statutes

Our examination disclosed the following items, the legality of which should be determined by appropriate legal authority so that the Board may fully comply with the statutes:

1. NRS 287.010 authorizes a state department to pay health and welfare insurance for its employees not to exceed fifty per cent of the cost of the insurance. The Board had been paying all the premiums on the employees' group

insurance but discontinued this policy as of July 1, 1965, and is now paying one-half of the health insurance premiums.

2. In previous audit reports we have recommended that legal counsel determine the legality of the Board's exclusion of its employees from the Public Employees Retirement System and in lieu thereof making payments under the Federal Insurance Contributions Act. Attorney General's Opinion Number 148, dated June 15, 1964, letters to the Board from Employment Security Department, dated October 5, 1964 and July 30, 1965, and a letter to the Board from Department of Health, Education, and Welfare, dated February 12, 1965, have clarified the Board's responsibilities. Copies of these letters are on file with the Board.

In accordance with the authorities cited above, the Board henceforth will report wages and deliver withheld payroll taxes to Employment Security Department, Agency for Federal Old Age and Survivors Insurance. Proper application and registration has been completed at the date of this report, and there is due September 20, 1965, a series of reports for the period October 1, 1964 through June 30, 1965. Payroll taxes withheld from employees during that period amount to \$1,554.42, and must be paid with the reports due September 20, 1965, together with the Board's share of the payroll taxes, \$1,554.42. The Board's share of the liability is not reflected in the accompanying statements, since the statements are prepared on a cash basis.

3. The tabulation in the "Status and Conditions of Funds" section of this report shows expenditures in excess of the work program submitted. We did not find any approval of the work program or for a change in the work program during the year by the Director of the Budget. However, this is another area in which legal clarification is needed with respect to the necessity under the Amended Chapter 624 for the Board to submit requests for changes of the work program to the Director of the Budget for approval. In view of the fact that the funds of the Board are not on deposit with the State Treasurer, there

seems to be some question whether or not the Board is required to obtain approval of changes in the work program from the Director of the Budget.

Statement of Financial Condition - Exhibit A

The funds available to the Board at June 30, 1965 are set forth in Exhibit A and totaled \$119,620.62. The various bank accounts were confirmed by direct correspondence with the depositories.

We have reflected the Enforcement Fund which has been provided for by resolution of your Board in the Surplus section of the Statement of Financial Condition.

You will note that the Furniture, Office Equipment and Automobiles are reflected in the Statement of Financial Condition at the nominal value of \$1.00 each, which is the usual practice in statements of departments and agencies of the State of Nevada.

Changes in surplus for the period July 1, 1964 to June 30, 1965 are summarized as follows:

Balance, June 30, 1964	\$94,660.74
Deduct: Excess of expenditures over revenues for the fiscal year ended June 30, 1965	(7,346.98)
	<u>\$87,313.76</u>
Appropriated as follows:	
Enforcement fund	\$70,000.00
Unappropriated surplus	<u>17,313.76</u>
	<u>\$87,313.76</u>

Statement of Revenues and Expenditures - Exhibit B

A comparison of revenues and expenditures for the fiscal years ended June 30, 1965 and June 30, 1964, is reflected in Exhibit B. The revenues for the fiscal year ended June 30, 1965 totaled \$142,733.59 as compared to revenues of \$147,296.13 for the previous year. Expenditures for normal operating costs totaled \$133,291.67 for the fiscal year ended June 30, 1965 as compared to \$124,587.65 for the previous year. Expenditures for fixed assets during the

fiscal year ended June 30, 1965 amounted to \$16,788.90 as compared to \$4,315.57 for the preceding year. License renewal and application fees remained at \$20.00 and \$30.00 respectively for the fiscal year ended June 30, 1965, therefore, the decrease in revenues for the fiscal year ended June 30, 1965 as compared to that of the previous year is due primarily to a decrease in the number of new applicants which more than offset the increased number of renewals. The excess of expenditures over revenues for the fiscal year ended June 30, 1965 totaled \$7,346.98 as compared to the prior years excess of revenues over expenditures of \$18,392.91.

Opinion

We have examined the Statement of Financial Condition of the Nevada State Contractors Board as of June 30, 1965 and the related statement of Revenues and Expenditures for the year then ended. Our examination was made in accordance with generally accepted auditing standards and included such tests of the accounting records as we considered necessary under the circumstances.

In our opinion subject to the comments contained in this report, the accompanying Statement of Financial Condition and Statement of Revenue and Expenditures present fairly, on a cash basis of accounting the financial position of the Nevada State Contractors Board as of June 30, 1965, and the result of its operations for the year then ended, in conformity with generally accepted accounting principles, applied on a basis consistent with practices usually followed in departments and agencies of the State of Nevada.

Yours very truly,

/s/ SEMENZA, KOTTINGER & McMULLEN

NEVADA STATE CONTRACTORS BOARD
STATEMENT OF FINANCIAL CONDITION
JUNE 30, 1965

ASSETSCURRENT ASSETS

Cash in banks			
Security National Bank of Reno - Checking account		\$ 2,503.51	
Security National Bank of Reno - Savings account #6278		6,653.54	
First National Bank of Nevada - Bond checking account		8,000.00	
First National Bank of Nevada - Bond savings account #1555		23,196.76	
Reserve savings accounts			
Union Federal Savings and Loan Association #3048	\$10,724.39		
First National Bank of Nevada - #6904	10,316.08		
Nevada Bank of Commerce #2711	9,135.53		
American Savings and Loan Association #2994	10,407.33		
Bank of Las Vegas #9296	3,623.85		
Bank of Las Vegas #9297	6,039.56		
Bank of Nevada #2-0859	6,743.16		
Nevada State Bank #792	4,989.71		
First National Bank of Ely #15408	8,926.56		
Valley Bank of Nevada #166	8,360.64	79,266.81	\$119,620.62

FIXED ASSETS

Furniture and office equipment	1.00		
Automobiles	1.00		2.00

OTHER ASSETS

Deposit on safety deposit key			2.08
			<u>\$119,624.70</u>

LIABILITIES AND SURPLUSLIABILITIES

Accrued payroll taxes	\$ 2,310.94		
Cash bonds posted by licensees	30,000.00		\$ 32,310.94

SURPLUS

Balance, July 1, 1964	94,660.74		
Deduct: Excess of expenditures over revenues for the fiscal year ended June 30, 1965 (Exhibit B)	(7,346.98)		87,313.76
Allocated as follows			
Enforcement fund	\$70,000.00		
Unappropriated surplus	17,313.76		
	<u>\$87,313.76</u>		<u>\$119,624.70</u>

NEVADA STATE CONTRACTORS BOARD
COMPARATIVE STATEMENT OF REVENUES AND EXPENDITURES FOR THE FISCAL YEARS
ENDED JUNE 30, 1965 AND JUNE 30, 1964

	FISCAL YEAR ENDED JUNE 30, 1965	FISCAL YEAR ENDED JUNE 30, 1964	INCREASE OR (DECREASE)
<u>REVENUES</u>			
License renewals	\$ 97,310.00	\$ 90,630.00	\$ 6,680.00
New licenses issued	14,540.00	19,445.00	(4,905.00)
Application fees	25,470.00	32,220.00	(6,750.00)
Interest income	4,120.29	3,595.50	524.79
Miscellaneous	1,293.30	1,405.63	(112.33)
	<u>142,733.59</u>	<u>147,296.13</u>	<u>(4,562.54)</u>
<u>EXPENDITURES</u>			
Board expense and travel	3,647.99	2,910.77	737.22
Legal	4,953.40	3,335.00	1,618.40
Auditing	515.00	700.00	(185.00)
Office salaries	49,248.15	40,822.18	8,425.97
Investigator's salaries	29,565.00	30,930.00	(1,365.00)
Employees travel expense	3,875.02	4,146.06	(271.04)
Rent	10,164.00	9,240.00	924.00
Telephone and telegraph	3,037.53	2,823.93	213.60
Office supplies	1,796.05	1,444.08	351.97
Printing	7,460.78	7,223.21	237.57
Credit reports	2,888.84	3,688.52	(799.68)
FICA taxes	390.15	1,919.38	(1,529.23)
Industrial insurance	518.52	585.56	(67.04)
Automobile insurance	1,992.00		1,992.00
Health and welfare insurance	2,768.00	2,457.00	311.00
Other insurance	335.00	228.83	106.17
Car expense	2,929.66	3,492.15	(562.49)
Miscellaneous	460.28	771.12	(310.84)
Equipment repair	132.10	137.85	(5.75)
Las Vegas office improvements		1,972.07	(1,972.07)
Reno office improvements	443.50		443.50
Postage and freight	5,528.20	5,759.94	(231.74)
Las Vegas office maintenance	480.00		480.00
Dues and subscriptions	162.50		162.50
Total	<u>133,291.67</u>	<u>124,587.65</u>	<u>8,704.02</u>
Excess of revenue over operating expense	<u>9,441.92</u>	<u>22,708.48</u>	<u>(13,266.56)</u>
Purchase of fixed assets			
Automobiles	6,770.69		6,770.69
Office furniture	1,190.77	2,457.18	(1,266.41)
Office equipment	8,827.44	1,858.39	6,969.05
	<u>16,788.90</u>	<u>4,315.59</u>	<u>12,473.33</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>(\$ 7,346.98)</u>	<u>\$ 18,392.91</u>	<u>(\$25,739.89)</u>

STATE OF NEVADA DAIRY COMMISSION

JUNE 30, 1965

CARLOS B. BROWN
Certified Public Accountant
421 Court Street
Post Office Box 1708
Reno, Nevada

CARLOS B. BROWN
Certified Public Accountant

421 Court Street
Post Office Box 1708
Reno, Nevada
Fairview 3-8681

September 27, 1965

State of Nevada Dairy Commission
2500 North Valley Road
Reno, Nevada 89502

Gentlemen:

We have examined the Statement of Cash Receipts and Disbursements together with the Comparative Statement of Budgeted and Actual Disbursements and the Comparative Statement of Budgeted and Actual Equipment of the State of Nevada Dairy Commission for the fiscal year ended June 30, 1965. Our examination was made in accordance with generally accepted auditing standards and, accordingly included such tests of the accounting records and such other auditing procedures we considered necessary in the circumstances.

In our opinion the accompanying Statement of Cash Receipts and Disbursements, Comparative Statement of Budgeted and Actual Disbursements, and Comparative Statement of Budgeted and Actual Equipment present fairly the cash transactions of the State of Nevada Dairy Commission for the fiscal year ended June 30, 1965, on a basis consistent with that of the preceding year.

Yours very truly,

/s/ Carlos B. Brown
Certified Public Accountant

(True Copy)

STATE OF NEVADA DAIRY COMMISSION
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1965

Cash on deposit with the Nevada State
Treasurer, July 1, 1964 \$ 54,902.71

Receipts (Note 1)

Assessments for:

Fluid milk	\$59,231.32
Ice cream	37,697.71
Cottage Cheese	7,017.93
Butter	15,852.24
Other	<u>544.46</u>

Total assessments \$120,343.66

Licenses 351.00

Penalties for late payments 569.56

Miscellaneous Reimbursements 200.58

Refund from the State Treasurer for
unused personnel assessments for
the year ended June 30, 1964 80.00

Total receipts 121,544.80

Total \$176,447.51

Disbursements (Note 2)

Salaries and payroll costs	(Schedule 1)	\$ 82,421.67
Out of State travel	(Schedule 1)	2,809.27
In State travel	(Schedule 1)	6,354.67
Operating	(Schedule 1)	25,689.71
Equipment	(Schedule 1	
	Page 2)	<u>1,730.07</u>

Total disbursements (Note 3) 119,005.39

Cash on deposit with the Nevada State
Treasurer, June 30, 1965 (Note 4) \$ 57,442.12

(True Copy)

STATE OF NEVADA DAIRY COMMISSION
FOOTNOTES TO THE STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1965

NOTE 1

On August 30, 1965, the Dairy Commission was notified by the State Controller that \$127.00, representing a refund for unused personnel assessment for the year 1964-65, was entered as a transfer to the Dairy Commission Fund for the fiscal year ended June 30, 1965.

NOTE 2

The State of Nevada does not operate its funds on a strict cash basis. The fund remains open for a period of time after the close of the fiscal year at June 30th in order to allow State agencies to record vouchers for expenditures on this modified cash basis. The closing date for 1965 was August 13, 1965. Vouchers paid from July 1, 1965 through August 13, 1965 and reflected in the attached statements amounted to \$5,965.69, and consisted of the following:

Salaries and payroll costs	\$3,130.14
Out of State travel	531.34
In State travel	564.81
Operating	<u>1,739.40</u>
Total	<u>\$5,965.69</u>

NOTE 3

The reconcilliation of the Dairy Commission records to the records of the State Controller follows:

Balance per Dairy Commission records June 30, 1965	\$57,442.12
Add State Controller's transfer of funds reported August 30, 1965	<u>127.00</u>
Balance per State Controller's records June 30, 1965	<u>\$57,569.12</u>

STATE OF NEVADA DAIRY COMMISSION
COMPARATIVE STATEMENT OF BUDGETED AND ACTUAL DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1965

	BUDGETED DISBURSEMENTS	ACTUAL DISBURSEMENTS	ACTUAL DISBURSEMENTS (OVER) OR SHORT OF AMTS. BUDGETED
<u>SALARIES AND PAYROLL COSTS</u>			
Personnel Salaries	\$ 80,998.00	\$ 75,948.03	\$5,049.97
Commission member salaries	2,000.00	850.00	1,150.00
Industrial insurance	507.00	447.66	59.34
Retirement	4,700.00	4,321.98	378.02
Personnel assessment	575.00	575.00	
Group Insurance	432.00	279.00	153.00
Total salaries and payroll costs disbursements	<u>\$ 89,212.00</u>	<u>\$ 82,421.67</u>	<u>\$6,790.33</u>
<u>OUT OF STATE TRAVEL DISBURSEMENTS</u>			
	<u>\$ 5,000.00</u>	<u>\$ 2,809.27</u>	<u>\$2,190.73</u>
<u>IN STATE TRAVEL DISBURSEMENTS</u>			
	<u>\$ 9,000.00</u>	<u>\$ 6,354.67</u>	<u>\$2,645.33</u>
<u>OPERATING</u>			
Office supplies	\$ 2,000.00	\$ 1,651.37	\$ 348.63
Postage and freight	800.00	453.25	346.75
Telephone rental	1,120.00	1,346.01	(226.01)
Telephone tolls and telegraph	2,000.00	1,343.75	656.25
Printing annual reports	750.00	1,041.71	(291.71)
Printing operational	900.00	178.56	721.44
Subscriptions and reference manuals	50.00	63.50	(13.50)
Dues and registrations	150.00	280.00	(130.00)
Bond and insurance premiums	150.00	275.18	(125.18)
Contract services	1,400.00		1,400.00
Accountant		645.00	(645.00)
Court reporting		827.20	(827.20)
Attorney general services	9,000.00	9,000.00	
Office equipment repair	450.00	874.91	(424.91)
Equipment rental	100.00	84.24	15.76
Building space rental	4,800.00	4,023.00	777.00
Building hall rental - public hearings	200.00	85.00	115.00
Heat	400.00	260.27	139.73
Power	150.00	365.16	(215.16)
Water	75.00	55.42	19.58
Other utilities	25.00		25.00
Building maintenance	480.00	580.00	(100.00)
Advertising	200.00	76.50	123.50
Miscellaneous	100.00		100.00
Janitor supplies		10.80	(10.80)
Improvements and betterments		1,925.75	(1,925.75)
Special services or projects		243.13	(243.13)
	<u>\$ 25,300.00</u>	<u>\$ 25,689.71</u>	<u>(\$ 389.71)</u>

	<u>BUDGETED</u> <u>DISBURSEMENTS</u>	<u>ACTUAL</u> <u>DISBURSEMENTS</u>	<u>ACTUAL DISBURSEMENTS</u> <u>(OVER) OR SHORT OF</u> <u>AMTS. BUDGETED</u>
<u>EQUIPMENT PURCHASES</u>			
Office furniture			
2 file cabinets/1 file cabinet	\$ 292.00	\$ 53.90	\$ 238.10
4 tables		175.91	(175.91)
Total	<u>\$ 292.00</u>	<u>\$ 229.81</u>	<u>\$ 62.19</u>
Office equipment			
1 - 3M Dry Photo Copy Machine	<u>\$ -0-</u>	<u>\$ 1,475.00</u>	<u>(\$1,475.00)</u>
Other equipment and furniture			
Miscellaneous	\$ 100.00		\$ 100.00
1 valet		\$ 25.26	(25.26)
Total	<u>\$ 100.00</u>	<u>\$ 25.26</u>	<u>\$ 74.74</u>
Total equipment	<u>\$ 392.00</u>	<u>\$ 1,730.07</u>	<u>\$1,338.07</u>
Total of all budgeted and actual disbursements	<u>\$ 128,904.00</u>	<u>\$ 119,005.39</u>	<u>\$9,898.61</u>

(True Copy)

NEVADA STATE BOARD OF DENTAL EXAMINERS

JUNE 30, 1965

FRANK AND MARGERUM
Certified Public Accountants
Reno, Nevada

FRANK & MARGERUM
Certified Public Accountants
35 Stewart Street
Reno, Nevada

21 July 1965

Nevada State Board of Dental Examiners
Reno, Nevada

Gentlemen:

We have examined the Statement of Financial Condition of the Nevada State Board of Dental Examiners as of June 30, 1965, and the related Statement of Revenues and Expenditures for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying Statement of Financial Condition and Statement of Revenues and Expenditures present fairly the position of the Nevada State Board of Dental Examiners as of June 30, 1965, and the results of its operation for the year then ended, on a cash basis, in conformity with generally accepted accounting principles, applied on a basis consistent with that of the preceding year.

Very truly yours,

FRANK & MARGERUM

Frank & Margerum

NEVADA STATE BOARD OF DENTAL EXAMINERS
STATEMENT OF FINANCIAL CONDITION
JUNE 30, 1965

ASSETS

CASH

Petty Cash	\$ 20.00	
Cash on Deposit - Nevada Bank of Commerce	<u>11,610.91</u>	\$11,630.91

PROPERTY

Office Equipment		<u>1.00</u>
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\$11,631.91

LIABILITIES AND SURPLUS

SURPLUS

\$11,631.91

NEVADA STATE BOARD OF DENTAL EXAMINERS
STATEMENT OF REVENUES AND EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 1965

REVENUES

License Fees - Dentist	\$5,275.00	
License Fees - Hygienists	450.00	
Examination Fees - Dentists	3,100.00	
Examination Fees - Hygienists	450.00	
License Fees - Armed Forces	30.00	
Specialty Fees	600.00	
Nevada State Society	1,163.48	
Miscellaneous	<u>5.00</u>	
Total Revenues		\$11,073.48

EXPENDITURES

Salaries		\$2,175.00	
Travel:			
In State	\$ 178.00		
Out of State	<u>2,411.06</u>		
Total Travel		2,589.06	
Operating:			
Dues and Subscriptions	\$ 41.34		
Examination Expense	1,739.07		
Industrial Insurance	10.94		
Insurance	147.50		
Legal and Accounting	2,606.95		
Postage	55.00		
Post Office Box Rent	12.00		
Printing	35.25		
Rent	600.00		
Stationery and Office Supplies	190.15		
Telephone and Telegraph	<u>173.65</u>		
Total Operating		<u>5,611.85</u>	
Total Expenditures			<u>10,375.91</u>
Excess of Revenue Over Expenditures			\$ 697.57

Cash Balance - July 1, 1964	<u>10,933.34</u>
Cash Balance - June 30, 1965	<u>\$11,630.91</u>

NEVADA STATE BOARD OF DISPENSING OPTICIANS

JUNE 30, 1965

HEPPNER & ERNST
Certified Public Accountants

HEPPNER & ERNST

CERTIFIED PUBLIC ACCOUNTANTS

SECURITY NATIONAL BANK BUILDING

180 WEST FIRST STREET

RENO, NEVADA

VERNON C. HEPPNER, C.P.A.
WILLIAM R. ERNST, C.P.A.

TELEPHONE
329-3428

January 28, 1966

Nevada State Board of
Dispensing Opticians
134 South Fourth Street
Las Vegas, Nevada

Gentlemen:

We have examined the balance sheet of Nevada State Board of Dispensing Opticians as of June 30, 1965 and the related statement of revenue and expenditures for the year then ended. Our examination was made in accordance with generally accepted auditing standards and, accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying balance sheet and related statement of revenue and expenditures present fairly the financial position of Nevada State Board of Dispensing Opticians as of June 30, 1965 and the results of operations for the year then ended, and were prepared in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Yours very truly,

Heppner & Ernst

NEVADA STATE BOARD OF DISPENSING OPTICIANS
BALANCE SHEET
JUNE 30, 1965

ASSETS

CURRENT ASSETS

Cash

\$2,439.98

\$2,439.98

LIABILITIES

CURRENT LIABILITIES

Accounts payable

\$ 80.09

FUND EQUITY

Balance, July 1, 1964

\$2,098.66

Add excess of revenue over expenditures for
the year ended June 30, 1965 (Exhibit B)

261.23

Balance June 30, 1965

2,359.89

\$2,439.98

NEVADA STATE BOARD OF DISPENSING OPTICIANS
STATEMENT OF REVENUE AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 1965

	FOR THE YEAR ENDED JUNE 30, 1965	
	<u>BUDGETED</u>	<u>ACTUAL</u>
<u>REVENUE</u>		
License renewals	\$365.00	\$360.00
Examination fees		50.00
Interest		102.22
Total revenue	<u>365.00</u>	<u>512.22</u>
 <u>EXPENDITURES</u>		
Travel	200.00	61.70
Operating expense	125.00	9.20
Auditing		100.00
Industrial Insurance		80.09
Total expenditures	<u>325.00</u>	<u>250.99</u>
 Excess of revenue over expenditures	<u>\$ 40.00</u>	<u>\$261.23</u>

NEVADA STATE BOARD OF MEDICAL EXAMINERS

JUNE 30, 1965

KAFOURY, ARMSTRONG AND BERNARD
Public Accountants
100 California Avenue
Reno, Nevada

SAM P. KAFOURY
R. ARMSTRONG
LO L. C. BERNARD
LEROY R. BERGSTROM

KAFOURY, ARMSTRONG AND BERNARD
PUBLIC ACCOUNTANTS
100 CALIFORNIA AVENUE
RENO, NEVADA

TELEPHONE
322-9471

August 6, 1965

Nevada State Board of Medical Examiners
3660 Baker Lane
Reno, Nevada

Gentlemen:

We have examined the statement of financial condition of the Nevada State Board of Medical Examiners for the year ended June 30, 1965, and the related statement of revenues and expenditures and budget comparison for the year then ended. Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests of the records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying statements present fairly the financial condition of the Nevada State Board of Medical Examiners at June 30, 1965, arising from cash transactions, and the revenues collected and expenses disbursed by the board during the year then ended, in accordance with generally accepted accounting principles, applicable in the circumstances, applied on a basis consistent with that of the preceding year.

Respectfully submitted,

Kafoury, Armstrong and Bernard

PUBLIC ACCOUNTANTS

NEVADA STATE BOARD OF MEDICAL EXAMINERS
STATEMENT OF FINANCIAL CONDITION
JUNE 30, 1965

ASSETS

CURRENT ASSETS:

Cash in Banks:

Commercial Account, Security National Bank		\$ 7,326.18
Savings Account, First National Bank of Nevada	\$3,539.90	
Savings Account, Nevada Bank of Commerce	5,588.19	
Union Federal Savings and Loan Association	7,463.29	
American Savings and Loan Association	5,545.84	
Frontier Fidelity Savings and Loan Association	<u>4,800.36</u>	<u>26,937.58</u>

Total Current Assets \$34,263.76

FIXED ASSETS (Nominal Value Only) 1.00

Total Assets \$34,264.76

LIABILITIES AND SURPLUS

CURRENT LIABILITIES:

Employees Withholding Taxes \$ 21.30

SURPLUS:

Legal Reserve	\$15,000.00
Unappropriated Surplus	<u>19,243.46</u>

Total Surplus 34,243.46

Total Liabilities and Surplus \$34,264.76

NEVADA STATE BOARD OF MEDICAL EXAMINERS
STATEMENT OF REVENUES AND EXPENDITURES
AND BUDGET COMPARISON
FOR THE YEAR ENDED JUNE 30, 1965

	BUDGETED	ACTUAL	OVER OR (UNDER) BUDGET
REVENUES:			
Annual Registration Fees	\$ 6,700.00	\$ 6,710.00	\$ 10.00
Permits and Endorsements	600.00	870.00	270.00
Reciprocity Fees	11,000.00	10,900.00	(100.00)
Examination Fees	300.00	400.00	100.00
Reinstatement Fees	50.00	20.00	(30.00)
Interest and Miscellaneous	600.00	1,240.52	640.52
Totals	<u>\$19,250.00</u>	<u>\$20,140.52</u>	<u>\$ 890.52</u>
EXPENDITURES:			
Board Salaries	\$ 1,500.00	\$ 1,150.00	\$ (350.00)
Clerical Salaries	5,500.00	4,133.44	(1,366.56)
Out of State Travel:			
Transportation	1,400.00	220.00	(1,180.00)
Per Diem	600.00	279.61	(320.39)
In State Travel:			
Transportation	700.00	702.10	2.10
Per Diem	600.00	888.63	288.63
Industrial Insurance	200.00	183.85	(16.15)
Buildings and Equipment Rental	1,300.00	1,300.00	-
Freight and Postage	150.00	281.75	131.75
Printing - Annual Register	300.00	381.50	81.50
Printing - Miscellaneous	100.00	282.40	182.40
Printing - Other Forms	300.00	154.03	(145.97)
Office Supplies and Expenses	450.00	207.02	(242.98)
Telephone - Service Fees	360.00	251.52	(108.48)
Telephone - Tolls	250.00	246.50	(3.50)
Insurance and Bonding	300.00	256.03	(43.97)
Legal Service	1,200.00	1,200.00	-
Audit and Accounting	500.00	410.00	(90.00)
Meeting Expense	200.00	140.97	(59.03)
Convention Registration and Dues	300.00	50.00	(250.00)
Annuity and Retirement	1,300.00	171.96	(1,128.04)
Investigation Expense	500.00	556.15	56.15
Miscellaneous	200.00	11.23	(188.77)
Capital Outlay	500.00	-	(500.00)
Examination Expense	-	25.00	25.00
Totals	<u>\$18,710.00</u>	<u>\$13,483.69</u>	<u>\$ (5,226.31)</u>
Excess of Revenues over Expenditures		\$ 6,656.83	
Cash Balance, July 1, 1964		<u>27,585.63</u>	
Cash Balance, June 30, 1965		<u>\$34,242.46</u>	

NEVADA STATE BOARD OF MEDICAL EXAMINERS
STATEMENT OF REVENUES AND EXPENDITURES
AND BUDGET COMPARISON
FOR THE YEAR ENDED JUNE 30, 1965

REPRESENTED BY:

Commercial Account:

Security National Bank of Nevada,
Reno, Nevada \$ 7,326.18

Savings Accounts:

First National Bank of Nevada, Keystone Branch, Reno, Nevada	\$3,539.90		
Nevada Bank of Commerce, Reno Branch, Reno, Nevada	5,588.19		
Union Federal Savings and Loan Association, Reno, Nevada	7,463.29		
American Savings and Loan Association, Reno, Nevada	5,545.84		
Frontier Fidelity Savings and Loan Association, Las Vegas, Nevada	<u>4,800.36</u>	<u>26,937.58</u>	<u>\$34,263.76</u>

Less: Funds Held in Trust,
Employees' Withholding 21.30

\$34,242.46

THE NEVADA STATE BOARD OF NURSING

JUNE 30, 1965

A. N. JACOBSEN, AUDITOR

Virginia City, Nevada

ANNUAL REPORT

THE NEVADA STATE BOARD OF NURSING

3660 BAKER LANE
RENO, NEVADA 89502

JULY 1, 1964 - JUNE 30, 1965

BOARD MEMBERS

MRS. DOROTHY BUTTON, R.N.	PRESIDENT	RENO
MRS. MARY KENNEDY, R.N.	VICE-PRESIDENT	LAS VEGAS
MISS SYLVIA MICHAL, R.N.	SECRETARY	RENO
MRS. HALLOWEEN BARIGER, L.P.N.		FERNLEY
MRS. GRACE FLINT, R.N.		LAS VEGAS
MRS. EDITH HUGHES, L.P.N.		RENO
MRS. DOROTHY MINNIS, R.N.		RENO

EXECUTIVE SECRETARY

MRS. GERTRUDE C. BAKER, R.N.	RENO
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PART-TIME STAFF

MRS. SMILEY BAYLESS, R.N.	RENO
MRS. LILA TUCKER, R.N.	LAS VEGAS
MR. A. N. JACOBSON	AUDITOR
	VIRGINIA CITY

FORWARD

The Nevada State Board of Nursing is vitally concerned with the health needs of the State in the light of its ever-increasing population. There is still a gross lack of nursing personnel to care for the physically and mentally ill in all hospitals, especially those in rural areas where the need for well qualified personnel is, in many instances, critical. The passage of the Medicare Bill has increased the need for nurses even more and thereby increased the problem.

Nevada still remains a debtor state in providing both professional and practical nurses. A safe estimate would indicate that more than three-fourths of all nurses employed in the State of Nevada are out-of-state graduates. During the fiscal year of 1964-1965 the number of professional nurses licensed by examination totaled 13 (of whom 7 were graduates of the Orvis School of Nursing at the University of Nevada), while the number licensed by endorsement from other states totaled 192 (see Appendix 1). The number of practical nurses licensed by examination totaled 77, of whom 75 were graduates of schools of practical nursing in Nevada; the number licensed by endorsement totaled 36 (see Appendix 2).

According to the 1963 Surgeon General's Report "Toward Quality in Nursing Care" the number of graduates from every school of nursing in the nation, including schools in Nevada, will need to be tripled by 1966 to meet 1970's predicted nursing needs.

Every school of nursing in Nevada should be encouraged to:

- (1) increase enrollment if clinical facilities in hospitals will permit, (2) more carefully screen applicants to schools in order to lower the attrition rate, (3) carefully counsel applicants toward the nursing program most suited to the needs and abilities of the individual, in order to increase the number of safe practitioners (at each level of nursing practice) who will be available to the consumer of nursing services and in order to provide additional nursing leaders within the state.

According to a commentary published by the American Nurses' Association in 1965, two factors contributing to the lack of nursing personnel are the antiquated utilization of them and the limited economic future of the professional nurse. The most critical area is found in the inadequate nursing education system. Severe shortages of qualified faculty, lack of clinical facilities and limited financial aid for students head the list of educational shortcomings. The Nevada Board of Nursing is well aware of all of these problems in this State.

ANNUAL REPORT

JULY 1, 1964 - JUNE 30, 1965

MEETINGS

The Board of Nursing met four times during the fiscal year 1964 - 1965: in October 1964, in February and May 1965 in Reno and a special meeting in June 1965 in Carson City.

During the meeting of the Board in October 1964, members discussed the advisability of contacting an experienced out-of-state nursing education consultant to assist in re-surveying some of the schools of practical nursing in the state. This request was felt necessary because of the conflicting ideas occurring between the Board of Nursing and the Vocational-Technical and Adult Educators within the State Department of Education. The Board was aware that some of the difficulties were due to its own lack of experience in survey techniques and reporting procedures.

As a result, Mrs. Elaine Kemp, Nursing Education Consultant to the Arizona State Board of Nursing was contacted and agreed to work with the Board for two weeks, from March 8 to March 19, 1965.

During this period, Mrs. Kemp visited, surveyed and submitted reports for the following schools of practical nursing: Washoe Western, St. Mary's and the Nevada State Hospital Schools in Reno; the Southern Nevada and Sunrise Schools in Las Vegas.

At the May 27, 1965 meeting of the Board, members reviewed each of Mrs. Kemp's reports and unanimously accepted them. Copies were sent to the Coordinator-Instructor of each school, to the administrator of each hospital surveyed, to Mr. A. G. Dondero and to Mr. Raymond Sturm, Directors of Adult Education, Washoe County School District and Clark County School District respectively, and to Mr. John Bunten, Assistant Superintendent for Vocational-Technical and Adult Education, Carson City. The Board added recommendations as necessary for individual schools, but requested the school administrators to accept the commendations and recommendations included in each of Mrs. Kemp's reports of her visits and urged their implementation.

By having Mrs. Kemp make the re-survey visits to these five schools for it, the Board was able to affirm that it is fulfilling its' accreditation function satisfactorily and in a manner which is comparable to that being used in other states.

Dean Elmore of the Orvis School of Nursing gave the annual report of the school to the Board at the October meeting. She and Dr. Margaret Kaufman met with the Board in February to discuss Minimum Standards and Guiding Principles for Collegiate Schools of Nursing in Nevada which is scheduled for revision. Some of the discussion pertained to revising these requirements to make them applicable to Associate Degree Programs in Nursing as well.

In February 1965 the Board regretfully accepted the resignation of Della Fitzgerald, R.N., B.S., as Executive Secretary, effective April 15, 1965. Mrs. Fitzgerald had been extremely active and vitally interested in nursing activities in Nevada for twenty-five years, not only during her term of office with the Board but also as a Public Health Nurse and as a member and officer of the Nevada State Nurses' Association. Mrs. Fitzgerald, who has moved to Salt Lake City, will be greatly missed by her friends and co-workers.

Mrs. Gertrude C. Baker, R.N., M.S., was very honored to be accepted by the Board to replace Mrs. Fitzgerald as Executive Secretary and will endeavor to successfully accept the challenge so ably faced by her predecessor.

Since becoming a member of the staff of the Board, the Executive Secretary and the President of the Board surveyed or re-surveyed three schools of practical nursing and the clinical facilities used by them:

1. White Pine: White Pine County and Steptoe Hospitals, Ely.
2. Elko: Elko General Hospital, Elko.
3. Lahontan: Churchill Public Hospital, Fallon.

The Board granted provisional accreditation for one class only to the White Pine School of Practical Nursing, provisional accreditation for a 1965 -66 class to the Elko School of Practical Nursing, and full accreditation to the Lahontan School of Practical Nursing providing the next class begins within six months of the completion of the 1964-65 program.

The annual election of officers was held during the May meeting. Dorothy Button was elected President, Mary Kennedy was elected Vice-President and Sylvia Michal was elected Secretary for the years 1964 - 1965.

At the May meeting, the Board began to state Requirements for Associate Degree Nursing Programs in Nevada. At that time the Board agreed to grant provisional accreditation to the University of Nevada Southern Regional Division Associate Degree Nursing Program for a class of students to be admitted in September 1965 providing a director can be employed and the Requirements can be met by August 1, 1965.

A special meeting of the Board was held June 28, 1965 in Carson City in order to meet with Governor Grant Sawyer. Members of the Board were anxious to discuss with the Governor major problems confronting them at that time, especially the continuing problem with the accreditation of schools of practical nursing.

BOARD OF NURSING OFFICE MOVED

In January the Board of Nursing Office was moved from the home of the Executive Secretary to a compact, but adequate office in the Nevada State Medical Association Building, 3660 Baker Lane, Reno. The Board has been extended the privilege of using the Building's attractive, spacious Board-Room for meetings.

NEVADA STATE BOARD OF NURSING LICENSING EXAMINATIONS

<u>Date</u>	<u>Examination Center</u>	<u>Registered Nurse Candidates</u>	
July 23 & 24, 1964	Reno	Orvis School of Nursing	7
		Out-of-State	2
March 20 & 21, 1965	Reno & Las Vegas	Orvis School of Nursing	0
		Out-of-State	<u>4</u>

Total number of registered nurses licensed by examination 13

		<u>Practical Nurse Candidates</u>	
July 23, 1964	Reno	Nevada Schools	26
		Out-of-State	1
March 20, 1965	Reno & Las Vegas	Nevada Schools	49
		Out-of-State	<u>1</u>

Total number of practical nurses licensed by examination 77

IN-STATE MEETINGS

Dorothy Button attended the Annual Vocational Conference, Health Occupations, which was held on the University of Nevada's Reno Campus in August 1964. The Executive Secretary, Dorothy Minnis and Sylvia Michal are all members and regular attendants of the Faculty-Agency Committee of the Orvis School of Nursing. Mary Kennedy represents the Board on the Advisory Committee to the Associate Degree Program in Las Vegas. The Executive Secretary and each member of the Board serves as a member of at least one advisory committee to a school of practical nursing.

Besides scheduled activities numerous other meetings in the State have been attended by the members and staff of the Board. Many factors appear to be drawing the Board, the Nevada State Nurses' Association, the Nevada Medical Board and allied agencies into closer and more effective relationships as each seeks greater understanding and cooperation in meeting their individual responsibilities and developing their joint endeavors. It is gratifying that members of the Board and the Executive Secretary are being requested with more frequency to serve as consultants or active members of committees concerned with upgrading nursing education and nursing service with-in the state. At the present time plans are being made to appoint a committee to clearly define the specific role of the licensed professional nurse, the licensed practical nurse and auxiliary workers who require expert supervision. The Nevada State Nurses' Association, Board of Nursing, and Supervisor, Health Occupations, Vocational-Technical and Adult Education, State Department of Education are collaborating to develop a guide for head nurses and supervisors to use in the assignment of the various categories of personnel employed in nursing service.

OUT-OF-STATE MEETINGS

Mrs. Dorothy Button, R.N. attended the Second National Conference of Representatives from Associate Degree Nursing Programs as a representative of the Nevada Board of Nursing. This meeting was sponsored by the Division of Nursing Education of the National League for Nursing. Mrs. Gertrude Baker, Executive Secretary, attended the American Nurses Association Committee of State Boards of Nursing Meeting. Both Mrs. Button and Mrs. Baker attended the Educational Conference of the ANA Committee of State Boards. These three meetings were all held the end of April 1965 in San Francisco.

ADMINISTRATION

The work of the Executive Secretary to the Board of Nursing grows and changes from year to year as the work reflects the changes in nursing and the broadening of state board affairs. Each year brings new questions needing answer: e.g., will the professional nurse perform procedures formerly performed only by the medical practitioner? If so, which procedures is it safe for her to perform? How do you evaluate the credentials of the increasing numbers of graduates of schools of nursing in other countries against the curriculum offered by schools of nursing in this country to determine whether or not their holders are safe practitioners who are entitled to a Nevada license? How do you prevent and control violations of the Laws Relating to Nursing (Chapter 632, Nevada Revised Statutes) by persons in this somewhat mobile population? How do you keep up with and interpret new federal laws which increasingly affect the education of the nurse and the practice of nursing? In addition to new problems, older ones must be dealt with as they were or with new and significant variations.

Efforts to interpret the role of the Nevada State Board of Nursing as a part of state government and its relationship with the Nevada State Nurses' Association and the Nevada Licensed Practical Nurses' Association seem to be showing results through the increased number of persons turning to the Board for information, assistance and decisions. Administrative personnel in hospitals, nursing homes and other agencies employing nursing personnel have been evidencing greater cooperation in seeking to determine the licensing status of staff members and/or reporting questionable personnel. Greater efforts are being made to attract or develop leaders in the nursing profession and to the further development and maintenance of high professional standards for the protection of the people of Nevada.

RESPONSIBILITY OF THE BOARD

The State Board of Nursing is a legal administrative agency composed of qualified persons possessing expert nursing knowledge and empowered to act within the governmental structure to protect the public. The Board is authorized by law to:

1. Adopt, and from time to time revise such rules and regulations not inconsistent with the law, as may be necessary to enable it to carry into effect the provisions of the Laws Relating to Nursing.
2. Determine minimum standards for educational programs preparing persons for licensure under the Act.
3. Visit and survey schools of nursing at least once a year or at such times as is deemed necessary.
4. Accredite nursing educational programs that meet Board Minimum Requirements.
5. Deny accreditation to or withdraw accreditation from educational programs for failure to meet or to maintain Board Minimum Requirements.
6. Examine and license duly qualified applicants.
7. Cause the prosecution of all persons violating the provisions of Chapter 632, Nevada Revised Statutes, Laws Relating to Nursing.

APPENDIX 1

JULY 1, 1964 - JUNE 30, 1965

PROFESSIONAL NURSES LICENSED BY ENDORSEMENT LISTED BY STATE

Alabama	3	New Mexico	2
Arizona	4	New York	13
Arkansas	1	North Carolina	2
California	26	North Dakota	2
Colorado	5	Ohio	2
Connecticut	3	Oregon	6
Delaware	2	Pennsylvania	13
Florida	3	Rhode Island	1
Georgia	1	South Carolina	1
Idaho	3	South Dakota	2
Illinois	14	Tennessee	1
Indiana	3	Texas	5
Iowa	5	Utah	5
Kansas	1	Virginia	2
Kentucky	2	Washington	3
Louisiana	2	West Virginia	2
Maryland	3	Wisconsin	6
Massachusetts	3		
Michigan	7	Canada	6
Minnesota	9	England	2
Missouri	7		
Montana	5		
Nebraska	3		
New Hampshire	1		
		Total	192

APPENDIX 2

PRACTICAL NURSES LICENSED BY ENDORSEMENT LISTED BY STATE

Alabama	1	Minnesota	2
Arizona	1	Montana	1
Arkansas	1	New Mexico	2
California	8	Ohio	3
Idaho	5	Pennsylvania	1
Illinois	1	Utah	4
Iowa	1	Virginia	1
Massachusetts	2	Wisconsin	2
		Total	36

STATE BOARD OF NURSING

Summary of Cash Receipts & Disbursements

For the Fiscal Year 1964--1965

COMMERCIAL ACCOUNT

1st National Bank of Nevada	
Balance in Bank, beginning of year	\$ 6,105.32
Receipts during year	<u>13,119.41</u>
	\$19,224.73
Disbursed during year	<u>17,717.67</u>
Balance in Bank end of fiscal year	\$ <u>1,507.06</u>

SAVINGS ACCOUNTS

American Savings & Loan,	
Balance end of fiscal year	\$ 6,398.87
First National Bank of Nevada,	
Savings Account	6,733.60
Union Federal Savings & Loan,	10,000.00

INTEREST CREDITED TO OUR ACCOUNTS

American Savings & Loan	375.87
1st National Bank of Nevada	299.13

Union Federal Savings & Loan interest is paid quarterly and is reflected in cash receipts.

AVAILABLE FUNDS AT END OF FISCAL YEAR

1st National Bank of Nevada, Savings account	\$ 6,733.60
1st National Bank of Nevada, Commercial Acct	1,507.06
Union Federal Savings & Loan	10,000.00
American Savings & Loan	<u>6,398.87</u>
Total Available Funds, June 30, 1965	\$ <u>24,639.53</u>

NEVADA STATE BOARD OF PHARMACY

JUNE 30, 1965

GEORGE L. PETTYCREW
139 North Virginia Street
Telephone FA. 2-2439
Reno, Nevada

GEORGE L. PETTYCREW
139 North Virginia Street
Telephone FA. 2-2439
Reno, Nevada

Public Accountant

Licensed Real Estate Broker

August 14, 1965

Mr. W. L. Merithew, Secretary,
Nevada State Board of Pharmacy,
Reno, Nevada

Dear Mr. Merithew:

Upon your request, I have examined the accounts and records of the Nevada State Board of Pharmacy for the fiscal year ending June 30, 1965.

All accounts were not ferified in detail. However, the examination was made in accordance with generally accepted auditing standards, including such tests of the accounting records and procedures as were considered necessary. I have no knowledge of misstatements in the accounts or of omission of material facts.

In my opinion, the accompanying statements present fairly the results of the financial operations of the Board for the period in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Yours very truly,

/s/ George L. Pettycrew

(TRUE COPY)

Nevada State Board of Pharmacy
Reno, Nevada
* * * * *
Audit Report
June 30, 1965

General Comment:

The financial records of the Nevada State Board of Pharmacy are kept on the cash basis. Adequate internal control assures the accuracy of all records. A combined cash-journal is the book of original entry. A standard general ledger is used. All records are correctly maintained.

Records of the individual pharmacists, pharmacies, dealers and other permit holders were test-checked. Payments of the required fees and charges are in proper order.

Expenditures are properly authorized and are supported by the necessary invoices or other documents. Disbursements are made by check.

Bank Statements and related records have been examined and were found to be properly reconciled.

Amounts of cash which were recorded as being on hand at the beginning and end of the period were traced to the bank statements. The records are correctly made.

In October, 1964, the Board applied for insurance coverage under provisions of the Federal Old Age and Survivors Insurance Program for Public Agencies. Such insurance is now in effect and salary reports are being filed with the State Authority for Old Age and Survivors Insurance at Carson City, Nevada.

The minutes recording the business transacted by the Board are complete and properly kept.

All of the records show systematic, complete and accurate information.

(TRUE COPY)

Nevada State Board of Pharmacy
Reno, Nevada

* * * * *

Statement of Receipts and Disbursements
For the Fiscal Year Ending June 30, 1965

Cash on Hand, July 1, 1964 \$60,598.40

Receipts:

Reciprocals, Renewals and Certificates	\$25,930.00	
Examinations	5,445.00	
Pharmacy Permits	3,640.00	
General Dealer Permits	160.00	
Wholesalers and Manufacturers	1,500.00	
Miscellaneous: Grades, Temporary Permits, etc.	230.00	
Interest Earned on Savings Accounts	<u>812.44</u>	
Total Receipts		<u>37,717.44</u>

Total Cash to Account For \$98,315.84

Disbursements:

Salary	\$11,729.48	
1965 Salary Deductions not paid this period	(338.82)	
1964 Salary Deductions paid this period	39.41	
Employer's Salary Tax Expense paid	394.83	
Industrial Insurance	137.15	
Mileage	2,981.60	
Subsistence	1,585.97	
Printing and Stationery	3,479.35	
Postage	319.38	
Telephone	811.78	
Rent	310.00	
Inspection Expense	255.00	
Examination Expense	624.52	
Legal	1,957.25	
Per Diem Expense	3,929.60	
Supplies	577.46	
Conventions	5,808.14	
Miscellaneous	<u>677.61</u>	
Total Disbursements		\$35,279.71

Cash on Hand, June 30, 1965 63,036.13

Total Cash Accounted For \$98,315.84

(TRUE COPY)

Nevada State Board of Pharmacy
Reno, Nevada
* * * * *
Balance Sheet
June 30, 1965

Assets:

Cash Items:

Nevada Bank of Commerce-Commercial Account	\$38,652.01	
Nevada Bank of Commerce-Savings Account	11,539.22	
Security National Bank-Savings Account	10,637.90	
Petty Cash	20.00	
Cash Items for Deposit in Bank	<u>2,187.00</u>	
Total Cash on Hand		\$63,036.13
Office Equipment		<u>742.20</u>
Total Assets		<u><u>\$63,778.33</u></u>

Liabilities and Fund Balance:

Liabilities:

OASI Deductions not paid this period	\$ 97.02	
Income Taxes Withheld from Employees	<u>241.80</u>	
Total Liabilities		\$ 338.82

Fund Balance:

Balance, June 30, 1964	\$61,301.19	
Receipts	<u>37,717.44</u>	
Total	\$99,018.63	
Disbursements	\$35,279.71	
Plus Salary Deductions Increase:		
June 30, 1965	\$338.82	
June 30, 1964	<u>39.41</u>	
	<u>299.41</u>	
Fund Balance, June 30, 1965	<u>35,579.12</u>	<u>63,439.51</u>
Total Liabilities and Fund Balance		<u><u>\$63,778.33</u></u>

(TRUE COPY)

NEVADA STATE BOARD OF OSTEOPATHY

JUNE 30, 1965

FREDRICK D. KOEHLER
Certified Public Accountant
Reno, Nevada

FREDERICK D. KOEHLER
CERTIFIED PUBLIC ACCOUNTANT
830 Ryland Street - Room 1 - Telephone 329-4864
Reno, Nevada 89502

State Board of Osteopathy
P.O. Box 398
Minden, Nevada

October 28, 1965

Gentlemen:

We have examined the accounts and records of the State Board of Osteopathy, State of Nevada, for the two years ending June 30, 1965, and have prepared therefrom the attached Statement of Revenues and Expenditures for the fiscal years then ended.

Our examination was made in accordance with generally accepted auditing standards for organizations on a cash basis. We made a detailed examination of all recorded financial transactions as no books of account are maintained and the number of transactions is small.

Recommendations made in audit for period ending June 30, 1963 for improvement of internal controls and maintenance of records have been followed with effective results.

This Board's financial activity was not audited for the fiscal year ending June 30, 1964. As required in Nevada Revised Statutes, Nevada state agencies are required to submit an annual audit.

In our opinion, the accompanying Statement of Revenues and Expenditures presents fairly the financial position of the operating fund of the State Board of Osteopathy, State of Nevada, as of June 30, 1965, and the results of its operations for the two year period then ended in conformity with generally accepted accounting principles reflecting financial transactions on a cash basis.

Very truly yours,

/s/ Fredrick D. Koehler

STATE OF NEVADA
STATE BOARD OF OSTEOPATHY
Statement of Revenues and Expenditures - Operating Fund
For the Period July 1, 1963 - June 30, 1965

Revenues:

Osteopathic Licenses:		
Applications	\$ 725.00	
Annual Registrations	<u>1,635.00</u>	
	\$2,360.00	
Interest on Savings Account	<u>215.81</u>	
Total Revenues		\$2,575.81

Expenditures:

Compensation of Board Members	\$ 400.00	
Travel	<u>312.33</u>	
	\$ 712.33	
Operating Expense:		
Office Supplies	21.73	
Postage	17.80	
Telephone	51.40	
Secretarial Fees - License Renewals	315.00	
Audit Fee	<u>100.00</u>	
Total Expenditures		<u>1,218.26</u>

Excess of Revenues over Expenditures		\$1,357.55
Add: Balance in Operating Fund, July 1, 1963		
First National Bank of Nevada - Minden Branch		820.94
Union Federal Savings and Loan Assoc. - Reno		2,176.00
Office Furniture and Equipment (Note)		<u>1.00</u>
Operating Fund Balance, June 30, 1965		<u>\$4,355.49</u>

Accounted for as follows:

First National Bank of Nev.-Minden Branch	\$1,962.68	
Union Federal Savings and Loan Assoc.-Reno	<u>2,391.81</u>	
Office Furniture and Equipment	<u>1.00</u>	
		<u>\$4,355.49</u>

Note: The value of office furniture and equipment is reflected at the nominal sum of \$1.00 since the inventory of such property is the responsibility of the Purchasing Division of the Department of Administration.

NEVADA STATE BOARD OF PUBLIC ACCOUNTANTS

JUNE 30, 1965

DARNEY RAND AND VANNOY
PUBLIC ACCOUNTANTS
Reno, Nevada

DARNEY, RAND AND VANNOY

PUBLIC ACCOUNTANTS

Post Office Box 857

RENO, NEVADA

RENO
FA 3-2143

FALLON
423-4843

Board of Directors
Nevada State Board of Public Accountants
Post Office Box 30
Reno, Nevada

Gentlemen:

We have examined the accounts and records of the Nevada State Board of Public Accountants, also known as the Nevada State Board of Accountancy, for the fiscal year ended June 30, 1965. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

Attached hereto and made a part of this report are the following exhibits:

Exhibit A - Statement of Receipts and Disbursements.

Exhibit B - Statement of Receipts and Disbursements
as Compared to Legislative Intent.

In our opinion, the accompanying statements present fairly the receipts and disbursements of the Nevada State Board of Public Accountants for the fiscal year ending June 30, 1965, in conformity with generally accepted accounting principles consistently applied.

Darney Rand and Vannoy

NEVADA STATE BOARD OF PUBLIC ACCOUNTANTS
STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED, JUNE 30, 1965

EXHIBIT A.

Receipts:

Examination Fees		\$ 2,475.00	
License Renewal Fees	\$ 5,940.00		
Delinquency Payment Fees	<u>200.00</u>		
		6,140.00	
Reciprocity Certificate Fees		225.00	
Steno Time, Nevada Society C. P. A.'s		<u>868.00</u>	
			\$ 9,708.00

Disbursements:

Examination Expenses	\$ 1,650.44		
Contract Services - Steno Salary	2,400.00		
Office Expenses and Printing	868.35		
Rent	600.00		
Telephone	9.13		
Travel, In State	<u>330.20</u>		
Total Disbursements			<u>5,858.12</u>
Excess Receipts Over Disbursements			\$ 3,849.88
Cash Balance, July 1, 1964			<u>15,642.18</u>
Balance, June 30, 1965			<u>\$ 19,492.06</u>

Represented By:

Commercial Account, First National Bank of Nevada, Second and Virginia Street Branch, Reno, Nevada		\$ 9,492.06	
Savings Certificate # 1143 dated August 24, 1964, and due August 24, 1965, at First National Bank of Nevada, Main Office, Reno, Nevada			<u>10,000.00</u>
			<u>\$ 19,492.06</u>

NEVADA STATE BOARD OF PUBLIC ACCOUNTANTS
STATEMENT OF RECEIPTS AND DISBURSEMENTS AS
COMPARED TO LEGISLATIVE INTENT
FOR THE FISCAL YEAR ENDED, JUNE 30, 1965

EXHIBIT B.

	<u>Legislative Intent</u>	<u>Actual</u>	<u>Over or (Under) Intent</u>
Cash Balance, July 1, 1964		\$ 15,642.18	
<u>Receipts:</u>			
Examination Fees	\$ 1,500.00	\$ 2,475.00	\$ 975.00
License Renewal Fees	5,700.00	6,140.00	440.00
Reciprocity Certificate Fees	100.00	225.00	125.00
Steno Time, Nevada Society of C. P. A.'s	- 0 -	868.00	868.00
	<u>\$ 7,300.00</u>	<u>\$ 9,708.00</u>	<u>\$ 2,408.00</u>
Total Funds Available		\$ 25,350.18	
<u>Disbursements:</u>			
Travel, In State	\$ 840.00	\$ 330.20	\$ (509.80)
Telephone	100.00	9.13	(90.87)
Printing, and Office Expense	900.00	868.35	(31.65)
Examination Expenses	1,800.00	1,650.44	(149.56)
Rent	900.00	600.00	(300.00)
Contract Service - Steno Salary	1,000.00	2,400.00	1,400.00
	<u>\$ 5,540.00</u>	<u>\$ 5,858.12</u>	<u>\$ 318.12</u>
Cash Balances, June 30, 1965		<u>\$ 19,492.06</u>	

STATE OF NEVADA PURCHASING DIVISION

SURPLUS PROPERTY SECTION

July 1, 1962 to April 30, 1965

DONALD A. PRINGLE
Certified Public Accountant
P.O. Box 396
Carson City, Nevada

DONALD A. PRINGLE
CERTIFIED PUBLIC ACCOUNTANT
P. O. Box 396
Carson City, Nevada

NEVADA LEGISLATIVE COMMISSION
CAPITOL BUILDING
CARSON CITY, NEVADA

I HAVE EXAMINED THE ACCOUNTS AND RECORDS OF THE NEVADA STATE PURCHASING DIVISION, SURPLUS PROPERTY SECTION FOR THE TEN MONTH PERIOD ENDED APRIL 30, 1965 AND THE FISCAL YEARS ENDED JUNE 30, 1964, JUNE 30, 1963 AND JUNE 30, 1962 AND HAVE PREPARED THEREFROM THE FOLLOWING EXHIBITS:

BALANCE SHEET APRIL 30, 1965	EXHIBIT A
STATEMENT OF RECEIPTS AND DISBURSEMENTS FOR THE TEN MONTHS ENDED APRIL 30, 1965	EXHIBIT B
BALANCE SHEET JUNE 30, 1964	EXHIBIT C
STATEMENT OF RECEIPTS AND DISBURSEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 1964	EXHIBIT D
BALANCE SHEET JUNE 30, 1963	EXHIBIT E
STATEMENT OF RECEIPTS AND DISBURSEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 1963	EXHIBIT F
BALANCE SHEET JUNE 30, 1962	EXHIBIT G
STATEMENT OF RECEIPTS AND DISBURSEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 1962	EXHIBIT H
COMPARATIVE STATEMENT OF BUDGETED EXPENDITURES TO ACTUAL EXPENDITURES FOR THE FISCAL YEAR ENDED JUNE 30, 1964	EXHIBIT I

COMPARATIVE STATEMENT OF
BUDGETED EXPENDITURES TO
ACTUAL EXPENDITURES FOR
THE FISCAL YEAR ENDED
JUNE 30, 1963

EXHIBIT J

COMPARATIVE STATEMENT OF
BUDGETED EXPENDITURES TO
ACTUAL EXPENDITURES FOR
THE FISCAL YEAR ENDED
JUNE 30, 1962

EXHIBIT K

SCOPE OF EXAMINATION

ALTHOUGH I DID NOT MAKE A DETAILED EXAMINATION OF ALL RECORDED TRANSACTIONS MY EXAMINATION WAS MADE IN ACCORDANCE WITH GENERALLY ACCEPTED AUDITING STANDARDS. IT INCLUDED TEST CHECKS AND ANALYSES OF THE ACCOUNTING RECORDS AND OTHER SUPPORTING DOCUMENTS TO THE EXTENT, WHICH, IN MY OPINION, WERE ADEQUATE TO SATISFY MYSELF AS TO THE GENERAL ACCURACY OF THE RECORDS.

OPINION

I HAVE EXAMINED THE BALANCE SHEETS OF THE NEVADA STATE PURCHASING DIVISION, SURPLUS PROPERTY SECTION AS OF APRIL 30, 1965, JUNE 30, 1964, JUNE 30, 1963 AND JUNE 30, 1962 AND THE RELATED STATEMENTS OF RECEIPTS AND DISBURSEMENTS FOR THE TEN MONTHS ENDED APRIL 30, 1965 AND THE FISCAL YEARS ENDED JUNE 30, 1964, 1963 AND 1962.

MY EXAMINATION WAS MADE IN ACCORDANCE WITH GENERALLY ACCEPTED AUDITING STANDARDS AND ACCORDINGLY INCLUDED SUCH TEST OF THE ACCOUNTING RECORDS AND SUCH OTHER AUDITING PROCEDURES AS I CONSIDERED NECESSARY IN THE CIRCUMSTANCES.

IN MY OPINION, THE ACCOMPANYING STATEMENTS OF FINANCIAL CONDITION AND STATEMENTS OF RECEIPTS AND DISBURSEMENTS PRESENT FAIRLY THE FINANCIAL POSITION OF THE NEVADA STATE PURCHASING DIVISION, SURPLUS PROPERTY SECTION AS OF APRIL 10, 1965, JUNE 30, 1964, JUNE 30, 1963 AND JUNE 30, 1962 AND THE RESULTS OF ITS OPERATIONS FOR THE TEN MONTHS ENDED APRIL 30, 1965 AND THE FISCAL YEARS ENDED JUNE 30, 1964, 1963 AND 1962, IN CONFORMITY WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES APPLIED ON A BASIS CONSISTENT WITH THAT OF THE PRECEDING YEAR.

CERTIFIED PUBLIC ACCOUNTANT


DONALD A. PRINGLE

CARSON CITY, NEVADA
JUNE 29, 1965

NEVADA STATE PURCHASING DIVISIONSURPLUS PROPERTY SECTIONBALANCE SHEETAPRIL 30, 1965ASSETSCURRENT ASSETS

CASH IN STATE TREASURY	\$ 18,439.10	
ACCOUNTS RECEIVABLE	<u>17,537.97</u>	
TOTAL CURRENT ASSETS		\$ 35,977.07

FIXED ASSETS - (NOTE 2)

AUTOS AND TRUCKS	1.00	
FURNITURE AND EQUIPMENT	<u>1.00</u>	
TOTAL FIXED ASSETS		2.00
TOTAL ASSETS		<u>\$ 35,979.07</u>

LIABILITIES AND SURPLUSCURRENT LIABILITIES

DUE NEVADA STATE PURCHASING DEPARTMENT	\$ 400.00
--	-----------

SURPLUS

BALANCE - JUNE 30, 1964	\$ 32,042.41	
ADD - EXCESS RECEIPTS OVER DISBURSEMENTS FOR THE TEN MONTHS ENDED APRIL 30, 1965 (EXHIBIT B)	<u>3,536.66</u>	
BALANCE - APRIL 30, 1965		<u>35,579.07</u>
		<u>\$ 35,979.07</u>

NOTE 1 - CONTINGENT LIABILITY:

THE INVENTORY OF FEDERAL SURPLUS DONABLE PROPERTY WAS NOT TAKEN AT APRIL 30, 1965, ALTHOUGH THIS INVENTORY AMOUNTED TO \$387,538.58 AT JUNE 30, 1964. THE TITLE TO THIS PROPERTY REMAINS WITH THE FEDERAL GOVERNMENT, BUT THE STATE IS RESPONSIBLE FOR THIS INVENTORY UNTIL AN ELIGIBLE DONEE ASSUMES PHYSICAL POSSESSION. THE INVENTORY IS REFLECTED AT THE FEDERAL GOVERNMENT'S ORIGINAL ACQUISITION COST.

NOTE 2 - AUTOS, TRUCKS, FURNITURE AND EQUIPMENT ARE REFLECTED AT NOMINAL COST, AS THESE CAPITAL OUTLAY ITEMS ARE NOT REFLECTED AS ASSETS IN THE GENERAL LEDGER.

NEVADA STATE PURCHASING DIVISION
SURPLUS PROPERTY SECTION
STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE TEN MONTHS ENDED APRIL 30, 1965

INCOME

SALES

\$49,267.73

COST OF SALES - ACQUISITION COSTS

GROSS PROFIT ON SALES

10,310.41

38,957.32

OPERATING EXPENSES

SALARIES	\$ 25,920.50	
INDUSTRIAL INSURANCE	99.60	
RETIREMENT	1,465.82	
PERSONNEL ASSESSMENT	400.00	
GROUP INSURANCE	126.00	
TRAVEL -		
OUT-OF-STATE - MEALS AND LODGING	602.00	
OUT-OF-STATE - TRANSPORTATION	34.20	
IN-STATE - MEALS AND LODGING	24.00	
IN-STATE - TRANSPORTATION	7.75	
DUES AND PUBLICATIONS	50.00	
INSURANCE AND BOND PREMIUMS	260.72	
JANITORIAL SUPPLIES	19.14	
LICENSES AND FEES	22.50	
OFFICE SUPPLIES	582.26	
POSTAGE AND FREIGHT	225.00	
PRINTING	112.50	
PROFESSIONAL SERVICES	40.94	
RENT	4,000.00	
REPAIRS - OFFICE EQUIPMENT	44.64	
TELEPHONE	698.58	
TOLLS AND TELEGRAPH	63.64	
TRUCK OPERATION	785.79	
TOTAL OPERATING EXPENSE		<u>35,585.58</u>
NET OPERATING PROFIT		<u>3,371.74</u>

OTHER INCOME

MISCELLANEOUS INCOME

164.92

EXCESS RECEIPTS OVER DISBURSEMENTS

\$ 3,536.66

NEVADA STATE PURCHASING DIVISIONSURPLUS PROPERTY SECTIONBALANCE SHEETJUNE 30, 1964ASSETSCURRENT ASSETS

CASH IN STATE TREASURY	\$ 20,567.33	
ACCOUNTS RECEIVABLE	<u>11,473.08</u>	
TOTAL CURRENT ASSETS		\$ 32,040.41

FIXED ASSETS (NOTE 2)

AUTOS AND TRUCKS	1.00	
FURNITURE AND FIXTURES	<u>1.00</u>	
TOTAL FIXED ASSETS		<u>2.00</u>
TOTAL ASSETS		<u>\$ 32,042.41</u>

SURPLUSSURPLUS

BALANCE - JUNE 30, 1963	\$ 36,251.55	
LESS - EXCESS DISBURSEMENTS OVER RECEIPTS FOR THE YEAR ENDED JUNE 30, 1964 (EXHIBIT D)	<u>(4,209.14)</u>	
BALANCE - JUNE 30, 1964		<u>\$ 32,042.41</u>

NOTE 1 - CONTINGENT LIABILITY:

THE INVENTORY OF FEDERAL SURPLUS DONABLE PROPERTY ON HAND AT JUNE 30, 1964 AMOUNTED TO \$387,538.58. THE TITLE TO THIS PROPERTY REMAINS WITH THE FEDERAL GOVERNMENT, BUT THE STATE IS RESPONSIBLE FOR THIS INVENTORY UNTIL AN ELIGIBLE DONEE ASSUMES PHYSICAL POSSESSION. THE INVENTORY IS REFLECTED AT THE FEDERAL GOVERNMENT'S ORIGINAL ACQUISITION COST.

NOTE 2 - AUTOS, TRUCKS, FURNITURE AND EQUIPMENT ARE REFLECTED AT NOMINAL COST, AS THESE CAPITAL OUTLAY ITEMS ARE NOT REFLECTED AS ASSETS IN THE GENERAL LEDGER.

NEVADA STATE PURCHASING DIVISION
 SURPLUS PROPERTY SECTION
 STATEMENT OF RECEIPTS AND DISBURSEMENTS
 FOR THE YEAR ENDED JUNE 30, 1964

INCOME

SALES	\$ 59,937.88
LESS - REFUNDS AND ADJUSTMENTS	<u>3,869.91</u>
NET SALES	56,067.97

COST OF SALES - ACQUISITION COSTS

GROSS PROFIT ON SALES	<u>13,735.12</u>
	42,332.85

OPERATING EXPENSES

SALARIES	\$ 33,374.72	
INDUSTRIAL INSURANCE	213.36	
RETIREMENT	1,886.21	
PERSONNEL ASSESSMENTS	280.00	
GROUP INSURANCE	129.00	
TRAVEL -		
OUT-OF-STATE - MEALS AND LODGING	71.00	
OUT-OF-STATE - TRANSPORTATION	243.30	
IN-STATE - MEALS AND LODGING	36.00	
IN-STATE - TRANSPORTATION	43.02	
CONTRACT SERVICES	8.78	
DUES AND PUBLICATIONS	65.00	
INSURANCE	343.55	
JANITORIAL SUPPLIES	3.31	
OFFICE SUPPLIES	127.80	
POSTAGE AND TRANSPORTATION CHARGES	300.00	
PRINTING	262.65	
RENT	4,800.00	
REPAIRS - OFFICE EQUIPMENT	70.00	
SPECIAL SERVICES	25.00	
TELEPHONE	931.44	
TOLLS AND TELEGRAPH	92.63	
TRUCK OPERATION	<u>785.06</u>	
TOTAL OPERATING EXPENSES		44,091.83
NET OPERATING LOSS		<u>(1,758.98)</u>

OTHER INCOME

MISCELLANEOUS INCOME	81.88
	<u>(1,677.10)</u>

OTHER EXPENSE

TRUCK PURCHASE	2,532.04
EXCESS DISBURSEMENTS OVER RECEIPTS	<u>\$ (4,209.14)</u>

NEVADA STATE PURCHASING DIVISIONSURPLUS PROPERTY DIVISIONBALANCE SHEETJUNE 30, 1963ASSETSCURRENT ASSETS

CASH IN STATE TREASURY	\$ 27,173.84	
ACCOUNTS RECEIVABLE	<u>9,075.71</u>	
TOTAL CURRENT ASSETS		\$ 36,249.55

FIXED ASSETS (NOTE 2)

AUTOS AND TRUCKS	1.00	
FURNITURE AND EQUIPMENT	<u>1.00</u>	
TOTAL FIXED ASSETS		<u>2.00</u>
TOTAL ASSETS		<u>\$ 36,251.55</u>

SURPLUSSURPLUS

BALANCE - JUNE 30, 1962	\$ 38,590.44	
LESS - EXCESS DISBURSEMENTS OVER RECEIPTS FOR THE YEAR ENDED JUNE 30, 1963 (EXHIBIT F)	<u>(2,338.89)</u>	
BALANCE - JUNE 30, 1963		<u>\$ 36,251.55</u>

NOTE 1 - CONTINGENT LIABILITY:

THE INVENTORY OF FEDERAL SURPLUS DONABLE PROPERTY ON HAND AT JUNE 30, 1963 AMOUNTED TO \$294,331.53. THE TITLE TO THIS PROPERTY REMAINS WITH THE FEDERAL GOVERNMENT, BUT THE STATE IS RESPONSIBLE FOR THIS INVENTORY UNTIL AN ELIGIBLE DONEE ASSUMES PHYSICAL POSSESSION. THE INVENTORY IS REFLECTED AT THE FEDERAL GOVERNMENT'S ORIGINAL ACQUISITION COST.

NOTE 2 - AUTOS, TRUCKS, FURNITURE AND EQUIPMENT ARE REFLECTED AT NOMINAL COST, AS THESE CAPITAL OUTLAY ITEMS ARE NOT REFLECTED AS ASSETS IN THE GENERAL LEDGER.

NEVADA STATE PURCHASING DIVISION
 SURPLUS PROPERTY SECTION
 STATEMENT OF RECEIPTS AND DISBURSEMENTS
 FOR THE YEAR ENDED JUNE 30, 1963

INCOME

SALES	\$48,762.21
LESS - REFUNDS AND ADJUSTMENTS	<u>2,084.72</u>
NET SALES	46,677.49

COST OF SALES - ACQUISITION COSTS

GROSS PROFIT ON SALES	<u>11,223.15</u>
	35,454.34

OPERATING EXPENSES

SALARIES	\$ 26,545.00	
INDUSTRIAL INSURANCE	173.17	
RETIREMENT	1,303.79	
PERSONNEL ASSESSMENTS	350.00	
TRAVEL -		
OUT-OF-STATE - MEALS AND LODGING	273.00	
OUT-OF-STATE - TRANSPORTATION	355.37	
IN-STATE - MEALS AND LODGING	8.00	
IN-STATE - TRANSPORTATION	35.58	
CONTRACT SERVICES	9.99	
DUES AND PUBLICATIONS	80.00	
INSURANCE	346.04	
OFFICE SUPPLIES	384.97	
POLICE PATROL	195.00	
POSTAGE AND TRANSPORTATION CHARGES	250.00	
PRINTING	250.03	
REPAIRS - OFFICE EQUIPMENT	22.06	
REPAIRS - BUILDING AND GROUNDS	622.51	
TELEPHONE AND TELEGRAPH	1,134.08	
TRUCK OPERATION	600.01	
UTILITIES	2,013.90	
CLERICAL SERVICES	<u>1,969.06</u>	
TOTAL OPERATING EXPENSES		<u>36,921.56</u>
NET OPERATING LOSS		(1,467.22)

OTHER INCOME

MISCELLANEOUS INCOME	<u>163.76</u>
	(1,303.46)

OTHER EXPENSE

OFFICE FURNITURE	93.24	
OFFICE EQUIPMENT	<u>942.19</u>	
TOTAL OTHER EXPENSE		<u>1,035.43</u>
EXCESS DISBURSEMENTS OVER RECEIPTS		\$(2,338.89)

NEVADA STATE PURCHASING DIVISIONSURPLUS PROPERTY SECTIONBALANCE SHEETJUNE 30, 1962ASSETSCURRENT ASSETS

CASH ON HAND	\$ 28,527.48	
ACCOUNTS RECEIVABLE	<u>10,060.96</u>	
TOTAL CURRENT ASSETS		\$ 38,588.44

FIXED ASSETS - (NOTE 2)

AUTOS AND TRUCKS	1.00	
FURNITURE AND EQUIPMENT	<u>1.00</u>	
TOTAL FIXED ASSETS		<u>2.00</u>
TOTAL ASSETS		<u>\$ 38,590.44</u>

SURPLUSSURPLUS

BALANCE - JUNE 30, 1961	51,710.56	
LESS - EXCESS DISBURSEMENTS OVER RECEIPTS FOR THE YEAR ENDED JUNE 30, 1962 (EXHIBIT H)	<u>(13,120.12)</u>	
BALANCE - JUNE 30, 1962		<u>\$ 38,590.44</u>

NOTE 1 - CONTINGENT LIABILITY:

THE INVENTORY OF FEDERAL SURPLUS DONABLE PROPERTY ON HAND AT JUNE 30, 1962 AMOUNTED TO \$219,438.26. THE TITLE TO THIS PROPERTY REMAINS WITH THE FEDERAL GOVERNMENT, BUT THE STATE IS RESPONSIBLE FOR THIS INVENTORY UNTIL AN ELIGIBLE DONEE ASSUMES PHYSICAL POSSESSION. THE INVENTORY IS REFLECTED AT THE FEDERAL GOVERNMENT'S ORIGINAL ACQUISITION COST.

NOTE 2 - AUTOS, TRUCKS, FURNITURE AND EQUIPMENT ARE REFLECTED AT NOMINAL COSTS, AS THESE CAPITAL OUTLAY ITEMS ARE NOT REFLECTED AS ASSETS IN THE GENERAL LEDGER.

NEVADA STATE PURCHASING DIVISION
SURPLUS PROPERTY SECTION
STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE YEAR ENDED JUNE 30, 1962

INCOME

SALES	\$ 43,497.83
LESS - REFUNDS AND ADJUSTMENTS	382.68
NET SALES	<u>43,115.15</u>

COST OF SALES - ACQUISITION COSTS

GROSS PROFIT ON SALES	9,946.30
	<u>33,168.85</u>

OPERATING EXPENSES

SALARIES	\$ 28,412.56	
INDUSTRIAL INSURANCE	173.22	
RETIREMENT	1,345.21	
PERSONNEL ASSESSMENTS	300.00	
TRAVEL -		
OUT-OF-STATE - MEALS AND LODGING	274.00	
OUT-OF-STATE - TRANSPORTATION	224.90	
IN-STATE - MEALS AND LODGING	8.00	
IN-STATE - TRANSPORTATION	32.24	
CONTRACT SERVICES	250.83	
DUES AND PUBLICATIONS	90.00	
INSURANCE	184.20	
OFFICE SUPPLIES	182.32	
POLICE PATROL	180.00	
POSTAGE AND TRANSPORTATION CHARGES	300.00	
RENT	5,700.00	
REPAIRS - OFFICE EQUIPMENT	30.66	
REPAIRS - BUILDINGS AND GROUNDS	207.44	
TELEPHONE AND TELEGRAPH	597.02	
TRUCK OPERATION	667.65	
UTILITIES	<u>1,746.25</u>	
TOTAL OPERATING EXPENSES		40,906.50
NET OPERATING LOSS		<u>(7,737.65)</u>

OTHER INCOME

MISCELLANEOUS INCOME	2,062.80
	<u>(5,674.85)</u>

OTHER EXPENSE

TRUCK PURCHASE	5,612.27	
OFFICE FURNITURE	577.25	
OFFICE EQUIPMENT	<u>1,255.75</u>	
TOTAL OTHER EXPENSE		7,445.27
EXCESS DISBURSEMENTS OVER RECEIPTS		<u><u>\$(13,120.12)</u></u>

NEVADA STATE PURCHASING DIVISION
SURPLUS PROPERTY SECTION
COMPARATIVE STATEMENT OF BUDGETED EXPENDITURES
TO ACTUAL EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 1964

	<u>BUDGET</u> <u>EXPENDITURES</u>	<u>ACTUAL</u> <u>EXPENDITURES</u>	<u>(OVER)</u> <u>OR</u> <u>UNDER</u> <u>BUDGET</u>
SALARIES AND PAYROLL COSTS	\$ 40,096.00	\$ 35,883.29	\$ 4,212.71
TRAVEL -			
OUT-OF-STATE	500.00	314.30	185.70
IN-STATE	200.00	79.02	120.98
OPERATING EXPENSES	12,200.00	7,815.22	4,384.78
EQUIPMENT	<u>3,425.00</u>	<u>2,532.04</u>	<u>892.96</u>
TOTALS	<u>\$ 56,421.00</u>	<u>\$ 46,623.87</u>	<u>\$ 9,797.13</u>

NEVADA STATE PURCHASING DIVISION
SURPLUS PROPERTY SECTION
COMPARATIVE STATEMENT OF BUDGETED EXPENDITURES
TO ACTUAL EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 1963

	<u>BUDGET</u> <u>EXPENDITURES</u>	<u>ACTUAL</u> <u>EXPENDITURES</u>	<u>(OVER)</u> <u>OR</u> <u>UNDER</u> <u>BUDGET</u>
SALARIES AND PAYROLL COSTS	\$ 34,101.00	\$ 28,371.96	\$ 5,729.04
TRAVEL -			
OUT-OF-STATE	700.00	628.37	71.63
IN-STATE	200.00	43.58	156.42
OPERATING EXPENSES	12,141.00	7,877.65	4,263.35
EQUIPMENT	<u>1,562.00</u>	<u>1,035.43</u>	<u>526.57</u>
TOTALS	<u>\$ 48,704.00</u>	<u>\$ 37,956.99</u>	<u>\$ 10,747.01</u>

NEVADA STATE PURCHASING DIVISION
SURPLUS PROPERTY SECTION
COMPARATIVE STATEMENT OF BUDGETED EXPENDITURES
TO ACTUAL EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 1962

	<u>BUDGET EXPENDITURES</u>	<u>ACTUAL EXPENDITURES</u>	<u>(OVER) OR UNDER BUDGET</u>
SALARIES AND PAYROLL COSTS	\$ 26,768.00	\$ 30,230.99	\$ (3,462.99)
TRAVEL -			
OUT-OF-STATE	700.00	498.90	201.10
IN-STATE	600.00	40.24	559.76
OPERATING EXPENSES	14,205.00	10,136.37	4,068.63
EQUIPMENT	<u>7,496.00</u>	<u>7,445.27</u>	<u>50.73</u>
TOTALS	<u>\$ 49,769.00</u>	<u>\$ 48,351.77</u>	<u>\$ 1,417.23</u>

DONALD A. PRINGLE
Certified Public Accountant
P.O. Box 396
Carson City, Nevada

STATE OF NEVADA
PURCHASING DIVISION
SURPLUS PROPERTY SECTION
SUPPLEMENTAL LETTER
JULY 1, 1962 TO APRIL 30, 1965

Nevada Legislative Commission
Capitol Building
Carson City, Nevada

INTERNAL CONTROL EVALUATION

The internal control of the Surplus Property Section is adequate, although the receipt of funds and the billing function are supervised by the accountant in the accounting department at Carson City and at times in fact done by the accountant due to personnel shortages or vacations. The segregation of these two accounting functions is desirable at all times. The fact that there is no cash receipts (all receipts are by check) provides an element of control together with the separate placement of donable property. The placement of surplus property is handled through the Nevada State Purchasing warehouse in Reno.

BOOKS AND RECORDS

The books of the Surplus Property Section are maintained by the double-entry bookkeeping method. The receipts and disbursements journals are posted by machine and the monthly totals therefrom are hand posted to the general ledger. The general ledger will be machine posted starting July 1, 1965.

An accounts receivable ledger is maintained and is posted simultaneously with the receipts journal.

Capital outlay items of furniture, equipment and trucks have been expensed in conformity with the Nevada State Accounting procedure. These assets are maintained on a fixed assets inventory but not reflected in the general ledger. The Federal Surplus Property Utilization Manual requires that the general ledger shall account for all assets.

ACCOUNTS RECEIVABLE AGING AND A CASH RECONCILIATION WITH THE COMPTROLLER'S STATEMENT ARE PERFORMED MONTHLY. FINANCIAL STATEMENTS CONSISTING OF A BALANCE SHEET AND STATEMENT OF RECEIPTS AND DISBURSEMENTS ARE NOW BEING PREPARED MONTHLY.

COMMENTS

THE ACCOUNTS RECEIVABLE WERE CONFIRMED ON A TEST CHECK BASIS WITH THE VARIOUS AGENCIES. THE AGING OF ACCOUNTS RECEIVABLE AT APRIL 30, 1965 REFLECTED ACCOUNTS RECEIVABLE IN THE AMOUNT OF \$5,538.12, WHICH WERE OVER NINETY DAYS OLD. OF THESE DELINQUENT ACCOUNTS RECEIVABLE \$4,356.94 WERE DUE FROM CLARK COUNTY CIVIL DEFENCE AGENCY AND THE CLARK COUNTY SCHOOL DISTRICT. ACCOUNTS RECEIVABLE CONFIRMATIONS WERE SENT TO BOTH OF THESE AGENCIES AND NEITHER AGENCY HAVE REPLIED TO THE CONFIRMATIONS. THE SURPLUS PROPERTY SECTION OF THE PURCHASING DIVISION HAS FOLLOWED UP IN ATTEMPTING TO CONFIRM THESE BALANCES AND REQUESTING PAYMENTS. THESE TWO CLARK COUNTY AGENCIES ALSO SHOW CURRENT BALANCES DUE (LESS THAN SIXTY DAYS OLD) WHICH POINTS OUT THAT THE NEED TO ESTABLISH A DEFINITE POLICY PERTAINING TO ACCOUNTS RECEIVABLE COLLECTIONS.

THIS AUDIT REPRESENTS THE FIRST AUDIT OF THE NEVADA STATE PURCHASING DIVISION, SURPLUS PROPERTY SECTION SINCE THE LEGISLATIVE COUNSEL BUREAU'S AUDIT FOR THE FISCAL YEAR ENDED JUNE 30, 1961. THE FEDERAL SURPLUS PROPERTY UTILIZATION MANUAL REQUIRES THAT THE OPERATIONS AND FINANCIAL AFFAIRS OF THE STATE SURPLUS PROPERTY AGENCY SHALL BE AUDITED AT LEAST EVERY TWO YEARS BY AN APPROPRIATE STATE AUTHORITY OR BY A LICENSED PUBLIC ACCOUNTANT.

THE INVENTORY OF FEDERAL DONABLE SURPLUS PROPERTY WAS EXAMINED ON A TEST CHECK BASIS AND FOUND TO AGREE WITH THE INVENTORY CONTROL CARDS, WHICH ARE MAINTAINED IN THE STATE PURCHASING DIVISION WAREHOUSE. THE ADVANCE PLANNING OF FUTURE AUDITS WOULD FACILITATE THE VERIFICATION OF THE INVENTORY FIGURES.


DONALD A. PRINGLE
CERTIFIED PUBLIC ACCOUNTANT

STATE BOARD OF REGISTERED PROFESSIONAL ENGINEERS

JUNE 30, 1965

KAFOURY, ARMSTRONG AND BERNARD
Public Accountants
100 California Avenue
Reno, Nevada

Sam. P. Kafoury
Ray E. Armstrong
Lowell C. Bernard
Leroy R. Bergstrom

KAFOURY, ARMSTRONG AND BERNARD
Public Accountants
100 California Avenue
Reno, Nevada

Telephone
322-9471

August 12, 1965

Robert W. Millard, Chairman
State Board of Registered Professional Engineers
575 Forest Street
Reno, Nevada

Dear Sir:

Pursuant to your request, we have audited the accounts and records of the State Board of Registered Professional Engineers for the fiscal year ended June 30, 1965. Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests and analyses of the accounting records as we considered necessary in the circumstances. However, we did not confirm members' dues directly with the members since this was not contemplated in the scope of our engagement.

All receipts appear to have been properly accounted for. All disbursements were made with the approval of the Board's Secretary, and the claims paid were supported by adequate evidences of indebtedness.

Attached hereto and made a part of this report are the following exhibits which present the cash receipts and disbursements for the fiscal year ended June 30, 1965:

Exhibit A - Statement of Receipts and Disbursements.

Exhibit B - Statement of Receipts and Disbursements
as Compared to Legislative Intent.

GENERAL COMMENTS

Travel

We observed that the Board has not followed a consistent practice in reimbursements for out-of-State Board travel. Generally, mileage reimbursements have been made at the rate of 7.5 cents per mile. However, we noted one instance where the Board approved a mileage claim for 10 cents a mile. It appears to be within the discretion of the Board to establish a reasonable mileage rate for such reimbursements. Clearly, however, such a rate should be uniform for all members of the Board.

Since the statutes (NRS 625.110) permit reimbursement for actual expenses of food and lodging not to exceed \$25.00 per day, we believe that claims for reimbursement for such charges should require attachment of supporting hotel bills.

Office Systems

The volume of the Board's activity, taken together with our observation of office routines, suggests that the Board might properly consider modification of certain procedures to reduce the clerical load anticipated by the Board's growth.

Bonding

The Board will shortly be providing replacements for its administrative personnel as a result of retirement. We strongly recommend that adequate fidelity bonds be obtained for the new personnel. Fidelity

bonds are in no way a reflection on the integrity of your personnel, but are a normal and proper protection which should be provided when administering public funds.

We would be pleased to discuss our comments with you at greater length during your forthcoming Board meeting.

In our opinion, the accompanying statements present fairly the receipts and disbursements of the State Board of Registered Professional Engineers for the fiscal year ended June 30, 1965, on a basis consistent with that of the preceding year.

Respectfully submitted,

/s/ Kafoury, Armstrong and Bernard
PUBLIC ACCOUNTANTS

STATE BOARD OF REGISTERED PROFESSIONAL ENGINEERS
STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1965

RECEIPTS:

Professional Engineer Applications	\$ 5,785.00
Engineer in Training Applications	540.20
Professional Engineer Renewal Fees	14,760.00
Engineer in Training Renewal Fees	208.00
Interest on Savings Account	230.75
Miscellaneous	<u>39.00</u>

Total Receipts

\$21,562.95

DISBURSEMENTS:

Salaries and Per Diem:

Board Secretary	\$5,616.98
Assistant to Board Secretary	5,336.29
Board Members' Per Diem	<u>570.00</u>

Total Salaries and Per Diem

\$11,523.27

Travel:

Board Members	2,283.20
---------------	----------

Office Expenses:

Office Supplies	\$ 911.42
Telephone	484.78
Insurance	43.60
Rent	2,160.00
Postage and Express	477.71
Printing	1,002.53
Preparation, Typing and Scoring of Exams	1,110.47
Office Equipment	<u>156.71</u>

Total Office Expenses

6,347.22

Board Investigator:

Investigator	\$ 596.48
Clerical Assistance	<u>195.65</u>

Total Board Investigator

792.13

STATE BOARD OF REGISTERED PROFESSIONAL ENGINEERS
STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1965

Miscellaneous:

National Dues	\$ 330.00	
Legal and Accounting	200.00	
Refunds on Applications and Renewals Fees	80.00	
Social Security Expense - Current Year	<u>198.47</u>	
Total Miscellaneous		\$ 808.47

DISBURSEMENTS APPLICABLE TO PRIOR YEAR:

Social Security Expense - Prior Year	\$ 67.06	
Withholding Tax - Prior Year	<u>113.20</u>	
Total Disbursements Applicable To Prior Year		<u>180.26</u>

Total Disbursements \$21,934.55

Excess of Disbursements Over Receipts \$ (371.60)

Cash Balance, Beginning of Fiscal Year 18,606.90

Cash Balance, Ending of Fiscal Year \$18,235.30

REPRESENTED BY:

First National Bank of Nevada,
Keystone Avenue Branch,
Checking Account \$ 8,004.55

First National Bank of Nevada,
Keystone Avenue Branch,
Savings Account 10,230.75

Total Cash \$18,235.30

STATE BOARD OF REGISTERED PROFESSIONAL ENGINEERS
STATEMENT OF RECEIPTS AND DISBURSEMENTS AS
COMPARED TO LEGISLATIVE INTENT
FOR THE FISCAL YEAR ENDED JUNE 30, 1965

	<u>LEGISLATIVE INTENT</u>	<u>ACTUAL</u>	<u>OVER OR (UNDER) INTENT</u>
CASH BALANCE, June 1, 1964		<u>\$18,606.90</u>	
<u>RECEIPTS:</u>			
Professional Engineer Applications		\$ 5,785.00	
Engineer in Training Applications		540.20	
Professional Engineer Renewal Fees		14,760.00	
Engineer in Training Renewal Fees		208.00	
Interest on Savings Account		230.75	
Miscellaneous		<u>39.00</u>	
Total Receipts	<u>\$25,000.00</u>	<u>\$21,562.95</u>	<u>\$(3,437.05)</u>
Total Funds Available		<u>\$40,169.85</u>	
<u>DISBURSEMENTS:</u>			
Salaries	\$11,500.00	\$11,523.27	\$ 23.27
Travel	2,690.00	2,283.20	(406.80)
Operating Expenses	9,810.00	7,971.37	(1,838.63)
Equipment	<u>300.00</u>	<u>156.71</u>	<u>(143.29)</u>
Total Disbursements	<u>\$24,300.00</u>	<u>\$21,934.55</u>	<u>\$(2,365.45)</u>
CASH BALANCE, June 30, 1965		<u>\$18,235.30</u>	

NEVADA STATE BOARD OF VETERINARY MEDICAL EXAMINERS

JUNE 30, 1965

JOSEPH A. SALOMON
Certified Public Accountant
320 Flint Street
Reno, Nevada 89501

JOSEPH A. SALOMON
Certified Public Accountant
320 Flint Street
Reno, Nevada 89501

Telephone 323-2748

Nevada State Board of Veterinary Medical Examiners
350 Capitol Hill Avenue
Reno, Nevada

I have examined the statement of financial condition of the General Fund of the Nevada State Board of Veterinary Medical Examiners as of June 30, 1965, and the related statement of Revenue and Expenditures for the year then ended. My examination was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as I considered necessary in the circumstances.

In my opinion, the accompanying statement of financial condition and statement of revenues and expenditures present fairly the financial position of the General Fund of the Nevada State Board of Veterinary Medical Examiners as of June 30, 1965, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

/s/ Joseph A. Salomon

Reno, Nevada
February 17, 1966

NEVADA STATE BOARD OF VETERINARY MEDICAL EXAMINERS
STATEMENT OF FINANCIAL CONDITION
GENERAL FUND
JUNE 30, 1965

ASSETS

Cash in Bank	<u>\$3,921.06</u>
<u>Total Assets</u>	<u>\$3,921.06</u>

FUND EQUITY

Vouchers Payable	\$ 239.76
Unappropriated Surplus	<u>3,681.30</u>
<u>Total Fund Equity</u>	<u>\$3,921.06</u>

NEVADA STATE BOARD OF VETERINARY MEDICAL EXAMINERS
STATEMENT OF BUDGETED REVENUES AND EXPENDITURES COMPARED TO ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 1965

	<u>Estimate</u>	<u>Actual</u>	Excess of (Deficiency) of Actual Compared With Estimate
Unappropriated Fund Equity July 1, 1964	<u>\$3,124.20</u>	<u>\$3,124.20</u>	<u>\$ ---</u>
<u>Add: Revenue:</u>			
Examination Fees	\$1,000.00	\$1,160.00	\$ 160.00
Licenses Renewal Fees	<u>1,100.00</u>	<u>1,380.00</u>	<u>280.00</u>
Total Revenue	<u>\$2,100.00</u>	<u>\$2,540.00</u>	<u>\$ 440.00</u>
	<u>\$5,224.20</u>	<u>\$5,664.20</u>	<u>\$ 440.00</u>
<u>Deduct: Expenditures:</u>			
Audit	\$ 67.50	\$ 67.50	\$
Dues	25.00	25.00	
Insurance N.I.C.-Net	79.00	69.19	(9.81)
Postage	30.00	50.00	20.00
Steno-Secretarial Services	180.00	180.00	
Supplies - Office	80.00	116.24	36.24
Supplies - Examinations	150.00	60.00	(90.00)
Telephone	100.00	84.60	(15.40)
Travel - Meetings, Board Examinations, etc.	<u>1,524.50</u>	<u>1,330.37</u>	<u>(194.13)</u>
Total Expenditures	<u>\$2,236.00</u>	<u>\$1,982.90</u>	<u>\$ 253.10)</u>
Unappropriated Fund Equity - June 30, 1965	<u><u>\$2,988.20</u></u>	<u><u>\$3,681.30</u></u>	<u><u>\$ 693.10</u></u>

(TRUE COPY)

NEVADA STATE BOARD OF FUNERAL
DIRECTORS AND EMBALMERS

June 30, 1965

KAFOURY, ARMSTRONG, BERNARD AND BERGSTROM
Certified Public Accountants
100 California Avenue
Reno, Nevada

Ray E. Armstrong
Lowell C. Bernard
Leroy R. Bergstrom
Donald E. McGhie

KAFOURY, ARMSTRONG, BERNARD AND BERGSTROM
Certified Public Accountants
100 California Avenue
Reno, Nevada

Telephone
(Area Code 702)
322-9471

May 5, 1966

Nevada State Board of Funeral
Directors and Embalmers
P. O. Box 2407
Reno, Nevada

Gentlemen:

Pursuant to your request, we have examined the accounts and records of the Nevada State Board of Funeral Directors and Embalmers for the fiscal year ended June 30, 1965. Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests and analyses of the accounting records as we considered necessary in the circumstances.

All receipts appear to have been properly accounted for. All disbursements were made with the approval of the Board's secretary, and the amounts paid were supported by adequate evidences of indebtedness.

Attached hereto and forming a part of this report are the following exhibits which present the cash receipts and disbursements for the fiscal year ended June 30, 1965:

Exhibit A - Statement of Receipts and Disbursements.

Exhibit B - Statement of Receipts and Disbursements
As Compared to Legislative Intent.

In our opinion, the accompanying statements present fairly the receipts and disbursements of the Nevada State Board of Funeral Directors and Embalmers for the fiscal year ended June 30, 1965 on a basis consistent with that of the preceding year.

Respectfully submitted,

/s/ Kafoury, Armstrong, Bernard and Bergstrom

CERTIFIED PUBLIC ACCOUNTANTS
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(TRUE COPY)

NEVADA STATE BOARD OF FUNERAL DIRECTORS AND EMBALMERS
STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR FISCAL YEAR ENDED JUNE 30, 1965

RECEIPTS:

Funeral Directors' Licenses	\$ 360.00	
Embalmers' License Fees	928.75	
Apprentice License Fees	150.00	
Examination Fees	75.00	
Rebate - Nevada Industrial Commission	7.44	
Interest Earned	<u>24.55</u>	
Total Receipts		\$1,545.74

DISBURSEMENTS:

Salary	\$ 600.00	
Travel and Room Allowance	171.67	
Operating Expenses:		
Meeting Expense	\$53.55	
Examination Grading	4.85	
Treasurer's Bond Premium	10.00	
Industrial Insurance	44.55	
Office Supplies	58.12	
Printing	39.38	
State Dues	50.00	
Telephone	60.56	
Accounting	80.00	
Refund of License Fee	<u>7.50</u>	<u>408.51</u>
Total Disbursements		<u>1,180.18</u>
Excess of Receipts Over Disbursements		\$ 365.56
Cash Balance, July 1, 1964		<u>3,855.50</u>
Cash Balance, June 30, 1965		<u><u>\$4,221.06</u></u>

REPRESENTED BY:

First National Bank of Nevada, First and Virginia Office, Reno, Nevada - Checking Account	\$2,196.51	
Union Federal Savings and Loan Association, Reno, Nevada - Savings Account	<u>2,024.55</u>	
Total		<u>\$4,221.06</u>

NEVADA STATE BOARD OF FUNERAL DIRECTORS AND EMBALMERS
STATEMENT OF RECEIPTS AND DISBURSEMENTS AS
COMPARED TO LEGISLATIVE INTENT
FOR FISCAL YEAR ENDED JUNE 30, 1965

	<u>LEGISLATIVE INTENT</u>	<u>ACTUAL</u>	<u>OVER OR (UNDER) INTENT</u>
CASH BALANCE, July 1, 1964		<u>\$3,855.50</u>	
<u>RECEIPTS:</u>			
Funeral Directors' License Fees		360.00	
Embalmers' License Fees		928.75	
Apprentice License Fees		150.00	
Examination Fees		75.00	
Rebate - Nevada Industrial Commission		7.44	
Interest Earned		<u>24.55</u>	
Total Receipts	<u>\$1,935.00</u>	<u>\$1,545.74</u>	<u>\$(389.26)</u>
Total Funds Available		<u>\$5,401.24</u>	
<u>DISBURSEMENTS:</u>			
Salaries	\$ 755.00	\$ 600.00	\$(155.00)
Travel	760.00	171.67	(588.33)
Operating Expenses	<u>420.00</u>	<u>408.51</u>	<u>(11.49)</u>
Total Disbursements	<u>\$1,935.00</u>	<u>\$1,180.18</u>	<u>\$(754.82)</u>
CASH BALANCE, June 30, 1965		<u>\$4,221.06</u>	

NEVADA STATE BOARD OF DENTAL EXAMINERS

JUNE 30, 1966

FRANK & MARGERUM
Certified Public Accountants
35 Stewart Street
Reno, Nevada

FRANK & MARGERUM
Certified Public Accountants
35 Stewart Street
Reno, Nevada

July 18, 1966

Nevada State Board of Dental Examiners
Reno, Nevada

Gentlemen:

We have examined the Statement of Financial Condition of the Nevada State Board of Dental Examiners as of June 30, 1966, and the related Statement of Revenues and Expenditures for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying Statement of Financial Condition and Statement of Revenues and Expenditures present fairly the position of the Nevada State Board of Dental Examiners as of June 30, 1966, and the results of its operation for the year then ended, on a cash basis, in conformity with generally accepted accounting principles, applied on a basis consistent with that of the preceding year.

Very truly yours,

FRANK & MARGERUM

/s/ Frank & Margerum

NEVADA STATE BOARD OF DENTAL EXAMINERS
STATEMENT OF FINANCIAL CONDITION
JUNE 30, 1966

ASSETS

CASH

Petty Cash	\$ 20.00	
Cash on Deposit - Nevada Bank of Commerce	<u>12,952.19</u>	\$12,972.19

PROPERTY

Office Equipment		<u>1.00</u>
		<u>\$12,973.19</u>

LIABILITIES AND SURPLUS

SURPLUS

\$12,973.19

NEVADA STATE BOARD OF DENTAL EXAMINERS
STATEMENT OF REVENUES AND EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 1966

REVENUES

License Fees - Dentists	\$5,727.00	
License Fees - Hygienists	525.00	
Examination Fees - Dentists	3,600.00	
Examination Fees - Hygienists	300.00	
Specialty Fees	100.00	
Nevada State Society	1,722.93	
Miscellaneous (Reinstatement)	<u>100.00</u>	
Total Revenues		\$12,074.93

EXPENDITURES

Salaries		\$2,430.00	
Travel:			
In State	\$1,988.25		
Out of State	<u>738.55</u>		
Total Travel		2,726.80	
Operating:			
Dues and Subscriptions	\$ 115.00		
Examination Expense	655.77		
Industrial Insurance	143.26		
Insurance	105.00		
Legal and Accounting	3,645.87		
Office Supplies and Postage	376.69		
Post Office Box Rent	12.00		
Printing	111.08		
Rent	300.00		
Telephone and Telegraph	<u>112.18</u>		
Total Operating		<u>5,576.85</u>	
Total Expenditures			10,733.65
Excess of Revenue over Expenditures			\$ 1,341.28

Cash Balance - July 1, 1965	11,630.91
Cash Balance - June 30, 1966	<u>\$12,972.19</u>

NEVADA STATE BOARD OF PSYCHOLOGICAL EXAMINERS

JUNE 30, 1965

TOMMY L. MILSTEAD
Certified Public Accountant
Las Vegas, Nevada

June 27, 1966

AUDITOR'S REPORT

To The Members of The Board
Nevada State Board of Psychological Examiners

I have examined the statement of receipts and disbursements of the Nevada State Board of Psychological Examiners for the period July 1, 1964 through June 30, 1965. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as I considered necessary in the circumstances.

In my opinion, the accompanying statement of receipts and disbursements presents fairly the results of the operations of the Nevada State Board of Psychological Examiners for the period July 1, 1964 through June 30, 1965, in conformity with generally accepted accounting principles.

/s/ Tommy L. Milstead
Tommy L. Milstead,
Certified Public Accountant

NEVADA STATE BOARD OF PSYCHOLOGICAL EXAMINERS
Statement of Receipts and Disbursements
July 1, 1964 Through June 30, 1965

Receipts:

Application, examination, certification and registration fees	\$ 1,185.00
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Disbursements:

Secretarial service	20.01
Stationery and printing	132.19
Travel expense of board members	192.69

Total disbursements	<u>344.84</u>
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Excess of receipts over disbursements	<u>\$ 840.11</u>
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CASH IN BANK OF NEVADA

Cash in Bank, July 1, 1964	\$ 115.00
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Add excess of receipts over disbursements (see above)	840.11
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Cash in Bank, June 30, 1965	<u>\$ 955.11</u>
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NEVADA STATE CHIROPODY BOARD

JULY 1, 1961 THROUGH JUNE 30, 1963

FREEMONTH, HANCOCK, GEYER & AUDRAIN
Certified Public Accountants
99 West Arroyo Street
Reno, Nevada

FREEMONTH, HANCOCK, GEYER & AUDRAIN
Certified Public Accountants

99 West Arroyo Street
Reno, Nevada

Elwyn F. Freemonth, C.P.A.
Newell F. Hancock, C.P.A.
C. William Geyer, C.P.A.
Thornton L. Audrain, C.P.A.
D. Roger Steward, C.P.A.

Telephone Fairview 9-0226

March 14, 1964

Board of Directors
Nevada State Chiropody Board
c/o Dr. Wm. A. Edwards
150 No. Arlington
Reno, Nevada

Gentlemen:

We have examined the records of Nevada State Chiropody Board as maintained by Dr. Wm. A. Edward and have prepared therefrom the attached Statement of Cash Receipts and Disbursements for the two year period ended June 30, 1963.

The records are maintained in accordance with the cash basis method of accounting. Our examination was made in accordance with generally accepted auditing standards and accordingly included tests of accounting records as we considered necessary in the circumstances.

In our opinion the attached Statement of Cash Receipts and Disbursements fairly presents the results of your cash transactions for the two years ended June 30, 1963, in accordance with generally accepted accounting principles applied on a basis consistent with prior years.

Respectfully submitted,

/s/ Freemonth, Hancock, Geyer & Audrain

Certified Public Accountants

NEVADA STATE CHIROPODY BOARD
STATEMENT OF RECEIPTS AND DISBURSEMENTS
JULY 1, 1961 THROUGH JUNE 30, 1963

	<u>July 1, 1961 to June 30, 1962</u>	<u>July 1, 1962 to June 30, 1963</u>
<u>CASH ON HAND - BEGINNING OF YEAR</u>	\$328.72	\$472.80
<u>RECEIPTS</u>		
Application fees	-	\$150.00
Registration fees	<u>\$150.00</u>	<u>170.00</u>
Total receipts	<u>150.00</u>	<u>320.00</u>
Total cash on hand and received	478.72	792.80
<u>DISBURSEMENTS</u>		
Bank service charges	5.92	1.32
Office expense	-	5.61
Monitor - Board examination	-	12.00
Travel expense - Board meeting	-	100.80
Telephone	<u>-</u> <u>5.92</u>	<u>10.50</u> <u>130.23</u>
<u>CASH ON HAND - END OF YEAR</u>	<u>\$472.80</u>	<u>\$662.57</u>
<u>REPRESENTED BY</u>		
Cash on deposit, June 30, 1963		
First National Bank of Nevada		
First and Virginia Streets		
Reno, Nevada	<u>\$472.80</u>	<u>\$662.57</u>

NEVADA STATE BOARD OF COSMETOLOGY

JUNE 30, 1965

MURLAND E. NEWBOLD
Certified Public Accountant
320 Broadway
Reno, Nevada

June 27, 1966

Mrs. Bernice Randall, Secretary-Treasurer
State Board of Cosmetology
P. O. Box 1814
Reno, Nevada

Dear Mrs. Randall:

In accordance with the requirements of Section 218.770, Nevada Revised Statutes, I have made an examination of the accounts and records of Nevada State Board of Cosmetology for the fiscal year ended on June 30, 1965, and have prepared therefrom the following exhibits and related schedules:

Balance Sheet as of June 30, 1965	Exhibit A
Statement of Cash Receipts and Disbursements and Fund Balances - July 1, 1964 to June 30, 1965	Exhibit B
Statement of Budgeted Revenues and Expenditures Compared to Actual - July 1, 1964 to June 30, 1965	Exhibit C
Bank Reconciliation as of June 30, 1965	Schedule 1

FUNCTION OF AGENCY

The function of the Nevada State Board of Cosmetology is to administer the provisions of Chapter 644 of the Nevada Revised Statutes pertaining to licensing and regulation of hairdressers, cosmeticians, eletroligists and manicurists in the State of Nevada.

SCOPE OF EXAMINATION

General

My examination was made in accordance with generally accepted auditing standards. An examination of all licenses fees was not made, but sufficient sample check was made on these items to assure that all had been properly accounted for and entered. All Checks and bank statements were examined and spot check was made of indorsements on items where no invoices were available for audit.

Internal Control Valuation

The internal control as to receiving and depositing cash receipts is not good in as much as the operation is small and most of the clerical work in regards to this matter is done by one person.

Books and Records

The books and records are comprised of a single entry cash receipts book and a disbursments book that allows for a distribution to the various classification of accounts.

Status and Condition of Fund

The fund has a good cash balance on hand in the amount of \$27,504.06 on June 30, 1965, which is an increase over the balance on hand as of June 30, 1964, in the amount of \$6,195.15. There were just a few outstanding bills in the amount of \$574.76 against this amount that were paid the following month.

Possible Non-Compliance

The amount expended has not been kept in line with the amount budgeted. The amount budgeted was in the amount of \$27,580.00 and the amount actually expended was in the amount of \$20,749.14. This is a reverse condition from prior years as the amount expended usually exceeded the budget.

The employees of the board are not covered under the State Retirement System as required by law.

Suggested Changes and Recommendations

It is suggested that two more columns be added to the cash disbursements journal for the amount of check issued and for the amount of withheld taxes deducted from the payroll, and that this cash disbursements journal be balanced each month.

It is suggested that steps be taken to put the employees under the State Retirement System as required by law.

It is suggested that the funds be transferred to the State Treasury as required by section 353.250 of Nevada General Law.

It is suggested that the withholding taxes be paid each month as required by law.

It is suggested that bad checks returned by the bank be kept at the office rather than returned to the sender.

Suggested Changes and Recommendations Adhered To

The change in filing system has been made and is being used.

Some sections of the law has been changed to clarify questions regarding hiring of personnel, salary rates, travel, etc.

FINANCIAL STATEMENTS

Balance Sheet

Nevada State Board of Cosmetology

Exhibit A

This statement reflects the assets and liabilities of the board as of June 30, 1965.

Statement of Cash Receipts and Disbursements

Nevada State Board of Cosmetology

Exhibit B

This statement shows the actual cash receipts received and deposited in the bank during the period. It also shows classified disbursements in the period.

Statement of Budgeted Revenues and Expenditures

Nevada State Board of Cosmetology

Exhibit C

This statement shows the actual expenditures as compared to the amount of funds budgeted.

Bank Reconciliation

Nevada State Board of Cosmetology

Schedule 1

This statement shows the reconciliation of the bank statement with the balances as reflected by the books.

OPINION

I have examined the financial condition of the Nevada State Board of Cosmetology as of June 30, 1965, and the related statement of revenue and expenditures for the year ended. My examination was made in accordance with generally accepted auditing standards and accordingly included such tests of accounting records made available for audit, and other procedures deemed necessary.

In my opinion, the balances as reflected by the balance sheet together with other exhibits and schedules reflect a sound financial condition and a true reflection of the operations of the Nevada State Board of Cosmetology for the year ended on June 30, 1965.

/s/ Murland E. Newbold
Murland E. Newbold
Certified Public Accountant

Reno, Nevada
June 27, 1966

Nevada State Board of Cosmetology
Reno, Nevada

Exhibit A

Balance Sheet
June 30, 1965

Assets

Cash in Bank
Equipment

27,504.06

1.00

27,505.06

Liabilities

Accounts Payable
Fund Equity

574.76

26,930.30

27,505.06

Nevada State Board of Cosmetology
Reno, Nevada

Statement of Cash Receipts and Disbursements
And Fund Balances
July 1, 1964 to June 30, 1965

Balance of Cash in Bank July 1, 1964 21,308.91

Cash Receipts

Renewal Fees	15,425.00	
Reciprocity Fees	4,275.00	
Delinquent Fees	3,360.00	
Examination Fees	3,030.00	
Back Fees	226.00	
Education Fees	76.00	
Overpayments	544.00	
Miscellaneous	8.29	<u>26,944.29</u>

Total Available 48,253.20

Cash Disbursements

Salaries	12,043.00	
Travel	2,664.48	
Office Rent	900.00	
Other Rent	450.50	
Telephone	1,096.79	
Postage	325.00	
Printing	931.54	
Supplies	91.85	
Industrial Insurance	80.52	
Refunds	555.00	
Attorney Fees	510.00	
Court Reporter	86.40	
Dues and Fees	108.75	
Investigation	141.40	
Post Office Box	18.00	
Examination Papers	248.00	
New Equipment	175.41	
Miscellaneous	46.44	
Accounting	210.00	
Repairs	3.06	
Bond Premium	10.00	
Bad Checks	53.00	<u>20,749.14</u>

Cash in Bank June 30, 1965 27,504.06

Statement of Budgeted Revenues and Expenditures
Compared to Actual for Year
July 1, 1964 to June 30, 1965

	<u>Budgeted</u>	<u>Actual</u>
Salaries	15,000.00	12,043.00
Travel	3,600.00	2,664.48
Operating	7,980.00	5,866.25
Equipment	<u>1,000.00</u>	<u>175.41</u>
	<u>27,580.00</u>	<u>20,749.14</u>

Bank Reconciliation
June 30, 1965

Balance as per statement June 30, 1965		29,740.41
Less Outstanding Checks:		
	3494	131.25
	3495	77.00
	3496	75.00
	3497	10.81
	3498	188.25
	3500	258.00
	3502	10.00
	3503	36.55
	3504	12.00
	3505	387.00
	3506	279.50
	3508	10.71
	3509	60.00
	3510	7.00
	3512	397.90
	3513	21.78
	3517	<u>273.60</u>
		<u>2,236.35</u>
Balance as per books June 30, 1965		<u><u>27,504.06</u></u>