

**AUDIT REPORTS**  
**of**  
**DEPARTMENTS AND AGENCIES**

**Issued by the**  
**FISCAL ANALYST**

**BULLETIN NO. 59**



**NEVADA LEGISLATIVE COUNSEL BUREAU**

**July 1, 1963 to June 30, 1964**

**Carson City, Nevada**



ANNUAL REPORT  
AND  
AUDIT REPORTS  
OF  
DEPARTMENTS AND AGENCIES

\* \* \*

ISSUED BY THE FISCAL ANALYST  
DURING THE FISCAL YEAR  
JULY 1, 1963 to JUNE 30, 1964



STATE OF NEVADA  
LEGISLATIVE COUNSEL BUREAU  
JULY 1964  
CARSON CITY, NEVADA





STATE OF NEVADA  
LEGISLATIVE COUNSEL BUREAU  
LEGISLATIVE COMMISSION

FLOYD R. LAMB, Chairman

Senate Member

B. MAHLON BROWN

Senate Member

CARL F. DODGE

Senate Member

WILSON MCGOWAN

Senate Member

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Assembly Member

JAMES C. BAILEY

Assembly Member

JAMES I. GIBSON

Assembly Member

WILLIAM D. SWACKHAMER

Assembly Member

---

RUSSELL W. McDONALD

Legislative Counsel

NORMAN H. TERRELL

Fiscal Analyst

JEFF SPRINGMEYER

Research Director



STATE OF NEVADA  
LEGISLATIVE COUNSEL BUREAU  
CARSON CITY, NEVADA

JUNE 30, 1964

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 1963-1964 volume of "Audit Reports of Departments and Agencies" which contains audits completed by this office during the period July 1, 1963, to June 30, 1964, and audit reports submitted by independent accountants during the same period, covering audits of boards and commissions as provided in NRS 218.825.

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.

Due to the reorganization of the audit program during the past fiscal year recruiting of new personnel was necessary; this forced the operation of the department at 50 percent of authorized staff during six months of the year. With the present authorized auditing staff of five, it will be impossible to fulfill the requirements of NRS 218.770, which are in part "to perform a postaudit of all accounts, books and

other financial records of all state departments that are charged with the collection, custody or expenditure of public funds, and to prepare a written report or reports of such audit or audits to the legislative counsel bureau . . ." (Emphasis added.)

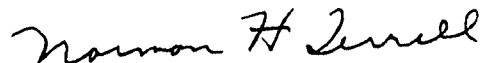
At the direction of the Legislative Commission, 17 audits were started during the current year, 15 of which have been completed and are contained in this report. The audits of the Welfare Division of the Department of Health and Welfare and the State Department of Education are in process and will be completed and submitted in the 1964-1965 report. Several of these audits were of the larger departments of state government which had never been audited in the past.

Numerous recommendations made as a result of audits performed should save the State of Nevada many dollars during coming fiscal years. One specific recommendation made to the State Treasurer should provide the state with a minimum of \$100,000.00 in additional revenue yearly. This recommendation pertained to the interest rate earned on inactive deposits.

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

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**STATE OF NEVADA**  
**STATE BOARD OF REGISTERED PROFESSIONAL ENGINEERS**  
**AUDIT REPORT**  
  
**FOR THE PERIOD JULY 1, 1962 TO JUNE 30, 1963**

**KAFOURY, ARMSTRONG AND BERNARD**  
**PUBLIC ACCOUNTANTS**  
**100 California Avenue**  
**Reno, Nevada**





KAFOURY, ARMSTRONG AND BERNARD  
PUBLIC ACCOUNTANTS  
100 CALIFORNIA AVENUE  
RENO, NEVADA

Sam P. Kafoury  
Ray E. Armstrong  
Lowell C. Bernard  
Leroy R. Bergstrom

Telephone  
FAirview 2-9471

July 19, 1963

Louis D. Gordon, Chairman  
State Board of Registered Professional Engineers  
700 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, 1963. 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, except that we did not confirm members' dues directly with the members since this was not contemplated in the scope of our audit.

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 forming a part of this report is the following exhibit which presents the cash receipts and disbursements for the fiscal year ended June 30, 1963:

Exhibit A - Statement of Receipts and Disbursements.

This exhibit presents in detail the cash received and disbursed during the fiscal year ended June 30, 1963. It also presents the balance

of monies on deposit with the First National Bank of Nevada, Keystone Avenue Branch, at June 30, 1963. This balance was confirmed by direct correspondence with the bank.

The receipts for the year amounted to \$16,759.00, compared to receipts of \$16,689.00 for the fiscal year ended June 30, 1962.

During the year employees were granted social security benefits and reports were filed covering the years 1959, 1960, 1961 and the first and second quarters of 1962. Total payment of the amount of social security due was made by the Board. Reimbursement was subsequently made to the Board by employees for their portion of the social security in the amount of \$642.79. This amount is shown as a reduction of social security expense for the current year of \$161.12 and as a reduction of social security expense for prior years of \$481.67. Since September 1962, the employees' share of social security has been withheld from their salary checks.

Total disbursements for the fiscal year ended June 30, 1963 were \$18,073.59. Of this amount, \$728.99 was for prior years' social security expense and employees' Federal income tax withholding, leaving total disbursements for the current year of \$17,344.60. Total disbursements for the fiscal year ended June 30, 1962 were \$15,938.05. The increase in disbursements during the current year is accounted for in the increase in salaries.

#### GENERAL COMMENTS

1. During the course of our examination we found that all recorded receipts were promptly deposited in the First National Bank of Nevada, Keystone Avenue Branch, and that all disbursements were made upon receipt of claims.

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2. The filing system for paid claims, which was set up during the year, has been very well maintained and has facilitated our audit for the current year.

3. All accounting records of the State Board of Registered Professional Engineers appear to have been well maintained.

4. The operations of the State Board of Registered Professional Engineers are conducted pursuant to Chapter 625 of Nevada Revised Statutes of 1957, As Related to Professional Engineers and Land Surveyors.

In our opinion, the accompanying statement presents fairly the receipts and disbursements of the State Board of Registered Professional Engineers for the fiscal year ended June 30, 1963 on a basis consistent with that of prior years.

Respectfully submitted,

/signed/

*Kayser, Armstrong & Dunn*

PUBLIC ACCOUNTANTS



STATE BOARD OF REGISTERED PROFESSIONAL ENGINEERS  
STATEMENT OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1963

RECEIPTS:

Professional Engineer Applications	\$ 6,215.00
Engineer in Training Applications	790.00
Professional Engineer Renewal Fees	9,610.00
Engineer in Training Renewal Fees	66.00
Miscellaneous	<u>78.00</u>

Total Receipts \$16,759.00

DISBURSEMENTS:

Salaries and Per Diem:

Board Secretary	\$4,271.70
Assistant to Board Secretary	4,281.70
Board Members Per Diem	<u>690.00</u>

Total Salaries and Per Diem \$ 9,243.40

Travel:

Board Members	2,520.70
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Office Expense:

Office Supplies	\$ 684.62
Telephone	389.19
Insurance	16.46
Rent	900.00
Postage and Express	525.95
Printing	714.88
Preparation, Typing and Scoring of Exams	<u>689.45</u>

Total Office Expense 3,920.55

Board Investigator 562.60

Miscellaneous:

National Dues	\$ 330.00
Legal and Accounting	250.00
Refunds on Applications and Renewal Fees	135.00
Social Security Expense--	
Current Year	\$543.47
Less: Reimbursement by Employees - Current Year	<u>161.12</u>
	<u>382.35</u>

Total Miscellaneous Expense 1,097.35

Total Disbursements - Current Year \$17,344.60

STATE BOARD OF REGISTERED PROFESSIONAL ENGINEERS  
STATEMENT OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1963

DISBURSEMENT APPLICABLE TO PRIOR YEARS:

Social Security Expense--Prior Years	\$ 963.76
Less: Reimbursement by Employees for Prior Years	<u>481.67</u>

Net Social Security Expense - Prior Years	\$ 482.09
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Withholding Tax for Prior Year	<u>246.90</u>
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Total Disbursements Applicable to Prior Years	<u>\$ 728.99</u>
--	------------------

Total Disbursements	<u>\$18,073.59</u>
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Excess of Disbursements Over Receipts	<u>\$(1,314.59)</u>
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Bank Balance, Beginning of Fiscal Year	<u>16,913.77</u>
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Bank Balance, Ending of Fiscal Year	<u><u>\$15,599.18</u></u>
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REPRESENTED BY:

First National Bank of Nevada, Keystone Avenue Branch, Checking Account	<u><u>\$15,599.18</u></u>
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STATE OF NEVADA  
NEVADA STATE BOARD OF FUNERAL DIRECTORS AND EMBALMERS  
AUDIT REPORT  
FOR THE PERIOD JULY 1, 1962 TO JUNE 30, 1963

KAFOURY, ARMSTRONG AND BERNARD  
PUBLIC ACCOUNTANTS  
100 California Avenue  
Reno, Nevada





KAFOURY, ARMSTRONG AND BERNARD  
PUBLIC ACCOUNTANTS  
100 CALIFORNIA AVENUE  
RENO, NEVADA

Sam P. Kafoury  
Ray E. Armstrong  
Lowell C. Bernard  
Leroy R. Bergstrom

Telephone  
FAIRVIEW 2-9471

October 4, 1963

Nevada State Board of Funeral Directors  
and Embalmers  
P.O. Box 2407  
Reno, Nevada

Gentlemen:

Pursuant to your request, we have audited the accounts and records of the Nevada State Board of Funeral Directors and Embalmers for the fiscal year ended June 30, 1963. 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 under 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, 1963:

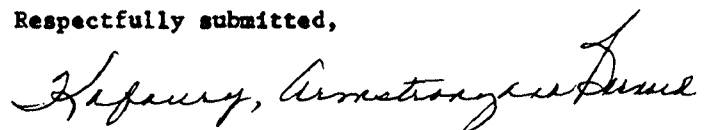
Exhibit A - Statement of Receipts and Disbursements.

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, 1963.

Respectfully submitted,

/signed/



PUBLIC ACCOUNTANTS



NEVADA STATE BOARD OF FUNERAL DIRECTORS AND EMBALMERS  
STATEMENT OF RECEIPTS AND DISBURSEMENTS  
FOR FISCAL YEAR ENDED JUNE 30, 1963

RECEIPTS:

Embalmers License Fees	\$1,168.00	
Apprentice License Fees	70.00	
Examination Fees	<u>450.00</u>	
 Total Receipts		 \$1,688.00

DISBURSEMENTS:

Salary	\$ 535.00	
Travel and Room Allowance	353.97	
<u>Operating Expenses:</u>		
Newspaper Notices	\$ 8.86	
Examination Grading	8.30	
Treasurer's Bond Premium	10.00	
Industrial Insurance	105.75	
Office Supplies	4.55	
Printing	68.95	
State Dues	50.00	
Telephone	<u>7.60</u>	<u>\$ 264.01</u>
 Total Disbursements		 <u>1,152.98</u>
 Excess of Receipts over Disbursements		 \$ 535.02
 Cash Balance, July 1, 1962		 <u>3,181.92</u>
 Cash Balance, June 30, 1963		 <u><u>\$3,716.94</u></u>

REPRESENTED BY:

First National Bank of Nevada, First and Virginia Branch, Reno, Nevada - Checking Account		<u><u>\$3,716.94</u></u>
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NEVADA STATE BOARD OF FUNERAL DIRECTORS AND EMBALMERS  
STATEMENT OF RECEIPTS AND DISBURSEMENTS AS  
COMPARED TO LEGISLATIVE INTENT  
FOR FISCAL YEAR ENDED JUNE 30, 1963

	<u>LEGISLATIVE INTENT</u>	<u>ACTUAL</u>	<u>OVER OR (UNDER) INTENT</u>
Cash Balance, July 1, 1962		<u>\$3,181.92</u>	
<u>RECEIPTS:</u>			
Embalmers License Fees		\$1,168.00	
Apprentice License Fees		70.00	
Examination Fees		<u>450.00</u>	
Total Receipts	<u>\$1,910.00</u>	<u>\$1,688.00</u>	<u>\$(222.00)</u>
Total Funds Available		<u>\$4,869.92</u>	
<u>DISBURSEMENTS:</u>			
Salaries	\$ 350.00	\$ 535.00	\$ 185.00
Travel	360.00	353.97	(6.03)
Operating Expenses	<u>1,200.00</u>	<u>264.01</u>	<u>(935.99)</u>
Total Disbursements	<u>\$1,910.00</u>	<u>\$1,152.98</u>	<u>\$(757.02)</u>
Cash Balance, June 30, 1963		<u>\$3,716.94</u>	

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STATE OF NEVADA  
NEVADA STATE BOARD OF MEDICAL EXAMINERS  
AUDIT REPORT

FOR THE PERIOD JULY 1, 1962 TO JUNE 30, 1963

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  
FAirview 2-9471

August 2, 1963

Nevada State Board of Medical Examiners  
3660 Baker Lane  
Reno, Nevada

Gentlemen:

In accordance with our engagement, we have audited the accounts and records of the Nevada State Board of Medical Examiners for the fiscal year ended June 30, 1963. Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests and analyses of the accounting records as we deemed necessary in the circumstances.

Attached hereto and forming a part of this report are the following exhibits which reflect the results of the operations of the Board for the fiscal year ended June 30, 1963 and its financial condition at that date:

Exhibit A - Statement of Receipts and Disbursements.

Exhibit B - Balance Sheet.

Our comments on these exhibits follow:

STATEMENT OF RECEIPTS AND DISBURSEMENTS

Exhibit A presents the operations for the year under review on a cash basis. Receipts of \$16,314.10 exceeded disbursements of \$13,469.98 by \$2,844.12. The cash balance of the Board was thereby increased from \$23,530.07 at July 1, 1962 to \$26,374.19 at June 30, 1963.

TRUE COPY

BALANCE SHEET

Cash on deposit with the State Treasurer of Nevada, \$771.45, was verified by direct correspondence with the State Controller. Deposits with commercial banks of \$25,690.04 were confirmed directly with the depositories concerned and are presented below in detail:

Commercial Account, Security National Bank of Nevada	\$ 5,714.82
Savings Account, First National Bank of Nevada, Interest Rate 3%	10,348.14
Savings Account, Nevada Bank of Commerce, Interest Rate 3%	<u>9,627.08</u>
Total	<u><u>\$25,690.04</u></u>

The fixed assets of the Board consist of various items of furniture and fixtures and are carried at a nominal value of one dollar. Acquisitions made during the current year consisted of draperies costing \$320.00.

At June 30, 1963 the Board held in trust the sum of \$87.30 in withheld employees' income taxes. This sum was subsequently cleared during our examination.

The legal reserve of \$15,000.00 was appropriated by Board action in 1961. This reserve recognizes the Board's responsibility to maintain funds adequate to conclude any legal proceedings to which it may become a party.

Unappropriated surplus at June 30, 1963 was \$11,375.19 and is analyzed as follows:

Balance, July 1, 1962	\$ 8,531.07
Add: Excess of Receipts over Disbursements per Exhibit A	<u>2,844.12</u>
Balance, June 30, 1963	<u><u>\$11,375.19</u></u>

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GENERAL COMMENTS

1. Our examination included a review of the internal control of the Board's financial operations which we found to be adequate in view of the Board's limited staff.

Officers and personnel of the Board responsible for cash are bonded in their capacity as agents of the Board as follows:

President	\$ 5,000.00
Secretary-Treasurer	5,000.00
Clerk	5,000.00
Assistant Clerk	<u>5,000.00</u>
Total	<u>\$20,000.00</u>

2. Several questions raised by the Board's auditors for the preceding year in their letter dated June 3, 1963 were referred to counsel for the Board for his opinion thereon. The substance of that opinion, in respect to those questions requiring interpretation of statute, was that the Board's procedures were proper within the scope of existing law.

3. The Board did not file a 1962-63 fiscal year budget request with the State budget director. Lacking a formal budget, the amount of \$13,230.00 was submitted by the budget director as an estimated expenditure requirement for the year. The actual expenditures of the Board, including capital outlay, totaled \$13,469.98, or \$239.98 more than provided by the budget.

A budget for the 1963-64 fiscal year is presently being prepared by the Board.

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In our opinion the attached financial statements present fairly, on a cash basis of accounting, the results of the operations of the Nevada State Board of Medical Examiners for the year ended June 30, 1963 and its financial condition at that date in accordance with generally accepted accounting principles consistently applied.

Respectfully submitted,

/signed/ *Kafany, Armstrong, & Derr*

PUBLIC ACCOUNTANTS

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NEVADA STATE BOARD OF MEDICAL EXAMINERS  
STATEMENT OF RECEIPTS AND DISBURSEMENTS  
FOR THE YEAR ENDED JUNE 30, 1963

RECEIPTS:

Fees:

Annual Registration Fees	\$ 5,745.00	
Permits and Endorsements	600.00	
Reciprocity Fees	\$9,650.00	
Less Refunds	<u>650.00</u>	9,000.00
Examination Fees	300.00	
Reinstatement Fees	<u>41.00</u>	\$15,686.00
Interest on Savings Accounts		588.10
Miscellaneous Receipts		<u>40.00</u>
Total Receipts		\$16,314.10

DISBURSEMENTS:

Salaries	\$ 3,947.67	
Industrial Insurance	176.67	
<u>Office Expense:</u>		
Rent	\$ 1,091.67	
Dues	200.00	
Printing	505.59	
Supplies and Postage	321.28	
Telephone and Telegraph	538.77	2,657.31
Travel Expense		2,408.83
Meeting Expense		981.76
Legal Expense		600.00
Insurance		280.73
Retirement Fund		1,197.85
Annuity		157.66
Investigations		489.55
Miscellaneous		<u>251.95</u>
Total Operating Disbursements		<u>13,149.98</u>

Excess of Receipts over Disbursements from Operations	\$ 3,164.12
Deduct: Disbursement for Furniture	<u>320.00</u>
Excess of Receipts over Disbursements	\$ 2,844.12
Cash Balance, July 1, 1962	<u>23,530.07</u>
Cash Balance, June 30, 1963	<u>\$26,374.19</u>

NEVADA STATE BOARD OF MEDICAL EXAMINERS  
STATEMENT OF RECEIPTS AND DISBURSEMENTS  
FOR THE YEAR ENDED JUNE 30, 1963

REPRESENTED BY:

Commercial Account:

Security National Bank, Reno, Nevada \$ 5,714.82

Savings Accounts:

First National Bank of Nevada \$10,348.14

Nevada Bank of Commerce 9,627.08 19,975.22

Cash on Deposit, State Treasurer of  
Nevada

771.45 \$26,461.49

Less: Funds Held in Trust, Employees  
Withholding

87.30

\$26,374.19

NEVADA STATE BOARD OF MEDICAL EXAMINERS  
BALANCE SHEET  
JUNE 30, 1963

ASSETS

CURRENT ASSETS:

Cash on Deposit, State Treasurer of Nevada \$ 771.45

Cash in Banks:

Commercial Account, Security

National Bank \$ 5,714.82

Savings Account, First National

Bank of Nevada 10,348.14

Savings Account, Nevada Bank of

Commerce 9,627.08 25,690.04

Total Current Assets \$26,461.49

FIXED ASSETS (Nominal Value Only) 1.00

Total Assets \$26,462.49

LIABILITIES AND SURPLUS

CURRENT LIABILITIES:

Employees Withholding Taxes \$ 87.30

SURPLUS:

Legal Reserve \$15,000.00

Unappropriated Surplus 11,375.19

Total Surplus \$26,375.19

Total Liabilities and Surplus \$26,462.49





STATE OF NEVADA  
NEVADA STATE BOARD OF VETERINARY MEDICAL EXAMINERS  
AUDIT REPORT

FOR THE PERIOD JULY 1, 1962 to JUNE 30, 1963

JOSEPH A. SALOMON  
CERTIFIED PUBLIC ACCOUNTANT  
320 Flint Street  
Reno, Nevada



JOSEPH A. SALOMON  
Certified Public Accountant  
320 Flint Street  
Reno, Nevada  
---  
Telephone 323-2748

Nevada State Board of Veterinary Medical Examiners  
350 Capital Hill Avenue  
Reno, Nevada

I have examined the state of financial condition of the General Fund of the Nevada State Board of Veterinary Medical Examiners as of June 30, 1963, and the related statements 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, 1963, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

/signed/ *Joseph A. Salomon*

Reno, Nevada  
October 15, 1963

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EXHIBIT A

NEVADA STATE BOARD OF VETERINARY MEDICAL EXAMINERS  
STATEMENT OF FINANCIAL CONDITION  
GENERAL FUND  
JUNE 30, 1963

ASSETS

Cash in Bank	\$2,932.48
Cash on Hand	<u>7.28</u>
<u>Total Assets</u>	<u>\$2,939.76</u>

FUND EQUITY

Unappropriated Surplus	<u>\$2,939.76</u>
<u>Total Fund Equity</u>	<u>\$2,939.76</u>

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EXHIBIT B

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, 1963

	<u>Estimate</u>	<u>Actual</u>	<u>Excess or (Deficiency) of Actual Compared With Estimate</u>
Unappropriated Fund Equity-- (Beginning of Period)	\$2,438.38	\$2,503.76	\$ 65.38
<u>Add:</u>			
Revenue from examination and license renewal fees	<u>\$2,100.00</u>	<u>\$1,805.00</u>	( 295.00)
Total Balance and Additions	<u>\$4,538.38</u>	<u>\$4,308.76</u>	( 229.62)
<u>Deduct:</u>			
<u>EXPENDITURES:</u>			
Salaries	\$ 150.00	\$ 151.00	\$ 1.00
Travel	1,100.00	909.00	( 191.00)
Operating expenses	685.00	309.00	( 376.00)
Equipment	100.00		( 100.00)
Total Deductions	<u>\$2,035.00</u>	<u>\$1,369.00</u>	<u>(\$666.00)</u>
Unappropriated Fund Equity (End of Period)	<u>\$2,503.38</u>	<u>\$2,939.76</u>	<u>\$436.38</u>





STATE OF NEVADA  
STATE BOARD OF NURSE EXAMINERS  
AUDIT REPORT

FOR THE PERIOD JULY 1, 1962 TO JUNE 30, 1963

A. N. JACOBSON  
PUBLIC ACCOUNTANT  
Virginia City, Nevada



A. N. JACOBSON  
PUBLIC ACCOUNTANT  
VIRGINIA CITY, NEVADA

August 20, 1963

State Board of Nurse Examiners  
c/o Mrs. Della Fitzgerald,  
P.O. Box 1884,  
Reno, Nevada

Ladies:

An audit of the books and accounts of the State Board of Nurse Examiners has been completed.

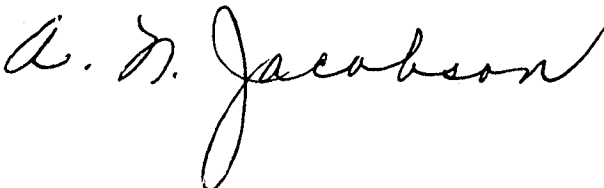
The examination was made in accordance with generally accepted auditing standards applicable in the circumstances, and included such tests of accounting records and supporting evidence, together with procedures, as were considered necessary.

Under and by virtue of Chapter 325, Statutes of Nevada 1963, among other things the name of the State Board of Nurse Examiners was changed to the State Board of Nursing. Necessary changes in operation and fees provided for in this statute were made effective on July 1, 1963.

Various changes in accounting procedures have been recommended to the Executive Secretary in order to make the records more amenable to audit.

In our opinion schedules presented herewith correctly reflect the financial transactions of the State Board of Nurse Examiners for the fiscal year ended June 30, 1963.

Respectfully submitted,

/signed/ 



STATE BOARD OF NURSING EXAMINERS

Statement showing Summary of Beginning Balance, Receipts and Disbursements of Cash for the fiscal year ended June 30, 1963.

-----		
Balance with State Treasurer, July 1, 1963		\$14,116.69
Receipts	(Schedule 1)	<u>7,223.50</u>
		\$21,340.19
Disbursements:		
Salaries & Wages	(Schedule 2)	\$6,725.00
Operating Expense	(Schedule 3)	2,799.35
Traveling Expense	(Schedule 4)	<u>763.90</u>
Total Disbursements,		<u>10,288.25</u>
Balance Cash on Hand, June 30, 1963,		<u>\$11,051.94</u>
Accounted for as follows:		
On deposit with State Treasurer		\$10,429.44
On deposit, 1st National Bank of Nevada, Keystone Branch		<u>622.50</u> <u>\$11,051.94</u>

Note: In July, 1963, the balance with the State Treasurer as shown above, namely \$10,429.44, was transferred to the First National Bank of Nevada, Keystone Branch, Reno, Nevada.

TRUE COPY



STATE BOARD OF NURSE EXAMINERSStatement of Cash Receipts  
For the Fiscal Year Ended June 30, 1963

---

## PROFESSIONAL:

Permanent Licenses	\$3,504.00	
Temporary Licenses	1,426.00	
Renewals & Reinstatements	290.00	
Examination Fees	<u>215.00</u>	\$5,435.00

## PRACTICAL:

Permanent Licenses	\$ 340.00	
Temporary Licenses	138.00	
Renewals & Reinstatements	93.00	
Examination Fees	1,173.00	1,744.00

Adjustment to reconcile above distribution with actual deposits with state treasurer	<u>44.50</u>
---	--------------

Total Receipts,	<u>\$7,223.50</u>
-----------------	-------------------

TRUE COPY





STATE BOARD OF NURSE EXAMINERS

Expenditures for Salaries  
For the Fiscal Year Ended June 30, 1963

-----

Executive Secretary	\$6,000.00
Board Members	555.00
Relief Salaries	140.00
Temporary Help	<u>30.00</u>
Total	<u><u>\$6,725.00</u></u>



STATE BOARD OF NURSE EXAMINERS

Expenditures for Operating Expense  
For the Fiscal Year Ended June 30, 1963

---

Office Rent		\$ 720.00
Telephone		67.66
Postage		279.86
Freight & Express		27.81
Audit Fees		35.00
Fidelity Bond		5.00
Legal Expense		77.00
Examination Expense:		
Materials, examination booklets, answer sheets, etc.	\$427.42	
Proctoring by Board Members	<u>165.00</u>	592.42
Office Expense		196.24
Retirement Contributions		303.55
Printing		453.97
Industrial Insurance		<u>40.84</u>
Total		<u>\$2,799.35</u>

TRUE COPY



STATE BOARD OF NURSE EXAMINERS

Expenditures for Traveling Expense  
For the Fiscal Year Ended June 30, 1963

---

IN STATE

Subsistence	\$372.00
Mileage and Transportation	<u>391.90</u>
Total	<u>\$763.90</u>

TRUE COPY



STATE OF NEVADA  
NEVADA STATE BOARD OF BARBER EXAMINERS  
AUDIT REPORT

FOR THE PERIOD JULY 1, 1962 TO JUNE 30, 1963

HAROLD P. CONNER  
PUBLIC ACCOUNTANT  
3051 Paradise Valley Road South  
Paradise Professional Building - Suite 1  
Las Vegas, Nevada  
Telephone 735-7696





Nevada Legislative Commission  
Capitol Building  
Carson City, Nevada

Gentlemen:

In accordance with the requirement of Section 218.770, Nevada Revised Statutes, I have examined the accounts and records of the Nevada State Board of Barber Examiners for the fiscal year ended June 30, 1963, and have prepared therefrom the following exhibits:

Statement of Financial Condition - General Fund Exhibit A June 30, 1963

Statement of Budgeted Revenues and Expenditures Compared to Actual -  
General Fund - For the Fiscal Year Ended June 30, 1963 Exhibit B

#### FUNCTIONS OF AGENCY

The Nevada State Board of Barber Examiners created under the 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.

#### 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. 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 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 Board of Barber Examiners are as follows:

- |                               |  |
|-------------------------------|--|
| A) Cash Receipts Journal      | Book of original entry, for all cash receipt 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 for all salaries and reimbursement expenses. |

The above records are found to be adequate at the present and no duplications or inefficiencies in accounting record keeping procedures were observed during my audit examinations and review.

### Casualty Insurance and Fidelity Bonding

A fidelity bond in force with the Glens Falls Insurance Company of Glens Falls, New York, in the amount of \$2,000.00 in favor of Nevada State Board of Barber Examiners to cover the Secretary-Treasurer was executed and issued on October 14, 1960.

### Efficiency of Subordinate Employees

The administration and accounting functions are preformed by three salaried board members:

R.E. Llewellyn	-	President
Vinton L. Tinsman	-	Vice President
Kenneth R. Shady	-	Secretary-Treasurer

### Duplication of Work With Other Departments

No Exception.

### Status and Conditions of Funds

Adequate to meet current budget.

### Possible conflict with Status or Good Business Practice

During the course of my examination no deviations from fiscal statutes or good business practices were observed.

### Suggested Changes and Recommendations

No exceptions.

## FINANCIAL STATEMENTS

### Statement of the Financial Conditions of the General Fund - Exhibit A

#### Cash in Banks - \$9,103.98

The cash in banks aggregating \$9,103.98 at June 30, 1963 was verified by reconciling the amounts confirmed to me by the depositories.

Bank of Las Vegas	\$ 2,699.80
Union Federal Savings & Loan	6,404.18
	<u>\$ 9,103.98</u>

#### Cash on Hand - \$ 20.00

#### Reserve for Encumbrances - \$ 75.00

Represents the audit fee agreed between the ~~Legislative Auditor~~ *Barber Board H.C.* of the State of Nevada and Harold P. Conner, Public Accountant, for a post audit of all accounts, books and financial records of the Nevada State Board of Barber Examiners for the fiscal year ended June 30, 1963.

Unappropriated Fund Equity - \$ 9,048.98

The unappropriated fund equity at June 30, 1963 was \$ 9,048.98 as compared with \$ 8,855.85 at June 30, 1962, an increase of \$ 193.13 which is analyzed in the statement of budgeted revenues and expenditures shown in Exhibit B.

Statement of Budgeted Revenues and Expenditures with Actual General Fund  
Exhibit B

Revenue - \$ 9,531.42

The actual revenue of \$ 9,531.42 was 21.34% above the estimated expected revenue of \$ 7,855.00. The actual revenue of \$ 9,531.42 as shown in Exhibit B was received from the following sources.

101 registration fees @ \$10.00	\$ 1,010.00
131 examination fees @ \$ 40.00	5,240.00
535 1963-1964 licenses renewal fees @ \$ 5.00	2,675.00
17 1962-1963 licenses renewal fees @ \$ 5.00	85.00
30 Penalty fees on late licenses renewals @ \$ 5.00	150.00
5 Penalty fees on late licenses renewals @ \$ 10.00	50.00
1 Penalty fee on late license renewals @ \$ 15.00	15.00
2 Penalty fees on late licenses renewals @ \$ 20.00	40.00
and interest earned on savings deposits for the period July 1, 1962 through June 30, 1963	266.42
	<u>\$ 9,531.42</u>

Expenditures - \$ 9,263.29

Reserve for Encumbrances - \$ 75.00

The accumulated actual expenditures and reserve for encumbrances totaling \$ 9,338.29 was 67.92% over the estimated expected expenditures of \$ 5,561.15 for the fiscal year ended June 30, 1963. The expenditures as segregated in budget categories and compared to the estimates are as follows:

The actual salary expenses of \$ 2,487.50 was 12.05% above the estimate of \$ 2,220.00.

The actual travel expenses of \$ 5,639.85 were 261.16% above the estimate of \$ 1,561.60.

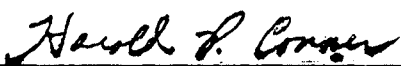
The accumulated actual operating expenses and reserve for encumbrances totaling \$ 1,210.94 were 31.95% below the budgeted operating expenses of \$ 1,779.55.

### OPINION

I have examined the state of financial condition of the General Fund of the Nevada State Board of Barber Examiners as of June 30, 1963, and the related statements 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 Barber Examiners as of June 30, 1963, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

Las Vegas, Nevada  
August 21, 1963

  
\_\_\_\_\_  
Harold P. Conner, Public Accountant

NEVADA STATE BOARD OF BARBER EXAMINERS  
STATEMENT OF FINANCIAL CONDITION  
GENERAL FUND  
JUNE 30, 1963

ASSETS

Cash in Banks	\$ 9,103.98
Cash in Hand	20.00
Fixed Assets - Office Furniture	<u>1.00</u>
TOTAL ASSETS	<u>\$ 9,124.98</u>

RESERVES AND FUND EQUITY

Reserve for Encumbrances	\$ 75.00
General Fixed Assets	1.00
Unappropriated Fund Equity	<u>9,048.98</u>
TOTAL RESERVES AND FUND EQUITY	<u>\$ 9,124.98</u>



EXHIBIT B

NEVADA STATE BOARD OF BARBER EXAMINERS  
STATEMENT OF BUDGETED REVENUES AND EXPENDITURES COMPARED TO ACTUAL  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 1963

	<u>Estimate</u>	<u>Actual</u>	<u>Excess or (Deficiency) Of Actual Compared With Estimate</u>
Unappropriated Fund Equity (Beginning of Period)	\$ 8,855.85	\$ 8,855.85	
<u>Add:</u>			
<u>REVENUE</u>			
Registration Fees	\$ 1,250.00	\$ 1,010.00	\$ ( 240.00)
Examination Fees	4,120.00	5,240.00	1,120.00
License Renewal Fees:			
1963-1964	2,485.00	2,675.00	190.00
1962-1963		85.00	85.00
Penalties on Late Renewals		255.00	255.00
Interest Earnings		266.42	266.42
Total Revenue	<u>\$ 7,855.00</u>	<u>\$ 9,531.42</u>	<u>\$ 1,676.42</u>
Total Balance & Revenue	<u>\$16,710.85</u>	<u>\$18,387.27</u>	<u>\$ 1,676.42</u>
<u>Deduct:</u>			
<u>EXPENDITURES</u>			
Salaries	\$ 2,220.00	\$ 2,487.50	\$ 267.50
Travel	1,561.60	5,639.85	4,078.25
Operating Expenses	1,779.55	1,135.94	( 643.61)
Total Expenditures	<u>\$ 5,561.15</u>	<u>\$ 9,263.29</u>	<u>\$ 3,702.14</u>
Reserve for encumbrances ( end of period)		75.00	75.00
Total Deductions	<u>\$ 5,561.15</u>	<u>\$ 9,338.29</u>	<u>\$ 3,777.14</u>
Unappropriated Fund Equity (end of period)	<u>\$11,149.70</u>	<u>\$ 9,048.98</u>	<u>\$ (2,100.72)</u>





STATE OF NEVADA  
NEVADA STATE BOARD OF EXAMINERS IN BASIC SCIENCES  
AUDIT REPORT

FOR THE PERIODS ENDED JUNE 30, 1962  
and  
JUNE 30, 1963

CARLOS B. BROWN  
CERTIFIED PUBLIC ACCOUNTANT  
421 Court Street  
Reno, Nevada



ALBERT E. CARTLIDGE  
CERTIFIED PUBLIC ACCOUNTANT

PHONE FAIRVIEW 9-3496

SUITE 2

248 SOUTH SIERRA STREET

RENO, NEVADA

October 8, 1963

MEMBER AMERICAN INSTITUTE  
OF CERTIFIED PUBLIC ACCOUNTANTS

MEMBER NEVADA SOCIETY  
OF CERTIFIED PUBLIC ACCOUNTANTS

Dr. Joseph E. Moose, Chairman  
Nevada State Board of Examiners in the Basis Sciences  
Box 8355, University Station  
Reno, Nevada

Dear Dr. Moose:

I have examined the records of the Nevada State Board of Examiners in Basic Sciences in accordance with Chapters 402 and 117, Nevada Statutes of 1963, for the years ended June 30, 1962 and June 30, 1963. I have prepared the following Exhibits:

Statement of Financial Condition of the Nevada  
State Board of Examiners in Basic Sciences as  
of June 30, 1963

Exhibit A

Statement of Budgeted Revenues and Expenditures  
Compared with Actual for the Nevada State Board  
of Examiners in Basic Sciences for the years  
ended June 30, 1962 and June 30, 1963

Exhibit B

FUNCTIONS OF AGENCY

The purpose of the Nevada State Board of Examiners in 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 of the Board, Dr. Lowell L. Jones, receives and forwards to the State Treasurer, examination fees for the four quarterly tests and also prepares claims paid by the State Treasurer from funds held for the Board. 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 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 forwarded to the State Treasurer and dispursed 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. In prior years, receipts and disbursements were summarized quarterly and the balance of funds held by the State Treasurer determined on that basis. My audit report dated June 20, 1962 for the year ended June 30, 1961, suggested that all claims be entered in columnar form and numerically. Commencing July 1, 1962, my suggestion was followed and the records have been properly maintained on this basis since that time. In my opinion, the records are adequate for the Nevada State Board of Examiners in 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 Basic Sciences with the exception of part-time clerical help employed to assist in administering quarterly examinations. Work completed by the part-time clerical help was completed in a creditable manner.

STATUS AND CONDITION OF FUNDS

There were no deficiencies noted in funds held by the State Treasurer. The Board has a large balance in comparison to its annual requirements. The balance at June 30, 1963 was \$10,859.02 and the annual requirements of the Board are approximately \$3,000.00 per year. The fund balance increased \$1,111.48 during the two years ended June 30, 1963.

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 Basic Sciences. All funds received were properly accounted for and funds were properly dispursed through the State Treasurer.

SUGGESTED CHANGES AND RECOMMENDATIONS

I have no further suggestions to offer in connection with the Board's accounting records. The suggestion in my previous audit report for the year ended June 30, 1961, was followed and, in my opinion, the records are adequate.

Chapters 16 and 117, Nevada Statutes of 1963, amended several sections of Chapter 629. The amendments included an exception to the general law relating to travel expenses and subsistence allowances of state officers and employees; a provision for salaries and expenses of the members of such Boards and Commissions; an authorization to maintain offices in as many localities in the state as the Board finds necessary; an authorization for such Boards and Commissions to employ attorneys and other professional consultants and clerical personnel necessary to the discharge of their duties and a provision authorizing such Boards and Commissions to deposit their funds in banks or savings and loan associations in the State of Nevada. My previous audit report for the year ended June 30, 1961, stated that Section 629.050, sub-section 6, Nevada Revised Statutes, governing reimbursement of expenses for travel expenses, was in conflict with Section 281.160, Nevada Revised Statutes. Chapter 117, Nevada Statutes of 1963, eliminated this conflict.

My previous audit report also stated that there was no provision in the Basis Science Act of 1951 to hire employees. Chapter 117, Nevada Statutes of 1963, eliminated this problem by authorizing Boards to employ attorneys, investigators and other professional consultants and clerical personnel necessary to the discharge of its duties.

Chapter 117, Nevada Statutes of 1963, authorizes the Board to deposit in banks or savings and loan associations in the State of Nevada, all monies received by it. Funds held by the State Treasurer were withdrawn on August 19, 1963 and deposited in a commercial account at the Main Office of the First National Bank of Nevada.

## FINANCIAL STATEMENTS

### STATEMENT OF FINANCIAL CONDITION OF THE NEVADA STATE BOARD OF EXAMINERS IN BASIC SCIENCES AS OF JUNE 30, 1963 - EXHIBIT A

Cash on deposit in the State Treasury totaled \$10,859.02 as of June 30, 1963. I received direct confirmation of the balance from Keith L. Lee, State Controller.

The Board did not purchase any office fixtures during the two years ended June 30, 1963. Fixtures purchased prior to the current period, are reflected on 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, 1963.

Unappropriated surplus increased from \$9,748.54 to \$10,860.02. The increase amounted to \$1,111.48 and represented the excess of revenues over expenditures of \$16.15 for the year ended June 30, 1962 and \$1,095.33 for the year ended June 30, 1963.

### REVENUES AND EXPENDITURES COMPARED WITH ACTUAL FOR THE NEVADA STATE BOARD OF EXAMINERS IN BASIC SCIENCES FOR THE YEARS ENDED JUNE 30, 1962 AND JUNE 30, 1963 - EXHIBIT B

Actual revenues were \$195.00 less than budgeted revenues for the year ended June 30, 1962 and were \$880.15 more than budgeted revenues for the year ended June 30, 1963. Anticipated increases in examination applicants did not materialize during the year ended June 30, 1962; however, were more than anticipated during the year ended June 30, 1963.

There were no significant differences between budgeted and actual expenditures for the two years. Actual expenditures were \$211.15 less than budgeted expenditures for the year ended June 30, 1962. Budgeted items for

the year ended June 30, 1962 for travel in state, rent, printing, telephone and bond premium totaling \$137.00 were not expended. Actual expenditures were \$15.18 less than budgeted expenditures for the year ended June 30, 1963. Budgeted out-of-state travel expense of \$255.00 was not expended, however, \$200.00 was expended for contract services which was not originally budgeted. Budgeted expenditures for the two years totaled \$6,210.00 as compared to actual expenditures of \$5,983.67, a difference of \$226.33.

#### OPINION

I have examined the Statement of Financial Condition of the Nevada State Board of Examiners in Basic Sciences as of June 30, 1963 and the related Statement of Budgeted Revenues and Expenditures Compared With Actual for the Years Ended June 30, 1962 and June 30, 1963. My examination was made in accordance with generally accepted auditing standards 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 Basic Sciences as of June 30, 1963 and the result of operations for the two years then ended in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Sincerely,

*Albert L. Cartledge*



NEVADA STATE BOARD OF EXAMINERS IN BASIC SCIENCES  
STATEMENT OF FINANCIAL CONDITION  
JUNE 30, 1963

EXHIBIT A

ASSETS

Cash on Deposit in State Treasury	\$ 10,859.02	
Office Fixtures	<u>1.00</u>	\$ 10,860.02

LIABILITIES

None

UNAPPROPRIATED SURPLUS

10,860.02

Represented by:

Balance, July 1, 1961

9,748.54

Add: Excess of Revenues over expenditures  
for the two years ended June 30, 1963 -  
Exhibit B

1,111.48

Balance, June 30, 1963

10,860.02



NEVADA STATE BOARD OF EXAMINERS IN BASIC SCIENCES      EXHIBIT B  
STATEMENT OF BUDGETED REVENUES AND EXPENDITURES COMPARED WITH ACTUAL  
FOR THE YEARS ENDED JUNE 30, 1962, AND JUNE 30, 1963

	<u>June 30, 1962</u>			<u>June 30, 1963</u>			<u>Together</u>		
	<u>Budgeted</u>	<u>Actual</u>	<u>Difference</u>	<u>Budgeted</u>	<u>Actual</u>	<u>Difference</u>	<u>Budgeted</u>	<u>Actual</u>	<u>Difference</u>
<b>REVENUES</b>									
Licenses and Fees	\$ 3,045.00	\$ 2,850.00	\$(195.00)	\$ 3,365.00	\$ 4,245.15	\$ 880.15	\$ 6,410.00	\$ 7,095.15	\$ 685.15
<b>EXPENDITURES</b>									
Salaries	1,900.00	1,900.00	-	2,600.00	2,600.00	-	4,500.00	4,500.00	-
Travel - Out of State	255.00	250.60	4.40	255.00	-	255.00	510.00	250.60	259.40
Travel - In State	20.00	-	20.00	20.00	64.10	( 44.10)	40.00	64.10	( 24.10)
Dues	50.00	50.00	-	50.00	100.00	( 50.00)	100.00	150.00	( 50.00)
Rent	2.00	-	2.00	2.00	4.80	( 2.80)	4.00	4.80	( .80)
Postage	65.00	28.00	37.00	70.00	88.00	( 18.00)	135.00	116.00	19.00
Printing	100.00	-	100.00	110.00	60.58	49.42	210.00	60.58	149.42
Telephone	10.00	-	10.00	10.00	-	10.00	20.00	-	20.00
Supplies	38.00	5.25	32.75	43.00	27.34	15.66	81.00	32.59	48.41
Contract Services	600.00	600.00	-	-	200.00	(200.00)	600.00	800.00	(200.00)
Bond Premium	5.00	-	5.00	5.00	5.00	-	10.00	5.00	5.00
	<u>3,045.00</u>	<u>2,833.85</u>	<u>211.15</u>	<u>3,165.00</u>	<u>3,149.82</u>	<u>15.18</u>	<u>6,210.00</u>	<u>5,983.67</u>	<u>226.33</u>
Excess of Revenues over Expenditures	<u>-</u>	<u>16.15</u>	<u>16.15</u>	<u>200.00</u>	<u>1,095.33</u>	<u>895.33</u>	<u>200.00</u>	<u>1,111.48</u>	<u>911.48</u>



STATE OF NEVADA  
NEVADA STATE DAIRY COMMISSION  
AUDIT REPORT  
FOR THE PERIOD ENDED JUNE 30, 1961

CARLOS B. BROWN  
CERTIFIED PUBLIC ACCOUNTANT  
421 Court Street  
Post Office Box 1078  
Reno, Nevada



Carlos B. Brown  
CERTIFIED PUBLIC ACCOUNTANT

421 COURT STREET  
POST OFFICE BOX 1708  
RENO, NEVADA  
FAIRVIEW 3-8681

July 25, 1963

Nevada State Dairy Commission  
830 Ryland Street  
Reno, Nevada

Gentlemen:

We have examined the statement of cash receipts and disbursements together with the schedules of operating disbursements and equipment purchases of the Nevada State Dairy Commission for the year ended June 30, 1961.

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 cash receipts and disbursements and schedules of operating disbursements and equipment purchases present fairly the cash transactions of the Nevada State Dairy Commission for the year ended June 30, 1961.

Yours very truly,







STATE OF NEVADA DAIRY COMMISSION  
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1961

Cash on deposit with Nevada State Treasurer,  
 July 1, 1960

\$ 10,368.28

Receipts

Assessments for:

Fluid milk	\$46,858.36
Ice cream	28,295.23
Cottage cheese	5,422.37
Butter	12,427.85
Other	<u>69.05</u>

Total assessments

\$93,072.86

Licenses

375.00

Penalties for late payment

372.98

Fines for violations

1,100.00

Miscellaneous reimbursements

272.37

Realization on bond from James Canyon

Ranch Creamery, Inc.

25,000.00

Total receipts

120,193.21

Total

130,561.49

Disbursements

Salaries

Commission members per diem	1,360.00
-----------------------------	----------

Employees of Commission

57,012.36

Total salaries

58,372.36

Travel

Out of state

1,787.43

In state

7,929.42

Total travel

9,716.85

Operating (Schedule 1)

31,238.11

Equipment purchased (Schedule 2)

3,381.82

Total disbursements

102,709.14

Cash on deposit with Nevada State Treasurer,  
 June 30, 1961

\$ 27,852.35



STATE OF NEVADA DAIRY COMMISSION  
STATEMENT OF OPERATING DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1961

Industrial insurance	\$ 388.25
Retirement payments	2,577.85
Personnel assessments	287.30
Rentals	
Building space	4,542.50
Equipment	4.50
Freight and postage	572.87
Printing	
Annual report	16.00
Forms	131.83
Other	41.88
Office supplies	2,135.09
Utilities	
Heat	303.10
Power	146.51
Water	53.76
Telephone and telegraph	
Rentals	1,085.91
Tolls	3,139.71
Auto insurance	106.53
Office equipment repair	169.20
Contract services	
Attorney	9,812.50
Accountant	4,389.75
Court reporter	343.18
Janitor	450.00
Other	43.50
Advertising	80.00
Dues and fees	355.00
Subscriptions	39.00
Miscellaneous	22.39
Total operating disbursements	<u>\$31,238.11</u>



STATE OF NEVADA DAIRY COMMISSION  
STATEMENT OF EQUIPMENT PURCHASES  
FOR THE FISCAL YEAR ENDED JUNE 30, 1961

Dictacord recording machine, Model A-2T-C #820731 with microphone and extension cables	\$1,268.20
Dictaphone transcribing machine, time master #341232 with records, phone connection and headset	415.00
Executive desk	129.97
Executive chair	67.18
Odhner adding machines model X9c-8, 3 machines #437636, #416200, #437650	743.85
Royal typewriter, 13" carriage, used HHE-13-S541171	60.00
Sign for Las Vegas office	91.58
Sign for Reno office	101.00
Nord photocopy machine #52563 (Net of \$50.00 trade-in)	138.10
Smith Corona vivicopy No. 12, B4291	260.55
Copy desk, 18" X 42"	62.55
Telephone table, Haskell TT-1800	30.39
Photocopy dispenser, A. B. Dick 71-1030	13.45
Total equipment purchased	<u>\$3,381.82</u>



STATE OF NEVADA  
NEVADA STATE DAIRY COMMISSION  
AUDIT REPORT

FOR THE PERIOD ENDED JUNE 30, 1962

CARLOS B. BROWN  
CERTIFIED PUBLIC ACCOUNTANT  
421 Court Street  
Post Office Box 1078  
Reno, Nevada





Carlos B. Brown  
CERTIFIED PUBLIC ACCOUNTANT

421 COURT STREET  
POST OFFICE BOX 1708  
RENO, NEVADA  
FAIRVIEW 3-8881

September 23, 1963

State of Nevada Dairy Commission  
830 Ryland Street  
Reno, Nevada

Gentlemen:

We have examined the statement of cash receipts and disbursements together with the statement of disbursements and statement of equipment purchased of the State of Nevada Dairy Commission for the year ended June 30, 1962. 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 cash receipts and disbursements, statement of disbursements and statement of equipment purchases present fairly the cash transactions of the State of Nevada Dairy Commission for the year ended June 30, 1962.

Yours very truly,



Certified Public Accountant



STATE OF NEVADA DAIRY COMMISSION  
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1962

Cash on deposit with Nevada State Treasurer,  
 July 1, 1961

\$ 27,852.35

Receipts

Assessments for:

Fluid milk	\$49,412.61
Ice cream	31,448.37
Cottage cheese	5,745.49
Butter	13,459.77
Other	<u>160.89</u>

Total assessments

\$100,227.13

Licenses

456.00

Penalties for late payment

183.65

Fines for violations

1,500.00

Miscellaneous reimbursements

204.40

Realization on bond from Morser's Dairy

3,313.00

Total receipts

105,884.18

Total

133,736.53

Disbursements

Salaries (Schedule 1)

50,836.01

Travel (Schedule 1)

12,085.53

Operating (Schedule 1)

24,721.73

Equipment purchases (Schedule 2)

1,664.16

Distribution of bond proceeds

28,313.00

Total disbursements

117,620.43

Cash on deposit with Nevada State Treasurer,  
 June 30, 1962

\$ 16,116.10



STATE OF NEVADA DAIRY COMMISSION  
STATEMENT OF DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1962

	<u>DISBURSEMENTS</u>	<u>BUDGET</u>
<u>SALARIES</u>		
Personnel	\$49,916.01	\$64,443.00
Commission	920.00	3,400.00
Total salary disbursements	<u>\$50,836.01</u>	<u>\$67,843.00</u>
 <u>TRAVEL</u>		
Out of state	\$ 4,522.88	\$ 3,250.00
In state	7,562.65	11,750.00
Total travel disbursements	<u>\$12,085.53</u>	<u>\$15,000.00</u>
 <u>OPERATING</u>		
Industrial Insurance	\$ 313.66	\$ 441.00
Retirement payments	2,195.90	3,062.00
Personnel assessment	450.00	500.00
Building space rental (Note)	5,200.00	4,800.00
Equipment rental	98.13	50.00
Freight and postage	791.50	950.00
Printing annual report	897.14	300.00
Printing forms		100.00
Other printing	539.54	175.00
Office supplies	1,581.68	2,000.00
Heat	317.47	600.00
Power	138.55	100.00
Water	72.54	75.00
Other utilities	6.00	
Telephone rental	1,114.71	1,200.00
Telephone tolls and telegraph	1,717.27	2,000.00
Insurance	115.04	175.00
Office equipment repair	279.89	150.00
Attorney services	7,937.50	7,356.00
CPA services		1,300.00
Court reporter services	91.60	300.00
Other professional services	21.82	200.00
Building maintenance	560.00	480.00
Advertising	104.00	325.00
Dues and fees	107.50	250.00
Subscriptions	25.50	50.00
Miscellaneous	44.79	100.00
Total operating disbursements	<u>\$24,721.73</u>	<u>\$27,039.00</u>

NOTE

Payments for rent were accelerated in order to have the actual check delivered to the landlords on time, and hence, disbursement comprises payment for thirteen months.



STATE OF NEVADA DAIRY COMMISSION  
STATEMENT OF EQUIPMENT PURCHASES  
FOR THE FISCAL YEAR ENDED JUNE 30, 1962

Filing cabinet - four drawer, legal size, with lock, Invincible No. 1041-L		\$ 95.76
2 typewriters - IBM electric, standard, Model C, 13" carriage, carbon ribbon attachment.		
Serial numbers 1465859 and 1468962	\$801.00	
Less: Trade-in allowance for two Underwood electric typewriters	<u>270.00</u>	531.00
Mailing machine - Pitney-bowes, Model 5500, serial number 28844 with postmark plate		228.40
Typewriter - IBM electric, standard, Model C, Serial number 1468960	400.50	
Less: Trade-in allowance for Royal electric typewriter	<u>75.00</u>	325.50
Addressograph machine - hand type, Model 30, Serial number 800256	150.00	
Cabinet, Model SB-18	103.85	
Plates, 1,174 at \$.125 each	146.75	
Freight	<u>5.85</u>	406.45
Table - McDowell & Craig, ST6020 - 60" X 20"		<u>77.05</u>
Total equipment purchased		<u>\$1,664.16</u>
Total budget for equipment		<u>\$1,050.00</u>





STATE OF NEVADA  
NEVADA STATE DAIRY COMMISSION  
AUDIT REPORT  
FOR THE PERIOD ENDED JUNE 30, 1963

CARLOS B. BROWN  
CERTIFIED PUBLIC ACCOUNTANT  
421 Court Street  
Post Office Box 1078  
Reno, Nevada



Carlos B. Brown

CERTIFIED PUBLIC ACCOUNTANT

421 COURT STREET  
POST OFFICE BOX 1706  
RENO, NEVADA  
FAIRVIEW 3-6681

November 11, 1963

State of Nevada Dairy Commission  
830 Ryland Street  
Reno, Nevada

Gentlemen:

We have examined the statement of cash receipts and disbursements together with the statement of disbursements and statement of equipment purchases of the State of Nevada Dairy Commission for the year ended June 30, 1963. 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 cash receipts and disbursements, statement of disbursements and statement of equipment purchases present fairly the cash transactions of the State of Nevada Dairy Commission for the year ended June 30, 1963.

Yours very truly,



Certified Public Accountant



STATE OF NEVADA DAIRY COMMISSION  
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1963

Cash on deposit with Nevada State Treasurer,  
July 1, 1962

\$ 16,116.10

Receipts

Assessments for:

Fluid milk	\$53,392.70
Ice cream	36,209.64
Cottage cheese	6,179.54
Butter	14,287.37
Other	<u>266.64</u>

Total assessments \$110,335.89

Licenses 420.00

Penalties for late payment 81.07

Miscellaneous reimbursements 177.61

Refund from State Treasurer for  
unused personnel assessment for  
year 1961-62

101.25

Total receipts

111,115.82

Total

127,231.92

Disbursements

Salaries (Schedule 1)	47,511.31
Travel (Schedule 1)	6,747.66
Operating (Schedule 1)	26,122.50
Equipment purchases (Schedule 2)	<u>1,141.43</u>

Total disbursements

81,522.90

Cash on deposit with Nevada State Treasurer,  
June 30, 1963

\$ 45,709.02



STATE OF NEVADA DAIRY COMMISSION  
STATEMENT OF DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1963

	<u>DISBURSEMENTS</u>	<u>BUDGET</u>
<u>SALARIES</u>		
Personnel	\$47,141.31	\$64,443.00
Commission	<u>370.00</u>	<u>3,400.00</u>
Total salary disbursements	<u>\$47,511.31</u>	<u>\$67,843.00</u>
 <u>TRAVEL</u>		
Out of state	\$ 4,028.58	\$ 5,000.00
In state	<u>2,719.08</u>	<u>9,000.00</u>
Total travel disbursements	<u>\$ 6,747.66</u>	<u>\$14,000.00</u>
 <u>OPERATING</u>		
Industrial insurance	\$ 300.91	\$ 408.00
Retirement payments	2,130.40	3,041.00
Personnel assessment	400.00	400.00
Building space rental	4,800.00	4,800.00
Equipment rental	86.40	50.00
Freight and postage	564.94	750.00
Printing annual report	1,083.65	300.00
Printing forms		100.00
Other printing	326.46	175.00
Office supplies	1,399.61	2,000.00
Heat	309.01	400.00
Power	119.26	100.00
Water	76.86	75.00
Other utilities	24.00	
Telephone rental	1,176.11	1,200.00
Telephone tolls and telegraph	1,162.00	2,000.00
Insurance	135.64	175.00
Office equipment repair	500.83	150.00
Attorney services	9,000.00	9,000.00
CPA services	235.00	1,300.00
Court reporter services	2.00	300.00
Other professional services	1,548.00	100.00
Building maintenance	480.00	480.00
Advertising		185.00
Dues and fees	109.00	200.00
Subscriptions	39.25	50.00
Miscellaneous, N.R.S.	<u>113.17</u>	<u>100.00</u>
Total operating disbursements	<u>\$26,122.50</u>	<u>\$27,839.00</u>





STATE OF NEVADA DAIRY COMMISSION  
STATEMENT OF EQUIPMENT PURCHASES  
FOR THE FISCAL YEAR ENDED JUNE 30, 1963

1 Odhner Adder carrying case		\$ 17.50
Copying machine - Model 50 Major Thermo-Fax		
Serial number 50-AA-03834-C	\$459.00	
Stand for Thermo-Fax	46.50	
Installation kit	7.50	
Administrative charge by State Purchasing		
Department	<u>2.57</u>	515.57
Calculator - Model MC-24 Underwood printing,		
color tan and black number 280169	510.00	
Administrative charge by State Purchasing		
Department	<u>2.55</u>	512.55
File - 4 drawer, legal without lock, gray finish,		
Invincible number 1041	93.25	
Administrative charge by State Purchasing		
Department	<u>2.56</u>	<u>95.81</u>
Total equipment purchases		<u>\$1,141.43</u>
Total budget for equipment purchases		<u>\$1,250.00</u>



STATE OF NEVADA  
STATE BOARD OF ARCHITECTURE  
AUDIT REPORT  
FOR THE PERIOD ENDED JUNE 30, 1963

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  
FAIRVIEW 2-9471

October 3, 1963

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, 1963. 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 financial condition of the Board at June 30, 1963 and the results of its operations for the year then ended:

Exhibit A - Statement of Financial Condition.

Exhibit B - Statement of Revenues and Expenditures  
and Budget Comparison.

Exhibit C - Comparative Statement of Revenues and  
Expenditures.

Our comments relating to these exhibits follow:

STATEMENT OF FINANCIAL CONDITION

The balance in the Board's deposit with the State Treasurer of Nevada, \$12,250.99, was confirmed by direct correspondence with that office.

The returned check on hand at June 30th was subsequently re-deposited in July 1963.

We confirmed the Board's petty cash fund by actual count during the course of our examination.

The equipment record as maintained by the Nevada State Purchasing Department was reconciled with the equipment examined at the Board's offices and found to be in agreement therewith.

Unappropriated surplus at June 30, 1963 of \$12,291.99 represented a \$1,572.31 increase over that of the previous year end. This increment resulted entirely from the excess of revenues over expenditures for the year as set forth in Exhibit B.

STATEMENT OF REVENUES AND EXPENDITURES AND  
BUDGET COMPARISON

Operations for the year under review resulted in an excess of revenues over expenditures of \$1,572.31, as noted above. This resulted primarily from an unexpected increase in new license applications. As Exhibit B illustrates, expenditures were held within the overall limitation provided by the Board's budget for the year. In view of the unusual increase in new applications for licenses, this result was possible only because no salaries were drawn by any members of the Board during the year and travel costs were held to a minimum.

COMPARATIVE STATEMENT OF REVENUES AND EXPENDITURES

As Exhibit C clearly portrays, the operations of the Board during the year under review reflected a remarkable growth in its operations over those of the preceding year. It is anticipated that this growth will continue, and to this end action has been initiated to amend the Board's 1963-64 budget so as to make suitable provision for this increased activity. This amendment will also provide for such modification as will be required to implement statutory changes resulting from the 1963 legislative session.

## GENERAL COMMENTS

1. Our examination included a review of the internal control of the Board's financial operations. Within the natural limitations of any office employing only one clerk, we found this control to be entirely satisfactory. Our tests included correlation of carbons of receipts issued with the Board's financial records, member files and 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 of the Board were deposited with the State Treasurer and payments of proper claims accomplished by submission of a properly approved claim to the office of the State Controller. Subsequent to June 30, 1963 this procedure has been modified pursuant to the provisions of S.B. 60 of the 1963 Nevada Legislature. Presently, the Board maintains a commercial account into which all receipts are deposited and from which all approved claims are paid. This account is to be maintained at a nominal level and is subject to withdrawal by the Secretary of the Board or one other Board member. Funds not required for current operations are now kept on deposit in two local savings and loan associations. Both signatures are required for all withdrawals from savings accounts. All persons authorized to sign withdrawals are bonded to the extent of \$5,000.00 each. The Board's clerk who is responsible for the receipt and deposit of fees (generally by check) is being bonded to a \$2,500.00 limit.

3. We found the Board's permanent files and financial records to be particularly well maintained.

In our opinion the attached exhibits present fairly the financial condition of the State Board of Architecture of Nevada at June 30, 1963 and the results of its operations for the year then ended 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*

PUBLIC ACCOUNTANTS



STATE BOARD OF ARCHITECTURE OF NEVADA  
STATEMENT OF FINANCIAL CONDITION  
JUNE 30, 1963

ASSETS

CURRENT ASSETS:

Cash on Deposit with State Treasurer of Nevada	\$12,250.99
Returned Checks on Hand	25.00
Petty Cash Fund	<u>15.00</u>

Total Current Assets	\$12,290.99
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FIXED ASSETS:

Office Furniture and Equipment (at Nominal Value)	<u>1.00</u>
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Total Assets	<u>\$12,291.99</u>
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LIABILITIES AND SURPLUS

LIABILITIES	\$ None
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UNAPPROPRIATED SURPLUS	<u>12,291.99</u>
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Total Liabilities and Surplus	<u>\$12,291.99</u>
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STATE BOARD OF ARCHITECTURE OF NEVADA  
STATEMENT OF REVENUES AND EXPENDITURES  
AND BUDGET COMPARISON  
FOR THE YEAR ENDED JUNE 30, 1963

	<u>BUDGETED</u>	<u>ACTUAL</u>	<u>EXCESS OF ACTUAL OVER BUDGETED</u>
<b>REVENUES:</b>			
Interviews and Examination Fees	\$1,800.00	\$ 3,740.00	\$1,940.00
Licenses, Reciprocity	1,000.00	1,200.00	200.00
License Renewals and Restorations	<u>5,500.00</u>	<u>5,200.00</u>	<u>(300.00)</u>
Total Revenues	<u>\$8,300.00</u>	<u>\$10,140.00</u>	<u>\$1,840.00</u>
<b>EXPENDITURES:</b>			
Board Salaries	\$ 720.00	\$ -	\$ (720.00)
Secretary's Salary	200.00	-	(200.00)
Clerical Salary	1,800.00	1,800.00	-
<b>Travel - Out of State:</b>			
Transportation	2,160.00	1,310.05	(849.95)
Per Diem	390.00	277.00	(113.00)
<b>Travel - In State:</b>			
Transportation	680.00	494.10	(185.90)
Per Diem	360.00	247.00	(113.00)
Industrial Insurance	-	219.12	219.12
Building Rentals	-	280.00	280.00
Equipment Rentals	110.00	102.70	(7.30)
Freight and Postage	150.00	215.04	65.04
<b>Printing:</b>			
Annual Register	150.00	143.46	(6.54)
Other Forms	100.00	382.19	282.19
Miscellaneous	165.00	64.88	(100.12)
Office Supplies and Expense	365.00	436.70	71.70
Telephone and Telegraph	335.00	643.28	308.28
Legal Services	-	150.00	150.00
Audit and Accounting	200.00	400.00	200.00
Examination Expense	570.00	1,034.80	464.80
Convention Registration	75.00	68.00	(7.00)
NCARB Dues	130.00	130.00	-
Investigation Expense	-	19.62	19.62
Capital Outlay, Equipment	<u>190.00</u>	<u>149.75</u>	<u>(40.25)</u>
Total Expenditures	<u>\$8,850.00</u>	<u>\$ 8,567.69</u>	<u>\$ (282.31)</u>
Excess of Revenues Over Expenditures	<u>\$ (550.00)</u>	<u>\$ 1,572.31</u>	<u>\$2,122.31</u>



STATE BOARD OF ARCHITECTURE OF NEVADA  
COMPARATIVE STATEMENT OF REVENUES AND EXPENDITURES  
FOR THE YEARS ENDED JUNE 30, 1962 AND JUNE 30, 1963

	YEAR ENDED		INCREASE OR (DECREASE)
	JUNE 30, 1962	JUNE 30, 1963	
<b><u>REVENUES:</u></b>			
License Fees	\$4,825.00	\$ 6,400.00	\$1,575.00
Examination and Treatise Fees	905.00	3,740.00	2,835.00
Total Revenues	<u>\$5,730.00</u>	<u>\$10,140.00</u>	<u>\$4,410.00</u>
<b><u>EXPENDITURES:</u></b>			
Salaries	\$1,610.00	\$ 1,800.00	\$ 190.00
Travel - Out of State	382.10	1,587.05	1,204.95
Travel - In State	638.25	741.10	102.85
Rentals - Equipment	90.76	102.70	11.94
Freight and Postage	97.17	215.04	117.87
Printing	228.29	590.53	362.24
Office Supplies and Expense	297.57	436.70	139.13
Telephone and Telegraph	314.38	643.28	328.90
Dues	90.00	130.00	40.00
Examination Expense	119.50	1,034.80 (1)	915.30
Capital Outlay	359.00	149.75	(209.25)
Industrial Insurance	-	219.12 (2)	219.12
Investigation Expense	-	19.62	19.62
Legal Expense	-	150.00	150.00
Audit	-	400.00	400.00
Rental - Building	-	280.00	280.00
Convention Registration	-	68.00	68.00
Total Expenditures	<u>\$4,227.02</u>	<u>\$ 8,567.69</u>	<u>\$4,340.67</u>
Excess of Revenues Over Expenditures	<u>\$1,502.98</u>	<u>\$ 1,572.31</u>	<u>\$ 69.33</u>

**NOTES:**

- (1) Includes expenditures of \$620.00 applicable to examinations of prior fiscal year.
- (2) Includes coverage for prior fiscal year.



STATE OF NEVADA  
NEVADA REAL ESTATE COMMISSION  
AUDIT REPORT  
FOR THE PERIOD ENDED JUNE 30, 1963

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  
FAIRVIEW 2-9471

October 17, 1963

Nevada Real Estate Commission  
222 North Carson Street  
Carson City, Nevada

Gentlemen:

Pursuant to your request, we have audited the accounts and records of the Nevada Real Estate Commission for the year ended June 30, 1963. 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 financial condition of the Commission at June 30, 1963, and the result of its operations for the year then ended:

Exhibit A - Statement of Financial Condition.

Exhibit B - Statement of Revenues and Expenditures  
and Budget Comparison.

Exhibit C - Comparative Statement of Revenues and  
Expenditures.

Our comments relating to these exhibits follow.

STATEMENT OF FINANCIAL CONDITION

Cash on deposit with the Security National Bank of Nevada, Carson City Branch was confirmed by direct correspondence and reconciled to the book balance.

The Commission's cash on deposit with the Treasurer of the State of Nevada, \$12,605.08, was confirmed with that office.

The equipment record as maintained by the Nevada State Purchasing Department was compared with the equipment examined at the Commission's Carson City and Las Vegas offices and found to be in agreement therewith.

The unappropriated surplus at June 30, 1963, \$12,706.08, was \$5,295.03 less than that of the previous year end.

STATEMENT OF REVENUES AND EXPENDITURES  
AND BUDGET COMPARISON

Operations for the year under review resulted in an excess of expenditures over revenues of \$5,295.03 as noted above. The budget appropriations as presented in this exhibit are those of the Commission's work program as originally adopted. An amendment of this program was authorized April 14, 1963 by the Office of the Budget Director. This amendment reduced the appropriation for salaries \$5,000.00 and equipment \$3,500.00, and increased the appropriation for travel and operating budget \$8,500.00. Since these increases are not defined as to the account to be affected, we were unable to reflect this change in the attached exhibit. As exhibit B illustrates, expenditures were within the over-all limitations provided by the Commission's budget for the year.

COMPARATIVE STATEMENT OF REVENUE AND EXPENDITURES

Exhibit C compares the operations of the current year with that of the year ended June 30, 1962. We note that the operating deficit for the current year was \$16,626.41 less than that of the preceding year.

GENERAL COMMENTS

1. Our examination included a review of the internal control of the Commission's financial operations, and we found this control to be

entirely satisfactory. Our tests included correlation of carbons of receipts issued with the Commission's financial records and member files.

2. During the year under review all receipts of the Commission were deposited with the Security National Bank of Nevada, Carson City Branch, and payment of proper claims was accomplished by issuance of a warrant drawn on that bank. Subsequent to June 30, 1963, this procedure has been modified pursuant to the provisions of N.R.S. 232 as amended by the 1963 Nevada Legislature wherein the operations of the Commission were placed under the jurisdiction of the newly formed Department of Commerce.

3. We found the Commission's licensee files and financial records particularly well maintained.

In our opinion the attached exhibits present fairly the financial condition of the Nevada Real Estate Commission at June 30, 1963, and the results of its operations for the year then ended 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*  
PUBLIC ACCOUNTANTS



NEVADA REAL ESTATE COMMISSION  
STATEMENT OF FINANCIAL CONDITION  
JUNE 30, 1963

ASSETS

CURRENT ASSETS:

Security National Bank - Carson City	\$ 100.00
Cash on Deposit With Nevada State Treasurer	<u>12,605.08</u>

Total Current Assets	\$12,705.08
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FIXED ASSETS:

Office Furniture and Equipment	<u>1.00</u>
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Total Assets	<u>\$12,706.08</u>
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LIABILITIES AND SURPLUS

LIABILITIES	\$ None
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UNAPPROPRIATED SURPLUS	<u>12,706.08</u>
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Total Liabilities and Surplus	<u>\$12,706.08</u>
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NEVADA REAL ESTATE COMMISSION  
STATEMENT OF REVENUES AND EXPENDITURES  
AND BUDGET COMPARISON  
FOR THE YEAR ENDED JUNE 30, 1963

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>OVER OR (UNDER) BUDGET</u>
<b>REVENUES:</b>			
Licenses	\$ 70,000.00	\$65,885.00	\$ (4,115.00)
Examination	10,000.00	14,181.00	4,181.00
Transfers, Penalties and Miscellaneous	<u>5,000.00</u>	<u>6,632.20</u>	<u>1,632.20</u>
Total Revenues	<u>\$ 85,000.00</u>	<u>\$86,698.20</u>	<u>\$ 1,698.20</u>
<b>EXPENDITURES:</b>			
Salaries	\$ 58,000.00	\$50,745.38	\$ (7,254.62)
Travel:			
In-State	8,000.00	5,350.04	(2,649.96)
Out-State	2,000.00	4,020.15	2,020.15
Office Supplies and Expense	3,000.00	2,298.10	(701.90)
Rent	9,500.00	9,101.28	(398.72)
Postage	2,000.00	1,645.75	(354.25)
Printing	4,500.00	3,513.92	(986.08)
Telephone and Telegraph	3,200.00	2,746.21	(453.79)
Industrial Insurance	500.00	391.91	(108.09)
Employee Retirement	3,000.00	2,251.46	(748.54)
Repairs and Maintenance	1,100.00	1,251.76	151.76
Legal and Accounting	-	6,093.32	6,093.32
Dues and Subscriptions	-	249.20	249.20
Insurance	200.00	407.64	207.64
Miscellaneous	-	785.00	785.00
Office Equipment	<u>5,000.00</u>	<u>1,142.11</u>	<u>(3,857.89)</u>
Total Expenditures	<u>\$100,000.00</u>	<u>\$91,993.23</u>	<u>\$ (8,006.77)</u>
Excess of Expenditures Over Revenues	<u>\$ 15,000.00</u>	<u>\$ (5,295.03)</u>	<u>\$ (9,704.97)</u>





NEVADA REAL ESTATE COMMISSION  
COMPARATIVE STATEMENT OF REVENUES AND EXPENDITURES  
FOR THE YEARS ENDED JUNE 30, 1962 AND JUNE 30, 1963

	YEAR ENDED		INCREASE OR (DECREASE)
	JUNE 30, 1962	JUNE 30, 1963	
<b>REVENUES:</b>			
Licenses and Transfers	\$62,844.00	\$70,076.00	\$ 7,232.00
Examinations	10,671.00	14,181.00	3,510.00
Penalties	1,650.00	1,782.00	132.00
Miscellaneous	1,337.62	659.20	(678.42)
<b>Total Revenues</b>	<b>\$76,502.62</b>	<b>\$86,698.20</b>	<b>\$ 10,195.58</b>
<b>EXPENDITURES:</b>			
Salaries	\$53,267.50	\$50,745.38	\$ (2,522.12)
Travel:			
In-State	8,310.31	5,350.04	(2,960.27)
Out-State	1,605.97	4,020.15	2,414.18
Office Supplies and Expense	3,196.26	2,298.10	(898.16)
Rent	8,065.00	9,101.28	1,036.28
Postage	1,766.24	1,645.75	(120.49)
Printing	2,885.78	3,513.92	628.14
Telephone and Telegraph	2,983.75	2,746.21	(237.54)
Industrial Insurance	417.62	391.91	(25.71)
Employee Retirement	2,423.02	2,251.46	(171.56)
Repairs and Maintenance	1,430.51	1,251.76	(178.75)
Legal and Accounting	5,452.13	6,093.32	641.19
Dues and Subscriptions	599.10	249.20	(349.90)
Insurance	178.36	407.64	229.28
Miscellaneous	541.75	785.00	243.25
Office Equipment	2,633.31	1,142.11	(1,491.20)
NALLO Conference	2,667.45	-	(2,667.45)
<b>Total Expenditures</b>	<b>\$98,424.06</b>	<b>\$91,993.23</b>	<b>\$ (6,430.83)</b>
<b>Excess of Expenditures Over Revenues</b>	<b>\$21,921.44</b>	<b>\$ 5,295.03</b>	<b>\$ (16,626.41)</b>



STATE OF NEVADA  
NEVADA STATE BOARD OF PHARMACY  
AUDIT REPORT  
FOR THE PERIOD ENDED JUNE 30, 1963

GEORGE L. PETTYCREW  
PUBLIC ACCOUNTANT  
Reno, Nevada



**GEORGE L. PETTYCREW**

139 NORTH VIRGINIA STREET

TELEPHONE FA. 2-2439

RENO, NEVADA

December 12, 1963

PUBLIC ACCOUNTANT

LICENSED REAL ESTATE BROKER

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, 1963.

All accounts were not verified 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,

  
George L. Pettycrew



Nevada State Board of Pharmacy  
Reno, Nevada  
\* \* \* \* \*  
Audit Report  
June 30, 1963

General Comment:

The financial records of the Nevada State Board of Pharmacy are kept on the cash basis. Internal control is quite adequate to assure the accuracy of all records. A combined cash journal is the book of original entry, from which entries are posted to the general ledger. Such records are complete and are correctly maintained.

Records of the individual pharmacists and other permit holders were test-checked for the payments of required fees and charges..

Expenditures are properly authorized and are supported by required invoices or other documents. Disbursements are made by check.

Bank statements and related records were 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. Proper records had been made.

The minutes recording the business transacted by the Board are complete and properly kept.

It is appropriate to comment that it is a pleasure to examine records which efficiently display accurate and complete information, as these records do.





Nevada State Board of Pharmacy  
Reno, Nevada  
\* \* \* \* \*  
Statement of Receipts and Disbursements  
For the Fiscal Year Ending June 30, 1963

Cash on Hand, July 1, 1962		\$33,337.94
Receipts:		
Reciprocals, Renewals and Certificates	\$21,385.00	
Examination	3,330.00	
Pharmacy Permits	3,330.00	
General Dealers	216.00	
Wholesalers and Manufacturers	1,700.00	
Miscellaneous: Grades, Temporary Permits, etc.	<u>669.07</u>	
Total Receipts		<u>30,630.07</u>
Total Cash to Account For		<u>\$63,968.01</u>
Disbursements:		
Salary	\$3,713.00	
1963 FICA Deductions not paid this period	(36.41)	
1962 FICA Deductions paid this period	29.62	
Employer's FICA Expense paid	118.46	
Industrial Insurance	178.30	
Mileage	1,071.51	
Subsistence	1,019.44	
Postage	286.86	
Printing and Stationery	1,217.57	
Telephone and Telegraph	1,070.15	
Rent	265.00	
Inspection Expense	1,400.00	
Examination Expense	439.64	
Legal	2,172.74	
Secretarial Service	1,250.00	
Per Diem	1,530.00	
Supplies	334.93	
Convention Expense	808.09	
Subscriptions and Publications	155.00	
Miscellaneous	191.60	
Office Equipment	<u>443.20</u>	
Total Disbursements		17,658.70
Cash on Hand, June 30, 1963		<u>46,309.31</u>
Total Cash Accounted For		<u>\$63,968.01</u>



Nevada State Board of Pharmacy  
Reno, Nevada  
\* \* \* \* \*  
Balance Sheet  
June 30, 1963

Assets:

Cash Items:

Nevada Bank of Commerce	\$43,966.31	
Cash Items for Deposit in Bank	2,323.00	
Petty Cash	<u>20.00</u>	
Total Cash on Hand		\$46,309.31
Office Equipment		<u>742.20</u>
Total Assets		<u><u>\$47,051.51</u></u>

Liabilities and Fund Balance:

FICA Deduction Not Paid	\$ 36.41	
Fund Balance		<u>47,015.10</u>
Total Liabilities and Fund Balance		<u><u>\$47,051.51</u></u>



**STATE OF NEVADA**  
**NEVADA STATE BOARD OF PUBLIC ACCOUNTANTS**  
**FOR THE PERIOD ENDED JUNE 30, 1963**

**KAROURY, 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  
FAIRVIEW 2-9471

December 17, 1963

Board of Directors  
Nevada State Board of Public Accountants  
P. O. 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 year ended June 30, 1963. 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 year ended June 30, 1963 in accordance with generally accepted accounting principles consistently applied.

Respectfully submitted,

*Kafoory, Armstrong and Bernard*  
PUBLIC ACCOUNTANTS





NEVADA STATE BOARD OF PUBLIC ACCOUNTANTS  
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS  
FOR FISCAL YEAR ENDED JUNE 30, 1963

RECEIPTS:

Examination Fees	\$1,750.00
License Renewal Fees	5,660.00
Reciprocity Certificate Fees	325.00
Public Accountant Registration Fees	<u>150.00</u>

Total Receipts	\$ 7,885.00
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DISBURSEMENTS:

Examination Expense	\$1,653.41
Contract Services	879.00
Office Supplies and Expense	203.54
Printing	288.87
Telephone	38.98
Board Travel, In-State	201.73
Board Members Fees	125.00
Office Rental	<u>600.00</u>

Total Disbursements	<u>3,990.53</u>
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Excess Receipts Over Disbursements	\$ 3,894.47
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Cash Balance, July 1, 1962	<u>12,104.42</u>
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Balance, June 30, 1963	<u>\$15,998.89</u>
------------------------	--------------------

REPRESENTED BY:

Commercial Account, First National Bank of  
Nevada, Main Office, Reno, Nevada

\$15,998.89



NEVADA STATE BOARD OF PUBLIC ACCOUNTANTS  
STATEMENT OF RECEIPTS AND DISBURSEMENTS AS  
COMPARED TO LEGISLATIVE INTENT  
FOR FISCAL YEAR ENDED JUNE 30, 1963

	<u>LEGISLATIVE INTENT</u>	<u>ACTUAL</u>	<u>OVER OR (UNDER) INTENT</u>
Cash Balance, July 1, 1962		<u>\$12,104.42</u>	
<u>RECEIPTS:</u>			
Examination Fees		\$ 1,750.00	
License Renewal Fees		5,660.00	
Reciprocity Certificate Fees		325.00	
Public Accountant Registration Fees		<u>150.00</u>	
Total Receipts	<u>\$5,140.00</u>	<u>\$ 7,885.00</u>	<u>\$ 2,745.00</u>
Total Funds Available		<u>\$19,989.42</u>	
<u>DISBURSEMENTS:</u>			
Examination Expense	\$1,400.00	\$ 1,653.41	\$ 253.41
Contract Services	1,000.00	879.00	(121.00)
Office Supplies and Expense	300.00	203.54	(96.46)
Printing	600.00	288.87	(311.13)
Telephone	100.00	38.98	(61.02)
Board Travel, In-State	840.00	201.73	(638.27)
Board Member Fees	-	125.00	125.00
Office Rental	<u>900.00</u>	<u>600.00</u>	<u>(300.00)</u>
Total Disbursements	<u>\$5,140.00</u>	<u>\$ 3,990.53</u>	<u>\$(1,149.47)</u>
Cash Balance, June 30, 1963		<u>\$15,998.89</u>	



STATE OF NEVADA  
NEVADA STATE CONTRACTORS BOARD  
AUDIT REPORT  
FOR THE PERIOD ENDED JUNE 30, 1963

SEMENZA & KOTTINGER  
CERTIFIED PUBLIC ACCOUNTANTS  
320 South Virginia Street  
Post Office Box 30  
Reno, Nevada



**SEMENZA & KOTTINGER**  
**CERTIFIED PUBLIC ACCOUNTANTS**  
320 SOUTH VIRGINIA STREET  
POST OFFICE BOX 30  
RENO, NEVADA

LAWRENCE J. SEMENZA  
WILLIAM B. KOTTINGER  
JOSEPH W. McMULLEN

TELEPHONE  
FAIRVIEW 3-6113

JAMES L. MURPHY  
JOHN F. RHODES  
JOHN R. SINKEY  
ROBERT J. SOMPS

September 13, 1963

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, 1962 to June 30, 1963 and have prepared therefrom the following exhibits:

Statement of Financial Condition, June 30, 1963	- Exhibit A
Statement of Revenues and Expenditures, for the fiscal year ended June 30, 1963	- Exhibit B

Functions of Agency

Chapter 624, Nevada Revised Statutes, establishes the State Contractors Board and defines its composition, duties and powers. NRS 624.040 creates the Board and NRS 624.150 authorizes its fund. The function of the Nevada State Contractors Board is to license and 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 analyses of accounting records and other supporting documents to the extent which, in our opinion, was adequate to satisfy ourselves as to the general accuracy of the records.

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 list 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 now 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 flow of paper work and procedures attendant upon licensing activities, and we believe that the office is being operated at maximum efficiency. The records of the Board are properly safeguarded and methods are to be initiated whereby the license records are to be microfilmed and stored in a safety deposit box.

#### Efficiency of Subordinate Employees

During the course of our examination, we observed that the staff members are conducting the business of the Board in a courteous and competent manner.



It is our opinion 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, 1961 for the period May 1, 1961 to May 1, 1964. 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 not to exceed in the aggregate the amount of \$10,000.00 as stated in the policy.

Automobiles owned by the Board are covered by a Glen Falls Insurance Company policy expiring June 30, 1964 written in limits as follows:

Bodily injury	\$100,000/300,000
Property damage	10,000
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, 1964. Fire and extended coverage is provided in the sum of \$13,500.00 with a 90% co-insurance clause.

Previous audit reports have suggested that the Board should seek a 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 do not appear to have clarified this area.

#### Leases

The Board has entered into a lease for the office premises located at 700 Ryland Avenue. 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 exercised in September 1962 and a deposit of \$425.00 was placed with the lessor. Mr. Ed Kruse, superintendent of grounds of the State of Nevada, approved the lease. The office premises of the Board in Las Vegas, Nevada is on a month-to-month tenancy basis. However, it is contemplated that a lease will be signed on the Las Vegas office in the near future.

#### 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. Expenditures from 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 year. At the Board meeting of January 24-26, 1963, it was unanimously approved to increase the fund by the sum of \$10,000.00.

The following tabulation is presented for comparison of the actual Receipts and Expenditures for the fiscal year 1962-1963 with the Work Program for the fiscal year 1962-1963:

	Actual Fiscal Year 1962-63	Work Program Fiscal Year 1962-63	Over or under amounts authorized
<u>Revenue</u>			
Renewals	\$ 77,745.00	\$ 70,000.00	\$ 7,745.00
New licenses and applications	44,135.00	35,000.00	9,135.00
Interest and miscellaneous	4,145.99	4,000.00	145.99
	<u>126,025.99</u>	<u>\$109,000.00</u>	<u>\$17,025.99</u>
<u>Expenditures</u>			
Salaries	60,299.35	\$ 60,880.00	(\$ 580.65)
Travel	12,115.12	14,000.00	( 1,884.88)
Operating expense	33,245.98	27,000.00	6,245.98
Equipment	7,521.58	7,000.00	521.58
	<u>113,182.03</u>	<u>\$108,880.00</u>	<u>\$ 4,302.03</u>
Excess of revenue over expenditures	<u>\$ 12,843.96</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. Sales and use taxes paid - NRS 372.325 specifically exempts any agency of the State of Nevada from paying a sales tax. During the year under review, it was noted that sales tax was paid on various invoices for merchandise purchased by the Board.

2. Personnel - There does not appear to be any authority in the law for a state department to pay health and welfare insurance costs for its employees. The Board has been making such payments in connection with a health and welfare program covering its employees. It may have such authority under the recent amendments to Chapter 624, however, this and other areas commented on in following paragraphs should be referred to legal counsel for an opinion.

3. The employees of the Board are not in classified service. NRS 284.140 and 284.150 indicate that employees should be. However, in view of the recent amendments to Chapter 624, NRS it is possible all employees should be in unclassified service.

4. NRS 286.040 indicates that employees of the Board are subject to the Public Employees Retirement Act, and NRS 286.090 indicates that all public employers shall participate in the system and their employees shall be members of the system. However, in view of the recent amendments to Chapter 624, NRS, legal counsel should determine whether it is permissible for the Board to exclude employees from the Public Employees Retirement System and in lieu thereof make payments under the Federal Insurance Contributions Act (commonly called Social Security Act) as the Board is presently doing in the same manner as private employers.

5. The tabulation in the "Status and Conditions of Funds" section of this report shows expenditures in excess of the work program submitted and approved. We did not find any approval 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 Amended Chapter 624 for the Board to submit requests for changes of 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 a question whether or not the Board is required to obtain approval of changes in work program from the Director of the Budget.

#### Suggested Changes

Certain changes were recommended in previous audit reports and action on some of them has been taken during the year under review. A card index file of fixed assets was initiated and we found it to be in good order and complete. We took a physical inventory of all furniture and equipment in the Reno office.

A number of items of non-compliance with statutes listed in the previous years audit report were corrected by amendments to the statutes during the last legislative session. The Board is now authorized to hire legal assistance, independent accountants for auditing purposes and may own automobiles that are not identified with any insignia or label denoting a state-owned vehicle.

#### Statement of Financial Condition - Exhibit A

The funds available to the Board at June 30, 1963 are set forth in Exhibit A and totaled \$108,382.41. 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 Furniture and 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, 1962 to June 30, 1963 are summarized as follows:

Balance, June 30, 1962	\$63,423.87
Add: Excess of revenues over expenditures for the fiscal year ended June 30, 1963	<u>12,843.96</u>
Balance, June 30, 1963	<u>\$76,267.83</u>
Appropriated as follows:	
Enforcement Fund	\$70,000.00
Unappropriated Surplus	<u>6,267.83</u>
Total	<u>\$76,267.83</u>

Statement of Revenues and Expenditures - Exhibit B

A comparison of revenues and expenditures for the fiscal years ended June 30, 1962 and June 30, 1963 is reflected in Exhibit B. The revenues for the fiscal year ended June 30, 1963 totaled \$126,025.99 as compared to revenues of \$79,461.44 for the previous fiscal year. Expenditures for normal operating costs totaled \$105,660.45 for the fiscal year ended June 30, 1963 as compared to \$80,642.86 for the prior year. Expenditures for fixed assets during the fiscal year ended June 30, 1963 amounted to \$7,521.58 as compared to \$21,805.38 for the preceding year. License renewal fees for 1963 were increased from \$15.00 to \$20.00; applications for new licenses were increased from \$15.00 to \$30.00 and new license fees were increased from \$15.00 to

\$20.00. This increase in application fees and license fees resulted in an excess of revenues over expenditures totaling \$12,843.96 for the fiscal year ended June 30, 1963 as compared to an excess of expenditures over revenues for the prior fiscal year of \$22,986.80.

Opinion

We have examined the Statement of Financial Condition of the Nevada State Contractors Board as of June 30, 1963 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 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, 1963, and the result of its operations for the year then ended, in conformity with generally accepted auditing principles, applied on a basis consistent with practices usually followed in departments and agencies of the State of Nevada.

Yours very truly,

*Lemmya Köttinger*

NEVADA STATE CONTRACTORS BOARD  
STATEMENT OF FINANCIAL CONDITION  
JUNE 30, 1963

ASSETSCURRENT ASSETS

Cash in banks		
Security National Bank of Reno - checking account	\$ 5,974.80	
Security National Bank of Reno - savings account #6278	25,874.98	
Reserve savings accounts		
Union Federal Savings & Loan Association #3048	\$ 9,756.72	
First National Bank of Nevada #6904	9,716.30	
Nevada Bank of Commerce #2711	9,525.42	
American Savings & Loan Associa- tion #2994	9,465.39	
Bank of Las Vegas #9296	3,371.97	
Bank of Las Vegas #9297	5,619.71	
Bank of Nevada #2-0859	11,143.69	
Nevada State Bank #792	9,463.39	
First National Bank of Ely #15408	8,470.04	
	<u>76,532.63</u>	\$108,382.41

FIXED ASSETS

Furniture and office equipment	1.00	
Automobiles	<u>1.00</u>	2.00

OTHER ASSETS

Deposit on safety deposit key		<u>2.08</u>
		<u>\$108,386.49</u>

LIABILITIES AND SURPLUSCURRENT LIABILITIES

Accrued payroll taxes	\$ 1,118.66	
Cash bonds posted by licensees	<u>31,000.00</u>	\$ 32,118.66

SURPLUS

Balance, June 30, 1962	63,423.87	
Add: Excess of revenues over expenditures for the fiscal year ended June 30, 1963 (Exhibit B)	<u>12,843.96</u>	76,267.83
Allocated as follows:		
Enforcement fund, per resolution of the Board, October 13, 1961	\$70,000.00	
Unappropriated surplus	<u>6,267.83</u>	
	<u>\$76,267.83</u>	
		<u>\$108,386.49</u>





NEVADA STATE CONTRACTORS BOARD  
COMPARATIVE STATEMENT OF REVENUES AND EXPENDITURES FOR THE  
FISCAL YEARS ENDED JUNE 30, 1963 AND JUNE 30, 1962

	FISCAL YEAR ENDED JUNE 30, 1963	FISCAL YEAR ENDED JUNE 30, 1962	INCREASE OR (DECREASE)
<u>REVENUES</u>			
License renewals	\$ 77,745.00	\$ 51,705.00	\$26,040.00
New licenses issued	18,605.00	11,685.00	6,920.00
Application fees	25,530.00	12,585.00	12,945.00
Interest income	2,690.23	2,809.01	( 118.78)
Miscellaneous	<u>1,455.76</u>	<u>677.43</u>	<u>778.33</u>
Total	<u>126,025.99</u>	<u>79,461.44</u>	<u>46,564.55</u>
<u>EXPENDITURES</u>			
Board expense and travel	3,971.94	3,747.44	224.50
Legal	2,964.02	2,350.00	614.02
Auditing	600.00		600.00
Office salaries	32,146.35	25,561.12	6,585.23
Investigators' salaries	28,153.00	20,090.00	8,063.00
Investigators' per diem	4,928.12	3,707.28	1,220.84
Rent	6,575.00	5,950.00	625.00
Telephone and telegraph	2,552.91	2,380.26	172.65
Office supplies and printing	7,370.21	5,281.98	2,088.23
Postage and freight	4,183.36	2,290.08	1,893.28
Credit reports	2,234.69	1,483.24	746.45
F.I.C.A. taxes	2,018.33	936.40	1,081.93
Industrial insurance	596.65	266.79	329.86
Health and welfare insurance	1,916.40	1,487.80	428.60
Car expense	3,215.06	2,973.57	241.49
Miscellaneous	711.57	669.09	42.48
Equipment repair	141.17	304.73	( 163.56)
Insurance	<u>1,381.67</u>	<u>1,158.08</u>	<u>223.59</u>
Total	<u>105,660.45</u>	<u>80,642.86</u>	<u>25,017.59</u>
Excess of revenues over operating expense (less purchase of fixed assets)	<u>20,365.54</u>	<u>( 1,181.42)</u>	<u>21,546.96</u>
Purchase of fixed assets			
Automobile	2,500.00	8,497.68	( 5,997.68)
Office furniture	381.30	5,203.38	( 4,821.58)
Office equipment	<u>4,639.78</u>	<u>8,104.32</u>	<u>( 3,464.54)</u>
	<u>7,521.58</u>	<u>21,305.38</u>	<u>(14,283.80)</u>
Excess of revenues over expenditures	<u>\$ 12,843.96</u>	<u>(\$ 22,986.80)</u>	<u>\$35,830.76</u>



**STATE OF NEVADA**  
**NEVADA STATE BOARD OF DISPENSING OPTICIANS**  
**AUDIT REPORT**

**FOR THE PERIOD ENDED JUNE 30, 1963**

**HEPPNER & Mc COMBS**  
**CERTIFIED PUBLIC ACCOUNTANTS**



HEPPNER & McCOMBS

VERNON C. HEPPNER, C.P.A.  
ROBERT P. McCOMBS, C.P.A.

CERTIFIED PUBLIC ACCOUNTANTS  
SECURITY NATIONAL BANK BUILDING  
180 WEST FIRST STREET  
RENO, NEVADA

TELEPHONE  
329-3428

December 2, 1963

Nevada State Board of  
Dispensing Opticians  
Office of the Secretary  
134 South Fourth Street  
Las Vegas, Nevada

Gentlemen:

We have examined the Balance Sheet of the Nevada State Board of Dispensing Opticians as of June 30, 1963, and the related Statement of Revenues and Expenditures for the year then ended. In connection therewith, we have prepared the following attached statements:

Balance Sheet, June 30, 1963                      --    Exhibit A

Statement of Revenues and  
Expenditures for the Year Ended  
June 30, 1963                                      --    Exhibit B

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 Statement of Revenues and Expenditures present fairly the financial position of the Nevada State Board of Dispensing Opticians as of June 30, 1963 and the

results of its operations for the year then ended in conformity with generally accepted accounting principles applied on a basis consistent with the preceding year.

Yours very truly,

*Weyman & McCombs*

EXHIBIT A

NEVADA STATE BOARD OF DISPENSING OPTICIANS

BALANCE SHEET

JUNE 30, 1963

ASSETS

CURRENT ASSETS

Cash on deposit with State Treasurer (Note) \$2,375.71

\$2,375.71

LIABILITIES

CURRENT LIABILITIES

Transfer payable to State General Fund \$ 198.16

FUND EQUITY

Balance, July 1, 1962 \$2,186.05

Less excess of expenditures over revenue  
for the year ended June 30, 1963 (Exhibit B)

8.50

Balance, June 30, 1963

2,177.55

\$2,375.71

NOTE

During the last session of the Nevada State Legislature under Senate Bill No. 60, N.R.S. 637.060 has been revised and states that funds collected by the Nevada State Board of Dispensing Opticians shall be deposited in banks or savings and loan associations in Nevada and such moneys may be drawn on by the Board for payment of all expenses incurred in the administration of the provisions of Chapter 637 of the N.R.S.

In the latter part of August the State of Nevada made the following transactions for the Nevada State Board of Dispensing Opticians:

Transfer payable to General Fund \$ 198.16

Transfer of funds to the Nevada State  
Board of Dispensing Opticians

2,177.55

\$2,375.71





NEVADA STATE BOARD OF DISPENSING OPTICIANS  
STATEMENT OF REVENUES AND EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 1963

	<u>BUDGETED</u>	<u>ACTUAL</u>
<u>REVENUE</u>		
License renewals	<u>\$325.00</u>	<u>\$315.00</u>
 <u>EXPENDITURES</u>		
Salaries	50.00	
Travel	200.00	53.00
Operating expense	75.00	29.00
Auditing		<u>210.00</u>
Total expenditures	<u>325.00</u>	<u>292.00</u>
 Excess of expenditures over revenue before required transfer to State General Fund		23.00
 Less required transfer to State General Fund	<u>31.50</u>	<u>31.50</u>
 Excess of expenditures over revenue	<u>\$(31.50)</u>	<u>\$ (8.50)</u>



STATE OF NEVADA  
NEVADA YOUTH TRAINING CENTER  
AUDIT REPORT

FOR THE PERIOD JULY 1, 1962 TO JUNE 30, 1963

LEGISLATIVE COUNSEL BUREAU  
NORMAN H. TERRELL, FISCAL ANALYST  
Carson City, Nevada  
December 31, 1963



Nevada Legislative Commission  
Capitol Building  
Carson City, Nevada

Gentlemen:

We have examined the accounts and records of the Nevada Youth Training Center for the fiscal year ended June 30, 1963, and have prepared therefrom the following attached exhibits and related schedules.

Statement of Financial Condition - Boys Fund June 30, 1963-----	Exhibit A
Statement of Financial Condition - Farm Contingent Fund June 30, 1963-----	Exhibit A-1
Statement of Financial Condition - Gift Fund June 30, 1963-----	Exhibit A-2
Statement of Basis for Appropriation Compared with Actual Revenues and Expenditures for Fiscal Year Ended June 30, 1963-----	Exhibit B
Statement of Cash Receipts and Disbursements - Farm Contingent Fund for Fiscal Year Ended June 30, 1963-----	Schedule 1
Statement of Cash Receipts and Expenditures - Gift Fund for Fiscal Year Ended June 30, 1963-----	Schedule 2
Statement of Funds on Deposit - Boys in Residence June 30, 1963-----	Schedule 3
Statement of Funds on Deposit - Boys on Parole June 30, 1963-----	Schedule 4
Statement of Funds on Deposit - Boys Released from Jurisdiction June 30, 1963-----	Schedule 5
Statement of Runaway Sacrifices-----	Schedule 6

### Functions of the Agency

Nevada Revised Statutes, sections 210.020 through 210.720, set forth the authorization for the Nevada Youth Training Center. The agency is to provide custody, training and treatment for boys committed as delinquent by the District Courts of the State of Nevada.

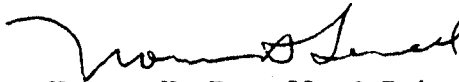
### Scope of Examination

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

In our opinion, the accompanying exhibits present fairly the operations of the Nevada Youth Training Center for the fiscal year ended June 30, 1963, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Carson City, Nevada  
December 31, 1963



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

NEVADA YOUTH TRAINING CENTER  
STATEMENT OF FINANCIAL CONDITION - BOYS FUND  
June 30, 1963

Assets

Cash in Bank	\$11,187.28
Cash on Hand	<u>180.36</u>
Total Assets	<u>\$11,367.64</u>

Liabilities

Funds on Deposit	
Boys in Residence	\$6,528.69
Boys on Parole	2,594.19
Boys Released from Jurisdiction	<u>316.50</u>
Suspense Fund (See Schedule 6)	<u>\$ 9,439.38</u>
	<u>1,928.26</u>
Total Liabilities	<u>\$11,367.64</u>





NEVADA YOUTH TRAINING CENTER  
STATEMENT OF FINANCIAL CONDITION - FARM CONTINGENT FUND  
June 30, 1963

<u>Assets</u>	
Cash	<u>\$2.81</u>
Total Assets	<u><u>\$2.81</u></u>
<u>Laibilities and Fund Equity</u>	
Fund Equity	<u>\$2.81</u>
Total Liabilities and Fund Equity	<u><u>\$2.81</u></u>



NEVADA YOUTH TRAINING CENTER  
STATEMENT OF FINANCIAL CONDITION - GIFT FUND  
June 30, 1963

<u>Assets</u>	
Cash	<u>\$430.31</u>
Total Assets	<u><u>\$430.31</u></u>
 <u>Liabilities and Fund Equity</u>	
Fund Equity	<u>\$430.31</u>
Total Liabilities and Fund Equity	<u><u>\$430.31</u></u>



## EXHIBIT B

NEVADA YOUTH TRAINING CENTER  
STATEMENT OF BASIS FOR APPROPRIATION COMPARED WITH ACTUAL REVENUES AND EXPENDITURES  
For the Fiscal Year Ended June 30, 1963

	Original Work Program	Basis for Appropriation	Actual Revenues and Expenditures	Over or (Under) Appropriation
<u>Revenues</u>				
Regular Appropriation	\$406,370.00	\$406,370.00	\$406,370.00	\$ -
Salary Adjustment Fund	10,578.00	10,578.00	10,578.00	-
Supplemental Appropriation				
A.B. 501	-	30,679.00	30,679.00	-
Receipts - Care of Boys	-	-	1,145.50	1,145.50
Miscellaneous Receipts	-	-	1,046.50	1,046.50
Transfer from Farm Contingent Fund	-	-	1,804.30	1,804.30
 Total Revenues	 \$416,948.00	 \$447,627.00	 \$451,623.30	 \$ 3,996.30
<u>Expenditures</u>				
Salaries	\$238,126.00	\$238,126.00	\$242,340.44	\$ 4,214.44
Travel - out-of-state	310.00	310.00	257.50	( 52.50)
Travel - in-state	5,800.00	5,800.00	5,842.04	42.04
Industrial Insurance	1,427.00	1,480.00	2,036.07	556.07
Retirement Payments	11,614.00	11,336.00	12,067.12	731.12
Personnel Assessments	2,038.00	2,050.00	2,038.00	( 12.00)
Equipment Rental	75.00	75.00	72.00	( 3.00)
Freight & Postage	1,000.00	1,202.00	903.32	( 298.68)
Printing Forms	450.00	300.00	441.87	141.87
Office Supplies	1,000.00	1,000.00	1,184.20	184.20
Heat	15,000.00	11,000.00	14,731.16	3,731.16
Power	7,500.00	5,000.00	8,723.29	3,723.29
Telephone	3,560.00)	2,904.00	2,675.27)	3,365.48
Tolls & Telegraph	2,250.00)		3,594.21)	
Truck Operation	1,500.00	2,500.00	1,452.77	( 1,047.23)
Auto Insurance	800.00	800.00	618.75	( 181.25)
Other Equipment Repair	1,500.00	3,000.00	1,090.18	( 1,909.82)
Contract Services	12,516.00	11,420.00	12,426.00	1,006.00
Personal & Custodial Service	63,000.00	67,802.00	87,048.80	19,246.80
Special Care Patients & Inmates	35,000.00	31,800.00	37,390.90	5,590.90
Transportation Patients & Inmates	3,000.00	3,600.00	4,715.58	1,115.58
Janitorial Supplies	1,200.00)		998.12	
Building Maintenance	3,000.00)	4,350.00	2,331.65	( 292.90)
Grounds Maintenance	1,000.00)		727.33	
Farm	3,255.00	3,255.00	2,721.10	( 533.90)
Tools & Hardware	887.00	1,500.00	752.85	( 747.15)

## EXHIBIT B (Cont.)

	<u>Original Work Program</u>	<u>Basis for Appropriation</u>	<u>Actual Revenues and Expenditures</u>	<u>Over or (Under) Appropriation</u>
Dues	\$ 75.00	\$ 175.00	\$ 25.00	\$ ( 150.00)
Subscriptions	50.00	50.00	15.50	( 34.50)
P. O. Box	15.00	15.00	9.00	( 6.00)
Christmas Gifts	-	772.00	-	( 772.00)
Miscellaneous	-	100.00	-	( 100.00)
Automobile	-	1,726.00	-	( 1,726.00)
Trucks	-	3,500.00	-	( 3,500.00)
Office Equipment	-	-	38.90	38.90
Kitchen Equipment	-	-	145.50	145.50
Lump Sum A.B. 501	-	30,679.00	-	(30,679.00)
Total	<u>\$416,948.00</u>	<u>\$447,627.00</u>	<u>\$449,414.42</u>	<u>\$ 1,787.42</u>
Excess of Revenues over Expenditures			<u>\$ 2,208.88</u>	
Reverted to General Fund - June 30, 1963			\$ 1,063.38	
Transferred to General Fund During Year			<u>1,145.50</u>	
Total			<u>\$ 2,208.88</u>	

NEVADA YOUTH TRAINING CENTER  
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS  
FARM CONTINGENT FUND  
For the Fiscal Year Ended June 30, 1963

Balance July 1, 1962		\$2,597.66
<u>Receipts</u>		
Sign Rental	\$ 15.00	
Sale of Junk	<u>15.00</u>	<u>30.00</u>
Total Receipts and Balance		\$2,627.66
<u>Disbursements</u>		
Farm Supplies and Expense	\$ 820.55	
Transfer to Budgeted Funds	<u>1,804.30</u>	<u>2,624.85</u>
Balance June 30, 1963		<u>\$ 2.81</u>





SCHEDULE 2

NEVADA YOUTH TRAINING CENTER  
STATEMENT OF CASH RECEIPTS AND EXPENDITURES  
GIFT FUND  
For the Fiscal Year Ended June 30, 1963

Balance July 1, 1962		\$ 435.43
<u>Receipts</u>		
Donations	<u>\$1,053.81</u>	<u>1,053.81</u>
Total Receipts and Balance		1,489.24
<u>Expenditures</u>		
Gifts and Prizes	<u>\$1,058.93</u>	<u>1,058.93</u>
Balance June 30, 1963		<u><u>\$ 430.31</u></u>



NEVADA YOUTH TRAINING CENTER  
FUNDS ON DEPOSIT - BOYS IN RESIDENCE  
June 30, 1963

<u>Name</u>	<u>Amount</u>
Arredondo, James	\$ 2.00
Astor, Richard	6.12
Biddle, William Phillip	7.14
Bigsby, Austin	12.72
Bosley, Don	14.55
Brown, Robert	12.56
Brown, Mark	27.92
Burkhiser, Jerry	1.26
Burton, Essix	2.00
Calderon, Pedro	7.45
Carter, Chester	.65
Catalano, Richard	4.00
Carpenter, Danny	6.02
Cavanaugh, Lawrence	10.11
Chavez, Mark	.50
Chester, Joe	900.17
Clark, Dennis	5.00
Corbin, Willie	.55
Davis, Steven	3.10
Dickens, Jimmy	2.00
Dolinski, John	3.20
Dopson, Lance	79.93
Dutton, Kimble	2.00
Earhart, Thomas	1.50
Escakante, Robert	341.08
Faulkner, John	2.00
Finney, Gerald	7.12
Fouchet, James	6.50
Garcia, Ben	5.00
Garrett, Danny	5.59
Goff, Randall	.27
Gross, Dean	3.18
Gutierrez, Raymond	1.88
Halbert, Billy	.89
Harney, Riley	.20
Harris, Edward	2.25
Hatfield, Jules	2.16
Hogan, Eddie	2.50
Horst, John Badgley	1.00
Hudgens, Steven	2.26
Jackson, Gary	2.12
Jim, Robert Vernon	<u>1,127.38</u>
Balance Forward	\$2,625.83

# SCHEDULE 3 (Cont.)

<u>Name</u>	<u>Amount</u>
Balance Brought Down	\$2,625.83
Johnson, Mike Erick	3.50
Kinsey, Perry Michael	2,274.78
Kirk, Thomas	115.00
Lietaert, John Allen	1,365.40
Mason, John P.	21.35
Morales, David	.68
Myers, Robert	.27
McDonald, John	17.65
McLemore, Hollis Lee	2.42
Neighbors, Wayne	.02
Rabb, Cecil	5.50
Rabb, Jerry	4.96
Rathke, Gus Bert	.04
Ready, James Q.	10.10
Richey, Don	10.00
Rose, John Curtis	1.30
Sharp, Walter	.32
Stephenson, Keith	.85
Tilley, Mike	1.23
Trowbridge, Ricky	.43
Trykar, Ladd	27.78
Tucker, James	1.00
Welter, Thomas	10.00
Wheeler, Kenneth Wayne	7.05
White, Freddie Lee	12.00
White, Kenneth	2.11
Williams, Wayne	3.59
Wilson, Stanley	3.00
Wittman, Leonard	.53
	<u>\$6,528.69</u>

NEVADA YOUTH TRAINING CENTER  
FUNDS ON DEPOSIT - BOYS ON PAROLE  
June 30, 1963

<u>Name</u>	<u>Amount</u>
Anderson, Louie Maynard	\$ ( 3.50)
Anderson, Russell	2.50
Behringer, William Warren	( 45.00)
Brown, Frank George	23.00
Bryan, Eugene	1.05
Burroughs, John	6.00
Carpenter, Tommy	4.00
Christ, John P.	4.50
Coffman, Kenneth	( .98)
Copling, Clarence T.	29.27
Darling, Craig	11.50
Diehl, Frank Oliver	575.11
Dutton, Alvin	1.50
Garcia, Don Orlando	563.94
Grossardt, Larry	1.24
Harris, William	5.00
Hurst, Terry	588.66
Jimerson, Curtis	1.94
Johnson, Mike R.	1.75
Mathis, Virgil	.81
Milligan, Monty	.82
Mirales, Ray	.50
McMillan, Ray Scott	3.73
Heal, Larry	10.00
Porter, Martin	15.26
Prosser, Ronnie Louis	20.38
Reilley, James	565.33
Rosenthal, Robert	8.70
Samuel, Leon	3.00
Segretti, John R.	7.10
Shaw, Dennis	2.71
Sisemore, Danny Ray	1.14
Tortice, Tex	3.00
Wehrheim, Alan	1.50
Wells, Charles W.	.02
West, Don	7.88
Winap, Bert	<u>170.83</u>
	<u>\$2,594.19</u>



SCHEDULE 5

NEVADA YOUTH TRAINING CENTER  
FUNDS ON DEPOSIT - BOYS RELEASED FROM JURISDICTION  
June 30, 1963

<u>Name</u>	<u>Amount</u>
Adam, Mike	\$268.57
McConley, Jerry	31.99
Miswander, Howard	6.58
Santistevan, Joe	<u>9.36</u>
	<u>\$316.50</u>





NEVADA YOUTH TRAINING CENTER  
STATEMENT OF RUNAWAY SACRIFICES  
June 30, 1963

<u>Name</u>	<u>Total Amount Sacrificed</u>
Astor, Lawrence	\$ 152.91
Beatty, James	54.50
Benson, J. B.	18.43
Campbell, Jerry	65.52
Davis, Melvin	136.86
Davis, Stephen	21.89
Devensenzi, Frank	79.14
Dodd, Chuck Brookins	12.00
Elmer, Bill	37.43
Fike, Richard	5.53
Geer, Tom	4.67
Gillette, Dean	24.02
Gordon, Earl	7.63
Guffy, Perry	57.65
Harrington, Joseph	11.25
Hebblethwaite, James	190.23
Hovietz, Leslie	124.82
Kay, David	185.38
Kendall, Bob	39.94
Kiley, Dale	10.30
Lanham, Ralph	36.76
Miller, Elmer	60.00
Mitchell, Lee	74.72
Morris, Ralph	214.38
McCray, George	108.07
McGee, Richard	55.72
McKim, Ken	23.18
O'Brien, Terry	20.00
Oster, Leslie	17.10
Outland, Charles	231.29
Parks, George	2.37
Pete, Hardy	323.18
Petosky, Anthony	45.95
Rice, Jack	69.95
Sanchez, Ruben	53.66
Simpson, Leroy	.05
Spearman, Bob	22.64
Stone, John	20.00
Thompson, Gene	25.65
Turnipseed, Jack	97.01
Van Horn, Allen	18.73
Watson, Eldon	8.20
	<hr/>
	\$2,768.71

# SCHEDULE 6 (Cont.)

<u>Name</u>	<u>Total Amount Sacrificed</u>
Balance Brought Down	\$2,768.71
Welch, Lloyd	25.30
Whitehead, Paul	7.72
Williams, Donald	137.02
Winap, Marvin	<u>186.69</u>
Total	<u>\$3,125.44</u>
 Total Sacrificed Funds	 \$3,125.44
Suspense Account (Funds Available)	<u>1,928.26</u>
Deficiency	<u>\$1,197.18</u>

The deficiency has been explained in the past by purchases made from the Boys Fund for items deemed to be for the benefit of all boys. For further comments see Supplemental Letter, Item 6.

NEVADA YOUTH TRAINING CENTER  
SUPPLEMENTAL LETTER TO AUDIT REPORT  
For the Fiscal Year Ended June 30, 1963

1. In paroling or releasing boys their respective accounts should not be closed out to them until the daily posting is up to date and books are in balance. As per Schedule 4 some boys were disbursed funds which were not on deposit. Since the audit period all but \$3.50 of these amounts have been collected but a closer control of funds will eliminate this problem.
2. It is recommended that the present system being used to account for the Boys' Fund be replaced by a simple double entry system, namely a simple cashbook with subsidiary accounts for each boy having cash on deposit with the Nevada Youth Training Center. Signed voucher slips should also be used whenever money is deposited or withdrawn by the boys. It is currently being done and should be continued.
3. It is recommended that an encumbrance ledger be installed so that a better control of budgeted funds may be maintained. A supplemental appropriation has to be made for the fiscal year 1962-63 (A.B. No. 501) in the amount of \$30,679.00. This is not to imply that the appropriation would not have been necessary if an encumbrance system had been used, but that a better accounting system is desirable.
4. The Superintendent of the Nevada Youth Training Center is bonded for \$2,000.00. He is the only person employed by the institution that is bonded. Since the Boys' Fund frequently exceeds a balance of \$15,000.00 and other miscellaneous receipts are handled by persons other than the Superintendent, it is recommended that the Superintendent's bond be increased to at least \$15,000.00 and that other persons handling money also be bonded.
5. The fire extinguishers on hand at the school are often discharged by the wards as a prank. The school is not covered by the local fire ordinance and therefore such fire extinguishers and other fire fighting equipment are not inspected. We recommend that some state representative having knowledge of proper fire fighting equipment and fire prevention be sent to the school periodically to check the equipment and note any measures that might be taken to prevent fire.
6. Boys' Fund - Suspense Account - \$1,928.26

As pointed out in the accompanying audit report, Schedule 6, there is a deficiency in the Boys' Fund for runaway sacrifices in the amount of \$1,197.18, this amount being spent in the past for recreational equipment and other items deemed to the benefit of all boys. As the practice of runaway sacrifices has

been terminated and as there is a dire need for additional recreational equipment, it seems advisable that the suspense amount of \$1,928.26 be allocated and spent for recreational equipment. If in the future any of the boys on the runaway list make claim for their money such claim should be forwarded to the Board of Examiners for consideration and if honored then paid from the General Fund.

7. An appraisal was made of the Nevada School of Industry in 1958 by Allan F. Breed, an expert in the field of dealing with problem children in institutions. Numerous recommendations were made by Mr. Breed in his report. As part of our recent audit of the Nevada Youth Training Center we made notes and generally observed present procedures as compared to the conditions as existed in 1958.

As a result, we have included in this Supplemental Letter all recommendations made by Mr. Breed which we feel can be commented upon with any degree of knowledge by our auditors. Following are the recommendations with our comments.

#### Statewide Program

Recommendation 1 - There should be created a Nevada Youth Authority with full departmental status which will have responsibility for the functions of classification, treatment, and parole of the youths committed to it.

Observation - No legislation thereon. However, this now seems to be the problem of the Director of Health and Welfare and possibly can be handled within his organizational system.

Recommendation 2 - Until such time as a correctional school for girls can be constructed, a supplemental agreement should be entered into with the State of Montana and other states in which Nevada wards are placed.

Observation - A girls' school has been established in Nevada.

Recommendation 3 - A forestry camp should be established.

Observation - Forestry camps have been authorized by the Legislature.

Recommendation 4 - Legislation should be developed which would allow the Youth Authority Board to transfer wards eighteen and over to the State Prison when said wards have clearly demonstrated that their conduct and/or maturity make them unfit for training in a juvenile correctional program.

Observation - No legislation thereon. However, Mr. Forrester feels this legislation is needed.

Recommendation 5 - Legislation should be developed which would allow the Youth Authority Board to transfer wards to the State Mental Hospital for diagnosis and treatment for periods up to but not to exceed 180 days.

Observation - Legislation passed with a limitation of 90 days.

Recommendation 6 - It is recommended that immediate construction be started on a State Correctional School for Girls.

Observation - Girls' School completed and in operation.

Recommendation 7 - Money should be appropriated at the next session of the Legislature for planning purposes for the complete rebuilding of the present Nevada School of Industry.

Observation - Rebuilding partially completed.

Recommendation 8 - The Superintendent of the Nevada School of Industry should be placed in the state civil service classified series.

Observation - Superintendent now in the unclassified service.

#### Physical Plant

Recommendation 1 - It is strongly recommended that funds be appropriated to make a master plan for the entire rebuilding of the Nevada School of Industry.

Observation - Money appropriated and plan has been completed.

Recommendation 2 - Until such new construction can take place, emergency funds be appropriated to make changes in the present plant in order that it can be operated more efficiently and safely.

Observation - Building appears to be extremely old and in very poor condition. The state would perhaps benefit considerably more by demolishing the old building and building a new one. In any event, funds have been provided for rebuilding the old building.

#### Administrative Structure

Recommendation 1 - An organizational chart indicating the administrative structure and lines of authority at the institution should be developed and placed in the hands of all of the staff.

Observation - This has been done.

Recommendation 2 - Written duty assignments should be prepared for all staff members.

Observation - This has been done.

Recommendation 3 - A clear cut assignment of acting assistant superintendent should be made and this delegation of responsibility should be accompanied with the authority necessary to carry out the role.

Observation - An acting assistant superintendent has been appointed with specific assignments.

Recommendation 4 - A full-time business manager should be placed on the staff who would be responsible for budgeting procedure, accounting procedure, maintenance of the plant and farm program.

Observation - This position has not been created as of this time. It is our recommendation that such a position be established to provide for business administration functions being handled by one person directly responsible to the Superintendent. This would relieve the Superintendent of duties that take considerable time away from his supervising staff, wards and other functions connected with his position. It would make one person responsible for budgeting, accounting, inventory control and purchasing.

#### Personnel and Personnel Practices

Recommendation 1 - Personnel policies should be in writing and available to all staff members.

Observation - This recommendation has been fully complied with.

Recommendation 2 - Rules of personnel administration, outlined in the State Personnel Transactions Manual, should be followed.

Observation - Such rules appear to be in force and were being adhered to as best we could determine during our brief audit.

Recommendation 3 - The salary schedule for all classes of employees at the Industrial School should be re-evaluated.

Observation - Appears that most of the jobs now have new titles.

Recommendation 4 - A table of organization should be developed.

Observation - This has been done.

Recommendation 5 - When the staff is required to work on a state or national holiday they should be provided with overtime pay or compensatory time off.

Observation - They now are.

Recommendation 6 - Regular payroll forms should be developed indicating on each day of the month whether the staff member worked, etc.

Observation - Adequate payroll records are currently being maintained.

Recommendation 7 - The institution should prepare a manual of operations.

Observation - In the process of being prepared.

Recommendation 8 - All orders or instructions which affect policy should be in writing and should be issued to the staff in numerical listed order.

Observation - All administrative orders are issued in writing.

Recommendation 9 - The 40-hour week should be sought for all employees.

Observation - All employees now work on the basis of a 40-hour week.

#### Public Information and Interpretation

Recommendations 1 through 5 - No observations made relative to these recommendations.

Recommendation 6 - That each year the Legislative Commission visit the school and make a report on its progress.

Observation - This is being done.

Recommendation 7 - That staff members employed at the School of Industry be given the opportunity to participate in conferences and meetings in the field of child welfare, both inside and outside the State of Nevada.

Observation - No funds have been made available for this type program, but certain staff members have participated on their own.

#### Business Management

Recommendation 1 - Commented on previously.

Recommendation 2 - Planned purchasing should be instituted immediately on a quarterly basis, and a centralized storeroom designed in which a running inventory would be kept of all property and equipment.

Observation - Planned purchasing is done for food only. A running inventory is not maintained.

Recommendation 3 - Private horses should no longer be boarded free at the institution.

Observation - Horses are no longer boarded free.

Recommendation 4 - Boys' personal funds should be properly accounted for and a signed voucher slip should be utilized whenever money is added or removed from the fund.

Observation - More changes are necessary in this regard and this report has stated the changes we feel are required at this time.

Recommendation 5 - The so-called "escape penalty" which practice forces a boy to forfeit any personal funds he has in the trust account should be discontinued.

Observation - The "escape penalty" has been discontinued.

Recommendation 6 - All personal property should be stored in a safe place and accountability thereof established.

Observation - All boys now have personal lockers with locks.

Recommendation 7 - Superintendent should discontinue making himself beneficiary for life insurance policies taken out on wards whom he is transporting.

Observation - This practice has been discontinued.

Recommendation 8 - Superintendent should remove all cows and sheep that are his personal property and allow no future personal livestock to be pastured or fed on state property.

Observation - Superintendent has no personal livestock.

Recommendation 9 - Superintendent's son should no longer be allowed to operate state equipment.

Observation - No unauthorized personnel operate state equipment.

Recommendation 10 - The privately operated gravel pit located at the institution should cease operations.

Observation - It is no longer operated.

Recommendation 11 - Superintendent's policy of allowing wards to work in the local community should be thoroughly evaluated.

Observation - This program is governed by the classification counsel which meets once a month to evaluate the program set up for each ward.

Recommendation 12 - No state property should be given away, nor should it be loaned for private use.

Observation - All state property is now properly controlled.

Recommendation 13 - A survey should be made as to the transportation and equipment needs of the institution.

Observation - We are not able to comment on this recommendation.



### Intake and Reception Process

Recommendations 1 through 5 - Not qualified to comment on these recommendations.

### Diagnostic Study

Recommendation 1 - A diagnostic staff be provided for the institution which would include at least one full-time psychologist, one graduate social worker and the necessary clerical staff.

Observation - Money has been made available for a psychologist but one has not been hired as yet. Graduate social worker not budgeted for.

Recommendation 2 - No comment.

### Case Records

Recommendation 1 - A complete case record should be established on each ward committed to the State School.

Observation - Fully complied with.

Recommendation 2 - Case records should be made available to the staff who are working directly with the boys.

Observation - Case records are now made available to all staff members.

Recommendation 3 - At the time of a boy's release from the institution his complete file should be made available to the worker or agency handling the after-care supervision.

Observation - Fully complied with at the present time.

### Staffing Procedure

Recommendations 1, 2 & 3 - No comments.

### Group Living

Recommendation 1 - One staff member should be assigned to the institution with the specific responsibility for the administration of group life or home life program.

Observation - The head group supervisor carries out this function. He is a college graduate.

Recommendation 2 - A study should be made by the Personnel Commission of the various positions now existing at the School of Industry. Group supervisors should be college graduates.

Observation - It is not known if Personnel did make a study; however, only the head group supervisor is a college graduate. The funds necessary to hire such qualified personnel have not been provided. The Superintendent does not feel such qualifications are necessary.

Recommendation 3 - A 40-hour orientation and indoctrination program should be established for all group workers prior to the time of taking over their regular assignments at the institution.

Observation - On-the-job training only. Funds are not provided for cost of such program.

Recommendation 4 - A regular in-service training program should be developed to provide specific group work techniques to those staff members working as group supervisors.

Observation - There is an in-service training program--partly on-the-job and partly on the employee's own time.

Recommendation 5 - The Legislature should appropriate money in its next session for the purpose of building new dormitories.

Observation - This has been done.

Recommendation 6 - Continued redesigning should be carried out in the present dormitory units to provide adequate supervision and segregation of the boys prior to the construction of a new unit.

Observation - Partially done.

#### Intensive Treatment

Recommendations 1, 2 & 3 - No comments.

#### Recreation Program

Recommendation 1 - A full-time recreation leader should be recruited for the institution as soon as funds can be made available by the Legislature.

Observation - Head supervisor acts in this capacity presently.

Recommendation 2 - Adequate recreational equipment should be purchased.

Observation - Still do not have adequate recreational equipment.

Recommendation 3 - The present staff's working shifts should be so arranged that there is a minimum of two staff members on duty with each group during the evening recreational period.

Observation - This is being done.

Recommendation 4 - The present recreation room should be utilized as such and the library adjacent to it be made a part of the evening's recreation program.

Observation - Room has been converted to classroom and office.

Recommendation 5 - Outdoor recreational areas should be developed.

Observation - This has been accomplished.

Recommendation 6 - The reservoir area originally constructed by the W.P.A. should be completed and used as a swimming pool.

Observation - Completion of this project does not seem advisable because of its extremely poor condition and because it will be quite a distance from the main school area.

Recommendation 7 - Adequate phonographs and records should be made available.

Observation - Phonographs and records are on hand. As to the degree of "adequacy," we cannot say.

Recommendation 8 - A film contract should be arranged with one of the movie outlets in order that one evening each week can be devoted to recreational movies.

Observation - A film contract is now in effect.

Recommendation 9 - An intra-mural athletic program should be developed.

Observation - Such a program has been started.

Recommendation 10 - Gambling should be discontinued as a form of recreation.

Observation - It has been done.

Recommendation 11 - A student council should be developed which should meet on a weekly basis with the Superintendent and the Recreation Director.

Observation - Not acted upon as present administration does not feel this is advisable.

Recommendation 12 - Recreational activities held off the institutional grounds should not be considered a right of the wards, but rather a privilege.

Observation - A limited number of recreational activities are held off the institutional grounds each year.

### Education Program

Recommendation 1 - The two teacher vacancies for which the Legislature already appropriated funds should be filled immediately.

Observation - Vacancies have been filled.

Recommendation 2 - One of the above-mentioned teachers should be classified as teacher-principal.

Observation - This has been done.

Recommendation 3 - The vocational shop should be handled by one of the existing boys' supervisors rather than one of the two certified teachers.

Observation - Handled by manual arts instructor.

Recommendation 4 - The present vocational shop should be moved to the garage area where machine shop equipment has been installed.

Observation - Vocational shop has been moved.

Recommendation 5 - When each new boy arrives at the institution a letter should be sent to the last public school that he attended requesting complete educational records which can be utilized in planning and developing a program for the boy.

Observation - This is now being done.

Recommendation 6 - All boys working at the 8th grade level and below should attend a full day academic program.

Observation - No comment can be made other than they are generally attending except where age and mental capacities are a factor.

Recommendation 7 - It should be the unusual situation that a boy would attend the public school in Elko, Nevada.

Observation - None are currently attending.

Recommendation 8 - The present "work" program in which boys are assigned to local citizens to do private work for pay should be discontinued during the regular school days.

Observation - No comment.

Recommendation 9 - A toilet and wash bowl should be erected close by the two present classrooms.

Observation - Scheduled to be done in the near future.

Recommendation 10- A regular physical education program should be developed.

Observation - This has been done.

Recommendation 11- Regular testing should be done on all boys to record adequately the academic progress they are making in the school program.

Observation - Regular tests are being administered.

Recommendation 12- Adequate supplies and materials must be obtained immediately if an adequate educational program is to be carried out.

Observation - Supplies and materials are now being provided as needed.  
Books are obtained through the school system.

Recommendation 13- The State Department of Education should be contacted and a request made for consulting service in developing an adequate curriculum.

Observation - School is now an accredited state school.

Recommendation 14- Nevada state textbooks which are utilized in the public school program should be used at the Nevada School of Industry.

Observation - They now are.

Recommendation 15- The ratio of one teacher to each fifteen students should be accepted by the Legislature and automatic increases in staff provided when there is an increase in the school population.

Observation - This ratio is not possible with present staff.

#### Medical and Dental Service

Recommendation 1 - A part-time physician should be maintained on the payroll of the institution who would make a weekly visit to the school.

Observation - A physician is now under contract.

Recommendation 2 - As long as the State Department of Health is willing to provide dental service such a program should be continued.

Observation - This apparently never was done by Health Department and is now being done in local dental clinic.

Recommendation 3 - A separate infirmary should be developed at the institution which would be under the direct supervision of a registered, full-time nurse.

Observation - An infirmary is planned but not yet constructed.

Recommendation 4 - All boys who complain of any illness or injury should be taken as quickly as possible to the school nurse for a complete examination.

Observation - School has employed a full-time practical nurse.

Recommendation 5 - Drinking fountains should be provided for each dormitory.

Observation - These are included in master plan.

Recommendation 6 - Adequate showers, toilets and wash basins should be provided immediately.

Observation - Attempt has been made to correct this. Remodeling of old building will complete project.

Recommendation 7 - Each month a sample of the school water should be sent to the State Department of Health for analyzing and bacterial count.

Observation - Employee of Health Department makes occasional check-ups at the institution.

Recommendation 8 - For the health and welfare of the boys, milking operations should be discontinued immediately.

Observation - Milking operations have been discontinued. All milk used by the institution is purchased from local dairies.

Recommendation 9 - Rules and regulations regarding the transportation of boys in all types of vehicles should be developed by the Superintendent and set forth in writing for all the staff.

Observation - This has been done.

Recommendation 10 - Adequate fire extinguishers should be provided and installed in all buildings of the institution.

Observation - Fire extinguishers are in every building; however, they are not checked by the local fire department.

#### Feeding

Recommendation 1 - The necessary culinary staff to operate the institution program should be placed on a 40-hour week. One of the cooks should be designated as Supervising Chef and paid a higher salary than the other cooks.

Observation - This recommendation has been carried out.

Recommendation 2 - Weekly menus should be prepared.

Observation - Weekly menus are now prepared.

Recommendation 3 - Menus should be planned and all purchasing done on the basis of a food ration program. Food would be purchased on the basis of the nutritional needs of the children rather than on the cost of feeding.

Observation - Cannot comment.

Recommendation 4 - The same menu shall be served to the staff as is served to the boys.

Observation - The staff is served the same menu.

Recommendation 5 - The staff and their families should not be fed in the same dining room as the boys unless they are going to eat at the same tables with the boys.

Observation - Supervising staff members eat with their respective groups. Administrative staff eats at their own table.

#### Farm Program

Recommendation 1 - The agriculture program at the school should be evaluated thoroughly and only those farm operations that provide vocational and therapeutic experiences should be continued.

Observation - The farm program is presently used as a vocational training aid only.

Recommendation 2 - One staff member should be appointed as head farmer and this should be his only responsibility.

Observation - A head farmer has been designated and this is his sole job.

Recommendation 3 - Because of the serious conditions presently existing in the dairy operation, the entire program should be closed down immediately.

Observation - This has been done.

Recommendation 4 - Concerning dairy operations--dairy closed down.

Recommendation 5 - The truck garden program of the school should be enlarged.

Observation - Problem is short growing period, Nevada not being a farm state. Inmates have little interest. Board has advocated de-emphasis on farming and emphasis on ranching.

Recommendation 6 - A 4H Club or Future Farmers of America program should be instituted.

Observation - This has not been done. Planned for future with ranching program.

Recommendation 7 - Farm equipment should be reduced to the actual needs of the institution.

Observation - This has been done.

Recommendation 8 - The Superintendent shall not be personally involved in the operation, maintenance and repair of farm equipment.

Observation - The present Superintendent is not personally involved in any farming operations.

#### Laundry and Clothing

Recommendation 1 - A clothing compliment should be determined and adequate funds obtained from the Legislature to purchase all the clothing needs for the wards.

Observation - Complied with as best we could determine.

Recommendation 2 - A clothing storeroom should be established.

Observation - This has been done.

Recommendation 3 - The present method of drawing clean clothes should be abolished and a plan worked out whereby the clothing can be exchanged in the dormitories after showers.

Observation - This is being done.

Recommendation 4 - Lockers should be placed in the sleeping areas in order that each boy might have a place to store his clothing and personal possessions close to his showering and sleeping area.

Observation - This has been done.

Recommendation 5 - Outside clothing, such as pants and shirts, should be exchanged at least twice a week; other clothing once a day.

Observation - Currently being done.

Recommendation 6 - A regular shoe inspection schedule should be arranged and proper fitting of shoes should be established.

Observation - This is now being done.



Recommendation 7 - A professional barber should be recruited on a contractual basis and a regular haircutting schedule arranged in order that each boy can have his hair cut once every three weeks.

Observation - Group supervisors are now cutting wards' hair and charging \$1.00 per ward.

#### Smoking

Recommendation 1 - Section 202.010 of the Nevada Revised Statutes should be revised to reflect the present standards and practices of the communities. If this cannot be done, it is recommended that a special bill be proposed which will allow wards of the State, sixteen years of age and over, to smoke when written permission is obtained from the parents.

Observation - Statutes amended giving such authority for wards to smoke when sixteen years of age or over with written parental permission. Director of Health and Welfare has issued directive to stop all smoking July 1, 1964.

#### Religious Services

Recommendation 1 - A part-time Protestant Chaplain and a part-time Catholic Chaplain should be assigned to the school and reimbursed from funds provided by the institution budget.

Observation - A part-time Protestant Chaplain is hired at \$10.00 per month. No Catholic Chaplain is employed.

Recommendation 2 - Volunteer services provided by various churches in the community of Elko should be continued under the supervision of the institution chaplains.

Observation - Volunteer services are still provided.

Recommendation 3 - The attendance at the Sunday evening vespers service should be placed on a volunteer basis.

Observation - This program has been discontinued.

Recommendation 4 - An all-faith chapel should be constructed with emphasis being placed on obtaining donated funds for this purpose.

Observation - No chapel at the school.

#### Visiting, Furlough and Correspondence Privileges

Recommendation 1 - It is recommended that definite visiting regulations be set forth in writing and that all parents and guardians of wards be informed of these regulations.

Observation - This has been done.

Recommendation 2 - That a formal furlough program be established.

Observation - This has been done.

Recommendation 3 - That definite correspondence regulations be set forth in writing and made available to all wards.

Observation - Verbal regulations only.

#### Custody

Recommendation 1 - Sight supervision should be maintained for all wards in the institution with the exception of such "honor boys" who have attained this position by recommendation of the staff.

Observation - Fully complied with.

Recommendation 2 - During all periods of the day some staff members should be designated as being custodially responsible for the accountability of each ward in the institution.

Observation - This is being done.

Recommendation 3 - The physical plant should be redesigned so that more adequate supervision can be provided.

Observation - A new physical plant is partially completed.

Recommendation 4 - Frequent inspections should be made of the physical plant to assure its adequacy from a security standpoint.

Observation - Frequent inspections are made by the Superintendent and Assistant Superintendent.

Recommendation 5 - A written plan of control for contraband articles should be established and set forth in writing to all the staff.

Observation - There is a written plan in effect.

Recommendation 6 - A plan for control of all keys should be established and set forth in writing.

Observation - Such a plan is in existence in writing.

Recommendation 7 - A plan for control of all tools and equipment items that are a threat to persons or the physical security of the plant should be established in writing.

Observation - Written plan for control as to housekeeping of these items.

Recommendation 8 - A written emergency plan to cover escapes, riots, fires, etc., should be established and frequently reviewed by the staff.

Observation - Regular fire drills are held; however, any plans pertaining to escapes, riots, etc., are left strictly to the Officer of the Day.

Recommendation 9 - The use of the present discipline cell known as the "dog house" should be immediately discontinued.

Observation - This has been done.

Recommendation 10 - The program of locking the wards in the gymnasium for custodial purposes should be discontinued.

Observation - Wards are no longer locked in the gymnasium.

### Discipline

Recommendation 1 - A discipline manual should be developed.

Observation - Now in process.

Recommendation 2 - The program should be positive and non-punitive.

Observation - A positive disciplinary program has been established.

Recommendation 3 - No practice designed to degrade the child should be permitted. This prohibition should include shaving the head, marking the body, etc.

Observation - No such degradation witnessed during audit.

Recommendation 4 - Commented upon previously.

Recommendation 5 - Use of the guard line should be prohibited.

Observation - This is prohibited.

Recommendation 6 - The withdrawal of a ward's personal funds from the trust account for having escaped should be stopped.

Observation - This has been discontinued.

Recommendation 7 - Rules of conduct and behavior for the wards, and reasonable limits to maintain order should be established and publicized so that they are available for all.

Observation - This is done for staff purposes to allow interpretation to wards.

Recommendation 8 - Under no circumstances should meals be withheld as a discipline technique.

Observation - This means of discipline is no longer employed.

Return to the Community (Parole)

Recommendation 1 - The appraisal of a ward's readiness for a parole experience should be placed in the hands of a case conference committee at the institution.

Observation - The case conference committee makes all recommendations for parole.

Recommendation 2 - The legal decision to release a ward from a state correctional school to parole status should be placed in a youth authority board, or the parent agency.

Observation - This decision still made by the institution.

Recommendation 3 - Before release to parole is made, a satisfactory placement plan should be developed by a parole officer working under the supervision of the parent agency.

Observation - This is now being done.

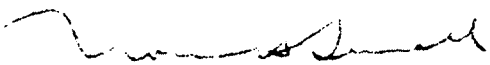
Recommendation 4 - After-care supervision should be provided by a parole officer.

Observation - This is now the case.

Recommendation 5 - The present policy of releasing boys direct to the armed forces should be carefully reviewed.

Observation - Boys are still released to the armed forces upon approval of classification committee, Superintendent and parents if available.

Carson City, Nevada  
December 31, 1963

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

Note: At a meeting of the Fiscal Analyst and the Superintendent of the Nevada Youth Training Center on January 9, 1964, agreement was reached on necessary changes for compliance with all recommendations made by the Fiscal Analyst.

STATE OF NEVADA  
NEVADA STATE PARK COMMISSION  
AUDIT REPORT

FOR THE PERIOD JULY 1, 1962 TO JUNE 30, 1963

LEGISLATIVE COUNSEL BUREAU  
NORMAN H. TERRELL, FISCAL ANALYST  
Carson City, Nevada  
November 18, 1963



Nevada Legislative Commission  
Capitol Building  
Carson City, Nevada

Gentlemen:

We have examined the accounts and records of the Nevada State Park Commission for the fiscal year ended June 30, 1963, and have prepared therefrom the following attached exhibits and related schedules:

Statement of Basis for Appropriation Compared with Actual Revenues and Expenditures for Fiscal Year Ended June 30, 1963-----	Exhibit A
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Statement of Basis for Appropriation Compared with Actual Expenditures-Improvements for Fiscal Year Ended June 30, 1963-----	Schedule I
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Statement of Cash Receipts and Disbursements- State Park Grant and Gift Fund for the Fiscal Year Ended June 30, 1963-----	Exhibit B
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#### Functions of the Agency

Nevada Revised Statutes, sections 407.011 through 407.210, inclusive, set forth the authorization for the State Park System. The agency function is to acquire, protect and develop a system of scenic, recreational, scientific and historic areas for the use and enjoyment of the people of the state.

This agency maintains the following nine units:

1. Genoa Fort (Mormon Station) Douglas County -  
Two acres and museum.

2. Fort Churchill Lyon County - Two hundred acres, historical military post, camping and trailer area.
3. Ichthyosaur Nye County - Five hundred fifteen acres which belong to the U. S. Forest Service. Operated by the Commission through a use permit. This is an area of scientific and historical interest.
4. Cathedral Gorge Lincoln County - One thousand five hundred seventy acres. Usable year round. Picnicking and camping permitted.
5. Kershaw-Ryan Lincoln County - Two hundred forty acres, primarily a recreation area.
6. Beaver Dam Lincoln County - Seven hundred nineteen acres. This facility is the scene of a major Fish and Game Department reservoir.
7. Valley of Fire Clark County - Over six thousand acres with application on file for eleven thousand eight hundred more. This park has significant scenic value and also recreational and geological features.
8. Ward Ovens White Pine County - Forty acres, privately owned. This is a site of historic interest.
9. Sand Harbor Washoe County - Eight and six-tenths acres, privately owned. Picnicking and swimming at Lake Tahoe.

#### Scope of the Examination

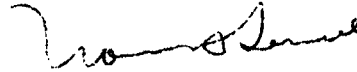
Although we did not make a detailed examination of all recorded transactions, our examination was made in accordance with generally accepted auditing standards. It included test-checks and analyses of the accounting records and other supporting documents to the extent which, in our opinion, were adequate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



Opinion

In our opinion, the accompanying exhibits present fairly the operations of the Nevada State Park Commission for the fiscal year ended June 30, 1963, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

November 18, 1963  
Carson City, Nevada



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



## EXHIBIT A

NEVADA STATE PARK COMMISSION  
STATEMENT OF BASIS FOR APPROPRIATION COMPARED WITH ACTUAL REVENUES AND EXPENDITURES  
For the Fiscal Year Ended June 30, 1963

	Original Work Program	Basis for Appropriation	Actual Revenues and Expenditures	Over or (Under) Appropriation
<u>Revenues</u>				
Regular Appropriation	\$151,888.00	\$151,888.00	\$151,888.00	\$ -
Salary Adjustment Fund	1,308.00	1,308.00	1,308.00	-
Eureka Sentinel Appropriation	4,000.00	4,000.00	4,000.00	-
Sale of Maps	-	-	30.00	30.00
Telephone Refund	-	-	3.44	3.44
Total Revenues	<u>\$157,196.00</u>	<u>\$157,196.00</u>	<u>\$157,229.44</u>	<u>\$ 33.44</u>
<u>Expenditures</u>				
Salaries	\$ 54,969.00	\$ 52,497.00	\$ 53,985.20	\$ 1,488.20
Travel - in-state	5,600.00	5,600.00	5,880.92	280.92
Travel - out-of-state	425.00	425.00	130.89	( 294.11)
Industrial Insurance	330.00)		552.63)	
Retirement Payments	2,397.00)	3,465.00	2,403.49)	12.12
Personnel Assessments	521.00)		521.00)	
Building Space Rental	4,720.00	150.00	3,934.80	3,784.80
Equipment Rental	30.00	-	-	-
Land Rental	-	2,000.00	--	(2,000.00)
Conference Room Rental	-	-	10.15	10.15
Freight and Postage	350.00	300.00	548.80	248.80
Printing	1,050.00	4,800.00	721.43	(4,078.57)
Office Supplies	600.00	1,200.00	925.89	( 274.11)
Drafting Supplies	200.00	-	-	-
Heat	190.00	225.00	140.94	( 84.06)
Power	315.00	500.00	245.57	( 254.43)
Water	210.00	50.00	206.65	156.65
Other Utilities	225.00	150.00	447.64	297.64
Telephone & Telegraph	1,685.00	1,200.00	1,860.62	660.62
Truck Operation	3,500.00	4,000.00	3,263.63	( 736.37)
Insurance	800.00	575.00	837.13	262.13
Equipment Repairs	180.00	200.00	228.15	28.15
Park Maint. & Supplies	2,500.00	2,000.00	3,020.64	1,020.64
Dues, Subscriptions & Books	50.00	100.00	171.38	71.38
Maps, Photos & Prints	245.00	175.00	572.22	397.22
BLM Fees	-	120.00	-	( 120.00)
Badges	-	160.00	-	( 160.00)
Uniforms	300.00	1,500.00	405.11	(1,094.89)
Office Furniture	97.00	97.00	60.02	( 36.98)
Office Equipment	825.00	825.00	769.56	( 55.44)
Other Equipment	330.00	330.00	180.92	( 149.08)
Improvements (See Schedule 1)	74,552.00	74,552.00	70,516.25	(4,035.75)
Total Expenditures	<u>\$157,196.00</u>	<u>\$157,196.00</u>	<u>\$152,541.63</u>	<u>\$ (4,654.37)</u>
To be Reverted to General Fund			<u>\$ 4,687.81</u>	



## SCHEDULE I

NEVADA STATE PARK COMMISSION  
 STATEMENT OF BASIS FOR APPROPRIATION COMPARED WITH ACTUAL EXPENDITURES-IMPROVEMENTS  
 For the Fiscal Year Ended June 30, 1963

	Original Work <u>Program</u>	Basis for <u>Appropriation</u>	Actual <u>Expenditures</u>	Over or (Under) <u>Appropriation</u>
<u>Improvements</u>				
Beaver Dam	\$ -	\$12,562.00	\$ -	\$(12,562.00)
Ichthyosaur	-	13,351.00	3,500.00	( 9,851.00)
Kershaw-Ryan	-	10,140.00	-	(10,140.00)
Valley of Fire	70,552.00	27,465.00	66,418.55	38,953.55
Ward Ovens	-	7,034.00	-	( 7,034.00)
Sand Harbor	-	-	127.57	127.57
Mormon Station	-	-	239.63	239.63
Cathedral Gorge	-	-	230.50	230.50
Eureka Sentinel	<u>4,000.00</u>	<u>4,000.00</u>	<u>-</u>	<u>( 4,000.00)</u>
Totals	<u>\$74,552.00</u>	<u>\$74,552.00</u>	<u>\$70,516.25</u>	<u>\$( 4,035.75)</u>

Note: The special appropriation for the Eureka Sentinel Monument provided for reversion on 6-30-63; however, the \$4,000.00 has not reverted on Controller's records at October 31, 1963.



## EXHIBIT B

NEVADA STATE PARK COMMISSION  
 STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS  
 STATE PARK GRANT AND GIFT FUND  
 For the Fiscal Year Ended June 30, 1963

	<u>Eureka Sentinel</u>	<u>Fort Genoa</u>	<u>Sutro</u>	<u>Ichthyosaur</u>	<u>Miscellaneous</u>	<u>Total</u>
Balance 7-1-62	\$50.00	\$285.32	\$ -	\$ -	\$51.50	\$386.82
<u>Receipts</u>						
Donations	\$ -	\$ -	\$10.00	\$333.33	\$ -	\$343.33
To Account for	\$50.00	\$285.32	\$10.00	\$333.33	\$51.50	\$730.15
<u>Disbursements</u>						
Paid Out	\$50.00	\$203.32	\$ 9.00	\$301.50	\$41.93	\$605.75
Balance 6-30-63	<u>\$ -</u>	<u>\$ 82.00</u>	<u>\$ 1.00</u>	<u>\$ 31.83</u>	<u>\$ 9.57</u>	<u>\$124.40</u>





NEVADA STATE PARK COMMISSION  
SUPPLEMENTAL LETTER TO AUDIT REPORT  
For the Fiscal Year Ended June 30, 1963

1. The legislature appropriated \$70,552.00 for park improvements during the 1962-1963 fiscal year. This amount was appropriated by line item, specifically reflecting the amounts to be spent in each park area. An analysis of the actual expenditures compared to the appropriation discloses the following:

<u>Improvements</u>	<u>Appropriation</u>	<u>Actual</u>	Over or (Under) <u>Appropriation</u>
Beaver Dam	\$12,562.00	\$	\$(12,562.00)
Ichthyosaur	13,351.00	3,500.00	( 9,851.00)
Kershaw-Ryan	10,140.00		(10,140.00)
Valley of Fire	27,465.00	66,418.55	38,953.55
Ward Ovens	7,034.00		( 7,034.00)
Sand Harbor		127.57	127.57
Mormon Station (Fort Genoa)		239.63	239.63
Cathedral Gorge		<u>230.50</u>	<u>230.50</u>
	\$70,552.00	\$70,516.25	\$( 35.75)

This analysis discloses a wide variance between legislative basis for appropriation and actual expenditures. We recommend closer compliance with the basis for appropriation.

2. There are several telephone credit cards in use by employees and commissioners. No attempt is made to maintain a record of long distance calls for comparison to telephone bills. It is recommended that all users of credit cards maintain monthly records of calls made by date, person

called, place and purpose of call. This record is to be submitted monthly to the bookkeeper for her use in reconciling telephone bills.

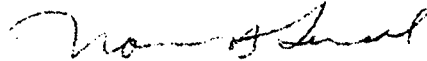
3. During the year under review over 60% of the office supplies purchased were acquired from sources other than the State Purchasing Department. We recommended the department work more closely with the state agency set up for the purpose of supplying those needs.
4. The Eureka Sentinel special appropriation was to be reverted to the General Fund on July 1, 1963. This was not done and we recommend the State Controller be advised to revert the \$4,000.00 balance in this fund as provided in Chapter 290 of the fifty-first session.
5. During the period under review payment was made to a private real estate appraiser for "Appraisal of Water Rights, Improvements, Mining Claims and Surface Acreage of the Nevada Co., Berlin, Nevada, for the Nevada State Park System." It would seem the information sought was of a legal nature and that the Attorney General's office should have been requested to supply the information.

6. Suggested Legislation

NRS 407.073 states that the park system is "authorized to exhibit and display property, objects, articles, things and commodities at exhibits, fairs, expositions and places of public or private exhibition." The park system is operating a museum at the Mormon Station - Fort Genoa.

As the Nevada Revised Statutes now read this would appear to come under the jurisdiction of the Nevada State Museum under NRS 381.140. It is recommended that NRS 407.073 be amplified to provide that museum or exhibits maintained on state park property be operated by and under the jurisdiction and responsibility of only the Nevada State Park Commission or its lessees.

November 18, 1963  
Carson City, Nevada

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

Note: At a meeting of the Fiscal Analyst and the Director of the Nevada State Park System on December 6, 1963, agreement was reached on necessary changes for compliance with the above recommendations. The Fiscal Analyst will make the recommendation for suggested legislation.



STATE OF NEVADA  
NEVADA STATE TREASURER'S OFFICE  
AUDIT REPORT

FOR THE PERIOD JULY 1, 1962 TO JUNE 30, 1963

LEGISLATIVE COUNSEL BUREAU  
NORMAN H. TERRELL, FISCAL ANALYST  
Carson City, Nevada  
October 18, 1963



Nevada Legislative Commission  
Capitol Building  
Carson City, Nevada

Gentlemen:

We have examined the accounts and records of the Nevada State Treasurer's office for the fiscal year ended June 30, 1963, and have prepared therefrom the following attached exhibits:

Comparison of Actual Expenditures with Basis for	
Appropriation for the Fiscal Year Ended	
June 30, 1963-----	Exhibit A
Analysis of Funds Under Control of Treasurer	
for the Fiscal Year Ended June 30, 1963-----	Exhibit B
Analysis of Travel Revolving Fund for the	
Fiscal Year ended June 30, 1963-----	Exhibit C

#### 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.

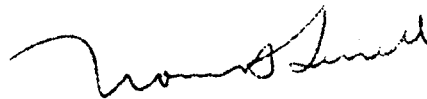
Cash on hand, securities on hand, cash in banks and securities held in trust by banks were counted or confirmed during the four money counts conducted during the period under review and these amounts were

reconciled to the amounts reported by the State Controller. Loans to employees from the Travel Revolving Fund were confirmed by direct correspondence as of October 9, 1963. We compared the Purchasing Department physical inventory records of fixed assets with equipment on hand.

Opinion

In our opinion, the accompanying exhibits present fairly the operations of the Nevada State Treasurer's office for the fiscal year ended June 30, 1963, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Carson City, Nevada  
October 18, 1963

A handwritten signature in dark ink, appearing to read "Norman H. Terrell", written in a cursive style.

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



STATE TREASURER'S OFFICE  
COMPARISON OF ACTUAL EXPENDITURES TO BASIS FOR APPROPRIATION

For the Fiscal Year Ended June 30, 1963

	Basis for <u>Appropriation</u>	Work Program Including <u>Transfers</u>	Actual Revenues and <u>Expenditures</u>	Over or (Under) <u>Work Program</u>
<u>Revenues</u>				
Appropriation	\$48,391.00	\$48,391.00	\$48,391.00	\$ -
Salary Adjustment Fund	-	594.00	594.00	-
Total Revenues	<u>\$48,391.00</u>	<u>\$48,985.00</u>	<u>\$48,985.00</u>	<u>\$ -</u>
<u>Expenditures</u>				
Salaries	\$40,772.00	\$42,338.92	\$42,099.67	\$(239.25)
Travel - out-of-state	400.00	384.00	384.00	-
Travel - in-state	56.00	140.00	140.00	-
Industrial Insurance	273.00	270.00	264.00	( 6.00)
Retirement Payments	1,849.00	1,862.00	1,712.90	(149.10)
Personnel Assessments	175.00	175.00	175.00	-
Freight and Postage	700.00	500.00	465.37	( 34.63)
Printing	875.00	875.00	1,107.14	232.14
Office Supplies	1,000.00	622.00	424.66	(197.34)
Telephone & Telegraph	466.00	550.00	541.83	( 8.17)
Equipment Repairs	750.00	452.44	630.50	178.06
Dues	75.00	75.00	60.00	( 15.00)
Office Equipment	<u>1,000.00</u>	<u>740.64</u>	<u>740.64</u>	-
Total Expenditures	<u>\$48,391.00</u>	<u>\$48,985.00</u>	<u>\$48,745.71</u>	<u>\$(239.29)</u>
Amount Reverted to General Fund			<u>\$ 239.29</u>	



STATE TREASURER  
ANALYSIS OF FUNDS UNDER CONTROL OF TREASURER  
For the Fiscal Year Ended June 30, 1963

	Balance	Receipts	Warrants	Warrants	Balance
	<u>6-30-62</u>	<u>Deposited</u>	<u>Issued</u>	<u>Cancelled</u>	<u>6-30-63</u>
State Treasurer	\$23,895,738.90	\$130,143,477.61	\$130,229,107.43	\$717,547.28	\$24,527,656.36
Salary Ded. Trust	61,958.41	1,612,537.22	1,605,175.38	-	69,320.25
U.S. Bond Trust	4,727.59	62,999.76	63,145.29	-	4,582.06
Div. of Pub. Asst.	301,683.09	4,965,478.05	4,987,770.13	-	279,391.01
State Welfare	200,756.16	973,856.30	1,035,087.19	-	139,525.27
Emp. Sec. Fund	104,105.51	19,604.75	5,912.64	2,426.48	120,224.10
Emp. Sec. Clear.	2,158.19	10,275,657.64	10,275,249.40	446.99	3,013.42
Emp. Sec. Benefit	112,221.69	6,702,641.08	6,756,824.62	15,980.00	74,018.15
Emp. Sec. Admin.	233,401.73	768,795.60	870,528.87	6,375.33	138,043.79
Soc. Sec. Admin.	2,208.16	1,738.04	1,273.45	-	2,672.75
Soc. Sec. Revolv.	4,577.95	153,396.64	156,493.81	-	1,480.78
U.C.F.E. Benefit	15,420.50	375,969.00	362,034.50	882.00	30,237.00
A.R.A. Sub. Payment	6,992.00	8,246.00	11,400.00	-	3,838.00
U.S. Treas. Trust					
Fund	18,025,471.27	10,867,676.24	6,640,000.00	-	22,253,147.51
State Treas. Travel					
Revolving	11,872.84	114,731.87	120,380.08	-	6,224.63
Nev. Ind. Comm.	671,431.86	11,752,874.64	11,675,184.03	-	749,122.47
T.U.C. Benefit	330.50	383.60	-	-	714.10
Manpower Dev. Tr. Act					
Account	-	58,945.00	46,544.20	--	12,400.80
TOTALS	<u>\$43,655,056.35</u>	<u>\$178,859,009.04</u>	<u>\$174,842,111.02</u>	<u>\$743,658.08</u>	<u>\$48,415,612.45</u>



STATE TREASURER  
ANALYSIS OF TRAVEL REVOLVING FUND  
For the Fiscal Year Ended June 30, 1963

	Balance June 30, 1962	Receipts	Disbursements	Balance June 30, 1963
<u>Total Fund</u>				
Bank Balance	\$11,872.84	\$ 114,731.87	\$ 120,380.08	\$ 6,224.63
Loans Receivable	<u>8,127.16</u>	<u>(114,731.87)</u>	<u>(120,380.08)</u>	<u>13,775.37</u>
Total Fund Balance	<u>\$20,000.00</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$20,000.00</u>
<u>Loans Receivable</u>				
Balance June 30, 1963				\$13,775.37
Loan Payments Received:				
July 1963			\$ 10,978.74	
August 1963			2,319.96	
September 1963			139.70	
to October 9, 1963			<u>-</u>	<u>13,438.40</u>
Balance Unpaid at October 9, 1963				<u>\$ 336.97</u>
<u>Aging of Past Due Loans:</u>				
June 1963			\$ 100.00	
May 1963			94.00	
April 1963			58.00	
March 1963			13.00	
February 1963			-	
January 1963			6.50	
Prior			<u>65.47</u>	<u>\$ 336.97</u>

Note: Confirmation was made with all debtors by direct correspondence as of October 9, 1963. The State Treasurer has installed a follow-up system as recommended (see Supplemental Letter to this audit report) to preclude future loans remaining unpaid for extended periods.



STATE TREASURER  
SUPPLEMENTAL LETTER TO AUDIT REPORT  
Fiscal 1962-63

A. Travel Revolving Fund

1. Require all departments to submit authorized signatures upon which travel advance request may be honored. Maintain file on such signatures for comparison to travel advance request presented.

2. The practice of signing blank travel revolving fund checks in advance should not be allowed.

3. A new ledger should be set up at start of each fiscal year with the control sheet indicating the bank account balance and the total loans receivable. Detail sheets will indicate individual loan balances at start of fiscal year. Old ledger will be labeled and retired intact.

4. Form letters should be prepared for follow-up on all loans remaining unpaid after 60 days. These letters will be addressed to the department head for which the employee works. One copy will be kept in the Treasurer's file until the loan is paid, then filed until next audit by Fiscal Analyst.

5. Monthly reconciliations will be prepared in the same manner as regular bank reconciliation. A written list of individual unpaid loans will be prepared and filed with reconciliation.

6. Require all departments to obtain written release from Treasurer on terminating employees before they receive final pay check. The statutes provide that travel advances are a lien against such pay checks. (NRS 281.173)

7. Items 1, 4, and 6, above, can be accomplished under authority vested in Treasurer by NRS 281.175.

B. Salary Deduction Trust Fund

NRS 226.180, subsection 3, states the Treasurer shall "keep books of account and sign and pay all warrants relating to all state payroll deductions at the time and in the manner required according to federal laws and regulations." During our examination it appeared that as of October 15, 1963:

1. The second quarter federal return due July 31, 1963, had not been filed or final payment made.
2. Depository receipt for July 1963, not purchased when required on August 15, 1963.
3. Depository receipt for August 1963, not purchased when required on September 15, 1963.
4. The third quarter federal return due October 31, 1963, still to be filed with final payment.

As the federal laws provide severe penalties and fines for non-compliance, which if assessed would have to be paid personally by either or both the Treasurer and Controller, it is recommended that the Treasurer's office instigate a regular written notice to the Controller's office prior to each due date required under federal withholding regulations requesting preparation of necessary forms, claims and warrants.



C. Personnel Responsibilities

It is recommended that an organization chart and job description be prepared for the Treasurer's office. A complete listing of all duties and responsibilities of each employee, other than the Treasurer, should be on file to assist in training new employees or for assignment of duties during the absence of personnel.

D. Key Control

It is recommended that a locked key storage box be utilized to control all keys and facsimile signature plates. The box should be installed in the vault with control of keys to such box vested in the Treasurer and his deputy.

E. Bond Interest Coupons

During the examination it was noted that all coupons had not been clipped and presented for payment. It is recommended that after the coupons have been clipped by the deputy they be checked against the ledger by another clerk to assure all coupons are presented when due.

F. Bond Redemption

It was noted during our examination that there were state bonds on hand in the active file unvoided for which the Treasurer had received payment by warrant issued by the Controller. This puts the Treasurer in the position of having cash and also a valid bond on hand in equal amounts or twice the funds he should have. It is

recommended that procedures be initiated so that the Controller's office either void the bonds being redeemed or verify the bonds being voided before he surrenders the check to the Treasurer.

G. Employee Bonding

Since all employees:

1. Handle substantial amounts of cash
2. Have access to the vault
3. Have access to all books and records
4. Have access to mechanical check signers

It is recommended that arrangements be made for bonding all employees. This will require legislation.

- H. NRS 356.010, subsection 2, provides that; "Deposits shall be made only with written consent and approval of the state board of finance. The written consent and approval of the state board of finance to make deposits of state moneys in banks shall be delivered to the state treasurer and filed in his office, and a copy thereof shall be filed in the office of the secretary of state, and shall be a public record." As no such written consent is in the files of the State Treasurer (it apparently has been misplaced some time in past history) it is recommended he solicit such consent from the Board of Finance covering all current active accounts to bring the files up to date.

I. Items Needing Legislation

1. NRS 226.120 provides for an annual report to be submitted within 60 days after July 1. This is now impossible if state records

and accounts are to be held open for 60 days as they were for fiscal 1962-63. This procedure appears to be in conflict with the Nevada Constitution.

2. NRS 226.130 provides for monthly reports to Controller consisting of:

- (a) The amounts received and from what source.
- (b) The amounts expended in the redemption of bonds, warrants, coupons for interest, and other expenditures authorized by law.
- (c) The balance of cash on hand in the treasury to the credit of the various funds.

Records on all of the above are now maintained by the Controller, not by the Treasurer. The monthly report submitted by the Treasurer indicates only the balances in various bank accounts maintained by the Treasurer. As this is all the Treasurer can report, the statutes should be corrected to provide for a monthly report of funds on deposit with commercial depositories.

3. NRS 356.060 provides for publication in a Carson City paper monthly of the amount of state funds held by each depository on the first day of the month. This has not been done for several years. The money count report issued quarterly by the Fiscal Analyst should be sufficient and, therefore, this section of Nevada Revised Statutes should be repealed.

4. NRS 282.310, subsection 3, provides for a report twice a year on the condition of the Bond Trust Fund. This has not been done and as the Fiscal Analyst's money count report covers this fund

quarterly that should be sufficient. This subsection should be repealed.

5. NRS 226.080, pertaining to the mechanical facsimile signature, requires "that all of the mechanical device shall at all times be kept in a vault . . . ." As this is impossible and impractical due to the size of the vault and the device, the wording should be "that the registered key to the mechanical device shall at all times be kept in a vault." This also pertains to the Controller under NRS 227.090, subsection 1c.

6. NRS 425.200, subsection 1, 426.120, subsection 1, and 432.070, subsection 1, provide for the Director of the Welfare Department to provide the Controller and Treasurer with a full, true and correct list of recipients. As this has not been done for years and the Treasurer has no need for such a list as he does not prepare warrants, his name should be eliminated from these sections.

7. NRS 355.130 provides that the Board of Finance may not lend Permanent School Fund moneys to political subdivisions. The following emergency loans are now listed in the Permanent School Fund:

Carson City Emergency Loan Note	\$79,161.52
Lyon County Emergency Loan Note	\$21,998.87
Ormsby County Board of County Commissioners Emergency Loan Note	\$ 4,782.25

Either the statutes should be amended to allow such loans or they should be purchased from the Permanent School Fund by other state funds authorized for such investment.

8. NRS 616.425, 616.4971 and the Nevada Constitution, Article 9, section 2, provide for custody by State Treasurer of all premiums, contributions, penalties, bonds, securities and all other properties received, collected or acquired by the Commission (Industrial). During 1959 the Industrial Commission, relying on a letter from the Attorney General of the State of Nevada, removed all of the above items from the control of the State Treasurer except a revolving fund payment of N.I.C. warrants. Either these sections should be amended to vest complete custody and control with the Industrial Commission or the funds and securities should be the accountability of the Treasurer's office.

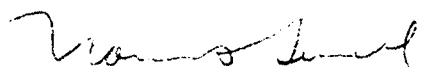
9. NRS 286.240 provides that funds of the Public Employees' Retirement Fund shall be deposited with the State Treasurer. During 1959, relying on a letter from the Attorney General of the State of Nevada, the Public Employees' Retirement Board removed certain of their funds from the State Treasurer's custody. Either this section should be amended to vest complete custody and control with the Retirement Board or the funds and securities should be the accountability of the Treasurer's office.

It is our understanding that the past and current Treasurers have been approached by both the Industrial Commission and the Public Employees' Retirement Board for return of custody of some of the funds to the State Treasurer's office. The past Treasurer turned down the

request relying on the 1959 Attorney General's letter. The current Treasurer desires clarification of both issues.

10. Consideration should be given to amendment to NRS 356.015 authorizing the Board of Finance and State Treasurer broader latitude in the investment of inactive deposits and rates of interest thereon.

October 18, 1963  
Carson City, Nevada



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

Note: At a meeting of the Fiscal Analyst, the State Treasurer and his deputy on October 29, 1963, agreement was reached on necessary changes for compliance with above recommendations. The Fiscal Analyst will make recommendations for suggested legislation.

STATE OF NEVADA  
DEPARTMENT OF ECONOMIC DEVELOPMENT  
AUDIT REPORT

FOR THE PERIOD JULY 1, 1962 TO JUNE 30, 1963

LEGISLATIVE COUNSEL BUREAU  
NORMAN H. TERRELL, FISCAL ANALYST  
Carson City, Nevada  
January 20, 1964





Nevada Legislative Commission  
Capitol Building  
Carson City, Nevada

Gentlemen:

We have examined the accounts and records of the Department of Economic Development for the fiscal year ended June 30, 1963, and have prepared therefrom the following exhibits.

Statement of Basis for Appropriation Compared  
with Actual Revenues and Expenditures for  
the Fiscal Year Ended June 30, 1963----- Exhibit A

Schedule of Contracts with Independent  
Contractors for the Fiscal Year  
Ended June 30, 1963----- Schedule 1

Functions of Agency

The duties of the department as listed in NRS 231.120 can be summarized as those necessary "to advertise, publicize, promote and aid in the development of the commercial, industrial, agricultural, mining, tourist, and other vital economic interests of the State of Nevada."

. . . compile, collect and develop periodically, information relating to current business conditions.

. . . conduct and encourage research . . . designed to develop new products and industrial processes.

. . . study changes in population and current trends and prepare plans and suggest policies for the development and conservation of the resources of the state.

. . . plan and develop an effective business information service for the direct assistance of business and industry both in the state and outside the state.

. . . investigate and study conditions affecting Nevada business, industry and commerce, to collect and disseminate information and to engage in technical studies, scientific investigations, statistical research and educational activities necessary or useful in executing the various duties imposed by the statutes.

. . . give publicity to points and places of historic interest, climatic and recreational advantages and possibilities of successful pursuits and industrial enterprizes in this state.

. . . serve as the public information center for the State of Nevada by answering inquiries, both by mail and in person, concerning the resources, economic, residential and recreational advantages of this state.

. . . investigate, study and undertake ways and means of promoting and encouraging the prosperous development and protection of the legitimate interest and welfare of Nevada business, industry and commerce, within and without the state.

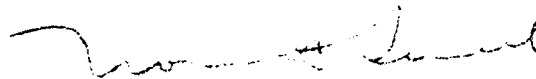
#### Scope of Examination

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

In our opinion, the accompanying exhibits present fairly the operations of the Department of Economic Development for the fiscal year ended June 30, 1963, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Carson City, Nevada  
January 20, 1964



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

DEPARTMENT OF ECONOMIC DEVELOPMENT  
STATEMENT OF BASIS FOR APPROPRIATION COMPARED WITH ACTUAL REVENUES & EXPENDITURES  
For the Fiscal Year Ended June 30, 1963

	Original Work Program	Basis for Appropriation	Actual Revenues and Expenditures	Over or (Under) Basis for Appropriation
<u>Revenues</u>				
Appropriation	\$96,041.00	\$96,041.00	\$96,041.00	\$ -
Salary Adjustment	480.00	480.00	480.00	-
Total Revenues	<u>\$96,521.00</u>	<u>\$96,521.00</u>	<u>\$96,521.00</u>	<u>\$ -</u>
<u>Expenditures</u>				
Salaries	<u>\$30,972.00</u>	<u>\$30,972.00</u>	<u>\$30,969.12</u>	<u>\$ ( 2.88)</u>
Travel				
In-state	6,000.00	6,000.00	5,214.27	( 785.73)
Out-of-state	5,000.00	5,000.00	4,552.72	( 447.28)
	<u>11,000.00</u>	<u>11,000.00</u>	<u>9,766.99</u>	<u>(1,233.01)</u>
<u>Operating</u>				
Industrial Insurance	520.00	201.00	637.17	436.17
Retirement Payments	1,500.00	1,385.00	1,181.06	( 203.94)
Personnel Assessment	112.00	112.00	112.00	-
Building Space Rental	415.00	200.00	993.68	793.68
Freight & Postage	5,000.00	5,000.00	7,735.61	2,735.61
Printing	21,500.00	24,050.00	20,132.02	(3,917.98)
Office Supplies	800.00	884.00	1,005.93	121.93
Telephone & Telegraph	1,900.00	1,800.00	1,817.12	17.12
Office Equip. Repairs	200.00	150.00	205.05	55.05
Car Insurance	-	115.00	42.45	( 72.55)
Paid Advertising & Contracts	6,300.00	5,000.00	3,263.33	(1,736.67)
Host Fund	600.00	600.00	431.42	( 168.58)
Dues, Subscriptions & Fees	500.00	300.00	883.00	583.00
Photographs & Films	800.00	800.00	525.35	( 274.65)
Signs (Rental)	6,000.00	6,000.00	5,919.00	( 81.00)
Industrial Surveys	5,000.00	5,000.00	4,569.84	( 430.16)
Artwork & Engraving	300.00	750.00	1,388.01	638.01
Travel Shows	3,000.00	2,100.00	4,485.25	2,385.25
	<u>54,447.00</u>	<u>54,447.00</u>	<u>55,327.29</u>	<u>880.29</u>
<u>Equipment</u>	<u>102.00</u>	<u>102.00</u>	<u>309.87</u>	<u>207.87</u>
Total Expenditures	<u>\$96,521.00</u>	<u>\$96,521.00</u>	<u>\$96,373.27</u>	<u>\$ ( 147.73)</u>



DEPARTMENT OF ECONOMIC DEVELOPMENT  
 SCHEDULE OF CONTRACTS WITH INDEPENDENT CONTRACTORS  
 For the Fiscal Year Ended June 30, 1963

<u>Contract Date</u>	<u>Independent Contractor</u>	<u>Total Amount of Contract</u>	<u>Purpose</u>
7/ 3/62	Viscom, Inc.	\$ 1,330.00	Modernize Nevada Information Center - Capitol Building
7/ 3/62	Liz McClain	85.00	Compile Data for Book "Industrial Nevada - Basic Data"
8/ 1/62	Trans-Nation Advertising	900.00	Sign Rental July & Aug. 1962
9/12/62	Trans-Nation Advertising	450.00	Sign Rental Sept. 1962
10/ 1/62	Trans-Nation Advertising	450.00	Sign Rental Oct. 1962
11/14/62	Trans-Nation Advertising	450.00	Sign Rental Nov. 1962
12/ 1/62	Melvin Company, Inc. (36 months)	18,720.00	8 Highway Signs (Rental)
12/ 4/62	Naegle Outdoor Adv.	29.00	Paint Sign
1/ 9/63	Irwin Fehr	557.50	Renovate Nevada Travel Show Exhibit
1/18/63	Arnold Fryk	2,300.00	Personal Services, use of Burro & misc. equip. 4 sport shows
3/ 1/63	Bob Dill	225.00	Colorado Sports, Boat & Travel Show - Denver. 4 shows
3/ 6/63	Gene Keyart	1,000.00	Compile Data for Book "Industrial Nevada - Basic Data"
3/12/63	Jud Allen	375.00	Represent Bureau at Milwaukee Sport Show
5/27/63	Peg Arnold	90.00	Compile Data for Book "Industrial Nevada - Basic Data"
1/21/63	William Engel	185.00	Represent Bureau at San Francisco Sport Show
1/21/63	Betty Whitehurst	320.00	Represent Bureau at San Francisco Sport Show
		<u>\$27,466.50</u>	



DEPARTMENT OF ECONOMIC DEVELOPMENT  
SUPPLEMENTAL LETTER TO AUDIT REPORT  
For the Fiscal Year Ended June 30, 1963

1. Bookcases, room dividers, and podiums are equipment and should be:
  - (1) recorded as such;
  - (2) entered on the inventory records; and
  - (3) accounted for the same as other equipment, that is, not to show the cost as office supplies but as equipment purchased.
2. Office supplies should always be obtained through the State Department of Purchasing whenever possible. During our audit it was noted that \$1,005.93 was spent for office supplies and miscellaneous small equipment in the fiscal year ending June 30, 1963. Of this amount, \$124.63 was spent on equipment items. The balance of \$881.30 was spent on office supplies. Two hundred twenty-one dollars and eighty-five cents of such office supplies was spent with the Department of Purchasing and \$659.45 was spent with independent suppliers. Of the \$221.85 spent through Purchasing, \$211.88 was mimeo and thermofax paper. Therefore, by analysis, it is evident that 74.83% of office supplies were purchased from independent suppliers and not from the Department of Purchasing.

The same proportion of purchases from outside sources is evident through the first five months of the fiscal year 1963-64. We recommend that all purchases of office supplies be made through the Department of Purchasing, in order to reap the greater benefits of savings and time for which the department was originally created.

3. The cost of storage in Carson City of "Guides" and other booklets was \$754.88 and the delivery of them cost an additional \$121.00 for the year (usually at the price of \$12.00 an hour). The budget item "Building Space Rental" was exceeded by \$578.68. Considerable savings could result if storage space on state property could be obtained. Buildings and Grounds have advised by letter that no space is currently available.
4. During the course of our audit we examined all contracts made by the Department of Economic Development with independent contractors. Upon verifying the expenditures in payment of such contracts, it was noted there was insufficient record keeping as to how much of an item or service had been received, when and if received, or if the services were performed as stipulated in the contract.

There also appeared areas where possible savings may have developed if the "bidding" process had been followed to determine the costs of a particular job or service prior to a contractual commitment. It is also possible that in some instances other state agencies may have been able to perform the services.

The present director has taken steps to initiate development of cost systems for each project in order for him to analyze the overall costs and make better decisions relative to future expenditures and be able to make meaningful comparisons of past performances.

Since some contracts involve several thousand dollars, we recommend that the State Board of Economic Development consider each and every contract for its approval or disapproval. Each contract should be ratified by the Board and such ratification appear in the minutes of Board meetings.

We further recommend tighter controls of all property and equipment. During the audit it was noted that a piece of equipment was lost as well as a popular publicity film being misplaced. Such items should be checked out to specific individuals who are accountable therefor.

5. Personnel regulations must be complied with, even though the department has only four full-time employees. Compensatory time should be recorded for all employees. One employee must forfeit  $4\frac{1}{2}$  days annual leave as of December 31, 1962 (See State Administrative Manual, Rules for State Personnel Administration, Rule 8, Section 8.02).
6. The pamphlets and other descriptive material prepared by the department should show the source of the data, an identification number and an indication of how the data applies to Nevada. Statistical material should show the date of data.
7. NRS 284.173 requires copies of each contract for services of an independent contractor to be filed with the legislative commission and the clerk of the state board of examiners. A contract with one such individual for his services from 8:00 a.m. to 5:00 p.m., on October 31, 1963, as part of a Nevada Day exhibit has not been filed with the Legislative Commission as of November 19, 1963.
8. To answer the large number of letters from school children, a part-time employee is paid \$1.82 an hour. She performs almost all of this work in her home and is paid whenever the time reports she submits show she has worked 40 hours since her last pay check. We recommend that production or piece work standards be established for this type of employee and he or she be paid on a "work performed" basis, or all work be performed in the office of the department.

Carson City, Nevada  
January 20, 1964



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

Note: At a meeting of the Fiscal Analyst and the Director of the Department of Economic Development on January 22, 1964, agreement was reached on necessary changes for compliance with all recommendations made by the Fiscal Analyst.



STATE OF NEVADA  
HOISTING ENGINEERS LICENSE FUND  
AUDIT REPORT

FOR THE PERIOD JULY 1, 1962 TO JUNE 30, 1963

LEGISLATIVE COUNSEL BUREAU  
NORMAN H. TERRELL, FISCAL ANALYST  
Carson City, Nevada  
October 29, 1963



Nevada Legislative Commission  
Capitol Building  
Carson City, Nevada

Gentlemen:

We have examined the accounts and records of the Hoisting Engineers License Fund for the fiscal year ended June 30, 1963, and have prepared therefrom the following attached exhibits:

Statement of Cash Receipts and Disbursements

for the Fiscal Year Ended June 30, 1963----- Exhibit A

Comparison of Actual Revenues and Expenditures

with Basis for Authorization for the Fiscal

Year 1962-1963----- Exhibit B

#### Functions of the Boards

The functions of the District Examining Boards of the Hoisting Engineers Act are primarily to regulate the licensing of Hoisting Engineers and to provide the necessary funds for the administration of NRS chapter 626.

#### Scope of Examination

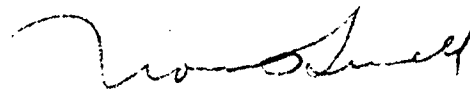
A detailed examination was made of all recorded receipts and disbursements for the period under review. Other records and reports prepared by or in the custody of the Inspector of Mines were examined in regard to general compliance with related statutes. Due to the small number of licenses issued each year the informal type records maintained by the office of the Inspector of Mines are adequate. All licenses must be renewed annually, receipts for which were verified to total licenses issued.

All disbursements clear through the office of the Inspector of Mines are made by the State Controller only upon presentation of the required invoices and authorized signatures.

Opinion

In our opinion, the accompanying exhibits present fairly the operations of the Hoisting Engineers License Fund for the fiscal year ended June 30, 1963, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Carson City, Nevada  
October 29, 1963

A handwritten signature in dark ink, appearing to read "Norman H. Terrell", written in a cursive style.

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

HOISTING ENGINEERS LICENSE FUND  
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS  
For the Fiscal Year Ended June 30, 1963

Balance on Deposit with State Treasurer July 1, 1962	\$1,997.26
--	------------

Receipts

License Fees Collected	<u>182.50</u>
Total to be Accounted for	\$2,179.76

Disbursements

Salaries - Board Members	\$70.00
Travel - Board Members	5.00
Industrial Insurance	10.62
Printing	30.32
Refund	<u>5.00</u>
Total Disbursements	<u>\$ 120.94</u>
Balance on Deposit with State Treasurer June 30, 1963	<u><u>\$2,058.82</u></u>



HOISTING ENGINEERS LICENSE FUND  
COMPARISON OF ACTUAL REVENUES AND EXPENDITURES WITH BASIS FOR AUTHORIZATION

For the Fiscal Year 1962-1963

	Basis for <u>Authorization</u>	Work Program <u>Submitted</u>	Actual Revenues and <u>Expenditures</u>	Over or (Under) Work <u>Program</u>
<u>Revenues</u>				
Authorization Act	\$365.00	\$365.00	\$ -	\$ -
Augmentation Requested	-	400.00	-	-
Actual Fees Collected	<u>-</u>	<u>-</u>	<u>182.50</u>	<u>-</u>
Total Revenues	<u>\$365.00</u>	<u>\$765.00</u>	<u>\$182.50</u>	<u>\$(582.50)</u>
<u>Expenditures</u>				
Salaries	\$200.00	\$460.00	\$ 70.00	\$(390.00)
Travel	15.00	155.00	5.00	(150.00)
Operating	<u>150.00</u>	<u>150.00</u>	<u>45.94</u>	<u>(104.06)</u>
Total Expenditures	<u>\$365.00</u>	<u>\$765.00</u>	<u>\$120.94</u>	<u>\$(644.06)</u>





SUPPLEMENTAL LETTER TO AUDIT REPORT

HOISTING ENGINEERS FUND

Fiscal 1962-63

I. Suggested Legislation - District Examining Boards

NRS 626.020 divides the state into nine examining districts and specifically provides what areas are to be included in each district.

This section has now become obsolete because mining activities are constantly shifting throughout the state. Out of the nine boards required by law only two have the required three members, five have two members and two have only one member. As some parts of the state no longer have appreciable mining activity requiring hoisting engineers while other areas are so active that more than one board is warranted, we recommend the following legislation:

NRS 626.020, subsections 1 and 2, be repealed as it now reads and worded as follows:

NRS 626.020

1. The inspector of mines shall determine examining districts necessary to fulfill requirements of this chapter.

2. Examinations required by this chapter shall be conducted in those examining districts as determined by the inspector of mines.

October 29, 1963  
Carson City, Nevada



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

Note: At a meeting of the Fiscal Analyst and the Inspector of Mines on November 12, 1963, agreement was reached on this recommended legislation. The Fiscal Analyst will make the recommendation for this corrective legislation.



STATE OF NEVADA  
INSPECTOR OF MINES  
AUDIT REPORT  
FOR THE PERIOD JULY 1, 1962 TO JUNE 30, 1963

LEGISLATIVE COUNSEL BUREAU  
NORMAN H. TERRELL, FISCAL ANALYST  
Carson City, Nevada  
October 29, 1963



Nevada Legislative Commission  
Capitol Building  
Carson City, Nevada

Gentlemen:

We have examined the accounts and records of the Inspector of Mines for the fiscal year ended June 30, 1963, and have prepared therefrom the following:

Comparison of Actual Revenues and Expenditures

with Basis for Appropriation for the Fiscal

Year 1962-1963----- Exhibit A

Functions of Agency

The primary function of the Inspector of Mines office is to insure the safety of employees in the mining and milling industry by thorough examinations and inspections of the operations. The Inspector of Mines does not have jurisdiction over mines, mills, crusher plants, or smelters that do not pay wages.

As an additional related duty, the Inspector of Mines and his two deputies are charged with the general administration and operation of the nine district examining boards that grant the various classes of Hoisting Engineer Licenses.

Scope of Examination

All claims for the fiscal year ended June 30, 1963, were examined and receipts other than appropriations were verified and compared to the records in the State Controller's office. Acknowledgments were obtained from the two deputies to account for the equipment entrusted to them. The other fixed assets for which the Inspector of Mines is

accountable were test-checked, with emphasis on large items. Sensitive items such as travel expense claims, office supplies, gasoline and oil were especially scrutinized. While our audit was primarily one of accountability of state funds and property, we did examine the report files and other records maintained in the Carson City office to satisfy ourselves that the reports and duties were substantially in agreement with the statutes.

Opinion

In our opinion, the accompanying exhibit presents fairly the operation of the office of the Inspector of Mines for the fiscal year ended June 30, 1963, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Carson City, Nevada  
October 29, 1963



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

INSPECTOR OF MINES  
COMPARISON OF ACTUAL REVENUES AND EXPENDITURES WITH BASIS FOR APPROPRIATION  
For the Fiscal Year 1962-1963

	Basis for <u>Appropriation</u>	Work Program <u>Submitted</u>	Actual Revenues and <u>Expenditures</u>	Over or (Under) Work Program
<u>Revenues</u>				
Appropriation	\$49,010.00	\$49,010.00	\$49,010.00	\$ -
Salary Adjustment Fund	-	1,188.00	1,188.00	-
Sale of Booklets	-	-	29.08	29.08
 Total Revenues	 <u>\$49,010.00</u>	 <u>\$50,198.00</u>	 <u>\$50,227.08</u>	 <u>\$ 29.08</u>
 <u>Expenditures</u>				
Salaries	\$35,964.00	\$37,184.00	\$37,153.70	\$( 30.30)
Travel - out-of-state	125.00	125.00	144.00	19.00
Travel - in-state	4,700.00	4,700.00	3,614.72	(1,085.28)
Industrial Insurance	244.00	223.00	236.29	13.29
Retirement Payments	1,606.00	1,635.00	1,633.30	( 1.70)
Personnel Assessments	200.00	200.00	200.00	-
Freight and Postage	225.00	200.00	164.78	( 35.22)
Printing	2,160.00	2,160.00	2,316.47	156.47
Office Supplies	300.00	275.00	100.14	( 174.86)
Telephone & Telegraph	465.00	510.00	506.11	( 3.89)
Insurance	350.00	395.00	367.39	( 27.61)
Equipment Repair	200.00	170.00	156.00	( 14.00)
Newspapers & Magazines	52.00	52.00	58.00	6.00
Government Publications	20.00	15.00	-	( 15.00)
Transcripts	50.00	40.00	-	( 40.00)
NRS Supplements	35.00	-	-	-
Miscellaneous	130.00	130.00	13.80	( 116.20)
Automobile	2,184.00	2,184.00	1,996.35	( 187.65)
 Total Expenditures	 <u>\$49,010.00</u>	 <u>\$50,198.00</u>	 <u>\$48,661.05</u>	 <u>\$(1,536.95)</u>
 Amount Reverted to General Fund			 <u>\$ 1,566.03</u>	





SUPPLEMENTAL LETTER TO AUDIT REPORT

INSPECTOR OF MINES

Fiscal 1962-63

- I. The practice of selling "Nevada Mining Claim Procedures" booklets to non-residents is not provided for in the Nevada statutes. The small amount of revenue (average less than \$30.00 per year) does not merit the extra work necessary to insure proper handling of the funds. We recommend the selling of such booklets be terminated.
- II. NRS 512.020 requires, "the inspector of mines make an affidavit before a proper officer to that effect that he has had at least seven years' actual experience in underground workings before he shall be qualified to act as the inspector of mines." No such affidavit is on file with the Secretary of State as of October 22, 1963.

NRS 512.110 requires a similar affidavit of each deputy. As of October 22, 1963, no such affidavits were on file with the Secretary of State or the Inspector of Mines. The proper affidavits should be executed and filed as required.
- III. Suggested Legislation
  - A. NRS 512.240 states, "This chapter shall not apply to any mine which is worked exclusively by owners, or lessees of the owners, and where no men are employed and working in the mine for wages." This was written into the law in 1909 and at that time

may have had merit; however, under present day conditions the safety of these individuals should be as much the responsibility of the Inspector of Mines as any other individual engaged in mining as an occupation. The legal interpretations of wages or lessees tend to vary; therefore, it is recommended this section be repealed in its entirety.

B. NRS 518.260 requires, "all boilers used for generating steam in and about mines shall be kept in good order and the owner, operator or superintendent shall have them examined and inspected by a qualified person as often as once in 6 months and oftener if the inspector of mines or his deputy shall deem it necessary. The result of such examination shall be certified in writing to the inspector of mines within 30 days thereafter." At the present time the required reports are not received or requested by the Inspector, except when a complaint about a boiler is received. Although boilers are not used as extensively as in 1909 and 1911, when this law was passed and amended, they are still used "about" mines and are dangerous if not properly maintained. This statute should be amended to fit the capabilities of the boilers in use today, and then strictly enforced by the Inspector of Mines.

C. NRS 518.290 requires "smoke helmets" be kept on hand at every mine employing 40 or more men underground. Only one mine currently operating in the state employs "40 or more men underground," but the "smoke helmets" are not kept on hand, since they are obsolete. Since 1911 many improvements have been made in fire fighting devices and the improved type of helmets and devices are kept on hand at the mine that does have extensive underground workings and at least two other locations in the state. The statute

could be amended to read instead of "smoke helmets"--helmets and devices of type and capabilities approved by the inspector of mines. The ratio of helmets to the number of men employed underground should be considered by competent authorities and perhaps a new minimum set by law with the Inspector having the authority to require more if he deems it necessary.

D. The Inspector of Mines indicated that he personally feels clarification should be made in the Nevada statutes pertaining to his responsibility for inspections of safety precautions and devices for employees engaged in underground work on projects conducted within the State of Nevada by federal agencies such as the A.E.C. Not being competent in this field we have no specific recommendation; however, we do feel a study should be made by competent individuals with the result being legislation that will protect Nevada citizens engaged in underground work on such locations.

October 29, 1963  
Carson City, Nevada



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

Note: At a meeting of the Fiscal Analyst and the Inspector of Mines on November 12, 1963, agreement was reached on necessary changes for compliance with the above recommendations. The Fiscal Analyst will make recommendations for suggested legislation.



STATE OF NEVADA  
UNIVERSITY OF NEVADA  
AUDIT REPORT

FOR THE PERIOD JULY 1, 1962 TO JUNE 30, 1963

LEGISLATIVE COUNSEL BUREAU  
NORMAN H. TERRELL, FISCAL ANALYST  
Carson City, Nevada  
November 18, 1963



Nevada Legislative Commission  
Capitol Building  
Carson City, Nevada

Gentlemen:

We have examined the accounts, records and financial statements maintained or prepared by the office of the Business Manager of the University of Nevada for the fiscal year ended June 30, 1963, and have prepared therefrom the following attached exhibits:

Consolidated Statement of Financial Position as at June 30, 1963-----	Exhibit A
Comparison of Basis for Appropriation and Authorization to Actual Revenues and Expenditures-Combined Funds 01, 02 and 03-for the Fiscal Year Ended June 30, 1963-----	Exhibit B
Comparison of Basis for Appropriation and Authorization to Actual Expenditures by College or Department for the Fiscal Year Ended June 30, 1963-----	Exhibit B-1
Comparison of Original Work Program to Actual Revenues and Expenditures-Fund 01-General University Operation for the Fiscal Year Ended June 30, 1963-----	Exhibit C
Comparison of Original Work Program to Actual Revenues and Expenditures-Fund 02- Experiment Station for the Fiscal Year Ended June 30, 1963-----	Exhibit C-1
Comparison of Original Work Program to Actual Revenues and Expenditures-Fund 03-Extension Service for the Fiscal Year Ended June 30, 1963-----	Exhibit C-2
Analysis of Fund Operations-Funds 11 through 81 for the Fiscal Year Ended June 30, 1963-----	Exhibit D

Details of Fund Expenditures-Funds 11 through  
81 for the Fiscal Year Ended June 30,  
1963----- Exhibit E

Analysis of Plant Funds as at June 30, 1963----- Exhibit F

Detail of Values - Plant Assets as at June 30,  
1963----- Exhibit G

### Organization and Functions

The University is a state-supported co-educational land grant university governed by a Board of Regents consisting of nine members from three districts serving staggered terms--elected by the people in a general election.

Officers of the Board of Regents consist of the Chairman, Vice Chairman, Secretary and Secretary Emeritus. Officers of the University include the President, Executive Vice-President, and Business Manager.

The University has two divisions, the main campus situated in Reno, and Nevada Southern, located in Las Vegas. There is one principal business office on the Reno campus which controls the accounting for revenues and expenditures for all University activities, and maintains administrative and general ledger control over operations of Nevada Southern in Las Vegas.

### 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.

The following comments are submitted for additional clarification of the attached exhibits:

#### CASH

The cash balances of the University at June 30, 1963, were on deposit or held as follows:

State Treasurer-----	\$ 984,408.16
Various Bank Accounts-----	<u>1,984,040.48</u>
Total	\$2,968,448.64



The cash balances were shown in fund asset accounts in the University balance sheet as follows:

Current Funds-----	\$ 1,372,405.76
(\$978,348.12 restricted)	
Loan Funds-----	48,411.96
Plant Funds:	
Held by Board of Regents-----	540,946.88
Held by State Treasurer-----	984,408.16
Agency Funds-----	<u>22,275.88</u>
Total	\$ 2,968,448.64

The amount shown as held by the State Treasurer was reconciled with amounts as verified from the State Controller's accounts.

#### INVESTMENTS

Market value of investments of the University of Nevada at June 30, 1962, and June 30, 1963, are summarized as follows:

	<u>June 30, 1962</u>	<u>June 30, 1963</u>
State of Nevada Bonds	\$ 142,621.30	\$ 138,820.10
U. S. Government Bonds	358,102.19	149,090.62
Corporate Bonds	591,483.75	616,160.00
Stocks	1,705,962.95	2,341,843.25
Notes and Contracts	-	29,499.59
Uninvested Corpus	<u>948.50</u>	<u>1,538.20</u>
 Total Market Value	 \$2,799,118.69	 \$3,276,951.76
 Profit Increment	 <u>459,725.58</u>	 <u>219,689.14</u>
 Book Value Shown on University State- ments	 <u>\$2,339,393.11</u>	 <u>\$3,057,262.62</u>

Income on investments for the period was allocated as follows:

	<u>June 30, 1962</u>	<u>June 30, 1963</u>
Current Funds	\$ 70,856.96	\$ 83,174.19
Loan Funds	13,550.33	13,275.48
Endowment and Other Non-expendable Funds	740.78	726.59

Endowment Funds from which security investments are made are carried in the accounts at cost or at the fair market value at the date of acquisition.

Endowment assets are pooled in an investment fund with the Trust Department of the First National Bank. Income is distributed according to a percentage basis for the value which each endowment fund bears to the total investment pool.

Our examination of the securities included inspection of securities reports from the Trust Department of the First National Bank ascertaining that income from securities was accounted for and inspecting University Investment Committee minutes authorizing changes in securities during the year.

#### NOTES AND ACCOUNTS RECEIVABLE

The notes and accounts receivable at June 30, 1963, are summarized by type as follows:

Refund Clearing Account-----	\$ 488.61
Accounts Receivable-----	7,268.12
Receivable from the State Treasurer-----	136,776.07
Student Loans Receivable-----	263,992.56
Notes Receivable-----	<u>217,748.11</u>
Total	<u>\$626,273.47</u>

The total Student Loans Receivable at June 30, 1963, increased \$95,774.96 over the corresponding total at June 30, 1962. All notes for student loans were confirmed by direct communications with debtors.

#### INVESTMENT IN PLANT

The investment in plant is carried on the basis of original cost or assigned value without provisions being made for depreciation. The investment is summarized and compared with the investment at the close of the preceding year as follows:

	<u>June 30, 1962</u>	<u>June 30, 1963</u>	<u>Increase</u>
Land	\$ 3,534,532.00	\$ 3,801,667.83	\$ 267,135.83
Campus Improvements	500,523.00	1,315,583.72	815,060.72
Buildings	8,431,232.00	12,542,415.96	4,111,183.96
Surveys and Designs	-	167,097.36	167,097.36
Totals	<u>\$12,466,287.00</u>	<u>\$17,826,764.87</u>	<u>\$5,360,477.87</u>

The expenditures for buildings from revenues provided by the sale of Revenue Bonds amounted to \$693,334.62 for the fiscal year under audit. The remaining increase in buildings this year was generally accounted for by expenditures from special state appropriations made to the State Planning Board.

Equipment purchased in the ordinary course of business represents a departmental expense item. These items, for the most part, are paid from regular state appropriations.

In addition to determining to what extent the University was complying with the State Purchasing Department as pertains to equipment purchases, we tested the propriety of additions to the accounts by inspecting selected bids, construction contracts, vendors' and contractors' invoices.

#### CURRENT FUNDS RETAINED FOR RETIREMENT OF PLANT INDEBTEDNESS

The resolutions of the Board of Regents relating to the issuance of debt obligations on a self-liquidating basis contain provisions for sinking fund reserves, with the funds to be held in a special bank account. These reserves, in general, are to be credited with the net revenues derived from the operation of Dining Commons and Dormitories for which construction funds were obtained by the issuance of debt obligations. The reserves are to be charged with the interest and principal payments which mature annually. The reserve for revenue certificates and interest sinking fund amounted to \$198,398.01 at June 30, 1963.

We ascertained that the balances of the reserves and the entries recorded in the reserves during the year were in accordance with the provisions of the related resolutions of the Board of Regents. Confirmation of interest and principal payments of indebtedness during the year were obtained by examination of returned checks.

#### NOTES AND BONDS PAYABLE - \$2,313,405.00

Debt obligations of the University are all of the self-liquidating type and are neither a direct obligation of the University nor of the State of Nevada. The bonded indebtedness aggregated \$1,982,000.00 as of June 30, 1963. Pledged were the earnings derived from operation of the buildings provided with the bond proceeds. In addition, notes payable in the amount of \$331,405.00 were due to the First National Bank of Nevada for interim financing of building projects to be ultimately constructed and financed through sale of revenue certificates.

## REVENUES

In addition to appropriations granted to the University each biennium and to the State Planning Board for capital improvements at the University there are also moneys received such as tuition, fees, and other income which are designated for general purposes. These other revenues are retained in private bank accounts and transferred to the State Treasury only when needed after state appropriations are exhausted. Surplus balances in these bank accounts are invested in short-term government notes until needed for general university operations.

The University also receives other moneys which are retained in the various bank accounts, such as research grants, endowment gifts, gifts for current purposes, loan funds and agency funds. All moneys received by the University are deposited daily, with the exception of those moneys on which the remitter did not send sufficient details to permit immediate processing or where the conditions attached to the use of the funds are such that review and acceptance of these conditions must precede the deposit of the moneys.

We reviewed selected remittance data, including items comprising the daily deposits. We determined that those receipts were properly credited.

## EXPENDITURES

Expenditures of the University for the general, instructional-operational accounts are under budgetary control of the Business Manager's office through policy control of the Board of Regents and the President. Expenditures are principally of four major types, salaries and wages, travel expenditures, operating expenditures, and equipment expenditures. Salaries and wages represent the largest single type of expenditure.

We reviewed payroll procedures of the University on a selected basis and we determined that adequate payroll records were on file for each employee. Such records include a signed loyalty oath, employment contract or notice of non-academic appointment and withholding authorizations for selected employees.

With respect to expenditures for current expenses other than salaries and wages, we made tests of the adequacy and validity of supporting data by examination of paid claims, cancelled checks, and other original documents.

Purchasing procedures were reviewed to determine the extent of compliance with State Purchasing requirements.

Expenditures for major plant additions during the year were made principally from two sources--special state appropriations to the State Planning Board and funds provided by bond issues and restricted gifts.

As to the expenditures for major plant additions, we examined files or records pertaining to the following:

1. Release of funds by the State Planning Board on state appropriations.
2. Approval of construction contracts by the Board of Regents.
3. Construction contracts.
4. Contractors' progress payment vouchers which are certified by the State Planning Board.
5. Bids by contractors.

#### OTHER AUDITING PROCEDURES

We reviewed general ledger entries and, on a test basis, the data supporting changes in current surplus and fund balances for the year ended June 30, 1963. We satisfied ourselves that, where necessary, the University maintains detailed accountability records on individual funds and that the total of these funds was in agreement with the controls.

We read the minutes of the Board of Regents and determined that matters affecting the financial statements had been reflected properly in both the books of account and the financial statements.

#### Opinion

In our opinion, the accompanying exhibits present fairly the financial position of the University of Nevada as at June 30, 1963, 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  
November 18, 1963



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



## EXHIBIT A

UNIVERSITY OF NEVADA  
 CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
 As at June 30, 1963

Assets

<u>Funds</u>	<u>Fund No.</u>	<u>Cash</u>	<u>Receivable</u>	<u>Investments</u>	<u>Fixed Asset</u>	<u>Total Asset</u>
General University Operation	01	\$ 394,057.64	\$144,532.80	\$ 247,199.22	\$	\$ 785,789.66
Experiment Sta.-Federal Funds	02	33,437.47				33,437.47
Extension Serv.-Federal Funds	03	53,145.85				53,145.85
Summer School	11	120,899.27		5,000.00		125,899.27
Corresp., Ext. & Evening Div.	12	12,010.58		30,000.00		42,010.58
Research Financed by Grants	13	114,114.63		50,000.00		164,114.63
Special Institutes & Projects	14	54,421.67				54,421.67
Res. Emergency & Contingency Fund	15	11,017.19		5,000.00		16,017.19
Research Development Fund	16	54,124.06		35,000.00		89,124.06
Inter-collegiate Athletics	21	13,268.45				13,268.45
Dining Commons	22	73,111.31				73,111.31
Residence Halls & Apartments	23	69,531.96		9,228.23		78,760.19
Student Health Service	24	8,325.97		28,000.00		36,325.97
4-H Club Camp	25	22,885.01		7,894.84		30,779.85
Jot Travis Student Union	26	4,010.56				4,010.56
Scholarships	31	54,330.19		40,000.00		94,330.19
University Sales	41	125,121.25		95,000.00		220,121.25
Special Gifts & Misc.	51	154,592.70		110,000.00		264,592.70
Student Loan Fund	61	48,411.96	263,992.56	50,000.00		362,404.52
Endowments	71			2,191,227.11		2,191,227.11
Agency Funds	81	22,275.88		60,000.00		82,275.88
Plant Funds	91	1,525,355.04	217,748.11	93,713.22	27,368,149.48	29,204,965.85
Totals		<u>\$2,968,448.64</u>	<u>\$626,273.47</u>	<u>\$3,057,262.62</u>	<u>\$27,368,149.48</u>	<u>\$34,020,134.21</u>

UNIVERSITY OF NEVADA  
 CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Cont.)  
 June 30, 1963

Liabilities

<u>Funds</u>	<u>Fund No.</u>	<u>Outstanding Encumbrances</u>	<u>Accrued Payroll Deductions</u>	<u>Due State Treasury</u>	<u>Notes &amp; Bonds Payable</u>	<u>Miscellaneous Payable</u>	<u>Total Liabilities</u>
General University Operation	01	\$277,407.62	\$107,949.41	\$100,000.00	\$	\$861.16	\$ 486,218.19
Experiment Sta.-Federal Funds	02	33,256.57					33,256.57
Extension Serv.-Federal Funds	03	14,486.22					14,486.22
Summer School	11	3,175.97					3,175.97
Corresp., Ext. & Evening Div.	12	1,020.99					1,020.99
Research Financed by Grants	13	38,372.15					38,372.15
Special Institutes & Projects	14	1,551.97					1,551.97
Res., Emergency & Contingency Fund	15	789.15					789.15
Research Development Fund	16	-					-
Inter-collegiate Athletics	21	1,938.42					1,938.42
Dining Commons	22	-					-
Residence Halls & Apartments	23	-					-
Student Health Service	24	3,415.11					3,415.11
4-H Club Camp	25	-					-
Jot Travis Student Union	26	-					-
Scholarships	31	-					-
University Sales	41	9,224.06					9,224.06
Special Gifts & Misc.	51	32,024.21					32,024.21
Student Loan Fund	61	-					-
Endowments	71	-					-
Agency Funds	81	313.46					313.46
Plant Funds	91	-			2,313,405.00	2.65	2,313,407.65
		<u>\$416,975.90</u>	<u>\$107,949.41</u>	<u>\$100,000.00</u>	<u>\$2,313,405.00</u>	<u>\$863.81</u>	<u>\$2,939,194.12</u>



## EXHIBIT A (Cont.)

UNIVERSITY OF NEVADA  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Cont.)  
June 30, 1963

<u>Fund Equities and Surplus</u>							
<u>Funds</u>	<u>Fund No.</u>	<u>Current Fund Balance &amp; Surplus</u>	<u>Loans Fund Balance</u>	<u>Endowment Fund Balance</u>	<u>Plant Fund Balance &amp; Surplus</u>	<u>Agency Fund Balance</u>	<u>Total Fund Balance Surplus</u>
General University Operation	01	\$ 299,571.47	\$	\$	\$	\$	\$ 299,571.47
Experiment Sta.-Federal Funds	02	180.90					180.90
Extension Serv.-Federal Funds	03	38,659.63					38,659.63
Summer School	11	122,723.30					122,723.30
Corresp., Ext. & Evening Div.	12	40,989.59					40,989.59
Research Financed by Grants	13	125,742.48					125,742.48
Special Institutes & Projects	14	52,869.70					52,869.70
Res. Emergency & Contingency Fund	15	15,228.04					15,228.04
Research Development Fund	16	89,124.06					89,124.06
Inter-collegiate Athletics	21	11,330.03					11,330.03
Dining Commons	22	73,111.31					73,111.31
Residence Halls & Apartments	23	93,075.32					93,075.32
Student Health Service	24	32,910.86					32,910.86
4-H Club Camp	25	30,779.85					30,779.85
Job. Travis Student Union	26	4,010.56					4,010.56
Scholarships	31	94,330.19					94,330.19
University Sales	41	210,897.19					210,897.19
Special Gifts & Misc.	51	232,568.49					232,568.49
Student Loan Fund	61		362,404.52				362,404.52
Endowments	71			2,191,227.11			2,191,227.11
Agency Funds	81					81,962.42	81,962.42
Plant Funds	91				26,877,243.07		26,877,243.07
		<u>\$1,568,102.97</u>	<u>\$362,404.52</u>	<u>\$2,191,227.11</u>	<u>\$26,877,243.07</u>	<u>\$81,962.42</u>	<u>\$31,080,940.09</u>



## EXHIBIT B

UNIVERSITY OF NEVADA  
 COMBINED FUNDS 01, 02 AND 03  
 COMPARISON OF BASIS FOR APPROPRIATION AND AUTHORIZATION  
 TO ACTUAL REVENUES AND EXPENDITURES  
 For the Fiscal Year Ended June 30, 1963

	Basis for Appropriation and <u>Authorization</u>	Actual Revenues and <u>Expenditures</u>	Over or <u>(Under)</u>
<u>Revenues</u>			
Fees & Miscellaneous Revenues	\$ 700,000.00	\$ 999,822.33	\$ 299,822.33
National Science Foundation	2,610.00	-	( 2,610.00)
Mental Health - Federal Subvention	4,625.00	-	( 4,625.00)
Vocational Education - Federal Subvention	2,375.00	-	( 2,375.00)
Morrill-Nelson - Federal Subvention	154,511.00	206,780.74	52,269.74
Experiment Station - Federal Subvention	300,000.00	299,508.00	( 492.00)
Experiment Station - Sales	70,000.00	-	( 70,000.00)
Extension Division - Federal Subventions	219,960.00	252,544.42	32,584.42
Extension Division - County Subvention	104,081.00	-	(104,081.00)
General Fund Appropriation	5,299,065.00	5,299,065.00	-
Salary Adjustment Fund	25,716.00	25,716.00	-
State Vocational Education	-	4,150.00	4,150.00
90,000 Acre Grant - Interest	-	5,807.40	5,807.40
University Contingent Fund - Interest	-	2,842.80	2,842.80
Operating Capital Investment - Earnings	-	13,624.85	13,624.85
Reimbursement of Staff Benefits	-	23,218.28	23,218.28
	<u>\$6,882,943.00</u>	<u>\$7,133,079.82</u>	<u>\$ 250,136.82</u>
Total Revenues			
<u>Expenditures (Note)</u>			
Salaries	\$5,018,215.00	\$4,968,659.65	\$( 49,555.35)
Travel	148,380.00	119,493.00	( 28,887.00)
Operating	1,204,658.00	1,306,615.31	101,957.31
Equipment	511,690.00	647,944.45	136,254.45
	<u>\$6,882,943.00</u>	<u>\$7,042,712.41</u>	<u>\$ 159,769.41</u>
Total Expenditures			

Note: See Exhibit B-1 for departmental breakdown.



## EXHIBIT B-1

UNIVERSITY OF NEVADA  
COMPARISON OF BASIS FOR APPROPRIATION AND AUTHORIZATION TO ACTUAL  
EXPENDITURES BY COLLEGE OR DEPARTMENT  
For the Fiscal Year Ended June 30, 1963

	Basis for Appropriation and <u>Authorization</u>	Actual <u>Expenditures</u>	Over or <u>(Under)</u>
Administration	\$ 164,638.00	\$ 69,506.67	\$( 95,131.33)
Executive Vice-President	203,452.00	146,017.56	( 57,434.44)
Student Affairs	94,588.00	104,155.98	9,567.98
College of Arts and Sciences	1,336,843.00	1,405,378.02	68,535.02
College of Agriculture	211,764.00	195,735.09	( 16,028.91)
College of Business Administration	283,551.00	224,775.85	( 58,775.15)
College of Education	205,687.00	187,409.73	( 18,277.27)
College of Engineering	288,061.00	295,580.93	7,519.93
Graduate School	35,270.00	33,513.68	( 1,756.32)
Desert Research Institute	24,052.00	38,638.93	14,586.93
Statewide Services	65,632.00	50,054.46	( 15,577.54)
Mackay School of Mines	170,187.00	182,849.06	12,662.06
Southern Regional Division	587,013.00	425,183.78	(161,829.22)
Library	332,732.00	554,307.20	221,575.20
Orvis School of Nursing	89,000.00	78,283.79	( 10,716.21)
Buildings and Grounds	718,978.00	925,515.93	206,537.93
General Expense	475,853.00	767,130.64	291,277.64
Experiment Station	722,943.00	611,929.54	(111,013.46)
Extension Division	611,579.00	498,256.14	(113,322.86)
State Bureau of Mines	165,262.00	127,722.05	( 37,539.95)
State Analytical Lab.	70,142.00	66,640.82	( 3,501.18)
Salary Adjustment Fund	25,716.00	-	( 25,716.00)
Bureau of Business and Economic Research	-	45,726.10	45,726.10
Bureau of Governmental Research	-	8,400.46	8,400.46
	<u>\$6,882,943.00</u>	<u>\$7,042,712.41</u>	<u>\$ 159,769.41</u>
Totals			



## EXHIBIT C

UNIVERSITY OF NEVADA  
 GENERAL UNIVERSITY OPERATION - FUND NO. 01  
 COMPARISON OF ORIGINAL WORK PROGRAM TO ACTUAL REVENUES AND EXPENDITURES  
 For the Fiscal Year Ended June 30, 1963

	Work Program	Actual Revenues and Expenditures	Over or (Under) Program
<u>Revenues</u>			
Unappropriated Surplus - July 1, 1962	\$ 51,168.00	\$ 262,130.77	\$ 210,962.77
Fees and Miscellaneous Revenues	1,131,684.00	999,822.33	(131,861.67)
Morrill-Nelson Federal Subvention	145,600.00	206,780.74	61,180.74
State Vocational Education	11,000.00	4,150.00	( 6,850.00)
90,000 Acre Grant - Interest	4,000.00	5,807.40	1,807.40
University Contingent Fund - Interest	2,400.00	2,842.80	442.80
Operating Capital - Investment Earnings	8,000.00	13,624.85	5,624.85
Reimbursement of Staff Benefits	-	23,218.28	23,218.28
Legislative Appropriation	5,299,065.00	5,299,065.00	-
Salary Adjustment Fund	25,716.00	25,716.00	-
Total Revenues	<u>\$6,678,633.00</u>	<u>\$6,843,158.17</u>	<u>\$ 164,525.17</u>
<u>Expenditures</u>			
Salaries	\$4,885,841.00	\$4,695,380.57	\$(190,460.43)
Travel	94,550.00	84,354.31	( 10,195.69)
Operating	1,092,461.00	1,161,434.51	68,973.51
Equipment	455,272.00	620,559.60	165,287.60
Reserve	150,509.00	-	(150,509.00)
Total Expenditures	<u>\$6,678,633.00</u>	<u>\$6,561,728.99</u>	<u>\$(116,904.01)</u>
Excess of Revenues or Expenditures		<u>\$ 281,429.18</u>	
<u>Analysis of Fund Balance</u>			
Excess of Revenues or Expenditures for Fiscal 1962-63 per above			\$ 281,429.18
<u>Add</u>			
Receipts from Fiscal 1961-62 Transactions		\$ 3,735.51	
Cancellation of 6-30-63 Encumbrances		<u>17,317.83</u>	<u>21,053.34</u>
			302,482.52
<u>Deduct</u>			
Payment of Old Revolving Fund Check		\$ 143.59	
Uncollectable Registration Fee		16.00	
Payment of Fiscal 1961-62 Expenditure		386.00	
Interest Paid on Morrill-Nelson Funds		<u>2,365.46</u>	<u>2,911.05</u>
Unappropriated Surplus - June 30, 1963 (Exhibit A)			<u>\$ 299,571.47</u>

Note: Senate Bill 250-247 and the Salary Adjustment Fund of the fifty-first session of the Nevada Legislature provided for total expenditures of \$6,188,902.00 by this fund.





## EXHIBIT C-1

UNIVERSITY OF NEVADA  
 AGRICULTURAL EXPERIMENT STATION - FEDERAL FUNDS - FUND NO. 02  
 COMPARISON OF ORIGINAL WORK PROGRAM TO ACTUAL REVENUES AND EXPENDITURES  
 For the Fiscal Year Ended June 30, 1963

	<u>Work Program</u>	<u>Actual Revenues and Expenditures</u>	<u>Over or (Under) Program</u>
<u>Revenues</u>			
Federal Funds	<u>\$271,346.00</u>	<u>\$299,508.00</u>	<u>\$ 28,162.00</u>
<u>Expenditures</u>			
Salaries	\$101,686.00	\$106,023.19	\$ 4,337.19
Travel	12,685.00	17,446.84	4,761.84
Operating	130,700.00	117,913.16	(12,786.84)
Equipment	<u>26,275.00</u>	<u>25,368.24</u>	<u>( 906.76)</u>
Total Expenditures 1962-63	<u>\$271,346.00</u>	<u>\$266,751.43</u>	<u>\$ ( 4,594.57)</u>
Excess of Revenues or Expenditures		<u>\$ 32,756.57</u>	
 <u>Analysis of Fund Balance</u>			
Cash on Hand - July 1, 1962		\$ 30,974.25	
<u>Add:</u> Excess of Revenues over Expenditures for Fiscal 1962-63		<u>32,756.57</u> 63,730.82	
<u>Deduct:</u> Expenditures for Prior Year Fiscal 1961-62		<u>30,293.35</u>	
Cash on Hand - June 30, 1963 (Exhibit A)		\$ 33,437.47	
Encumbrances - June 30, 1963 (Exhibit A)		<u>33,256.57</u>	
Unappropriated Surplus - June 30, 1963 (Exhibit A)		<u>\$ 180.90</u>	

Note: Senate Bill No. 247, section 5, fifty-first session of Nevada Legislature authorized expenditure of \$370,000.00 for this fund.



## EXHIBIT C-2

UNIVERSITY OF NEVADA  
 AGRICULTURAL EXTENSION SERVICE - FEDERAL FUNDS - FUND NO. 03  
 COMPARISON OF ORIGINAL WORK PROGRAM TO ACTUAL REVENUES AND EXPENDITURES  
 For the Fiscal Year Ended June 30, 1963

	<u>Work Program</u>	<u>Actual Revenues and Expenditures</u>	<u>Over or (Under) Program</u>
<u>Revenues</u>			
Federal Funds	\$230,256.00	\$252,544.42	\$ 22,288.42
<u>Expenditures</u>			
Salaries	\$175,732.00	\$167,255.89	\$( 8,476.11)
Travel	15,400.00	17,691.85	2,291.85
Operating	28,924.00	27,267.64	( 1,656.36)
Equipment	10,200.00	2,016.61	( 8,183.39)
Total Expenditures 1962-63	<u>\$230,256.00</u>	<u>\$214,231.99</u>	<u>\$(16,024.01)</u>
Excess of Revenues over Expenditures		<u>\$ 38,312.43</u>	

Analysis of Fund Balance

Cash on Hand - July 1, 1962	\$ 41,913.18
<u>Add:</u> Excess of Revenues over Expenditures for Fiscal 1962-63	<u>38,312.43</u> 80,225.61
<u>Deduct:</u> Expenditures for Prior Year Fiscal 1961-62	<u>27,079.76</u>
Cash on Hand - June 30, 1963 (Exhibit A)	\$ 53,145.85
Encumbrances - June 30, 1963 (Exhibit A)	<u>14,486.22</u>
Unappropriated Surplus - June 30, 1963 (Exhibit A)	<u>\$ 38,659.63</u>

Note: Senate Bill No. 247, section 5, fifty-first session of Nevada Legislature authorized expenditure of \$324,041.00 for this fund.



## EXHIBIT D

UNIVERSITY OF NEVADA  
ANALYSIS OF FUND OPERATIONS - FUNDS 11 THROUGH 81  
For the Fiscal Year Ended June 30, 1963

Funds	Fund No.	Balance July 1, 1962	Receipts	Expenditures (See Note)	Net Transfers In (Out)	Outstanding Encumbrances	Balance June 30, 1963
Summer School	11	\$ 80,823.67	\$ 233,493.24	\$ 188,417.64	\$ -	\$ 3,175.97	\$ 122,723.30
Corresp., Ext. & Evening Div.	12	43,359.99	166,037.70	165,953.44	( 1,433.67)	1,020.99	40,989.59
Research Financed by Grants	13	354,787.27	399,624.55	527,977.54	( 62,319.65)	38,372.15	125,742.48
Special Institutes & Projects	14	43,281.52	231,918.04	219,956.29	( 821.60)	1,551.97	52,869.70
Res. Emergency & Contingency Fund	15	-	13,486.67	12,175.85	14,706.37	789.15	15,228.04
Research Development Fund	16	-	40,460.78	-	48,663.28	-	89,124.06
Inter-collegiate Athletics	21	7,917.14	24,441.59	48,855.14	29,764.86	1,938.42	11,330.03
Dining Commons	22	241,774.62	370,780.63	319,235.94	(220,208.00)		73,111.31
Residence Halls & Apartments	23	166,691.05	154,481.16	99,744.89	(128,352.00)		93,075.32
Student Health Service	24	32,620.70	42,727.44	39,022.17		3,415.11	32,910.86
4-H Club Camp	25	24,631.99	17,296.31	11,148.45			30,779.85
Jot Travis Student Union	26	42,310.43	36,708.36	45,033.16	( 29,975.07)		4,010.56
Scholarships	31	72,767.06	104,549.76	74,968.38	( 8,018.25)		94,330.19
University Sales	41	270,497.21	261,692.66	325,224.94	13,156.32	9,224.06	210,897.19
Special Gifts & Misc.	51	158,251.36	213,634.62	135,728.14	28,434.86	32,024.21	232,568.49
Student Loan Fund	61	272,055.57	206,661.75	111,903.00	( 4,409.80)		362,404.52
Endowments	71	1,940,858.86	236,284.88	-	14,083.37		2,191,227.11
Agency Funds	81	52,724.44	266,431.29	238,618.17	1,738.32	313.46	81,962.42
Totals		<u>\$3,805,352.88</u>	<u>\$3,020,711.43</u>	<u>\$2,563,963.14</u>	<u>\$(304,990.66)</u>	<u>\$91,825.49</u>	<u>\$3,865,285.02</u>

Detail of Transfers to Other Funds

## Transfer to

Revenue Certificate &amp; Interest

Sinking Fund

\$ 244,200.00

Juniper Hall Equipment

100,000.00

University Village

4,360.00

University General Operation

3,514.32

352,074.32

Less Transfer from Plant Funds

Planetarium-Atmospherium

( 47,083.66)

Total

\$ 304,990.66

Note: See Exhibit E for Detail of Expenditures.



## EXHIBIT E

UNIVERSITY OF NEVADA  
 DETAIL OF FUND EXPENDITURES - FUNDS 11 THROUGH 81  
 For the Fiscal Year Ended June 30, 1963

<u>Funds</u>	<u>Fund No.</u>	<u>Salaries</u>	<u>Travel</u>	<u>Operating</u>	<u>Equipment</u>	<u>Other</u>	<u>Total</u>
Summer School	11	\$112,751.77	\$ 4,910.48	\$ 66,665.90	\$ 4,089.49	\$	\$ 188,417.64
Corresp., Ext. & Evening Div.	12	108,344.56	6,779.13	38,446.50	12,383.25		165,953.44
Research Financed by Grants	13	283,721.74	42,986.85	133,704.31	67,564.64		527,977.54
Special Institutes & Projects	14	86,161.31	4,289.98	121,578.21	7,926.79		219,956.29
Res. Emergency & Contingency Fund	15	3,455.60	2,404.22	4,839.42	1,476.61		12,175.85
Research Development Fund	16	-	-	-	-		-
Inter-collegiate Athletics	21	-	2,651.05	41,843.50	4,360.59		48,855.14
Dining Commons	22	82,262.82	358.15	214,339.30	22,275.67		319,235.94
Residence Halls & Apartments	23	26,069.28	814.65	60,931.62	1,744.59	(1) 10,184.75	99,744.89
Student Health Service	24	27,440.38	-	10,701.41	880.38		39,022.17
4-H Club Camp	25	-	-	10,034.80	1,113.65		11,148.45
Jot Travis Student Union	26	17,766.62	95.00	26,943.25	228.29		45,033.16
Scholarships	31	-	-	-	-	(2) 74,968.38	74,968.38
University Sales	41	-	-	-	-	(3) 325,244.94	325,244.94
Special Gifts & Misc.	51	-	-	-	-	(4) 135,728.14	135,728.14
Student Loan Fund	61	-	-	-	-	(5) 111,903.00	111,903.00
Endowments	71	-	-	-	-		-
Agency Funds	81	-	-	-	-	(6) 238,618.17	238,618.17
<b>Totals</b>		<u>\$747,974.08</u>	<u>\$65,289.51</u>	<u>\$730,028.22</u>	<u>\$124,043.95</u>	<u>\$896,627.38</u>	<u>\$2,563,963.14</u>

Detail of Other Expenditures

(1)	Distribution of Residence Hall Deposits	\$ 10,184.75
(2)	Scholarship Grants	74,968.38
(3)	Costs Incurred for University Sales Accounts	325,244.94
(4)	Disbursement of Special Gifts	135,728.14
(5)	Student Loans Made	111,903.00
(6)	Disbursement of Agency Funds in Custody of University but not belonging to University	<u>238,618.17</u>

Total \$896,627.38





## EXHIBIT F

UNIVERSITY OF NEVADA  
ANALYSIS OF PLANT FUNDS  
As at June 30, 1963

	Unexpended Balance	Construction in Process
<u>University Funds</u>		
Fleischmann Foundation		
Life Science Wing	\$ 20,275.06	\$ 1,131,576.31
Planetarium-Atmospherium	62,295.88	328,313.22
Arthur Orvis Grant		
Orvis School of Nursing	104,166.39	-
W. E. Travis Grant		
Student Union Addition	115,743.70	-
Main Station Farm		
Lading Dairy Sale	297,337.83	310,839.03
Juniper Hall Equipment	8,767.31	
Juniper Hall	-	633,354.54
New Residence Hall		331,405.00
Other Improvements Authorized	-	22,328.62
Total University Funds	<u>\$608,586.17</u>	<u>\$ 2,757,816.72</u>
<u>State Treasury Funds</u>		
Reno Campus		
Nobel H. Getchell Library	\$ 91,157.36	\$ 2,481,754.64
Construction & Extension of Utility System	10,529.16	48,470.84
Landscaping	1,431.40	8,568.60
Heating Plant	21,475.67	23,524.33
Social Science & History Building Design	83,229.59	11,770.41
Student Union Building Addition	144,087.29	372,932.71
Scrugham Engineering Building	291,028.00	2,397,244.00
Home Management Residence	67,582.50	1,417.50
Design Physical Science Building	181,150.00	5,850.00
Planning-Remodel Mackay Science Building	3,000.00	-
Planning-Remodel Thompson Hall	15,660.00	-
Las Vegas Campus		
Library	37,169.82	645,330.18
Utility Distribution	2,948.74	43,487.31
Landscaping	4,446.02	7,553.98
Science & Technology Building	1,756.44	657,918.56
Outside Courts & Landscaping	5,965.10	17,034.90
Master Plan	-	9,000.00
Library Building-Design	8,042.57	32,457.43
Design-Fine Arts Building	13,748.50	19,251.50
Total State Funds	<u>\$984,408.16</u>	<u>\$ 6,783,566.89</u>
Plant Assets Completed (See Exhibit G)		17,826,764.87
<u>Equipment</u> - Nominal Value		1.00
Total All Plant Funds		<u><u>\$27,368,149.48</u></u>



## EXHIBIT G

UNIVERSITY OF NEVADA  
 DETAIL OF VALUES - PLANT ASSETS  
 As at June 30, 1963

Reno Campus

Manzanita Hall	\$ 400,000.00
Artemisia Hall	120,000.00
Jot Travis Union	323,000.00
Clark Administration Building	399,000.00
Frandsen Building	162,000.00
Thompson Building	96,000.00
Stewart Hall	22,500.00
Journalism Building	41,250.00
Ross Hall	480,000.00
Mackay Mines	377,500.00
Nevada Bureau of Mines	41,500.00
Fleischmann Home Economics	660,000.00
Mackay Science	413,000.00
Mechanical Building & Boiler Rooms	25,000.00
Electrical Engineering Building	28,500.00
Tool Shed	2,500.00
Vet. Science	32,500.00
Temporary Building 20A	25,900.00
Temporary Building 20B	12,700.00
Fleischmann Agriculture	1,700,000.00
Green Houses	290,000.00
Palmer Engineering	600,000.00
Gym	800,000.00
Lincoln Hall	200,000.00
Old Gym	50,000.00
Mackay Stadium	50,000.00
Hartman Hall	37,000.00
Morrill Hall	75,000.00
Blair Observatory	3,000.00
A.S.U.N. Building	9,000.00
Temporary Boiler	2,000.00
Training Quarters	35,000.00
Paint Shop	7,200.00
Carpenter Shop	7,200.00
Plumbing-Electrical Shop	7,200.00
Mechanical Shop	7,200.00
Garage	4,800.00
Storage Buildings Nos. 1 through 8	37,780.00
Infirmary	2,000.00
Garage	1,000.00
Residence 1390	1,200.00
Residence 1394	1,500.00

Total Carried Forward

\$7,590,930.00

## EXHIBIT G (Cont.)

UNIVERSITY OF NEVADA  
 DETAIL OF VALUES - PLANT ASSETS (Cont.)  
 As at June 30, 1963

Brought Forward	\$7,590,930.00	
Residence 1418	1,500.00	
Residence 1420	2,250.00	
Residence	1,500.00	
Quonset-Mackay Mines	4,500.00	
President's Residence	65,000.00	
Campus Post Office	16,692.00	
Total Buildings Reno Campus		\$7,682,372.00
<u>Buildings - Las Vegas Campus</u>		
Maude Frazier Hall		200,000.00
<u>Main Station Experimental Farm</u>		
All Buildings		260,250.00
<u>Valley Road Laboratory</u>		
All Buildings		92,960.00
<u>Newlands Field Station</u>		
All Buildings		71,550.00
<u>Lading Dairy Experimental Unit</u>		
All Buildings		85,800.00
<u>Knoll Creek Field Laboratory</u>		
All Buildings		38,300.00

The value assigned to all of the foregoing items does not represent cost but generally was determined by the replacement cost based on gross area less costs necessary to bring to building code standards.

<u>Campus Improvements</u>		
Walks and Retaining Walls	\$ 150,000.00	
Curbs, Paving, Landscaping, etc.	100,000.00	
Cables, Alarms, Bells, etc.	57,796.00	
Mackay Statue	25,000.00	
Stadium Fence	4,150.00	
Flood Control	82,651.00	
University Power System	80,926.00	
Total Campus Improvements		500,523.00

<u>Land</u>		
Reno Campus - 130 Acres	\$ 650,000.00	
Las Vegas Campus - 68 Acres	272,000.00	
Experiment Station - Valley Road - 60 Acres	300,000.00	
Main Station Farm - 1,000 Acres	1,500,000.00	
Experiment Station - Fallon - 160 Acres	80,000.00	
Las Vegas Campus - McCloud - 69 Acres	145,000.00	
Las Vegas Campus - Kliefgen - 18 Acres	68,500.00	
Little Valley - Whittel - 2,560 Acres	512,032.00	
Experiment Station - Logandale - 20 Acres	7,000.00	
Total Land		3,534,532.00

## EXHIBIT G (Cont.)

UNIVERSITY OF NEVADA  
 DETAIL OF VALUES - PLANT ASSETS (Cont.)  
 As at June 30, 1963

Expenditures Transferred to Plant Assets June 30, 1963

University Village	\$ 349,566.44	
White Pine Hall	635,468.10	
Dining Commons	372,126.29	
Agricultural Mechanics Building	169,158.11	
Getchell Library Design	105,381.85	
J. E. Church Fine Arts Building	1,219,095.01	
Morrill Hall Structural Survey	1,350.00	
Land Purchase	141,318.27	
Replacement & Extension of Heating Lines	388,567.67	
Central Heating Plant	374,493.05	
Fine Arts Building Furnishings	49,995.31	
Manzanita Hall Remodeling	81,836.56	
University Master Plan	48,051.51	
Clarke Library - Remodeling	53,975.75	
Real Property	125,817.56	
Classroom & P. E. Building - Las Vegas	593,712.78	
Utility Distribution - Las Vegas	52,000.00	
Archie C. Grant Hall - Las Vegas	535,250.00	
Furnishings Science & Technical Building - Las Vegas	51,000.00	
Aerial Photographs	12,314.00	
Total Addition 6-30-63		5,360,478.26
Correction for Dropping Pennies		( .39)
Total all Plant Fund Assets Completed		<u>\$17,826,764.87</u>



UNIVERSITY OF NEVADA  
SUPPLEMENTAL LETTER TO AUDIT REPORT  
Fiscal 1962-63

1. Independent Verification of Fees and Tuition

An attempt has been made through utilization of statistics obtained from student enrollment analysis from the Registrar's office to independently verify income from student fees. This entailed the minute inspection of well over two thousand cards, resulting in several weeks work. As we pointed out in our audit for the fiscal year ended June 30, 1961, and reiterated in our audit for the fiscal year ended June 30, 1962, there was instituted with the fall semester of 1960 a change in registration procedures which adversely affected the internal control as it pertained to the collection of fees.

Assessment of fees is now a function of the Business Manager's office. This places the accounting office in the undesirable position, from an audit viewpoint, of assessing fees, collecting the fees, and recording the income--a violation of the essence of an effective system of internal control, namely that--the persons who are responsible for the operations have no part in the keeping of, and do not have access to the records which establish accounting control over the assets and operations. The use of accounting employees in the registration and assessment routine could make possible the manipulation of records to cover errors or shortages of cash.

As pointed out in a previous audit, Clarence Scheps, a generally accepted spokesman in the field of college and university accounting, recommends the separation of functions in the registration routine between the Registrar's office and the Business Manager's office.

We recommend that the assessment of fees be made the responsibility of the Registrar's office, with the responsibility for collection of such fees resting with the Business Manager's office.

2. Adjustments to Cashbook

It is our hope that a method can be devised by the Business Office whereby adjustments to the cashbook can be separately identified so that total receipts to the cashbook can be identified with total revenues to the University and likewise total disbursements from the cashbook can be identified with total expenditures of the University.

This problem was discussed at length with the Business Manager and his accounting staff. Various approaches in attempting to formulate a procedure for recording adjustments to the cashbook were analyzed. The difficulty appears to be in devising a system which will provide the hoped for results and yet be simple enough in concept so that the cashier who is not a trained accountant can complete the entries.

Our discussion ended with an agreement that the accounting staff would study means to arrive at a method which would satisfy the auditors and not unduly complicate the cashiering function.

### 3. Responsibility for Handling Cash

Once again we pointed out the fact that the cashiering function is currently handled by at least four people, making it difficult to pinpoint error or loss if such should occur. We recommend that two people be designated as cashier and they alone receive cash and render receipts, and their transactions, records and the resulting cash be turned in to a member of the accounting staff for subsequent deposit to the bank. The cashiers could be assigned other duties in the accounting office as long as those duties did not consist of making entries in the accounting records for moneys they had collected.

### 4. Ledger Cards - Continuing Balances

It has been the practice to continue recording transactions for the next fiscal year on the same ledger card used for the prior year. This makes it difficult for people working with prior year activities, as they must interrupt the staff working with the cards recording current transactions.

It is recommended that all ledger cards be retired at the end of each fiscal year and new cards with balances forwarded, where applicable, be started.

### 5. Internal Control - Tickets used for Various Events

Currently tickets of all types are kept in a file cabinet with no inventory control. These tickets are in the custody of the same individuals who sell, collect, deposit moneys and record transactions in books of account. There is no internal control.

It is recommended that all tickets be placed in the control of one person who will not be selling or recording receipts of sales. A ticket inventory should be maintained and tickets issued by dollar amount to the sellers who must then account for the tickets in their custody either by turning in cash or unsold tickets.



6. Equipment Control

The University maintains no ledger control or inventory control on equipment purchased or owned by the various departments and schools. We noted various instances where identical items were purchased by several departments in the same year. It would appear that if the University Purchasing Department maintained a pool on certain items, such as tape recorders, projectors, etc., it would reduce expenditures for equipment.

All departments should be required to submit an inventory of all equipment in their possession at a given date and the accounting office should set up equipment ledgers at that date. Thereafter, any additions, deletions or transfers would be recorded so that at all times there would be a complete record of all equipment chargeable to each department or school.

7. Restricted Fund Balances

We feel a complete analysis should be made of "Restricted Fund Balances" especially in Fund 41, University Sales, to determine under what specific authority these balances are restricted. We believe certain of these funds arise out of normal University operations each year and the balances should be part of Fund 01 at the end of each fiscal year.

8. Consolidation of Funds

It is recommended that Funds 11 through 51 be consolidated into one bank account with each fund ledger card made a part of the total. This would allow investment of approximately one million dollars in short-term securities producing additional income for these funds which is not now available by virtue of having to maintain balances in 15 different accounts. The income could be prorated, based on the average balance of each of the component funds. This will not disrupt the restricted fund concept of each fund. They would each be a part of one larger more usable fund.

9. Suggested Legislation

A. Facsimile Signature Device.

NRS 396.385 authorizing use of a facsimile mechanical signature device specifies, "that all of the mechanical device shall at all times be kept in a vault, securely locked, when not in use, to prevent any misuse of the device."

Abiding by the strict interpretation of this section of the statute would be impossible and impractical due to the sizes involved.

The wording should be "that the registered key to the mechanical device shall at all times be kept in a vault."

B. President to Instruct at the University

NRS 396.230, subsection 2, states: "the president shall instruct in the university." It is our understanding that no University President has taught at the University in recent years. We recommend that this subsection be repealed from the University Act, NRS 396.

C. Capital Improvements

We recommend that the position of the Board of Regents and the State Planning Board in regard to capital improvement expenditures and acceptance be more clearly defined in their respective sections of Nevada law.

November 18, 1963  
Carson City, Nevada



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

STATE OF NEVADA  
NEVADA FISH AND GAME COMMISSION  
AUDIT REPORT

FOR THE PERIOD JULY 1, 1961 TO JUNE 30, 1962

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



Nevada Legislative Commission  
Capitol Building  
Carson City, Nevada

Gentlemen:

In accordance with the requirements of Section 218.770, Nevada Revised Statutes, we have examined the accounts and records of the Nevada Fish and Game Commission for the fiscal year ended June 30, 1962, and have prepared therefrom the following exhibits and related schedules:

Statement of Financial Condition as of June 30, 1962-----	Exhibit A
Basis for Appropriation and Actual Compared for the Fiscal Year Ended June 30, 1962-----	Exhibit B
Anticipated Revenues Compared with Actual for the Fiscal Year Ended June 30, 1962-----	Schedule 1
Schedule of Budgeted Operating Expenses Compared with Actual for the Fiscal Year Ended June 30, 1962-----	Schedule 2
Schedule of Budgeted Miscellaneous Expenses Compared with Actual for the Fiscal Year Ended June 30, 1962-----	Schedule 2-A
Map of Nevada Fish and Game Commission Property Holdings as of June 30, 1962-----	Appendix 1
Map Legend of Nevada Fish and Game Commission Property Holdings as of June 30, 1962-----	Appendix 1-A

### Functions of the Agency

Nevada Revised Statutes, Sections 501.010 through 501.100, inclusive, set forth the authorization for the Fish and Game Commission. The agency function is to insure the propagation and preservation of fish and game as a natural resource belonging to the people of the State of Nevada.

### Statement of Justification

This agency is composed of three major sections--the Fisheries Division, the Game Division and the Fiscal Division. The Fisheries Division is responsible for the maintenance and enhancement of fisheries as a resource of the state. The operation is divided into three basic parts: (1) investigation and management, (2) fish culture, and (3) fish transportation. The Fiscal Division is responsible for the fiscal management, accounting and budget procedures. The Game Division consists of the following programs: administration, research, big game management, small game management, furbearer management and water-fowl management.

As an example of increased activity in the agency, there were 47,600 applications for resident hunting and fishing licenses in 1950, and by 1959 there were 67,853.

### 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.

We made detailed analyses of each project or program carried on by the Fish and Game Commission, as to verification of expenditures and their object classification. The agency maintains a breakdown of expenditures and budget by project solely for its own use and for reporting to the Federal Government.

We made an audit of all hunting and fishing licenses sold or remaining on hand. We were satisfied that all revenue received from the sale of licenses was properly accounted for and deposited in the State Treasury. Our audit of such licenses consisted of physically inspecting and counting all stubs or the remaining unsold tickets or licenses.

#### Financial Statements

##### Exhibit A - Statement of Financial Condition

This statement reflects the financial condition of the Fish and Game Fund on June 30, 1962.

##### Assets

The cash balances were reconciled from the date of audit to June 30, 1962.

Accounts Receivable are represented by: (1) Federal Aid - the amount that has been requested by the Fish and Game Commission from the Federal Government's annual appropriation; (2) License Agents - the amount still due from agents about the state for licenses sold for the fiscal year under audit; (3) Uncollectable, as footnoted - is presented because it is not possible for the state to write off uncollectable accounts; (4) Counties - the balance left from transfer to counties at the beginning of the year.

These amounts will be deducted from any budgeted transfer next year;

(5) Arizona Fish and Game - a reciprocal agreement between Arizona and Nevada allows a resident of one state to fish in certain waters of the other, provided he purchases a special stamp. Arizona sells Nevada stamps, and at the end of the season will submit the proceeds of such sales to Nevada. A like arrangement is made in Nevada with Arizona stamps.

Land and Equipment - This figure represents the Fish and Game Commission investment in property, both real and other.

#### Liabilities

Accounts Payable: (1) Trade - the amount of items ordered, but either not received or not yet paid for as of the statement date; (2) Federal Aid - an amount which was deemed due the Federal Government because of an audit. This amount will ultimately be netted against the Federal Aid Receivable. (3) Arizona Fish and Game Commission - a reciprocal agreement between Arizona and Nevada allows a resident of one state to fish in certain waters of the other, with the purchase of a special stamp. Nevada sells Arizona stamps, and at the end of the season will submit the proceeds of such sales to Arizona. A like arrangement is made in Arizona with Nevada stamps. (4) Clearing Account - represents proceeds received from agents that belong to the fiscal year 1962-1963.

Fund Equity: This represents what would in private accounting be capital or net worth.

#### Opinion

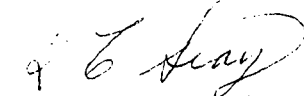
In our opinion, the accompanying Financial Statements and supporting data present fairly the financial position of the Nevada



State Board of Fish and Game Commissioners as of June 30, 1962, 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.

Very truly yours,

LEGISLATIVE COUNSEL BUREAU  
Fiscal and Auditing Division

A handwritten signature in dark ink, appearing to read "R. C. Seay", is written over the typed name.

R. C. Seay, Auditor in Charge



NEVADA FISH AND GAME COMMISSION  
STATEMENT OF FINANCIAL CONDITION  
June 30, 1962

Assets

Cash		
In bank	\$ 70,147.65	
In State Treasury	932,630.17	
On hand	<u>75.00</u>	\$1,002,852.82
Accounts Receivable		
Federal Aid	\$186,118.09	
License Agents	32,965.40	
Uncollectable	439.50*	
Counties	1,522.95	
Arizona Fish & Game	<u>28,854.40</u>	249,900.34
Land and Equipment		<u>2,464,344.98</u>
Total Assets		<u>\$3,717,098.14</u>

Liabilities

Accounts Payable		
Trade	\$ 22,982.97	
Federal Aid	39,817.43	
Arizona Fish and Game	44,893.20	
Clearing Account	<u>1,215.80</u>	\$ 108,909.40
Fund Equity		<u>3,608,188.74**</u>
Total Liabilities and Fund Equity		<u>\$3,717,098.14</u>

Notes

\* Amount not compensated by insurance (maximum of \$1,000.00) from a failed license agent.

\*\* Fund Equity consists approximately of the following:

Current accumulated license sales to finance subsequent fiscal year operations-----	\$1,134,350.89
Restricted amount from private source for financing the publication of <u>Nevada Fish and Fisheries</u> -----	9,492.87
Equity in fixed assets including buildings land and equipment-----	<u>2,464,344.98</u>
	<u>\$3,608,188.74</u>



NEVADA FISH AND GAME COMMISSION  
BASIS FOR APPROPRIATION AND ACTUAL COMPARED  
For the Fiscal Year Ended June 30, 1962

	<u>Basis for Appropriation</u>	<u>Actual</u>	<u>(Over) Under</u>
<u>Revenues</u> (Schedule <u>1</u> )	<u>\$1,398,885.00</u>	<u>\$1,459,704.07</u>	<u>(\$60,819.07)</u>
<u>Expenditures</u>			
Salaries	\$ 611,170.00	\$ 621,200.28	(\$10,030.28)
Travel	46,780.00	40,326.04	6,453.96
Operating (Schedule <u>2</u> )	409,020.00	292,283.34	116,736.66
County Game Boards	35,000.00	35,987.90	( 987.90)
Development and Capital Improvements	127,000.00	203,711.90	( 76,711.90)
Transfers to Other Agencies	95,180.00	165,061.66	( 69,881.66)
Equipment	<u>121,168.00</u>	<u>98,005.01</u>	<u>23,162.99</u>
Total Expenditures	<u>\$1,445,318.00</u>	<u>\$1,456,576.13</u>	<u>(\$11,258.13)</u>
Excess Revenues or (expenses)	<u>\$ (46,433.00)</u>	<u>\$ 3,127.94</u>	



NEVADA FISH AND GAME COMMISSION  
 ANTICIPATED REVENUES COMPARED WITH ACTUAL  
 For the Fiscal Year Ended June 30, 1962

	<u>Anticipated</u>	<u>Actual</u>	<u>Over (Under)</u>
<u>Revenues</u>			
License Fees	\$1,023,885.00	\$1,097,703.17	\$ 73,818.17
Federal Aid Reimbursement	375,000.00	261,749.94	(113,250.06)
Hay Sales and Pasturage Fees		38,464.99	38,464.99
Equipment Sales		15,418.39	15,418.39
Arizona Stamp Sales		31,911.70	31,911.70
Miscellaneous		<u>14,455.88</u>	<u>14,455.88</u>
Total Revenues	<u>\$1,398,885.00</u>	<u>\$1,459,704.07</u>	<u>\$ 60,819.07</u>
Transfer from planning board balance from prior years appropriation for capital improvements-----		<u>8,384.06</u>	
Total Increases to the Fund		<u>\$1,468,088.13</u>	





NEVADA FISH AND GAME COMMISSION  
 SCHEDULE OF BUDGETED OPERATING EXPENSES COMPARED WITH ACTUAL  
 For the Fiscal Year Ended June 30, 1962

	<u>Appropriation</u>	<u>Actual</u>	<u>Over (Under)</u>
<u>Operating</u>			
Employee Benefits	\$ 34,555.00	\$ 34,888.26	\$ 333.26
Personnel Assessments	5,300.00	4,975.00	( 325.00)
Contract Services	4,600.00	5,643.20	1,043.20
Fees, Dues, Subscriptions	850.00	683.69	( 166.31)
Freight and Postage	9,600.00	8,239.32	( 1,360.68)
Game, Fish, and Food Purchases	84,500.00	49,405.63	( 35,094.37)
Gasoline and Oil	43,000.00	41,620.53	( 1,379.47)
Insurance and Bonds	9,023.00	10,513.30	1,490.30
Leases	2,750.00	1,541.00	( 1,209.00)
Miscellaneous*	61,025.00	2,657.83	( 58,367.17)
Office Supplies and Expense	8,405.00	7,445.61	( 959.39)
Field Supplies	19,641.00	15,057.66	( 4,583.34)
Printing	17,155.00	15,709.90	( 1,445.10)
Rent	11,225.00	4,938.71	( 6,286.29)
Repairs and Maintenance	55,980.00	44,925.61	( 11,054.39)
In Lieu Taxes and Assessments	5,100.00	8,921.39	3,821.39
Telephone and Telegraph	10,391.00	11,475.54	1,084.54
Television Program	1,000.00	-	( 1,000.00)
Tires and Batteries	9,000.00	7,684.40	( 1,315.60)
Tools	400.00	456.57	56.57
Uniform Allowance	4,200.00	3,733.36	( 466.64)
Utilities	11,320.00	11,766.83	446.83
	<u>\$409,020.00</u>	<u>\$292,283.34</u>	<u>\$(116,736.66)</u>
Total	<u>\$409,020.00</u>	<u>\$292,283.34</u>	<u>\$(116,736.66)</u>

\* See Schedule 2-A



NEVADA FISH AND GAME COMMISSION  
 SCHEDULE OF BUDGETED MISCELLANEOUS EXPENSES COMPARED WITH ACTUAL  
 For the Year Ended June 30, 1962

	<u>Miscellaneous Budget</u>	<u>Actual</u>
Miscellaneous	\$ 1,000.00	\$ 230.00
Decal & Licenses	100.00	
Legal Notices	800.00	
Undercover Work	500.00	
Hayrack & Hauling	875.00	
Revenue Refunds	55,000.00	
Water Assessments	2,100.00	
Laboratory Tests	150.00	
IBM Kill Reports	500.00	
Engineering		6.00
Equipment Operation		1,202.91
Information & Education		450.00
Coordination		485.00
Office Operation		133.92
Chief of Fisheries		150.00
	<u>\$61,025.00</u>	<u>\$2,657.83</u>



**NEVADA**  
**FISH & GAME COMMISSION**  
**PROPERTY HOLDINGS**

**1963**  
**APPENDIX I**

For legend refer to ~~appendix page~~ **Following page--Appendix I-A**



NEVADA FISH AND GAME COMMISSION  
PROPERTY HOLDINGS  
1963  
Appendix I-A

<u>No.</u>	<u>Name</u>	<u>Approx. Acres</u>	<u>Status</u>
1.	Boulder Reservoir		Fisherman Access Agreement
2.	Wall Canyon Reservoir		Spawn Taking Agreement
3.	Verdi Hatchery	110	Ownership
4.	Doyle Island	5.91	Ownership
5.	N. F. & G. C. Main Office, Reno	2.5	99-year Lease
6.	Washoe Rearing Station	21.3	Lease
7.	Scripps W.M.A.	2,659	Ownership
8.	Lake Tahoe		Fisherman Access Agreement
9.	Smith Valley Rearing Station	2	Ownership
10.	Barlow Holding Ponds		Lease
11.	Mason Valley W.M.A.	8,766	Ownership
12.	Fernley W.M.A.	13,645	Ownership-Lease
13.	Hazen Pond	2.5	Lease
14.	Sierra District H.Q., Fallon	0.34	Lease
15.	Stillwater	143,866	Lease
16.	Canvasback Access Road		Fisherman Access Agreement
17.	Humboldt Toulon Lake	96,340	Lease
18.	Brinkerhoff Agreement	7½	Wildlife Forage
19.	Winnemucca Fish Holding Pond		Lease
20.	Iowa Canyon Reservoir		Fisherman Access Agreement
21.	Peavine Canyon Reservoir		Fisherman Access Agreement
22.	Wilson Sink Reservoir		Fisherman Access Agreement
23.	Wild Horse Reservoir		Fisherman Access Lease
24.	Owyhee District H.Q., Elko	1.00	Lease
25.	Week's Access Road		Hunter Access Agreement
26.	Elko County Hatchery	Pending	Special Use Permit
27.	Wheeler District H.Q., Ely	0.92	Lease
28.	Spring Creek Rearing Station	200	Ownership
29.	Railroad Valley W.M.A.	57,200	Special Use Permit
30.	Sunnyside W.M.A.	14,623	Ownership & Withdrawal
31.	Key Pittman W.M.A.	800	Ownership
32.	Big Spring		Lease
33.	Schroeder Reservoir		Investment
34.	Overton W.M.A.	9,800	Long Term Lease
35.	Charleston District H.Q., Las Vegas	1.78	Ownership
36.	Davis Dam Boat Landing		Investment
37.	Topaz Lake	120	Ownership
38.	Tonopah Admin.	1 city lot	Ownership

Not included in the above are 108 bird watering catchments (guzzlers)  
and 12 livestock-game, range study exclosures.





NEVADA FISH AND GAME COMMISSION  
SUPPLEMENTAL REPORT TO AUDIT REPORT  
For the Fiscal Year 1961-1962

1. Bank Account

During the period under review the Commission was maintaining a commercial bank account, for deposit only, of funds collected. Although this account was not authorized by Nevada Revised Statutes it was a practical approach to the safeguarding of Commission funds. The 1963 Legislature provided a savings account for the Commission for the deposit of license sales and all other revenues except appropriations, gifts and federal funds which are to be deposited in the State Treasury. This procedure is being adhered to at the present time.

2. Internal Control

During the course of our examination we suggested changes in internal procedures covering the accountability and safekeeping of licenses and license fund collections. We specifically outlined procedures for use of the cash register for recording receipts. The Director concurred to the procedure and it is now being used.

### 3. Non-Resident Deer Tags

For a number of years the Commission has not deposited checks received with applications for non-resident deer tags until such time as successful applicants are determined by drawing. At this time the checks from successful applicants are deposited and checks for unsuccessful applicants are returned. Since the applications are mailed out about July 1, this means checks may be held in the license office for 60 to 90 days before a drawing is completed. The license office has had as much as \$250,000 to \$300,000 in checks in their files. We recommend that all checks be deposited on receipt with the State Treasurer in a segregated fund (this has been approved by the Budget office) until the drawing. At this time the money from successful applicants will be withdrawn and placed in the savings account. The unsuccessful applicant's original form will be kept on file and a letter with a new application will be forwarded to the applicant informing him that he has the choice of applying for the remaining areas open or requesting his immediate refund. All refunds will be made on claims submitted by the Commission through regular channels. The Director and his staff have agreed to investigate this procedure and if they feel it feasible, they will use it during the next drawing.

### 4. License Agents

NRS 502.040, section 6, states: "All moneys collected by a license agent shall be deemed to be public moneys of the State of Nevada and shall not be commingled with personal, private or

business funds, but shall at all times be maintained distinct and separate from such funds. The state shall have a prior claim upon these moneys over all creditors, assignees or other claimants. Commingling of these funds with private or business assets, or the use of these funds for private or business transactions, shall be deemed to be a misuse of public funds and punishable under laws provided."

The Director pointed out that as this section now reads it is impossible to enforce. To this we agree. During 1961, the Commission suffered a loss of \$439.50 caused directly by the wording of this section. The statement "The state shall have a prior claim upon these moneys . . ." was strictly interpreted by the bank who confiscated the license agent's merchandise to satisfy their claims, but the Commission received nothing other than the amount of the agent's bond because there was no money on hand or on deposit. It is recommended, if possible, that the wording of this section be amended to eliminate "commingling" provisions and to give the State prior claim upon all assets of agent.

#### 5. Purchasing

Many of the needs of the Commission as to materials, supplies and equipment are peculiar to its operation and they are not in many cases handled by the State Purchasing Department. The Commission is making every attempt to buy through the Purchasing Department; however, to facilitate purchasing they have requested relief under NRS 333.440

providing for direct purchases of highly specialized or peculiar items or they have anticipated their needs in advance so that purchase orders with definite specifications have been submitted through the State Purchasing Department.

6. Petty Cash Fund

For some time the Commission has maintained a petty cash and a change fund. Both funds have not been authorized by statute; however, they are both necessary for effective and efficient operation. We recommend that statutes pertaining to the operation of the Fish and Game Commission be amended to provide legal status for these funds.

7. Leases

During our audit it was noted that no place in the records was there an up-to-date file kept on leases indicating which were still in effect, when rental payment was last made, or which had expired. We recommend that a tickler file be maintained setting forth all pertinent information regarding leases. This tickler system is now in the process of being installed and the Director has stated it will be maintained in the future.

During the period under review until October 1962, the Commission leased land from the Buckhorn Investment Co. A member of the Legislature is President of the Buckhorn Investment Co. This lease was not renewed on its expiration in October 1962.

8. Bonding of Employees

The Commission now carries a blanket bonding policy on all its employees in the amount of \$2,500.00 each. In addition, the Director, Administrative Assistant, Licensing Officer and Senior Clerk Stenographer (Licensing) are covered for \$5,000.00 each. Bonding of any employee of the Commission is not authorized by statute; however, we feel this bonding is necessary and is good business practice and we recommend statutes governing Fish and Game operation be amended to allow bonding either under the State Bond Trust Act or with a private insurer.

9. Credit Cards

It was noted that in the administrative offices the credit cards are kept in an unlocked upright file. A number of times during the audit there was no one in any of these offices, which would make it quite easy for someone to convert any of these credit cards to his personal use. We suggested, and the Director concurred, that all credit cards and similar items be kept under controlled lock and key at all times.



STATE OF NEVADA  
ALCOHOLISM AGENCY  
AUDIT REPORT  
FOR THE FISCAL YEAR 1962 - 1963

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 Alcoholism Agency for the fiscal year ended June 30, 1963, and have prepared therefrom the following:

Comparison of Actual Revenues and Expenditures with Basis  
for Appropriation for the Fiscal Year July 1, 1962 to  
June 30, 1963-----Exhibit A

#### Functions of Agency

The functions of the Alcoholism Agency are, to promote and conduct educational training, preventive programs and research on alcoholism, to promote and establish working relations with other agencies and groups, to promote the establishment and operation of public clinics and other public alcoholism facilities in local communities of Nevada, to provide consultation services to public and private agencies and groups. Assist all organizations, fellowships and groups directly associated with problems of alcoholism, cooperate with and assist political subdivisions of the state.

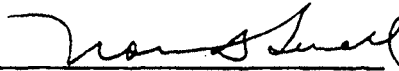
#### Scope of Examination

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

In our opinion, the accompanying statement of revenues and expenditures present fairly the results of its operations for the year then ended, June 30, 1963 in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

March 24, 1964  
Carson City, Nevada

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

STATE OF NEVADA  
ALCOHOLISM AGENCY  
COMPARISON OF ACTUAL REVENUE & EXPENDITURES WITH  
BASIS FOR APPROPRIATION  
For the Fiscal Year 1962 - 1963

	<u>Work Program</u>	<u>Basis for Appropriation</u>	<u>Actual Revenues &amp; Expenditures</u>	<u>Over or (Under) Appropriation</u>
<u>Revenues</u>				
Appropriation	\$24,750.00	\$24,750.00	\$24,750.00	\$ -
Salary Adjustment	360.00	360.00	360.00	-
Total Revenues	<u>\$25,110.00</u>	<u>\$25,110.00</u>	<u>\$25,110.00</u>	<u>\$ -</u>
<u>Expenditures</u>				
Salaries	<u>\$13,792.00</u>	<u>\$13,724.00</u>	<u>\$13,792.00</u>	<u>\$ 68.00</u>
Travel:				
In-State	\$ 2,600.00	\$ 2,600.00	\$ 2,445.43	\$ (154.57)
Out-of-State	250.00	250.00	223.90	( 26.10)
	<u>\$ 2,850.00</u>	<u>\$ 2,850.00</u>	<u>\$ 2,669.33</u>	<u>\$ (180.67)</u>
<u>Operating</u>				
Industrial Insurance	\$ 250.00	\$ 87.00	\$ 226.21	\$ 139.21
Retirement	635.00	629.00	632.20	3.20
Personnel Assessment	100.00	50.00	100.00	50.00
Freight & Postage	300.00	400.00	110.88	(289.12)
Printing	500.00	400.00	533.71	133.71
Office Supplies	400.00	500.00	172.56	(327.44)
Telephone & Telegraph	400.00	450.00	461.60	11.60
Insurance	150.00	125.00	146.61	21.61
Equipment Repair	200.00	200.00	70.08	(129.92)
Literature	-	475.00	-	(475.00)
Dues	250.00	400.00	98.50	(301.50)
Photographs	25.00	-	-	
NRS	-		24.00	24.00
	<u>\$ 3,210.00</u>	<u>\$ 3,716.00</u>	<u>\$ 2,576.35</u>	<u>\$ (1,139.65)</u>
<u>Alcoholism Research Detail</u>				
Alcoholism Research & Assistance	<u>\$ 5,258.00</u>	<u>\$ 4,820.00</u>	<u>\$ 6,016.25</u>	<u>\$ 1,196.25</u>
Total Expenditures	<u>\$25,110.00</u>	<u>\$25,110.00</u>	<u>\$25,053.93</u>	<u>\$ (56.07)</u>
Amount Reverted to General Fund			<u>\$ 56.07</u>	



STATE OF NEVADA  
ALCOHOLISM AGENCY  
SUPPLEMENTAL LETTER

For the Fiscal Year 1962 - 1963

1. Internal Control

It is the practice of the agency to sell or give away its literature and books. There is no established policy as to whom the literature will be given or to whom it will be sold. One person is solely responsible for the sales receipts. Since there are only two persons in the agency and one is constantly in a travel status, one person must, of necessity, be responsible for all sales receipts. This, of course, is an undesirable feature in any accounting system since there is virtually no internal control.

Another problem in selling the literature is that many requests come by mail. Thus, statements must be prepared and an accounts receivable ledger maintained. In conjunction with this procedure it was noted during the audit that some accounts were overdue in excess of sixty days. No follow-up letters had been sent out by the agency.

An analysis of sales receipts for the current fiscal year indicates that approximately \$35.00 to \$50.00 per month is earned through such sales. The cost of printing the distributed literature is approximately \$4,000.00 per year. Therefore, the recovery of cost through sales is quite infinitesimal.

Since there are problems in attempting to set up an internal control system, which could not be very effective in any event because of the size of the agency, and since the sales receipts are quite small it is our recommendation that all sales be discontinued and the literature be distributed free. When submitting the next budget request the Director should compensate for this loss of revenue with a request for additional printing funds.

2. Purchase of Office Supplies

Office supplies should always be obtained through the State Department of Purchasing whenever possible. During our audit it was noted that \$172.56 was spent for office supplies for the fiscal year ended June 30, 1963. Of this amount, \$12.56 was spent with State Purchasing. For the first nine months of the current year \$39.30 of \$149.89 spent for office supplies was spent with State Purchasing. Therefore, by analysis it is evident that 92.8% for fiscal 1962-1963 and 73.7% for the first nine months of the current fiscal year of office supplies were purchased from independent vendors and not through the Department of Purchasing.

We recommend that all purchases of office supplies be made through the State Department of Purchasing. It was noted, however, that according to the catalog prepared by the Purchasing Department many items acquired were not stocked by Purchasing Department.

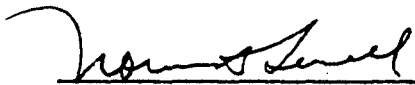
3. Advisory Board Meetings

NRS 458.230 states that the State Alcoholism Advisory Board shall hold at least four meetings a year. They have held only three meetings each year for the fiscal years 1960-1961, 1961-1962, and 1962-1963.

As this Board is only advisory and not policy making and because the Alcoholism Agency is now under the policy direction of the Director of Health and Welfare, it is recommended that NRS 458.230, subsection 1., be amended to read:

The board shall (hold at least four meetings annually)  
meet at the discretion of the Chairman on an annual basis.

March 24, 1964  
Carson City, Nevada

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

Note: At a meeting of the Fiscal Analyst and the Director of the Alcoholism Agency on March 30, 1964, agreement was reached on necessary changes for compliance with all recommendations made by the Fiscal Analyst.





STATE OF NEVADA  
NEVADA STATE CHILDREN'S HOME  
AUDIT REPORT  
FOR THE PERIOD JULY 1, 1962 TO JUNE 30, 1963

LEGISLATIVE COUNSEL BUREAU  
NORMAN H. TERRELL, FISCAL ANALYST  
Carson City, Nevada  
March 20, 1963



Nevada Legislative Commission  
Capitol Building  
Carson City, Nevada

Gentlemen:

We have examined the accounts and records of the Nevada State Children's Home for the fiscal year ended June 30, 1963, and have prepared therefrom the following exhibits:

Statement of Budgeted Receipts and Disbursements

Compared with Actual - Administrative Fund---Exhibit A

Statements of Receipts and Disbursements:

Landscaping Fund-----Exhibit B

Henry Woods Christmas Fund-----Exhibit C

C. H. Calury Fund-----Exhibit D

4-H Fund-----Exhibit E

Gift Fund-----Exhibit F

Luella Rhodes Garvey Fund-----Exhibit G

Functions of the Agency

The Children's Home provides to the dependent and neglected children of Nevada an opportunity to live in surroundings as nearly normal as can be made available. At the home the children receive all of the basic necessities required for good health. Those needing help in resolving emotional problems are given individual and group counseling by trained social personnel.

Within recent months the old Children's Home has been demolished. The children now live in cottages in groups of ten with a cottage couple.

Four cottages have been completed with a fifth in the process of construction. The atmosphere, as nearly as possible, is one of children in a normal home situation. The cottage mother prepares the meals, the children have responsibility for minor chores, and the cottage father, besides working on the grounds, is available along with his wife for counseling and companionship. The cottage couple are, in effect, substitute parents and fill that role to the best of their abilities.

The Children's Home, as authorized by the 1963 session of the Nevada Legislature, became a division of the Department of Health and Welfare effective as of July 1, 1963. Under this reorganization the Superintendent is responsible to and serves at the pleasure of the Director of the State Department of Health and Welfare. Formerly he was responsible to the State Welfare Board. The State Welfare Board, as it has in the past, still serves as the policymaking board of the Children's Home, meeting at least four times a year in this capacity.

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.


We have examined the statements of revenue and expenditure for the funds in the control of the agency for the fiscal year ended June 30, 1963. 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.

Opinion

In our opinion, the accompanying statements of revenues and expenditures present fairly the results of operation of the Nevada State Children's Home for the fiscal year ended June 30, 1963, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Carson City, Nevada  
March 20, 1964

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



## Exhibit A

NEVADA STATE CHILDREN'S HOME  
STATEMENT OF BUDGETED RECEIPTS AND DISBURSEMENTS  
COMPARED WITH ACTUAL  
For the Fiscal Year 1962 - 1963

	<u>Work Program</u>	<u>Basis for Appropriation</u>	<u>Actual Receipts &amp; Disbursements</u>	<u>Over or (Under) Appropriation</u>
<u>Receipts</u>				
General Fund Appropriation	\$171,872.00	\$171,872.00	\$171,872.00	\$ -
Room & Board Reimburse- ment and other Misc.				
Receipts	540.00	540.00	754.62	214.62
Classified Employees salary Increase	3,318.00	3,318.00	3,318.00	-
	<u>\$175,730.00</u>	<u>\$175,730.00</u>	<u>\$175,944.62</u>	<u>\$ 214.62</u>
<u>Disbursements</u>				
Salaries	\$ 73,238.00	\$ 98,632.00	\$ 73,801.66	\$(24,830.34)
Travel:				
Out-of-State	\$ 135.00	\$ 135.00	\$ 768.66	\$ 633.66
In-State	1,264.00	1,142.00	-	(1,142.00)
Travel Total	<u>\$ 1,399.00</u>	<u>\$ 1,277.00</u>	<u>\$ 768.66</u>	<u>\$ (508.34)</u>
Operating:				
Industrial Insurance	\$ 440.00	\$ 713.00	\$ 934.39	\$ 221.39
Retirement Payments	3,594.00	4,758.00	3,354.42	(1,403.58)
Personnel Assessments	650.00	938.00	650.00	(288.00)
Equipment Rental		-	16.00	16.00
Freight & Postage	200.00	200.00	274.12	74.12
Printing:				
Annual Reports	50.00	100.00	-	(100.00)
Forms	25.00	50.00	31.20	(18.80)
Other Printing	25.00	50.00	142.52	92.52
Office Supplies	300.00	700.00	259.74	(440.26)
Utilities:				
Heat	10,500.00	10,500.00	4,839.49	(5,660.51)
Power	5,000.00	4,000.00	4,451.80	451.80
Water	90.00	100.00	824.38	724.38
Other	400.00	200.00	500.50	300.50
Telephone & Telegraph:				
Telephone Rental	800.00	800.00	1,296.38	496.38
Tolls and Telegraph	300.00	300.00	477.99	177.99
Truck Operation	400.00	400.00	853.63	453.63
Insurance; Auto	350.00	500.00	295.93	(204.07)
Repairs:				
Office Equipment Repairs	100.00	200.00	102.19	(97.81)
Equipment Repair	400.00	400.00	1,058.50	658.50
Contract Services	5,278.00	4,494.00	4,158.50	(335.50)
Personal and Custodial Care:	31,500.00			
Food		25,000.00	19,686.68	(5,313.32)
Kitchen & Dining Room		2,000.00	518.43	(1,481.57)
Dormitory & Household		800.00	1,796.49	996.49
Clothing		5,000.00	4,898.66	(101.34)

## Exhibit A, cont'd.

	<u>Work Program</u>	<u>Basis for Appropriation</u>	<u>Actual Receipts &amp; Disbursements</u>	<u>Over or (Under) Appropriation</u>
Personal and Custodial Care, cont'd.:				
Laundry		300.00	880.21	580.21
Transportation of Patient	200.00	-	37.05	37.05
Medical and Dental Supplies		1,500.00	817.23	(682.77)
Instructional Supplies		150.00	237.76	87.76
Education, Amusement & Allowances		2,500.00	1,972.61	(527.39)
Barbering		500.00	739.00	239.00
Special Care:	4,700.00			
Medical Doctor		1,500.00)		
Hospital		2,000.00)	5,583.49	2,083.49
Buildings & Grounds:				
Janitorial Supplies	800.00	500.00	174.58	(325.42)
Building & Maintenance	2,000.00	3,000.00	1,806.14	(1,193.86)
Grounds Maintenance	300.00	300.00	198.99	(101.01)
Dues & Subscriptions	100.00	140.00	42.65	(97.35)
Reserve	31,663.00	-	-	
Work Money for Children	300.00	600.00	55.00	(545.00)
	<u>\$100,465.00</u>	<u>\$ 75,193.00</u>	<u>\$ 63,966.65</u>	<u>\$(11,226.35)</u>
Equipment:				
File Cabinets	\$ 228.00	\$ 228.00	\$ -	\$ (228.00)
Typewriter	400.00	400.00	-	(400.00)
Office Equipment		-	94.52	94.52
Other Furniture or Equipment		-	520.50	520.50
Total Equipment	<u>\$ 628.00</u>	<u>\$ 628.00</u>	<u>\$ 615.02</u>	<u>\$ (12.98)</u>
Total Expenditures	<u>\$175,730.00</u>	<u>\$175,730.00</u>	<u>\$139,151.99</u>	<u>\$(36,578.01)</u>
Balance June 30, 1963			<u>**\$ 36,792.63</u>	<u>\$ 36.792.63</u>
**Reverted to General Fund at June 30, 1963			\$ 36,545.62	
Miscellaneous receipts deposited directly to the General Fund			<u>247.01</u>	
			<u>\$ 36,792.63</u>	



NEVADA STATE CHILDREN'S HOME  
\*LANDSCAPING FUND  
STATEMENT OF RECEIPTS AND DISBURSEMENTS  
For the Fiscal Year 1962-1963

Balance July 1, 1962		\$4,997.69
<u>Disbursements:</u>		
Pest Control and Tree Surgery	\$766.95	
Groundwork & Sprinkler System Repair	<u>73.96</u>	<u>840.81</u>
Balance in State Treasury at June 30, 1963		<u><u>\$4,156.88</u></u>

\*An act of the 1955 Legislature providing for landscaping and construction of outside facilities at the State Children's Home in the amount of \$13,000. The act became effective July 1, 1955; there was no provision for reversion.



NEVADA STATE CHILDREN'S HOME  
 \*HENRY WOOD CHRISTMAS FUND  
 STATEMENT OF RECEIPTS AND DISBURSEMENTS  
 For the Fiscal Year 1962-1963

Balance June 30, 1962 \$ 112.40

Receipts:

Interest on investments	1,275.76
Total to account for	1,388.16

Disbursements:

Christmas Gifts and Decorations	1,287.09
Balance in State Treasury at June 30, 1963	101.07

HENRY WOOD CHRISTMAS FUND (Principal)  
 Securities Owned by Nevada State Children's Home  
 (In the custody of the State Treasurer)

San Antonio Medical Arts Co., Second Mortgage Note 5½%	\$	395.00
San Antonio Medical Arts Co., Third Mortgage Note 4%		297.00
Orpheum Building Co., 424 shares, \$4 per		1,696.00
Pershing County Con. School No. 1, 3½% Bonds		6,000.00
810 So. Spring St., Building Co., 10 shares, \$1 per		10.00
810 So. Spring St., Building Co., 5% Bonds Sinking Fund		1,000.00
U.S. Treasury Savings Bonds, Series K		7,000.00
U.S. Treasury Savings Bonds, Series H		16,500.00
Total securities owned as verified by Fiscal Analyst's State Treasury Money Count at December 31, 1963		\$32,898.00

\*Principal to remain inviolate - interest on investments to be used for the purchase of Christmas Gifts.



NEVADA STATE CHILDREN'S HOME  
C.H. CALURY FUND  
STATEMENT OF RECEIPTS AND DISBURSEMENTS  
For the Fiscal Year 1962-1963

Balance July 1, 1962	\$11,000.00
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Receipts and disbursements:

Balance in State Treasury at June 30, 1963

-
<u>\$11,000.00</u>



NEVADA STATE CHILDREN'S HOME  
4-H CLUB FUND  
STATEMENT OF RECEIPTS AND DISBURSEMENTS  
For the Fiscal Year 1962-1963

Balance July 1, 1962

\$945.63

Disbursements:

Tools and materials for 4-H Projects

96.21

Balance in State Treasury at June 30, 1963

\$849.42





NEVADA STATE CHILDREN'S HOME  
GIFT FUND  
STATEMENT OF RECEIPTS AND DISBURSEMENTS  
For the Fiscal Year 1962-1963

Balance July 1, 1962

\$3,202.08

Receipts:

Donations - Various Organizations

5,038.50\$8,240.58Disbursements:

Arts and crafts	\$1,035.14
Party decorations and candy	121.74
Pictures and film processing	193.31
Entertainment for children	211.28
Special gifts and clothing	3,710.00
Rainbow dues and magazine subscriptions	11.58
Athletic equipment	443.42
Vacation trips	220.39
TV sets and radios	158.88
Special school supplies	371.71
Musical instruments and lessons	242.75
Special excursions	26.23
Misc. repairs-TV's and radios	<u>86.14</u>

Total disbursements

6,832.57

Balance in State Treasury at June 30, 1963

\$1,408.01



NEVADA STATE CHILDREN'S HOME  
\*LUELLA RHODES GARVEY FUND  
STATEMENT OF RECEIPTS AND DISBURSEMENTS  
For the Fiscal Year 1962-1963

Balance June 30, 1962	\$1,092.86
<u>Receipts</u>	-
Total to account for	<u>\$1,092.86</u>
<u>Disbursements:</u>	
Education trip	22.95
Balance in State Treasury at June 30, 1963	<u><u>\$1,069.91</u></u>

\*Estate of Luella Rhodes Garvey in 1943 left the State Children's Home \$10,000--  
apparently with no restrictions.



STATE OF NEVADA  
NEVADA STATE CHILDREN'S HOME  
SUPPLEMENTAL LETTER  
For the Fiscal Year 1962-1963

1. Bank Accounts

In August, 1963, with the approval of the Budget Office and the Nevada State Welfare Board a trust agreement was entered into by the Children's Home and the Security National Bank whereby the latter as trustee agreed to handle investments for the Children's Home. \$10,000 was transferred from the C. H. Calury Fund to this investment fund. The balance remaining in the Calury Fund plus the balance in the Luella Rhodes Garvey Fund, a total of \$2,723.61 was deposited in a bank account and a savings and loan savings account. Neither of these accounts are authorized by statute. No practical purpose is served by maintaining these accounts that could not be handled by or through the State Treasurer. We recommend that both accounts be closed immediately and transferred to the State Treasury.

2. Storeroom Control

Control of the central storeroom from which supplies and provisions are requisitioned twice a week for the cottages is in need of improvement. The policy in the past has been for a cottage father to sign requisition slips for provisions obtained from the central storeroom, usually twice per week. However, each of the cottage fathers has in his possession at

all times a key to the storeroom. Thus, supplies can be withdrawn from the storehouse at any time of the day or night without administrative supervision. The food locker is also subjected to the same lack of control. We recommend that all withdrawals or deliveries be restricted to the hours of the day when the administrative office is open. Thus, only one key would be necessary which should be under the control of the administrative office at all times. Withdrawal requisitions should be signed by both the issuing and receiving parties. The person in charge should maintain a perpetual inventory of all items. Further, records should be maintained showing the items issued to each particular cottage or home. Coupled with this system, the accountant or some other individual should make periodic physical inventories.

In order to provide the Children's Home with some meaningful statistics and as a control measure, a detailed cost accounting system should be instituted which would reflect the cost of operating per cottage unit. A further refinement of such a cost system could then provide the cost figure per cottage inmate and per institution inmate.

### 3. Purchasing

With the introduction of the cottage system at the home, it has become impractical to utilize certain types of canned goods formerly obtained through the State Purchasing Department. If identical menus were served each day at all the cottages the institution-size canned goods could possibly be utilized. However, it is easy to imagine the problems this could create in the way of inconvenience and sanitation. Furthermore, identical menus would be impractical if one considers taste preferences

between different age groups and varying cooking techniques and preferences between house mothers.

Since the agency cannot utilize institution-size canned goods it is now purchasing food at the local grocery stores. The purchasing director has given blanket authority to the Children's Home to buy quantities of food up to \$150.00. This is a costly arrangement. We recommend quantity purchases be made through competitive bids, at least for food staples. Purchases of perishables could also be obtained on bid, the food to be furnished on an open-end contract basis. Substantial savings could be realized if these methods are utilized. The Department of Purchasing should be fully utilized in making all such types of purchases as outlined above.

#### 4. Property Control

We recommend that property cards be set up for each piece of equipment, catalogued by individual cottage unit and that each cottage couple be responsible for equipment as charged to them on a list that they will sign. Prior to leaving service at the home a physical inventory will be completed freeing the cottage couple from any future responsibility for equipment previously in their custody. It appeared that inventory listings compiled by the Purchasing Department had not been kept current. It was observed that many pieces of equipment charged to the Children's Home had been transferred to the State Prison prior to demolition of the old Children's Home. This transfer had not been reflected on the inventory listings of the State Purchasing Department. Conversely, there were items of equipment on hand at the Children's Home which were not listed on the

Purchasing Department inventory. A physical inventory was in process under the direction of the State Purchasing Department at the time of the current audit. When completed, this should bring the property inventory up-to-date. This inventory should be kept current and periodic physical counts should be made.

5. Cash Allowances and Work Money

Following precedence established in prior administrations at the Children's Home, the Superintendent has made a practice of submitting monthly claims to the State Board of Examiners for approval to receive a warrant payable to the Superintendent in order to give cash allowances and work money to the children. Over the years, there has accumulated money withheld from children for disciplinary reasons from time to time. This amount was kept in the office and could be drawn on by the children for advances against future month's allowance if the need was justified. We recommend that whatever balance remains be used for paying current allowances and that in the future no surplus be allowed to accumulate.

The present claims procedure should be continued. Supporting documentation consisting of the card file upon which each child indicated they have received the allowance by affixing their signature should be continued and retained at the office of the Children's Home. If an allowance is withheld for disciplinary or other reason, the following month's claim should be reduced accordingly in order to prevent any accumulation of surplus cash in the office.

6. Menu Planning

We recommend that house mothers be required to present tentative



menus a week or more in advance of actual meals as an aid to the administrator in planned purchasing, stocking of storeroom and food locker, as well as a guide to determine that the children are receiving well-balanced meals. At the same time the actual menu served for prior periods should be reviewed by the administrator.

7. Laundry Equipment

We recommend that the next budget request submitted to the 1965 session of the Legislature request appropriation to replace the washing machines now in use at the cottages with commercial type machines better designed to withstand the overload caused by continuous usage at the cottages. The present machines are in constant need of repair resulting in excessive maintenance costs.

8. State Welfare Board

It is our opinion that salary, per diem and travel expenses for members of the State Welfare Board--meeting to discuss policy for the State Children's Home--be paid from the Welfare Fund as required in NRS 422.130 and 422.240 and not from the Children's Home Fund as is currently being done.

9. Annual Report

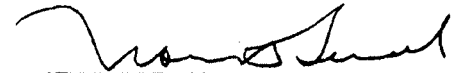
We recommend that the Superintendent issue his report to the Director of Health and Welfare on an annual basis as required in NRS 423.100 rather than on a biennial basis as has been the practice in the past.

10. Gifts and Donations

We recommend that all gifts and donations be made a matter of record

in the minutes of the Board at the first meeting of the State Welfare Board following the receipt of such gift or donation. NRS 423.130 requires the Superintendent to report all such gifts to the State Welfare Board. An itemized list of all gifts and donations should be submitted to the Welfare Board for their acceptance and approval.

March 24, 1964  
Carson City, Nevada

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

Note: At a meeting held April 3, 1964, between the Superintendent of the Children's Home and the Fiscal Analyst, agreement was reached on necessary changes for compliance with those recommendations not already instituted by the Superintendent.

STATE OF NEVADA  
DEPARTMENT OF MOTOR VEHICLES  
AUDIT REPORT  
FOR THE PERIOD JULY 1, 1962 to JUNE 30, 1963

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 Motor Vehicles for the fiscal year ended June 30, 1963, and have prepared therefrom the following attached exhibits and related schedules:

Motor Vehicle Fund--

Comparison of Actual Revenues and  
Expenditures with Basis for  
Authorization for the Fiscal Year  
ended June 30, 1963-----Exhibit A

Detective Licensing Fund--

Comparison of Actual Revenues and  
Expenditures with Basis for  
Authorization for the Fiscal Year  
ended June 30, 1963-----Exhibit B

Boat Licensing Fund--

Comparison of Actual Revenues and  
Expenditures with Basis for  
Authorization for the Fiscal Year  
ended June 30, 1963-----Exhibit C

Functions of the Agency

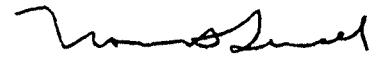
The Department of Motor Vehicles is charged by statute with administering chapters 366, 481, 482, 483, 484, 485, 486, 487, 488 and 706 of the Nevada Revised Statutes. The department is required to impose and collect all taxes, licenses, fees, etc., as set out in the above chapters. The agency maintains its headquarters in Carson City, Nevada, and maintains branch offices in Reno and Las Vegas for administering the registration of all Washoe and Clark county motor vehicles.

### 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

In our opinion, the accompanying exhibits present fairly the operations of the Department of Motor Vehicles for the fiscal year ended June 30, 1963, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceeding year.

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

April 22, 1964  
Carson City, Nevada

MOTOR VEHICLE FUND  
COMPARISON OF ACTUAL REVENUES AND  
EXPENDITURES WITH BASIS FOR AUTHORIZATION  
For Fiscal Year 1962 - 1963

	<u>Work Program</u>	<u>Basis for Authorization</u>	<u>Actual Revenue &amp; Expenses</u>	<u>Over or (Under) Authorization</u>
<b>Revenues</b>				
Authorization Act- Highway Fund	\$1,776,155.00	\$1,776,155.00	\$1,776,155.00	\$
Augment Salaries- Highway Fund	46,848.00	46,848.00	46,848.00	
Highway Fund-AB 179			12,020.00	12,020.00
Sale of Vehicles			18,048.70	18,048.70
Miscellaneous			1,567.94	1,567.94
Total Revenue	<u>\$1,823,003.00</u>	<u>\$1,823,003.00</u>	<u>\$1,854,639.64</u>	<u>\$31,636.64</u>
<b>Expenditures</b>				
Salaries	<u>\$1,152,033.00</u>	<u>\$1,137,161.00</u>	<u>\$1,121,143.21</u>	<u>(\$16,017.79)</u>
Travel:				
Out-of-State	\$ 25,381.00	\$ 25,381.00	\$ 19,218.74	(\$ 6,162.26)
In-State	114,138.00	114,138.00	122,730.57	8,592.57
Total Travel	<u>\$ 139,519.00</u>	<u>\$ 139,519.00</u>	<u>\$ 141,949.31</u>	<u>\$ 2,430.31</u>
Operating:				
Industrial Insurance	\$ 6,776.00	\$ 7,098.00	\$ 7,349.17	\$ 251.17
Retirement	56,930.00	54,019.00	54,967.07	948.07
Personnel Assess.	10,472.00	10,284.00	10,472.00	188.00
Rental-Bldgs. & Equip.	128,989.00	108,836.00	124,932.79	16,096.79
Freight & Postage	29,050.00	32,300.00	36,097.11	3,797.11
Printing	27,955.00	32,086.00	45,917.93	13,831.93
Office Supplies	12,700.00	13,400.00	17,342.93	3,942.93
Heat	1,475.00	5,675.00	957.36	(4,717.64)
Power	11,200.00	5,600.00	13,380.55	7,780.55
Water	650.00	1,300.00	545.43	(754.57)
Other Utilities	4,200.00	8,940.00	1,168.00	(7,772.00)
Telephone & Telegraph	13,020.00	13,548.00	17,373.96	3,825.96
Truck Operation	850.00	2,000.00	1,182.62	(817.38)
Insurance	13,450.00	13,675.00	12,788.28	(886.72)
Equipment Repair	2,550.00	2,500.00	3,530.97	1,030.97
Radio Repairs	7,000.00	20,600.00	10,766.71	(9,833.29)
License Plates	23,176.00	20,600.00	36,254.18	15,654.18
Plate Factory Repairs	908.00	12,270.00	506.72	(11,763.28)
IBM Cards	18,000.00	18,000.00	13,278.76	(4,721.24)
Training	1,000.00	1,750.00	500.00	(1,250.00)
Bldgs. & Grounds Maint.	4,800.00	2,000.00	5,688.12	3,688.12
Misc. Patrol & Exp.	4,500.00	3,540.00	4,201.92	661.92
Photos	1,850.00	1,700.00	1,333.34	(366.66)
Uniform Allow & Other	10,570.00	9,960.00	11,190.26	1,230.26

## Exhibit A, cont'd.

	<u>Work Program</u>	<u>Basis for Authorization</u>	<u>Actual Revenue and Expenses</u>	<u>Over or (Under) Authorization</u>
Misc. Contract Serv.	\$ -	\$ 500.00	\$ 384.00	(\$ 116.00)
Safety Program	900.00	-	1,120.54	1,120.54
Dues, Registrations & Subscriptions	1,490.00	950.00	1,645.49	695.49
Aircraft Expense	1,200.00	-	1,375.12	1,375.12
Operating Inventory	-	-	1,052.61	1,052.61
Total Operating	<u>\$ 395,661.00</u>	<u>\$ 403,131.00</u>	<u>\$ 437,303.94</u>	<u>\$34,172.94</u>
Equipment:				
Automobiles	\$ 97,229.00	\$ 99,648.00	\$ 83,275.39	(\$16,372.61)
Office Furniture	5,905.00	5,349.00	1,879.74	(3,469.26)
Office Equip.	1,235.00	2,395.00	3,487.13	1,092.13
Other Equip.	31,421.00	35,800.00	24,656.61	(11,143.39)
Total Equipment	<u>\$ 135,790.00</u>	<u>\$ 143,192.00</u>	<u>\$ 113,298.87</u>	<u>(\$29,893.13)</u>
Total Expenditures	<u>\$1,823,003.00</u>	<u>\$1,823,003.00</u>	<u>\$1,813,695.33</u>	<u>(\$ 9,307.67)</u>
Total Revenue	\$1,854,639.64			
Less Total Expenditures	<u>1,813,695.33</u>			
Reverted to Highway Fund		<u>\$ 40,944.31</u>		



DETECTIVE LICENSING FUND  
COMPARISON OF ACTUAL REVENUES AND  
EXPENDITURES WITH BASIS FOR AUTHORIZATION  
For the Fiscal Year 1962 - 1963

	<u>Work Program</u>	<u>Basis for Authorization</u>	<u>Actual Revenue &amp; Expenses</u>	<u>Over or (Under) Authorization</u>
<u>Revenues</u>				
Authorization Act	\$3,158.00	\$3,158.00		
Augmentation Request	410.00	-		
Fees Collected			\$2,987.13	
Total Revenues	<u>\$3,568.00</u>	<u>\$3,158.00</u>	<u>\$2,987.13</u>	<u>(\$170.87)</u>
<u>Expenditures</u>				
Salaries	<u>\$1,896.00</u>	<u>\$1,572.00</u>	<u>\$1,814.50</u>	<u>\$242.50</u>
Travel	<u>\$ 550.00</u>	<u>\$ 960.00</u>	<u>\$ 48.10</u>	<u>(\$911.90)</u>
Operating:				
All Operating	\$ -	\$ 490.00	-	(\$490.00)
Industrial Insurance	12.00	-	80.82	80.82
Retirement	95.00	-	112.12	112.12
Personnel Assess.	25.00	-	25.00	25.00
Freight & Postage	25.00	-	-	-
Printing	300.00	-	-	-
Office Supplies	65.00	-	-	-
Telephone & Telegraph	50.00	-	-	-
Photos	50.00	-	-	-
Investigations	500.00	-	300.00	300.00
Total Operating	<u>\$1,122.00</u>	<u>\$ 490.00</u>	<u>\$ 517.94</u>	<u>\$ 27.94</u>
Equipment	<u>\$ -</u>	<u>\$ 136.00</u>	<u>\$ -</u>	<u>(\$136.00)</u>
Total Expenditures	<u>\$3,568.00</u>	<u>\$3,158.00</u>	<u>\$2,380.54</u>	<u>(\$777.46)</u>
Excess of Revenues over Expenditures			\$ 606.59	
Balance on hand July 1, 1962			8,798.53	
Balance on hand June 30, 1963			<u>\$9,405.12</u>	



## Exhibit C

BOAT LICENSING FUND  
COMPARISON OF ACTUAL REVENUES AND  
EXPENDITURES WITH BASIS FOR AUTHORIZATION  
For the Fiscal Year 1962 - 1963

	<u>Work Program</u>	<u>Basis for Authorization</u>	<u>Actual Revenue &amp; Expenses</u>	<u>Over or (Under) Authorization</u>
<u>Revenues</u>				
Authorization Act	\$12,484.00	\$12,484.00		
Augmentation Request	\$ 6,395.00	-		
Fees Collected			\$12,036.00	
Total Revenues	<u>\$18,879.00</u>	<u>\$12,484.00</u>	<u>\$12,036.00</u>	<u>\$ (448.00)</u>
<u>Expenditures</u>				
Salaries	<u>\$10,504.00</u>	<u>\$ 9,184.00</u>	<u>\$10,610.70</u>	<u>\$1,426.70</u>
Travel	<u>\$ 3,080.00</u>	<u>\$ 1,500.00</u>	<u>\$ 3,046.24</u>	<u>\$1,546.24</u>
Operating:				
All Operating	-	\$ 1,500.00	\$ -	(\$1,500.00)
Industrial Insurance	63.00	-	67.45	67.45
Retirement	526.00	-	535.37	535.37
Personnel Assess.	100.00	-	100.00	100.00
Freight & Postage	420.00	-	11.45	11.45
Printing	750.00	-	1,436.73	1,436.73
Office Supplies	200.00	-	52.09	52.09
Telephone & Telegraph	134.00	-	147.01	147.01
Insurance	172.00	-	172.82	172.82
Equipment Repair	25.00	-	36.75	36.75
Personal & Custodial	150.00	-	120.00	120.00
Boat Supplies	500.00	-	487.54	487.54
IBM Cards	500.00	-	-	-
Dues & Subscriptions	225.00	-	45.89	45.89
Decals	1,000.00	-	1,174.69	1,174.69
Contract Services	-	-	120.00	120.00
Photos	-	-	5.65	5.65
Refunds	-	-	5.00	5.00
Truck Operation	-	-	2.00	2.00
Total Operating	<u>\$ 4,765.00</u>	<u>\$ 1,500.00</u>	<u>\$ 4,520.44</u>	<u>\$3,020.44</u>
Equipment	<u>\$ 530.00</u>	<u>\$ 300.00</u>	<u>\$ 424.66</u>	<u>\$ 124.66</u>
Total Expenditures	<u>\$18,879.00</u>	<u>\$12,484.00</u>	<u>\$18,602.04</u>	<u>\$6,118.04</u>
Excess of Expenditures over Revenues			(\$ 6,566.04)	
Balance on hand July 1, 1962			15,657.74	
Balance on hand June 30, 1963			<u>\$ 9,091.70</u>	



DEPARTMENT OF MOTOR VEHICLES

SUPPLEMENTAL LETTER

For the Fiscal Year 1962 - 1963

REGISTRATION DIVISION

1. Refund Procedure

Refund applications for the period under audit were often approved only by a typewritten name rather than a signature. Applications are filed under a refund number. Presently, Fiscal and Accounting office is approving all refunds.

We recommend that all refund applications be processed and signed within the division involved and that Fiscal and Accounting approve all refunds, completely checking a large sample to insure refunds are being made properly. Fiscal and Accounting Division should prepare claims and file claim and application by type rather than by number in order that the source document for each type of refund can be readily reconciled to the IBM runs.

2. Automation Revenue Runs

Deposits made to the State Treasury appear on IBM revenue runs under the same month as deposited; however, this revenue run includes a "holding account" amount that is not distributed until subsequent month or months. The practice and use of "holding accounts" make it difficult to allocate revenues to the accounting period in which it is actually received. We recommend that the use of "holding accounts" be modified so that minimum balances are carried forward to the following month.

Monthly revenue reports from Automation are not cumulative. Cumulative reports are presently prepared manually by Fiscal and Accounting and reconciled to the Controller's report. We recommend that Automation

reports of revenues be made cumulative which would be much more meaningful to the divisions concerned. The Automation Division head states that this has been under consideration but has not been accomplished because of a shortage of personnel and funds.

3. Records of Plates and Decals

For the period under audit, fiscal year 1962-1963, no records were kept regarding issue of plates and decals to county assessors. Records are not adequate to reconcile revenues to plates issued. Currently, the department is maintaining records reflecting plates and decals issued by numbers to the various agents. We recommend that complete records be kept on all license plates and decals issued to agents and that such agents be required to sign a receipt for those received. Specific instructions should be given all agents regarding the accountability for all plates and decals issued them. In the past, agents were not instructed to retain unused plates and decals until counted. NRS 482.200 states that "all unused, unsold and confiscated license plates of the previous issue shall be destroyed or disposed of by the department after the Fiscal Analyst shall have caused a count of such plates." The Fiscal Analyst's office has had such counts in the past, but because the Department of Motor Vehicles has not had one hundred percent compliance in regard to turning in unissued or unused plates and records have not been complete, such counts have never reconciled to any records maintained by the department. We recommend that efficient and complete records are maintained by the department making a count of all license plates unnecessary. A random sampling and check to the records would be sufficient, and NRS 482.200 could then be repealed. As the department indicates such records will be maintained, we recommend the repeal of NRS 482.200.

4. Collection of Sales and Use Taxes

NRS 482.225(1), states "whenever application shall be made to the department for registration of a vehicle purchased outside the state and not previously registered within this state, the department shall make a determination of the liability for use tax of such vehicle, and, if the registrant or owner of the vehicle is found to be liable for such use tax, collect such tax and remit the same to the Nevada Tax Commission."

The Tax Commission maintains personnel in the Motor Vehicle Department offices in Reno and Las Vegas who actually make the determination and collect the tax. In the remaining 15 counties, only one is remitting tax to the Motor Vehicle Department. The others apparently remitting direct to the Tax Commission. The Motor Vehicle Department has no authority to exercise control over county officers.

It is recommended that NRS 482.225(1) be repealed and that the Tax Commission be given specific authority in the statutes to control county agents in the collection and remittance of the tax direct to the Tax Commission. The Tax Commission should provide county agents with necessary forms and procedures to implement this process.

5. Permits Issued to Used Car Dealers

The department supplies used car dealers with permits for movement of used vehicles as required by NRS 482.3211. Records are kept showing number of permits issued and to which dealer. Permits are multi-copy and pre-numbered and the dealer must return one copy to the department when the permit is used. No formal reports are required of dealers. Adequate control records are not maintained other than a file showing issuance of permits to the various dealers. We recommend that sufficient records be maintained to indicate at

all times the exact number of permits that each dealer has on hand at any given time, and that consideration be given by the Legislature for a minimum charge for this permit to enable the department to recover that cost of processing such permits.

6. Auto Dealers Special Drive-Away Permits

NRS 482.3212 states that "the department shall issue to any dealer upon request, and upon payment of a fee of \$5.50, a special permit, in a form to be determined by the department, for movement of any vehicle for the purposes of sale outside the State of Nevada. The permit shall be affixed to the vehicle to be so moved in a manner and position to be determined by the department, and shall expire 48 hours after issuance."

Special drive-away permits are sold by the book or individually. When the dealer uses one he then dates the permit himself, affixes a copy to the car and sends a copy to the department. Thus, the dealer need only to "forget" dating the permit and use the same indefinitely. No control of these permits is maintained by department to determine number of permits on hand at any given time and no audits are made of dealers' to determine the number of out-of-state sales that a dealer may have made. A large percentage of the permits returned to the department were not filled out.

Due to the possibility of week-end sales by dealers it is not practical to date permits at time of sale. We recommend that the department set up sufficient control records on drive-away permits to nullify as much as possible the misuse of these permits. A copy of reports of out-of-state sales should be attached to the used permit when it is returned to the department. Periodic audits should be made of dealers out-of-state sales



to insure proper compliance. The department's copy of the permit sold should be filed by dealer, by year, for control and for purposes of reconciling cash to permits issued.

7. Rate of Change of Special Drive-Away Permits

The 1963 session of the Legislature increased the rate of the special drive-away permit to \$8.25 effective July 1, 1963. During our audit it was noted that the drive-away permits at \$5.50 were sold by the book just prior to the effective rate change date with no provisions for such \$5.50 permits to become null and void as of July 1, 1963. Thus, an enterprising businessman could purchase a quantity of books at the old rate and not have to pay the increased rate for some time. We recommend that all books now in the hands of dealers that were purchased at the old rate should be declared void. The department should take all such books back, making refunds thereon and reissuing permits at the new rate.

8. Control of Decals

The control of the decals issued during the registration periods at the Las Vegas and Reno offices is not adequate. Persons selling the licenses are each issued 100 decals. As the license plates are sold, the decals with the license plate numbers they are issued with are listed on a control sheet. After the first 100 decals are sold another 100 decals are issued. However, the persons selling these decals could very easily list the decal as having been sold and merely pocket the money for such sale. There is no reconciliation of cash received to decals issued.

We recommend that a system be established whereby either the cash received is reconciled to the decals issued or the control on the decals is put into the hands of a person who does not receive cash therefor. For instance, each time a person receiving cash for registration brings the money back to the cash register, another person would give a decal to the

girl after the registration card had been validated by the cash register.

9. Bonding--AAA

It was noted that the department has authorized the AAA Insurance Company to issue and sell registration decals to its customers. The department has not required a bond from the company.

It is recommended that as a matter of good business procedure and practice, that such company be bonded.

10. Investigation Reports--Applicant for Dealer's License

NRS 482.322 requires that the Nevada Highway Patrol investigate each applicant for a dealer's license and complete a report of such investigation. It was noted that in many instances the investigation reports were not signed by the investigating officer and were not completed. Specific instructions should be given relative to preparing these reports. Each report should be fully completed and signed by the investigating officer. Laxity in carrying out this section of NRS has been caused by shortage of personnel. We recommend that the Nevada Highway Patrol be deleted from this section and the responsibility be delegated to the individual or individuals' carrying out the following paragraph.

11. Investigations of Vehicle Salesmen

The department is charged by NRS 482.362 to issue licenses for all vehicle, trailer or semitrailer salesmen. It was noted that no investigations were made prior to July, 1963, by the department to determine if all salesmen in a particular establishment were properly licensed or not. Periodic checks should be made by the department in all counties. Currently the department does have one man making such investigations; however, the volume of work, lack of travel funds and the area to be covered makes it impossible to insure 100% compliance with this section.

## 12. Exemption Certificates

Under the statutory provisions of NRS 482.365(3), no EX plates for state owned vehicles shall be issued until a certificate shall have been filed with the department showing that the name of the department, board, bureau, commission, county, city, town, school district or irrigation district, as the case may be, and the words "For Official Use Only" have been permanently and legibly affixed to each side of the vehicle.

From general observation it has been noted that some state-owned vehicles have not had any insignia placed on them for quite a number of months after having been licensed with EX plates. Upon review of the certifications filed with the department, it was noted that the majority were not completed or filled out.

It is recommended that no plates be issued until such certification is completely filled out for each vehicle.

## 13. Stolen Vehicle Lists

NRS 482.520(2) states "as often as practicable, but at least once each month, the department shall either publish or post upon public bulletin boards in each of its offices, a record of stolen and recovered motor vehicles, and shall furnish copies thereof to the police departments and sheriffs' offices throughout the state and to the vehicle commissioner of each state."

The department is carrying out this section to the extent necessary and we recommend the section be revised as follows to conform to actual practice.

NRS 482.520, subsection 2,--As often as practicable, but at least once each month, the department shall prepare and furnish copies thereof to its branch offices or agents, to the police departments and sheriff's offices, and to the Federal Bureau of Investigation a record of stolen and

recovered motor vehicles in the State of Nevada.

FISCAL ACCOUNTING AND AUDITING

1. Improvement of Audit Program

A random sampling of audits performed revealed the following:

- A. Numerous clerical and mathematical errors.
- B. Different interpretations of the same law. Two different auditors would have two completely different answers.
- C. Work papers of some audits could not be found.
- D. No review of audits was evident.
- E. No written audit procedures or instructions were evident.
- F. Entire audits were missing.
- G. Audit division and Motor Carrier division do not agree on many parts of the law but no one set of regulations has been promulgated by the department to give all employees a guide line to follow.

We recommend that the following steps be taken to improve the audits and help the audit staff:

- A. Working papers should be prepared more carefully and duly summarized and balanced when completed.
- B. Files should be kept in better order. All work papers on prior audits should be retained in the files. A copy of the Audit Report itself should be kept with the work papers as well as separately for ready reference.
- C. All completed audits should be carefully reviewed by the Supervisor for mathematical correctness and proper interpretations of law.

- D. Instructions for the auditors should be written in detail and distributed to each auditor.
- E. Where there appears to be two conflicting opinions in regard to the basic law there should be one interpretation promulgated by the division chief, or where two divisions do not agree, by the head of the department. Such interpretations must be written and distributed to all personnel involved, and if necessary, thoroughly explained to all personnel.
- F. Communications between the divisions, the auditors, the supervisory staff and personnel in general should be greatly improved. More frequent staff meetings could perhaps be held, attended by personnel of various divisions involved.

2. Trip Audit Reports

It was noted that one very valuable tool of the audit staff is the trip audit report filled out by the trucker at each port-of-entry. We feel that not only should the trip audit reports be continued but that they be more detailed to include information relative to the trailers. Failure to obtain such information has meant loss of revenue to the state because a correct pro rata charge per trailer could not be ascertained.

The trip audit report has been the only means of obtaining data from which additional assessments have been possible in certain cases. For instance, a review of cases where the trip audit report was the sole information available to the auditors indicates that over \$11,000.00 was assessed and collected during recent months.

It was also noted that the trip audit reports gave information relative to truckers and carriers licensed for only local transportation, that is within 5 miles of the city for which they are licensed.

The trip audit report is the only record that the auditors have from which to check records or monthly returns of truckers. The Public Service Commission, Highway Department and other agencies refer to the trip audit reports quite frequently.

We recommend:

1. That trip audit reports be continued.
2. That statutes be amended to provide the reports with legal status and a penalty be provided for truckers apprehended without such reports in their possession.
3. That they be printed to give more detailed information relative to trailers.
4. That all trucks be required to stop upon entry in the state to fill out such reports at vendors stations as well as ports-of-entry.
5. That compensation be provided to vendor for seeing that trucker comply with item 4 above.
6. That trip audit reports be prepared on IBM cards to facilitate handling. Truckers having a great deal of travel within the state may be supplied with a number of these report cards and assign some to each driver with all basic information already printed thereon. Then it would only be a matter of seconds for the card to be completed by the driver at the port-of-entry or vendors station.

### 3. Audit Costs

NRS 706.850(2). states "Every operator of vehicles the fees for or upon which are paid pursuant to NRS 706.730 to 706.860, inclusive, shall pay

the costs of an audit by the department or its duly appointed representative at the operators' home office." This statute has been interpreted by the department to mean that the costs of the audit would be per diem plus \$.10 per mile one way to the truckers office.

At the minimum, the cost per audit should include the auditors' salaries while actually working on the particular audit as well as per diem. We understand that the department has recently started assessing audit costs based on salary and per diem but no travel costs. We recommend that the statute be amended to clearly define what is to be taken into account when computing costs of an audit.

4. Assessing Negligence Penalties

NRS 706.870(2), states "if any part of deficiency for which an additional assessment is found to be caused by negligence ... a penalty of 10 percent of the amount of such additional assessment shall be added thereto."

During our audit it was noted that the negligence penalty was assessed on the gross amount of fees rather than on the additional amount found to be due. The statute should be strictly adhered to. There should be no difficulty in interpreting the above statute; the penalty should be assessed only on the additional amount found to be due and payable.

5. Aging of Receivables

The department prepares a statement of unpaid assessments each month. It was noted that such statement included an aging of the receivables only to the extent of thirty days and over. For those sums in arrears for some months there was no established policy as to when a list should be

prepared and forwarded to the Attorney General for possible collection. We recommend that all such accounts be aged for at least a 6-month period. We further recommend that after each aging period strongly worded collection letters be forwarded to each delinquent trucker.

6. Collection of Unpaid Assessments

Collection of all unpaid assessments appears to be almost nil. If the trucker is within the confines of Nevada then sometimes an effort is made to collect the account. Virtually none of the out-of-state assessments are collected or are even attempts made to collect same.

Nevada has entered into reciprocity and compact agreements with a number of nearby states and should utilize these agreements for assistance in collection of unpaid assessments of truckers whose home office or base of operations is located within such particular state. Lists of truckers who are in arrears for any period of time should be distributed immediately to all ports-of-entry and all vending stations. The vendors and operators at the ports-of-entry would be instructed to refer to such lists constantly and stop any vehicles that belong to a trucker on such list.

DRIVERS LICENSE DIVISION

1. Cross-Indexing of Files

Under the provisions of NRS 483.400, every application for a license must be maintained in alphabetical order, containing all applications denied and the reasons for such denials, all applications granted, and the name of every licensee whose license had been suspended or revoked, and the reasons therefor.

Until April 1, 1964, neither separate or current cross-index files



were maintained. As of this date Automation started supplying an IBM listing which for all practical purposes fulfills the requirements for the statute although it does not provide the separate files as mentioned in the statutes. We recommend that NRS 483.400 be amended to provide for compliance in accordance with the practical approach as used by the department.

2. Proof of Insurance

Under the provisions of NRS 483.740, certain insurance requirements are necessary for all persons operating a Driver Training School. Evidence of such insurance coverage in the form of a certificate from the insurance carrier shall be filed with the department and the certificate shall stipulate that the insurance shall not be cancelled except upon 10 days written notice to the department.

During our audit it was noted that one proof of insurance on file does not certify that the insurance is non-cancellable without 10 days written notice to the department. One driving school, listed in the Las Vegas telephone directory, does not have any proof of insurance on file.

All driving schools should be contacted and required to have proof of insurance on file. Such policy should also stipulate that the insurance shall not be cancelled except upon 10 days written notice to the department.

3. Reports from the State Board of Health

Under the provisions of NRS 439.270, physicians are required to report to the State Board of Health names, ages and addresses of persons diagnosed as cases of epilepsy. The State Board of Health, in turn, must relate the same information to the Department of Motor Vehicles.

During our audit of each of the above departments, it was noted that only one such report had been filed since 1960. The report could not be

found at Motor Vehicles since only an alpha file is maintained and the person's name was unknown to the Motor Vehicle Department's personnel.

The Health Department believes that the physicians simply refuse to make such reports on the basis that such information is confidential. Further, the statutes do not provide for any penalties other than failure to make such report being classified as a misdemeanor. Since there appears to be little or no compliance with this statute, it is recommended that the statute be amended to provide for stiffer penalties or the law be repealed entirely.

#### 4. Accident Reports

Under the provisions of NRS 485.150, certain reports must be rendered by individuals involved in accidents involving death or injury or property damage in excess of \$100.00.

In some instances, the department had no knowledge of an accident until they received correspondence from an insurance company. There is no provision requiring law enforcement agencies to report such accidents nor does the department have authority to require law enforcement agencies to submit such reports.

We recommend that NRS 485.150 be amended to provide the necessary authority to the department or that all law enforcement officer's be required to submit accident reports with a penalty for noncompliance. This is absolutely necessary if the demerit point system is to ever work.

#### 5. Administering the Demerit Point System

NRS 483.460, subsections 3 through 7, states that the department is to set up and administer a demerit point system for all holders of an operators or chauffeurs license issued by the department. The automation

section started such a system and later discontinued it because of insufficient personnel and funds. It will be impossible to fulfill requirements of this section until all law enforcement agencies and all judges are required to submit copies of citations and/or court sentences. We recommend this section be amended to require submission of copies of citations and/or court sentences to the department and to provide penalties for noncompliance. Additional funds must be provided if the Legislature wishes this section carried out.

6. License Number Change

Recently the department changed the system of numbering drivers' licenses. Rather than numbering the licenses in consecutive order, the license is now numbered by birth date and licensees' initials. With the advent of this new numbering system, duplicate license numbers were noted immediately. The department feels this system is satisfactory and workable notwithstanding the duplicate numbers.

We recommend that further study be given to this system by the department in an attempt to develop another method of numbering which would prevent much of the duplication and yet retain the advantages of the present system.

7. Use of Equipment

During our audit period, the machinery for punching out plastic drivers' licenses was taken out of use by the department. Drivers' licenses are now processed by IBM equipment. The licenses are ultimately delivered more quickly to the applicants than previously although the license itself may not be as durable as the plastic.

The cost of material and processing plastic licenses was about \$.25 whereas the same cost for IBM licenses is less than one-quarter cent each.

The approximate cost of the equipment taken out of use was in excess of \$30,000.00. It was used only for a period of four or five years.

If sold, this equipment will bring only a fraction of the original cost.

The department discontinued use of this equipment because it could no longer keep pace with the number of licenses which must be made each day.

Since this equipment was purchased and then discarded in such a short time, we feel that poor overall planning is evidenced in not sufficiently projecting ahead to foresee that an increased number of drivers licenses would be required each subsequent year and that such equipment would become obsolete in the near future.

We recommend that whenever any new purchases of equipment are anticipated in the future that a more careful analysis be made of the equipment's estimated useful life to the state, various job capabilities, etc.

8. Maintaining Accurate Number of Licensed Drivers

Accurate figures are not available from records on hand to determine the total number of licensed drivers in the state at any time nor can such figures be obtained without manually counting each file copy of all licensees. When all renewals have been processed by Automation, these figures should become readily available.

MOTOR CARRIER DIVISION

1. Temporary Fuel Permits

NRS 366.220 states that "it shall be unlawful for any special fuel user to use special fuel within this state unless such special fuel user is the holder of a special fuel user's license issued to him by the department." The statutes further provide bonding of all special fuel licensees and a monthly reporting of excise tax due the department.

The department, by administrative decision, issues temporary fuel permits to carriers buying special fuel for trips of duration of less than 48 hours. Carriers buying such permits are exempt from filing monthly, and are not always bonded. Further, there is an enforcement problem in that the department cannot require vendors to collect bonds nor can they compensate vendors for this function.

We recommend that the statutes be revised to provide for bonding of unlicensed carriers upon each entry into the State of Nevada until they are licensed, to provide for compensation to vendors for collecting such bonds and to give legal status to temporary fuel permits.

2. Ports-of-Entry and Vendors' Stations

The present system of having only three ports-of-entry managed by the department with some other routes covered by vendors does not appear to be efficient for the following reasons:

- A. Coverage by some vendors is not on a 24-hour basis.
- B. Majority of vendors are not acquainted fully with the rules and regulations governing the sale of licenses to truckers. There were no written explanations or procedural manuals issued or available to vendors. Even if such are made available to the vendors, the department has the problem of insuring that rules and regulations and department policy is followed in every instance.
- C. Most vendors are service station owners or operators and the employees are of the transient type where turnover is quite frequent. This type of employee is not concerned about selling licenses, much less about learning the rules pertaining to same. As a consequence, the licenses issued from the vendors are incorrect in amount, the wrong type of license, not fully completed, etc.

- D. Some routes into and out of the state are not covered by either a vendor or port. This could be alleviated by selecting vendors outside the state where no vendors are available within the state. To achieve this, NRS 481.051(4), would have to be amended, giving the Director the authority to select out-of-state vendors.
- E. It is not required that every truck stop at the vendor stations. As a consequence, many trucks never stop and it is not known if they are properly licensed or not. The vendors do not have authority or personnel to go after such trucks. Usually, if the vendor informed the Highway Patrol of such incidents the trucker would be across the state line before a Highway Patrol car could get there. At the port in Jean, Nevada, it is almost impossible to enforce all trucks to stop because of the structure of the port and highway system.
- F. Trip audit reports are not required of truckers going through vending stations. Some trucks are allowed to go through the ports-of-entry also without having to fill out trip audit reports. This means that the auditors have no available reliable audit documents on a considerable portion of the truckers passing through the state.
- G. Cab cards are not consistently checked by either the ports or vendors.
- H. Defalcations of approximately \$10,000.00 were recently discovered because of poor internal control.

We recommend that the following procedures be implemented to strengthen the overall system:

- A. Wherever possible, select only vendors who operate 24 hours a day.

- B. Promulgate rules and regulations specifically for vendors and port-of-entry personnel and insure that each and every person selling licenses is fully acquainted with such regulations and steps should be taken by Motor Carrier personnel to provide in-person education of such individuals selling licenses.
- C. All trucks should be required to stop either at vending stations or ports-of-entry.
- D. All routes within the state should be covered by either vendors or ports-of-entry. Where the routes cannot possibly be covered by in-state vendors then out-of-state vendors should be obtained. To effectuate this, NRS 481.051(4) should be amended giving the Director the necessary authority.
- E. Each port-of-entry should have a two-way radio and two men at all times. Roving field agents cars should be equipped with two-way radios. It is especially important for proper enforcement to have two men because it appears that many trucks will deliberately run through a port, especially at night. Where the ports are so close to the state line, the truckers can easily be across the line before a Highway Patrol car can get there. If two men were on duty at all times, then one could always be available for going after any truckers that ran a port.
- F. It should be pointed out in the rules and regulations that all cab cards should always be scrutinized by either the vendor or port-of-entry personnel. Recent improvement has been made in this by the department.
- G. Amend statutes to provide penalties for truckers apprehended who have run ports-of-entry or vendor stations and have not paid proper fees or do not possess proper permits.

H. Some steps have been taken to tighten internal control since the discovery of the defalcations, but we feel that certain other steps are necessary for overall good internal control.

These steps are discussed in the following paragraph.

### 3. Internal Control

Presently, all vendors and each man at the ports-of-entry are issued books of licenses. These licenses are charged out to the individual by means of a control sheet whereon the license numbers are recorded beside each individual's name. The person in charge of each port is also responsible for all licenses issued to his port. Each individual keeps his licenses separately and also retains his "personal" copy of each license sold. Daily reports of sales are now submitted by each individual.

We recommend that the department consider using the locked box Moore type of business form for all issues of licenses. The form should be prepared in a manner that all basic types of licenses could be issued thereon. As many copies as may be desired may be prepared. A copy of each transaction is locked in the box for purposes of control. Every person at each port would use the same box of forms, inserting his name or initials for each license sold. Thus, one person could not insert different dates or months without being in collusion with all other personnel in the port. Further, it would eliminate the necessity of individual reports. One daily report filed by the field agent in charge would suffice. His daily report would have to reconcile to the daily sales and cash received. The internal auditor or the chief field agent only would have access to the locked-in copies of the licenses issued. An extra box of forms would be kept on hand at all times in the event the port became crowded or one dispenser ran out at some inconvenient hour.



4. Service Charges

NRS 706.810 states, "Each operator shall qualify to operate under NRS 706.730 to 706.860, inclusive, by filing an application for that purpose..."

(4) To the product obtained under subparagraph (3), add a service charge of \$2.00 for each vehicle listed in the application."

NRS 706.820 in part states "A service charge of \$2.00 shall be made for the registration of each vehicle."

The Motor Carrier division of the department has interpreted the above statutes to mean that only one service charge of \$2.00 is intended. Accordingly they have assessed only the one \$2.00 fee per vehicle.

Although the intent may have been in actuality to charge only one \$2.00 fee, nevertheless the statutes now include two separate and distinct \$2.00 charges in two sections of chapter 706. We are of the opinion that since the law currently stipulates two separate charges, the department should accordingly assess the fees separately thereby charging a total of \$4.00 for the application and registration of each vehicle. If only one \$2.00 fee is intended, the statute should be amended. The department will continue to assess only one \$2.00 fee until clarification by the Legislature.

5. Local Permits

NRS 706.520 states "common and contract motor carriers of property whose vehicles are operated exclusively within the corporate limits of any city or town and an area 5 miles outside such limits, and whose vehicles are required to be licensed under the provisions of this subsection shall, in addition to any other penalties provided by law, immediately become liable for the full amount of the fees set forth in NRS 706.530 and 706.540, for the full licensing period if such carrier is apprehended in operation outside such 5-mile area."

During the course of our audit it was noted that one such licensed vehicle completed a trip audit report at Lawton's port-of-entry which is 4.2 miles from city limits. No action was taken by personnel at the port-of-entry; possibly none was warranted depending on destination and load of vehicle.

The above is pointed out to indicate the need for written rules and regulations pertaining to all statutory law of the agency. Further, these men need to be trained and acquainted with all facets of the licensing provisions of the department prior to operating a port-of-entry, rather than in service training as now used. An additional problem is that the rate of pay for this classification is so low that competent personnel are hard to obtain.

6. One-Trip Permits

Under the provisions of NRS 706.580 all persons electing to pay license fees on a one-trip license basis must make application to the Public Service Commission for permission to pay license fees on such basis. The Motor Vehicle Department has not been requiring such applications, but has been issuing the one-trip permits upon request.

NRS 706.580 further provides for the licensee to keep written records of every trip made into or through Nevada. The department or commission may require such licensees to submit periodic reports. It was noted that few periodic reports are required by the department.

We recommend that the statutes be amended to provide for a bond to be collected from truckers requesting a one-trip permit who has not made application to the Public Service Commission. This bond to be applied to fees determined after application to the Public Service Commission. If this recommendation is followed, then the department should:

- A. Provide trucker with required application form indicated in NRS 706.580 and/or insure that the carrier has a certificate as stated in NRS 706.390 and 706.440. Advise the Public Service Commission that application form has been supplied to a named company.
- B. Inform applicant of necessity of keeping records and require him to submit monthly reports.
- C. Require all applicants to post a bond on the first trip.

This will mean that such carriers can more easily be checked upon and even "desk audits" and assessments made where necessary. With bonding the carriers the first time payment of some of the marginal operators is assured.

7. Jean Port-of-Entry

The Jean port-of-entry is located 32 miles from Las Vegas. It is nine miles from the California border, located on Interstate Highway 15. Due to federal regulations, gateways cannot be cut in fences along the Interstate Highway. The port is located on the south side of the road, stopping east-bound traffic. A pneumatic tube is used for all westbound traffic to transact business with the port. Thus, it is strictly up to the truckers to stop on the north side of the highway since the personnel in the port on the south side have no immediate access to the north side. A recent study made of all ports and vendors in the state made the following statement relative to the Jean port:

"As part of the survey, checks were made to determine the effectiveness of ports-of-entry through establishments of interview sites at points

beyond the stations to determine how many truckers failed to obtain necessary licenses for one reason or another. Results of the blockades showed very few violations of this nature and except for the unmanned westbound side of the station near Jean, it can safely be said that the ports are effective as far as license services are concerned.

Interviews indicated that some truckers westbound were running the checking station at Jean. Discussions held with field agents assigned to this station revealed that quite a number of trucks fail to stop on the westbound side even though it is well signed. This is particularly so during after-dark hours; and due to field agents being confined within the station, there is little fear by the trucker that a chase will be made to intercept him. Some of the station-running is unintentional to be sure, but the resultant loss of potential revenue is the same. If personnel were available on a full-time basis for intercepting the violators, it would eliminate this trouble; but a more effective means of control would be to man the westbound station. The same number of men would be involved in either type of operation.

Troubles dealing with the pneumatic tube, lights, traffic and others too numerous to mention have been encountered by field agents working in the eastbound station.

Whether or not manning the westbound port could be justified on a financial basis is unknown, but as presently operated the Jean port-of-entry is not satisfactory for control purposes."

We recommend that the department look into the feasibility of relocating the present port at Jean, Nevada, or setting up a station on the north side of the route to insure that all westbound traffic stops.

We further recommend that the department make long range plans in order to provide that other ports-of-entry will not be bypassed or only half adequate whenever new highways or freeways are constructed. Motor Vehicles, the Department of Highways and the Public Service Commission should communicate with each other more freely and more often. The plans of future highways should be carefully scrutinized by the Department of Motor Vehicles for the best possible location of future checking stations. It is evident that either improper planning or poor communications is responsible for the present situation at Jean. It also appears that the same situation is going to arise at Lawton's when the new highway is completed at the port. This recommendation has recently been implemented through a cooperative plan in which all departments concerned are consulted for advance planning.

8. Pro-ration of Registration Fees

Under the provisions of NRS 706.380 all fleet vehicles registered after the final date for the annual payment of fees shall pay fees in the amount provided by NRS 706.810, which is the annual rate.

The department charged only 50% of such registration fees for those fleet vehicles registered in the second six months of any year. They cite as their authority NRS 482.280(5), wherein it states "Registration of a truck or trailer having an unladen weight of 3,650 pounds or more for a half year shall be permitted if the applicant files with the department an affidavit showing that such truck or trailer has not in fact been operated on the highways in this state during the first six months of the registration period."

We believe that chapter 706 and chapter 482 of Nevada Revised Statutes are two distinct and separate provisions of law, one relating to registration

of fleet motor carriers, and the other to registration of all vehicles. NRS 482.280(5) relates specifically to the registration of all vehicles. NRS 706.830 relates to the registration of fleet vehicles after the final date for annual payment of fees under the laws of the state as they exist without NRS 706.730 to 706.810. We recommend that the department accordingly assess all fees as set out in chapter 482 and 706 as distinct and separate fees, or obtain legal and statutory authority to assess the fees as they are currently doing.

If this interpretation of these sections of chapter 706 is correct, we recommend that they be revised to provide the use of pro-ration as it is obviously inequitable to require full annual fees for short year registration.

9. Statute of Limitations and Date of Assessment

Under the provisions of NRS 706.870(3), the department is required to give written notice to any person assessed additional fees within two years after such additional assessment is "found to be due." Presumably, if an auditor found a trip had been made by a trucker ten or twenty years ago on which insufficient fees had been collected, the department would still have two years to collect such fees from the date the auditor "found" the fees to be due.

The actual date that an assessment should be made is also indeterminate because of the wording "found to be due." This makes it difficult for all divisions and all employees because there is no specific date that one and all may refer to as being the irrevocable legal date of assessment. Further, without one specific date for the assessment itself it is also impossible to correctly assess interest and penalties on such assessment.

In connection with the assessment of interest and penalties it was noted that the department considered the sum of all fees, taxes, interest penalties and audit costs as the "additional assessment." If other penalties are found to be due they are assessed on the basis of the sum total of the fees, interest and penalties previously assessed.

We recommend that NRS 706.870 be amended to specify if there is to be a statute of limitations in regard to the period a trucker may be audited. A specific date as to exactly when an assessment is imposed should also be clearly defined by this statute.

It is suggested that the department only assess interest and penalties on the additional fees found to be owing rather than a sum total of all such items.

Since the department administers both chapter 366 and 706, perhaps consideration should be given to the wording used in NRS 366.530 wherein the provisions for assessing interest and penalties is very specific. If NRS 706.830 is amended, similar wording could be used.

#### 10. Clarification of Chapter 706

From the various recommendations that we have made in regard to chapter 706 and the many problems interpreting the chapter by the department, it is recommended that an overall study be made of chapter 706 and completely revised to more fully clarify the law.

### GENERAL COMMENTS AND RECOMMENDATIONS

#### 1. Inventory Control

The department did not have a complete inventory of their non-expendable property on hand. An inventory had been started during the first part of our audit, and is in the process of being completed. Many items were not

recorded in any written form. They were located at various points and some individuals "knew" of their existence. After such inventory is completed, it should be kept current at all times in order that property can be located at once. Automation can be particularly helpful in this process. Each employee or division chief, as the case may be, should be made responsible for each piece of equipment or property in his possession or under his authority. Some items of surplus property on hand have never been turned over to the Department of Purchasing for sale or distribution to other agencies. Since no control is maintained over such items, many could easily be misplaced, lost or stolen. Several letters were on file indicating that the department had notified the Purchasing Department of the existence of such items and in the absence of any action on their part several items were sold by the Motor Vehicle Department. These surplus items create a problem due to the shortage of space.

## 2. Donations

It was noted that when a particular donation was received it was presented in the form of a check for the purchase of the item to be donated. A letter was on file thanking the donor for his check. The auditors have been advised that such check was sent back and the donor requested to purchase the item directly.

There is no specific authority for the department to receive gifts or donations in any form under the existing statutes. If the department desires to accept gifts then it should seek legislative authority to do so. As the department receives various donations of safety campaign materials such as literature, displays, flags, etc., from several organizations and insurance companies we recommend that the statutes be amended to permit acceptance of this type of donation.



3. Sale of Accident Reports

The Highway Patrol in the Las Vegas office sells photocopies of accident reports to insurance companies. The current procedure is to let the insurance company either order it in person or by mail. A large portion of the sales are by mail and as a consequence, an accounts receivable ledger must be maintained, which requires monthly billings.

We suggest that all such sales be put strictly on a cash basis. Insurance companies ordering by mail may remit through the mail with their request for such accident reports.

It was also noted that deposits of the sales receipts are currently on a monthly basis. It is recommended that all receipts be deposited daily or at the minimum weekly, for purposes of tighter control.

4. Purchase of Supplies

An analysis of the purchase of office supplies bought by the department indicates that the majority of such supplies is purchased from outside vendors. All such supplies should be purchased from the State Department of Purchasing whenever possible.

We recommend that greater efforts be made to purchase all supplies from the State Department of Purchasing.

5. Privilege Tax

Chapter 371 of the Nevada Revised Statutes was added during the 1963 Legislature establishing the basis on which the privilege tax should be collected. The basis to be used in the manufacturer's suggested retail price in Nevada, or such other evidence of the sales price if the manufacturer's suggested retail price is not available. Under NRS 371.060, depreciation schedules have been set up, one for pleasure vehicles and one for buses and trucks. Each schedule shows that all new vehicles will be 100% of the initial value.

During our audit it was noted that a table has been prepared by the department for trucks and trailers showing a tax basis of 85% of original sales price including extras and options. The department believes this value approximates manufacturer's suggested retail price less extras and options.

The department has established this rate for trucks because they say that the manufacturer's suggested retail price for such vehicles is impossible to obtain. Further, the suggested retail price does not include extra equipment which practically all trucks require in one form or another. Therefore, the department made up this schedule to base the fees on actual cost rather than manufacturers suggested retail price.

The truck depreciation schedule as set out in NRS 371.060(2) discloses a much quicker rate of depreciation than that of pleasure cars. By reducing the tax basis to 85% rather than 100% set out by NRS 371.050, the trucks and bus operators will receive even larger benefits than provided by law.

If this method is the only practical way, then consideration should be given to assessing all vehicles, pleasure as well as trucks and trailers, on one consistent basis rather than relying on manufacturer's suggested retail price on some vehicles and sales price on others. Perhaps the solution would be to use actual sales price on all vehicles in the interests of consistency, uniformity and fairness to all.

It was also noted that the department is only charging a pro-rata portion of the privilege taxes for those interstate vehicles registered under the pro-ration agreement.

It is our opinion that the Uniform Vehicle Reciprocity and Proration Agreement refers basically to a registration fee. Such registration fee is

the only fee which Nevada agrees to prorate. Article I, Section 1(b) of the Proration Agreement states in part "Reciprocity entitles a vehicle which is properly registered in a contracting state, ... , to be exempt from registration and payment of fees in each other contracting state... ."

Article III, Section 33 states "This agreement does not waive any fees or taxes charged or levied by any state in connection with the ownership or operation of vehicles other than registration fees as defined herein."

The privilege tax as imposed by NRS 371 is as defined in NRS 371.030 "a tax ... for the privilege of operating any vehicle upon the public highways of this state."

It appears that the department is reducing the privilege taxes to interstate truckers where there is no statutory authority for such reduction. The department feels this is justified as all other trucker fees are prorated as was the prior personal property tax.

We recommend that the statutes be amended to provide for proration of privilege tax to interstate truckers and to provide that the privilege tax basis be the actual sales price of each vehicle.

#### 6. Procedural Manuals

Each division has policy and procedures manuals that were prepared two or three years ago. These manuals need revision and up-dating. Fiscal and Accounting does not have a current manual, however they are in the process of preparing a current manual covering audit procedures only. The Motor Carrier division is in the process of writing a comprehensive manual which should be of considerable benefit to the entire department. Automation has a current manual of all its functions.

It is recommended that all other divisions revise and bring up to date procedure manuals and that the overall manual for the department be revised

indicating such items as line of authority and organization, indication of procedures where there is disagreement between divisions as to interpretation of statutes and policy, etc.

7. Automation

It was noted that several jobs that could be done on Automation equipment are presently being done inefficiently manually or not being done at all. Several of those have been mentioned in this report such as the demerit system, cumulative reports and less lag time between sending information to Automation and receipt of final tab runs. Some of the other jobs that could be done by Automation are inventory control, titling of automobiles and title transfers. Additional Fiscal and Accounting, Motor Carrier and Registration reports could be produced by Automation.

Automation has a high powered computer that can do all those jobs and there is machine time available. The problem is that the department does not have sufficient key punch operators to process input material for final consumption by the computer. The department has requested additional key punch operators in the past but they have been deleted from their budget. It appears to be a waste of money to rent a high priced computer and then not be able to use it full time because of a lack of personnel to process input information. Especially so when there are so many jobs waiting to be done.

We recommend that consideration be given to using two shifts in the key punch section of the Automation division. Since second shift machine rental is only approximately 40% of the cost of the first shift and space is definitely limited for the next few years, a second shift appears to be a temporary solution. Consideration should be given to premium pay for second shift operators due to the shortage of key punch operators and the inconvenience of having to work the second shift.

SUMMARY

Because of the various chapters of NRS administered by the Department of Motor Vehicles and the many conflicts between sections as pointed out in this report, it is suggested that a general review be made of all laws pertaining to Motor Vehicles with the result being, if possible, a revision of such laws into one chapter of NRS.

April 15, 1964  
Carson City, Nevada

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

Note: At a meeting held April 27th and 28th, 1964, between the Director of the Department of Motor Vehicles and the Fiscal Analyst, agreement was reached on all the foregoing recommendations and the necessary changes for compliance with those recommendations not already instituted by the Director.



STATE OF NEVADA  
DEPARTMENT OF HEALTH AND WELFARE  
AUDIT REPORT  
FOR THE FISCAL YEAR 1962 - 1963

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 Health of the Department of Health and Welfare for the fiscal year ended June 30, 1963, and have prepared therefrom the following exhibits:

Statement of Basis for Appropriation Compared With  
Actual Receipts and Expenditures, for the Fiscal  
Year ended June 30, 1963:

Preventive Medical Services-----Exhibit A  
Environmental Health-----Exhibit B  
Crippled Childrens Program-----Exhibit C  
Dental Health-----Exhibit D  
Vital Statistics-----Exhibit E  
Hospital Services-----Exhibit F  
Mental Health Services-----Exhibit G  
Tuberculosis Care Program-----Exhibit H  
Bureau of Mental Health-----Exhibit I  
Special Silicosis Fund-----Exhibit J

Statement of Basis for Authorization Compared With  
Actual Receipts and Expenditures, for the Fiscal  
Year ended June 30, 1963:

Institutional Health Services-----Exhibit K  
Venereal Disease Control-----Exhibit L  
Juvenile Delinquent Program-----Exhibit M  
Chronic Illness-----Exhibit N

### Functions of Agency

The functions of the Division of Health are, to enforce all laws and regulations pertaining to the public health, to investigate causes of diseases, epidemics, source of mortality and all other matters related to the health and life of the people of the state, to provide an adequate system for registering births and deaths, to control, prevent and cure venereal disease, and to administer various federal public health programs.

### 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

In our opinion, the accompanying statements of revenue and expenditures for the Health Division present fairly the results of its operation for the year ended June 30, 1963, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceeding year.

Carson City, Nevada  
April 28, 1964

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

DEPARTMENT OF HEALTH AND WELFARE  
HEALTH DIVISION  
STATEMENT OF BASIS FOR APPROPRIATION COMPARED WITH  
ACTUAL RECEIPTS AND EXPENDITURES  
For the Fiscal Year 1962-1963

PREVENTIVE MEDICAL SERVICES

	<u>Work Program</u>	<u>Basis for Appropriation</u>	<u>Actual Revenue or Expenditure</u>	<u>Over or (Under) Appropriation</u>
<u>Revenues</u>				
General Fund Approp.	\$125,721.00	\$125,721.00	\$125,721.00	\$ -
Salary Adjustment	5,398.00	5,398.00	5,398.00	-
Federal Funds	164,112.00	150,230.00	164,112.00	13,882.00
County Participation	37,580.00	37,580.00	30,651.00	(6,929.00)
Owyhee TB Project	15,780.00		15,780.00	15,780.00
	<u>\$348,591.00</u>	<u>\$318,929.00</u>	<u>\$341,662.00</u>	<u>\$22,733.00</u>
<u>Expenditures</u>				
Salaries	<u>\$208,473.00</u>	<u>\$187,072.00</u>	<u>\$191,100.47</u>	<u>\$ 4,028.47</u>
Travel:				
Out-of-State	\$ 1,200.00	\$ 1,200.00	\$ 1,176.34	\$ (23.66)
In-State	29,676.00	23,350.00	21,222.70	(2,127.30)
Total	<u>\$ 30,876.00</u>	<u>\$ 24,550.00</u>	<u>\$ 22,399.04</u>	<u>\$ (2,150.96)</u>
Operating:				
Industrial Ins.	\$ 1,252.00	\$ 1,181.00	\$ 1,527.40	\$ 346.40
Retirement	9,306.00	8,073.00	8,401.50	328.50
Personnel Assess.	1,550.00	1,346.00	2,271.86	925.86
Rental-Bldgs. & Equip.	6,480.00	7,187.00	4,290.00	(2,897.00)
Freight & Postage	2,550.00	2,300.00	1,625.68	(674.32)
Printing	3,310.00	2,545.00	3,014.91	469.91
Office Supplies	2,264.00	1,800.00	2,036.41	236.41
Utilities	1,050.00	1,000.00	503.95	(496.05)
Telephone & Telegraph	2,780.00	2,500.00	2,671.39	171.39
Insurance	700.00	700.00	649.43	(50.57)
Office Equip. Repair	450.00	450.00	-	(450.00)
Technical Supplies	2,800.00	2,800.00	2,465.03	(334.97)
Educational Supplies	1,200.00	1,000.00	-	(1,000.00)
Drugs	8,250.00	9,400.00	5,020.29	(4,379.71)
Prof. Services	6,600.00	7,500.00	2,747.55	(4,752.45)
Unallocated Increase to Work Program	600.00	-	-	
Total	<u>\$ 51,142.00</u>	<u>\$ 49,782.00</u>	<u>\$ 37,225.40</u>	<u>(\$12,556.60)</u>
Equipment:				
Automobiles	\$ 3,830.00	\$ 3,830.00	\$ 2,320.67	\$ (1,509.33)
Office Furniture	495.00		467.90	467.90
Office Equip.	225.00	145.00	154.09	9.09
Total	<u>\$ 4,550.00</u>	<u>\$ 3,975.00</u>	<u>\$ 2,942.66</u>	<u>\$ (1,032.34)</u>
Aid to Local Units	<u>\$ 53,550.00</u>	<u>\$ 53,550.00</u>	<u>\$ 52,188.00</u>	<u>\$ (1,362.00)</u>
Total Expenditures	<u>\$348,591.00</u>	<u>\$318,929.00</u>	<u>\$305,855.57</u>	<u>(\$13,073.43)</u>
Excess of Receipts over Expenditures			\$ 35,806.43	
Amount Reverted			(10,919.45)	
Balance June 30, 1963, Continuing Federal Programs			<u>\$ 24,886.98</u>	



DEPARTMENT OF HEALTH AND WELFARE  
HEALTH DIVISION  
STATEMENT OF BASIS FOR APPROPRIATION COMPARED WITH  
ACTUAL RECEIPTS AND EXPENDITURES  
For the Fiscal Year 1962-1963

ENVIRONMENTAL HEALTH

	<u>Work Program</u>	<u>Basis for Appropriation</u>	<u>Actual Revenue or Expenditures</u>	<u>Over or (Under) Appropriation</u>
<u>Revenues</u>				
General Fund Approp.	\$190,992.00	\$190,992.00	\$190,992.00	\$ -
Salary Adjustment Fund	6,954.00	6,954.00	6,954.00	-
Federal Funds	55,666.00	49,294.00	55,666.00	6,372.00
Total Revenues	<u>\$253,612.00</u>	<u>\$247,240.00</u>	<u>\$253,612.00</u>	<u>\$6,372.00</u>
<u>Expenditures</u>				
Salaries	<u>\$188,841.00</u>	<u>\$188,629.00</u>	<u>\$181,371.90</u>	<u>(\$7,257.10)</u>
Travel:				
Out-of-State	\$ 502.00	\$ 502.00	\$ 261.85	\$ (240.15)
In-State	13,520.00	13,520.00	13,591.31	71.31
	<u>\$ 14,022.00</u>	<u>\$ 14,022.00</u>	<u>\$ 13,853.16</u>	<u>\$ (168.84)</u>
Operating:				
Industrial Ins.	\$ 1,145.00	\$ 1,187.00	\$ 1,121.44	\$ (65.56)
Retirement	8,920.00	8,683.00	8,413.28	(269.72)
Personnel Assess.	1,500.00	1,499.00	1,782.50	283.50
Rent	11,109.00	9,830.00	9,733.92	(96.08)
Freight & Postage	2,250.00	2,100.00	932.95	(1,167.05)
Printing	1,900.00	1,700.00	1,047.24	(652.76)
Office Supplies	905.00	1,035.00	1,742.29	707.29
Utilities	1,750.00	1,760.00	2,000.64	240.64
Telephone & Telegraph	3,054.00	2,920.00	2,957.39	37.39
Auto Insurance	475.00	500.00	212.25	(287.75)
Office Equip. Repair	35.00	35.00	31.09	(3.91)
Contract Services	75.00	75.00	29.49	(45.51)
Sample Purchases	200.00	200.00	-	(200.00)
Lab & Testing Supplies	9,366.00	10,000.00	11,335.20	1,335.20
	<u>\$ 42,684.00</u>	<u>\$ 41,524.00</u>	<u>\$ 41,339.68</u>	<u>\$ (184.32)</u>
Equipment:				
Automobiles	\$ 1,750.00	\$ 1,750.00	\$ 1,750.00	\$ 4.51
Office Equip.	615.00	400.00	404.51	5,598.01
Other Equip.	5,700.00	700.00	6,298.01	(215.00)
Office Furniture		215.00	-	
	<u>\$ 8,065.00</u>	<u>\$ 3,065.00</u>	<u>\$ 8,452.52</u>	<u>\$5,387.52</u>
Total Expenditures	<u>\$253,612.00</u>	<u>\$247,240.00</u>	<u>\$245,017.26</u>	<u>(\$2,222.74)</u>
Excess of Receipts over Expenditures			\$ 8,594.74	
Federal Funds Transfers to Continuing Health Funds			(1,329.00)	
Amount Reverted			<u>\$ 7,265.74</u>	



DEPARTMENT OF HEALTH AND WELFARE  
HEALTH DIVISION  
STATEMENT OF BASIS FOR APPROPRIATION COMPARED WITH  
ACTUAL RECEIPTS AND EXPENDITURES  
For the Fiscal Year 1962-1963

CRIPPLED CHILDRENS PROGRAM

	<u>Work Program</u>	<u>Basis for Appropriation</u>	<u>Actual Revenue or Expenditures</u>	<u>Over or (Under) Appropriation</u>
<u>Revenues</u>				
General Fund Approp.	\$ 74,119.00	\$ 74,119.00	\$ 74,119.00	\$
Salary Adjustment Fund	326.00	326.00	326.00	
Public Health Service	3,500.00	3,500.00	3,500.00	
Children's Bureau	142,230.00	95,342.00	120,717.85	25,375.85
Indian Health Contract	1,800.00	1,800.00	1,800.00	
Private Funds	13,744.00	-	10,576.00	10,576.00
	<u>\$235,719.00</u>	<u>\$175,087.00</u>	<u>\$211,038.85</u>	<u>\$35,951.85</u>
<u>Expenditures</u>				
Salaries	\$ 24,170.00	\$ 23,222.00	\$ 20,617.29	\$ (2,604.71)
Travel:				
Out-of-State	\$ 77.00	\$ 77.00	\$ -	\$ (77.00)
In-State	950.00	950.00	276.58	(673.42)
	<u>\$ 1,027.00</u>	<u>\$ 1,027.00</u>	<u>\$ 276.58</u>	<u>\$ (750.42)</u>
Operating:				
Industrial Ins.	\$ 140.00	\$ 149.00	\$ 131.07	\$ (17.93)
Retirement	985.00	884.00	851.15	(32.85)
Personnel Assess.	150.00	150.00	150.00	-
Rent	1,860.00	1,860.00	1,860.00	-
Freight & Postage	350.00	250.00	299.00	49.00
Printing	650.00	500.00	399.12	(100.88)
Office Supplies	283.00	275.00	475.86	200.86
Utilities	500.00	450.00	258.54	(191.46)
Telephone & Telegraph	925.00	825.00	980.72	155.72
Office Equip. Repair	140.00	140.00	-	(140.00)
Drugs & Biologicals	3,000.00	1,000.00	2,913.67	1,913.67
Contract Services			139.00	139.00
	<u>\$ 8,983.00</u>	<u>\$ 6,483.00</u>	<u>\$ 8,458.13</u>	<u>\$ 1,975.13</u>
Equipment	\$ 505.00	\$ 505.00	\$ 448.05	\$ (56.95)
Medical Care	\$201,034.00	\$143,850.00	\$146,307.68	\$ 2,457.68
Total Expenditures	<u>\$235,719.00</u>	<u>\$175,087.00</u>	<u>\$176,107.73</u>	<u>\$ 1,020.73</u>
Excess of Receipts over Expenditures			\$ 34,931.12	
Federal Funds Transfers to Other Health Funds			(37,213.27)	
Balance on hand July 1, 1962			12,825.38	
Amount Reverted			<u>\$ 10,543.23</u>	





DEPARTMENT OF HEALTH AND WELFARE  
HEALTH DIVISION  
STATEMENT OF BASIS FOR APPROPRIATION COMPARED WITH  
ACTUAL RECEIPTS AND EXPENDITURES  
For the Fiscal Year 1962-1963

DENTAL HEALTH

	<u>Work Program</u>	<u>Basis for Appropriation</u>	<u>Actual Revenue or Expenditures</u>	<u>Over or (Under) Appropriation</u>
<u>Revenues</u>				
General Fund Approp.	\$49,374.00	\$49,374.00	\$49,374.00	\$
Salary Adjustment Fund	2,052.00	2,052.00	2,052.00	
Children's Bureau	28,908.00	28,908.00	28,908.00	
Indian Service Contract	5,000.00	1,400.00	3,650.00	2,250.00
Total Revenues	<u>\$85,334.00</u>	<u>\$81,734.00</u>	<u>\$83,984.00</u>	<u>\$2,250.00</u>
<u>Expenditures</u>				
Salaries	<u>\$57,951.00</u>	<u>\$57,886.00</u>	<u>\$55,966.57</u>	<u>(\$1,919.43)</u>
Travel:				
Out-of-State	\$ 300.00	\$ 300.00	\$ 293.00	\$ (7.00)
In-State	6,100.00	6,100.00	4,773.25	(1,326.75)
Total	<u>\$ 6,400.00</u>	<u>\$ 6,400.00</u>	<u>\$ 5,066.25</u>	<u>(\$1,333.75)</u>
Operating:				
Industrial Ins.	\$ 348.00	\$ 363.00	\$ 354.72	\$ (8.28)
Retirement	2,028.00	2,000.00	1,977.54	(22.46)
Personnel Assess.	325.00	325.00	325.00	-
Rent	900.00	900.00	900.00	-
Freight & Postage	150.00	150.00	89.74	(60.26)
Printing	80.00	80.00	-	(80.00)
Office Supplies	175.00	175.00	60.25	(114.75)
Utilities	190.00	190.00	133.54	(56.46)
Telephone & Telegraph	485.00	485.00	744.13	259.13
Insurance	400.00	400.00	276.47	(123.53)
Bldgs. & Grounds	600.00	600.00	-	(600.00)
Professional Services	8,600.00	7,700.00	6,211.10	(1,488.90)
Technical Supplies	4,122.00	3,000.00	4,888.65	1,888.65
Total	<u>\$18,403.00</u>	<u>\$16,368.00</u>	<u>\$15,961.14</u>	<u>\$ (406.86)</u>
Equipment	<u>\$ 2,580.00</u>	<u>\$ 1,080.00</u>	<u>\$ 1,427.53</u>	<u>\$ 347.53</u>
Total Expenditures	<u>\$85,334.00</u>	<u>\$81,734.00</u>	<u>\$78,421.49</u>	<u>(\$3,312.51)</u>
Excess of Receipts over Expenditures			\$ 5,562.51	
Federal Funds Transferred to Continuing Health Funds			(3,531.90)	
Amount Reverted			<u>\$ 2,030.61</u>	



DEPARTMENT OF HEALTH AND WELFARE  
HEALTH DIVISION  
STATEMENT OF BASIS FOR APPROPRIATION COMPARED WITH  
ACTUAL RECEIPTS AND EXPENDITURES  
For the Fiscal Year 1962-1963

VITAL STATISTICS

	<u>Work Program</u>	<u>Basis for Appropriation</u>	<u>Actual Revenues or Expenditures</u>	<u>Over or (Under) Appropriation</u>
<u>Revenues</u>				
General Fund Approp.	\$26,835.00	\$26,835.00	\$26,835.00	\$ -
Salary Adjustment Fund	588.00	588.00	588.00	-
Total Revenues	<u>\$27,423.00</u>	<u>\$27,423.00</u>	<u>\$27,423.00</u>	<u>\$ -</u>
<u>Expenditures</u>				
Salaries	<u>\$21,672.00</u>	<u>\$21,672.00</u>	<u>\$21,308.94</u>	<u>\$ (363.06)</u>
Travel:				
Out-of-State	\$ 216.00	\$ 216.00	\$ 77.00	\$ (139.00)
In-State	400.00	400.00	59.80	(340.20)
Total	<u>\$ 616.00</u>	<u>\$ 616.00</u>	<u>\$ 136.80</u>	<u>\$ (479.20)</u>
Operating:				
Industrial Ins.	\$ 133.00	\$ 138.00	\$ 135.32	\$ (2.68)
Retirement	1,052.00	999.00	1,011.34	12.34
Personnel Assess.	200.00	200.00	200.00	-
Rent	846.00	846.00	-	(846.00)
Freight & Postage	700.00	800.00	475.25	(324.75)
Printing	500.00	800.00	625.68	(174.32)
Office Supplies	1,020.00	1,162.00	363.63	(798.37)
Telephone & Telegraph	240.00	190.00	264.35	74.35
Increase to Work Program	444.00	-	-	
Office Equip. Repairs	-	-	18.70	18.70
Contract Services	-	-	693.00	693.00
Other	-	-	1,126.80	1,126.80
Total	<u>\$ 5,135.00</u>	<u>\$ 5,135.00</u>	<u>\$ 4,914.07</u>	<u>\$ (220.93)</u>
Total Expenditures	<u>\$27,423.00</u>	<u>\$27,423.00</u>	<u>\$26,359.81</u>	<u>(\$1,063.19)</u>
Amount Reverted			<u>\$ 1,063.19</u>	



DEPARTMENT OF HEALTH AND WELFARE  
HEALTH DIVISION  
STATEMENT OF BASIS FOR APPROPRIATION COMPARED WITH  
ACTUAL RECEIPTS AND EXPENDITURES  
For the Fiscal Year 1962-1963

HOSPITAL SERVICES

	<u>Work Program</u>	<u>Basis for Appropriation</u>	<u>Actual Revenue or Expenditures</u>	<u>Over or (Under) Appropriation</u>
<u>Revenues</u>				
General Fund Approp.	\$25,450.00	\$25,450.00	\$25,450.00	\$
Salary Adjustment Fund	1,032.00	1,032.00	1,032.00	
Hospital Licensing	700.00	700.00	580.00	(120.00)
Total Revenues	<u>\$27,182.00</u>	<u>\$27,182.00</u>	<u>\$27,062.00</u>	<u>\$ (120.00)</u>
<u>Expenditures</u>				
Salaries	<u>\$21,036.00</u>	<u>\$21,036.00</u>	<u>\$19,080.00</u>	<u>(\$1,956.00)</u>
Travel:				
Out-of-State	\$ 470.00	\$ 470.00	\$ 415.50	\$ (54.50)
In-State	2,600.00	2,600.00	2,381.49	(218.51)
Total	<u>\$ 3,070.00</u>	<u>\$ 3,070.00</u>	<u>\$ 2,796.99</u>	<u>\$ (273.01)</u>
Operating:				
Industrial Ins.	\$ 126.00	\$ 130.00	\$ 248.51	\$ 118.51
Retirement	947.00	911.00	851.50	(59.50)
Personnel Assess.	150.00	150.00	172.00	22.00
Rent	525.00	525.00	525.00	-
Freight & Postage	150.00	150.00	100.59	(49.41)
Printing	150.00	150.00	75.64	(74.36)
Office Supplies	478.00	410.00	346.28	(63.72)
Telephone & Telegraph	450.00	450.00	262.43	(187.57)
Insurance	100.00	200.00	42.45	(157.55)
Office Equip. Repairs	-	-	24.50	24.50
Other	-	-	192.95	192.95
	<u>\$ 3,076.00</u>	<u>\$ 3,076.00</u>	<u>\$ 2,841.85</u>	<u>\$ (234.15)</u>
Total Expenditures	<u>\$27,182.00</u>	<u>\$27,182.00</u>	<u>\$24,718.84</u>	<u>(\$2,463.16)</u>
Excess of Receipts over Expenditures			\$ 2,343.16	
Balance on hand July 1, 1962			194.03	
Amount Reverted			<u>(2,400.16)</u>	
Balance June 30, 1963, Continuing Federal Program			<u>\$ 137.03</u>	



DEPARTMENT OF HEALTH AND WELFARE  
HEALTH DIVISION  
STATEMENT OF BASIS FOR APPROPRIATION COMPARED WITH  
ACTUAL RECEIPTS AND EXPENDITURES  
For the Fiscal Year 1962-1963

MENTAL HEALTH SERVICES

	<u>Work Program</u>	<u>Basis for Appropriation</u>	<u>Actual Revenues or Expenditures</u>	<u>Over or (Under) Appropriation</u>
<u>Revenues</u>				
General Fund Approp.	\$ 95,459.00	\$ 95,459.00	\$ 95,459.00	\$ -
Salary Adjustment Fund	3,428.00	3,428.00	3,428.00	-
Public Health Service	35,892.00	35,892.00	35,892.00	-
Children's Bureau	49,943.00	49,943.00	49,943.00	-
City and County	8,187.00	8,187.00	8,187.00	-
Total Revenues	<u>\$192,909.00</u>	<u>\$192,909.00</u>	<u>\$192,909.00</u>	<u>\$ -</u>
<u>Expenditures</u>				
Salaries	<u>\$149,199.00</u>	<u>\$149,199.00</u>	<u>\$126,922.78</u>	<u>(\$22,276.22)</u>
Travel:				
Out-of-State	\$ 585.00	\$ 585.00	\$ 253.00	\$ (332.00)
In-State	5,650.00	5,650.00	4,327.20	(1,322.80)
	<u>\$ 6,235.00</u>	<u>\$ 6,235.00</u>	<u>\$ 4,580.20</u>	<u>\$ (1,654.80)</u>
Operating:				
Industrial Ins.	\$ 896.00	\$ 956.00	\$ 860.01	\$ (95.99)
Retirement	5,760.00	5,795.00	4,836.45	(958.55)
Personnel Assess.	900.00	905.00	1,006.85	101.85
Rent	600.00	600.00	-	(600.00)
Freight & Postage	550.00	675.00	512.34	(162.66)
Printing	350.00	350.00	26.26	(323.74)
Office Supplies	1,265.00	1,050.00	1,052.89	2.89
Utilities	2,100.00	190.00	1,205.97	1,015.97
Telephone & Telegraph	3,750.00	3,150.00	3,675.69	525.69
Insurance	300.00	400.00	282.73	(117.27)
Office Equip. Repair	154.00	154.00	41.67	(112.33)
Professional Services	16,600.00	18,000.00	13,590.92	(4,409.08)
Technical Supplies	1,700.00	1,900.00	1,547.93	(352.07)
Bldgs. & Grounds	-	1,200.00	-	(1,200.00)
Contract Services	-	-	118.00	118.00
	<u>\$ 34,925.00</u>	<u>\$ 35,325.00</u>	<u>\$ 28,757.71</u>	<u>\$ (6,567.29)</u>
Equipment	<u>\$ 2,550.00</u>	<u>\$ 2,150.00</u>	<u>\$ 2,032.51</u>	<u>\$ (117.49)</u>
Total Expenditures	<u>\$192,909.00</u>	<u>\$192,909.00</u>	<u>\$162,293.20</u>	<u>(\$30,615.80)</u>
Excess of Receipts over Expenditures			\$ 30,615.80	
Federal Funds Transferred to Continuing Health Funds			<u>(15,026.00)</u>	
Amount Reverted			<u>\$ 15,589.80</u>	





DEPARTMENT OF HEALTH AND WELFARE  
HEALTH DIVISION  
STATEMENT OF BASIS FOR APPROPRIATION COMPARED WITH  
ACTUAL RECEIPTS AND EXPENDITURES  
For the Fiscal Year 1962-1963

TUBERCULOSIS CARE PROGRAM

	<u>Work Program</u>	<u>Basis for Appropriation</u>	<u>Actual Revenues or Expenditures</u>	<u>Over or (Under) Appropriation</u>
<b>Revenues</b>				
General Fund Approp.	\$371,312.00	\$371,312.00	\$371,312.00	\$
Salary Adjustment Fund	1,272.00	1,272.00	1,272.00	
Supplemental Approp.	117,254.00	117,254.00	117,254.00	
Total Revenues	<u>\$489,838.00</u>	<u>\$489,838.00</u>	<u>\$489,838.00</u>	<u>\$</u>
<b>Expenditures</b>				
Salaries	\$ 37,758.00	\$ 33,831.00	\$ 37,499.13	\$ 3,668.13
Travel:				
Out-of-State	\$ 560.00	\$ 560.00	\$ 167.00	\$ (393.00)
In-State	3,994.00	4,700.00	3,405.89	(1,294.11)
	<u>\$ 4,554.00</u>	<u>\$ 5,260.00</u>	<u>\$ 3,572.89</u>	<u>\$(1,687.11)</u>
Operating:				
Industrial Ins.	\$ 227.00	\$ 212.00	\$ 238.50	\$ 26.50
Retirement	1,498.00	1,269.00	1,484.07	215.07
Personnel Assess.	300.00	250.00	300.00	50.00
Freight & Postage	1,500.00	1,000.00	1,174.83	174.83
Printing	900.00	1,000.00	227.79	(772.21)
Office Supplies	800.00	500.00	411.20	(88.80)
Utilities	900.00	-	520.71	520.71
Telephone & Telegraph	700.00	800.00	1,127.09	327.09
Truck Operation	706.00	1,800.00	-	(1,800.00)
Insurance	970.00	970.00	1,631.89	661.89
X-Ray Film & Solution	4,095.00	2,500.00	-	(2,500.00)
Technical Supplies	1,500.00	800.00	4,223.70	3,423.70
Rent	-	5,000.00	-	(5,000.00)
Office Equip. Repairs	-	-	133.43	133.43
	<u>\$ 14,096.00</u>	<u>\$ 16,101.00</u>	<u>\$ 11,473.21</u>	<u>\$(4,627.79)</u>
Equipment	\$ 1,045.00	\$ 17,392.00	\$ 723.70	(\$16,668.30)
Medical Care	\$432,385.00	\$417,254.00	\$365,607.58	(\$51,646.42)
Total Expenditures	<u>\$489,838.00</u>	<u>\$489,838.00</u>	<u>\$418,876.51</u>	<u>(\$70,961.49)</u>
Excess of Receipts over Expenditures			\$ 70,961.49	
Controller's Expenditure not shown on Department Books			(.50)	
Amount Reverted			<u>\$ 70,960.99</u>	



DEPARTMENT OF HEALTH AND WELFARE  
HEALTH DIVISION  
STATEMENT OF BASIS FOR APPROPRIATION COMPARED WITH  
ACTUAL RECEIPTS AND EXPENDITURES  
For the Fiscal Year 1962-1963

BUREAU OF MENTAL HEALTH

	<u>Work Program</u>	<u>Basis for Appropriation</u>	<u>Actual Revenues or Expenditures</u>	<u>Over or (Under) Appropriation</u>
<u>Revenues</u>				
Special Appropriation-- SR-223	\$212,837.00	\$212,837.00	\$212,837.00	
Total Revenues	<u>\$212,837.00</u>	<u>\$212,837.00</u>	<u>\$212,837.00</u>	
<u>Expenditures</u>				
Salaries	\$ 49,045.00		\$ 41,596.87	
Travel:				
Out-of-State	\$ 600.00		\$ 307.75	
In-State	1,800.00		1,777.66	
Total	<u>\$ 2,400.00</u>		<u>\$ 2,085.41</u>	
Operating:				
Industrial Ins.	\$ 294.00		\$ 262.42	
Retirement	1,698.00		1,346.19	
Personnel Assess.	300.00		312.50	
Rent	3,000.00		-	
Freight & Postage	300.00		210.00	
Printing	400.00		-	
Office Supplies	650.00		437.47	
Telephone & Telegraph	1,250.00		1,336.35	
Office Equip. Repairs	100.00		14.80	
Technical Supplies	300.00		395.89	
Medical Care	152,450.00		98,228.08	
Contract Services			35.00	
Total	<u>\$160,742.00</u>		<u>\$102,578.70</u>	
Equipment	\$ 650.00		\$ 175.28	
Total Expenditures	<u>\$212,837.00</u>	<u>\$212,837.00</u>	<u>\$146,436.26</u>	<u>(\$66,400.74)</u>
Amount Reverted			<u>\$ 66,400.74</u>	



DEPARTMENT OF HEALTH AND WELFARE  
HEALTH DIVISION  
STATEMENT OF BASIS FOR APPROPRIATION COMPARED WITH  
ACTUAL RECEIPTS AND EXPENDITURES  
For the Fiscal Year 1962-1963

SPECIAL SILICOSIS FUND

Appropriation 1961-1963 \$348,000.00

Disbursements

Payments to Recipients FY 1962	\$42,400.64	
Payments to Recipients FY 1963	<u>44,929.13</u>	<u>87,329.77</u>

Carried Forward per Chapter 91 - 1963 Statutes \$260,670.23



DEPARTMENT OF HEALTH AND WELFARE  
HEALTH DIVISION  
STATEMENT OF BASIS FOR AUTHORIZATION COMPARED WITH  
ACTUAL RECEIPTS AND EXPENDITURES  
For the Fiscal Year 1962-1963

INSTITUTIONAL HEALTH SERVICES

	<u>Work Program</u>	<u>Basis for Authorization</u>	<u>Actual Revenues or Expenditures</u>	<u>Over or (Under) Authorization</u>
<u>Revenues</u>				
Institutions	\$40,328.00	\$38,524.00	\$30,233.00	\$ (8,291.00)
Total Revenues	<u>\$40,328.00</u>	<u>\$38,524.00</u>	<u>\$30,233.00</u>	<u>\$ (8,291.00)</u>
<u>Expenditures</u>				
Salaries	\$34,566.00	\$32,981.00	\$24,808.92	\$ (8,172.08)
Travel:				
In-State	\$ 2,000.00	\$ 2,000.00	\$ 997.03	\$ (1,002.97)
Operating:				
Industrial Ins.	\$ 209.00	\$ 215.00	\$ 156.89	\$ (58.11)
Retirement	1,431.00	1,412.00	1,018.24	(393.76)
Personnel Assess.	200.00	200.00	200.00	-
Dental Supplies	1,300.00	1,300.00		
Other Supplies	250.00	416.00	1,120.21	(595.79)
Total	<u>\$ 3,390.00</u>	<u>\$ 3,543.00</u>	<u>\$ 2,495.34</u>	<u>\$ (1,047.66)</u>
Equipment	\$ 372.00	-	-	-
Total Expenditures	<u>\$40,328.00</u>	<u>\$38,524.00</u>	<u>\$28,301.29</u>	<u>(\$10,222.71)</u>
Excess of Receipts over Expenditures			\$ 1,931.71	
Amount Reverted			<u>(1,931.71)</u>	
			<u>-0-</u>	





DEPARTMENT OF HEALTH AND WELFARE  
HEALTH DIVISION  
STATEMENT OF BASIS FOR AUTHORIZATION COMPARED WITH  
ACTUAL RECEIPTS AND EXPENDITURES  
For the Fiscal Year 1962-1963

VENEREAL DISEASE CONTROL

	<u>Work Program</u>	<u>Basis for Authorization</u>	<u>Actual Revenues or Expenditures</u>	<u>Over or (Under) Authorization</u>
<u>Revenues</u>				
VD Special Project-- (Federal Authoriza- tion)	<u>\$17,709.00</u>	<u>\$10,011.00</u>	<u>\$17,598.00</u>	<u>\$7,587.00</u>
Total Revenues	<u>\$17,709.00</u>	<u>\$10,011.00</u>	<u>\$17,598.00</u>	<u>\$7,587.00</u>
<u>Expenditures</u>				
Salaries	<u>\$ 5,868.00</u>	<u>\$ 5,591.00</u>	<u>\$ 5,868.00</u>	<u>\$ 277.00</u>
Travel:				
Out-of-State	<u>\$ 1,500.00</u>	<u>\$ 110.00</u>	<u>\$ 1,084.50</u>	<u>\$ 974.50</u>
In-State	<u>6,000.00</u>	<u>3,690.00</u>	<u>4,112.24</u>	<u>422.24</u>
Total	<u>\$ 7,500.00</u>	<u>\$ 3,800.00</u>	<u>\$ 5,196.74</u>	<u>\$1,396.74</u>
Operating	<u>\$ 3,677.00</u>	<u>\$ 620.00</u>	<u>\$ 2,551.93</u>	<u>\$1,931.93</u>
Equipment	<u>\$ 664.00</u>	<u>\$ -</u>	<u>\$ 601.50</u>	<u>\$ 601.50</u>
Total Expenditures	<u>\$17,709.00</u>	<u>\$10,011.00</u>	<u>\$14,218.17</u>	<u>\$4,207.17</u>
Excess of Receipts over Expenditures			<u>\$ 3,379.83</u>	
Balance on hand July 1, 1962			<u>110.84</u>	
Balance June 30, 1963, Continuing Federal Program			<u>\$ 3,490.67</u>	



DEPARTMENT OF HEALTH AND WELFARE  
HEALTH DIVISION  
STATEMENT OF BASIS FOR AUTHORIZATION COMPARED WITH  
ACTUAL RECEIPTS AND EXPENDITURES  
For the Fiscal Year 1962-1963

JUVENILE DELINQUENT PROGRAM

	<u>Work Program</u>	<u>Basis for Authorization</u>	<u>Actual Revenues or Expenditures</u>	<u>Over or (Under) Authorization</u>
<u>Revenues</u>				
Authorization (1)	<u>\$48,830.00</u>		<u>\$24,416.00</u>	
<u>Expenditures</u>				
Salaries	<u>\$34,307.00</u>		<u>\$26,934.13</u>	
Travel:				
Out-of-State	\$ 750.00		\$ 394.50	
In-State	3,600.00		1,992.64	
Total	<u>\$ 4,350.00</u>		<u>\$ 2,387.14</u>	
Operating:				
Industrial Ins.	\$ 206.00		\$ 171.88	
Retirement	1,696.00		1,321.99	
Personnel Assess.	300.00		300.00	
Freight & Postage	400.00		120.00	
Printing	350.00		-	
Office Supplies	600.00		402.87	
Telephone	750.00		405.65	
Contract Services	4,500.00		-	
Educational Supplies	500.00		771.02	
Utilities	-		141.87	
Total	<u>\$ 9,302.00</u>		<u>\$ 3,635.28</u>	
Equipment	<u>\$ 871.00</u>		<u>\$ 16.95</u>	
 Total Expenditures	 <u>\$48,830.00</u>		 <u>\$32,973.50</u>	
Excess of Expenditures over Revenues			\$(8,557.50)	
Balance on hand July 1, 1962			<u>24,449.05</u>	
Balance June 30, 1963, Continuing Federal Program			<u>\$15,891.55</u>	

(1) Not included in Authorization Act.



DEPARTMENT OF HEALTH AND WELFARE  
HEALTH DIVISION  
STATEMENT OF BASIS FOR AUTHORIZATION COMPARED WITH  
ACTUAL RECEIPTS AND EXPENDITURES  
For the Fiscal Year 1962-1963

CHRONIC ILLNESS

	<u>Work Program</u>	<u>Basis for Authorization</u>	<u>Actual Revenues or Expenditures</u>	<u>Over or (Under) Authorization</u>
<u>Revenues</u>				
Authorization (1)	<u>\$52,583.00</u>		<u>\$41,481.21</u>	
<u>Expenditures</u>				
Salaries	<u>\$24,034.00</u>		<u>\$15,971.19</u>	
Travel:				
In-State	<u>\$ 3,600.00</u>		<u>\$ 1,774.14</u>	
Operating:				
Industrial Ins.	\$ 144.00		\$ 94.82	
Retirement	1,105.00		643.36	
Personnel Assess.	200.00		200.00	
Building Space Rental	1,800.00		-	
Postage	200.00		60.00	
Printing	150.00		102.93	
Office Supplies	350.00		144.43	
Telephone	300.00		687.39	
Insurance	300.00		287.06	
Technical Supplies	250.00		371.75	
Educational Material	150.00		-	
Total	<u>\$ 4,949.00</u>		<u>\$ 2,591.74</u>	
Equipment	<u>\$ -</u>		<u>\$ 392.14</u>	
Aid to Counties	<u>\$20,000.00</u>		<u>\$13,992.00</u>	
Total Expenditures	<u>\$52,583.00</u>		<u>\$34,721.21</u>	
Excess of Revenues over Expenditures			\$ 6,760.00	
Balance on hand July 1, 1962			<u>2,872.00</u>	
Balance June 30, 1963, Continuing Federal Program			<u>\$ 9,632.00</u>	

(1) Not included in Authorization Act.



STATE OF NEVADA  
HEALTH DEPARTMENT  
SUPPLEMENTAL LETTER  
For the Fiscal Year 1962 - 1963

1. Internal Control Evaluation

Internal control appears to be adequate except in the processing of mail applications for copies of birth and death certificates. This mail is opened and processed by one person. Better control could be obtained by having the mail opened and listed by one person in the presence of another. A third person should make up the transmittal and deposit the money. The transmittal should indicate the receipt numbers covered by the deposit.

2. Books and Records

The accounting records of the Health Department consist of a single ledger of accounts, machine posted. Each account has a card for each major classification--(salary, travel, etc.), and a summary card. A grand summary card is maintained which is the general ledger control for all accounts. The major expense categories used are salaries, travel, supplies and equipment. Some categories have further breakdowns such as medical care, appliances, drugs and technical supplies.

In our opinion, this system does not adequately reflect the operations of the Health Department for the following reasons:

- (a) Accounts in the ledger are not grouped according to the programs presented in the budget. Budget comparisons require summarizing the various sub accounts. Accounts should be grouped by budget program with a single summary card for each group or fund. This would reduce the amount of posting required, give better budget

control and facilitate reconciliation to the controller's records.

- (b) The use of the object classification "supplies" does not conform to the State Administrative Manual and is misleading since charges to this category can be any operating item. "Operating" category should be used as prescribed by the State Administrative Manual.
- (c) Posting of expense items to the "supplies" category is broken down further by an additional posting to the various operating or "supplies" expense account. Such detail posting, however, is not consistent throughout the various programs. For instance, an expense item is one particular heading such as "operating supplies" while in another program the same type of expense item will be distributed to "drugs."

Some columns in the operating account are not titled, but merely are left blank. These blanks are not the same type of expense in each different program. For instance, a blank column in Crippled Children's operating account will reflect the expenditures for "appliances" whereas the corresponding blank column in the Public Health Nursing operating account will reflect "technical supplies." Unless someone is thoroughly familiar with all records and accounts of the Health Department it is impossible to distinguish one type of expense from another, relative to these blank column postings.

We recommend that each column used be properly titled in each account and for purposes of consistency, each account column



should be titled the same as corresponding columns in all other programs.

It is further recommended that all identical types of expenditures be consistently posted to the same expense accounts.

- (d) For the 1962-1963 fiscal year, in-state and out-of-state travel expenses were not accounted for as separate items. Comparisons of actual expense to budget could not be obtained without referring to individuals claims. This deficiency has been corrected and for the current year records of the two types of travel are maintained separately.
- (e) Transfers from one account to another within the same budget program are made without supporting documents giving the reasons for such action. This type of transfer should be supported by a journal voucher with appropriate explanations.
- (f) Travel reports filed by employees of the Health Department do not have adequate explanations for the purpose of such travel. Commercial transportation costs are not shown on the reports but paid separately on an invoice from the travel agency. Transportation costs and documentation of these costs should be filed with the department copy of the travel report.
- (g) Allocation of expenditures to the various Federal programs from public health nursing, public health engineering, water pollution and public health laboratory is done on a time basis. At the end of the year, each department will send in a statement of time

expended on each of the Federal programs. Distribution of expense is based on these statements. It is our opinion, which the Federal auditor supports, that time records should be kept on a daily basis and monthly reports be submitted to central administration. Federal support of these programs could be jeopardized because of lack of adequate time records. The department feels that additional time required to comply with this recommendation is not warranted. Where there is danger of matching funds approaching the critical point during a fiscal year the decision is left to the section head or department head.

- (h) The Health Department should prepare detailed monthly statements of operations on each program as presented in their budget. The present statements by account do not give adequate comparisons for budget control.

### 3. Purchasing

Purchasing by the various agencies within the Health Department could be better controlled by having all invoices sent direct to the Administrator's office in Carson City. At present, purchase orders are prepared by the using agency, sent to Administration for approval and sent from Administration to the vendor. The vendor will send the merchandise and invoice to the using agency. The invoice is then sent to Administration for payment. This system lends itself to abuse by agencies making purchases first and then issuing a purchase order. The only additional cost involved in having bills sent direct is the addition of a receiving copy to the purchase order.

During fiscal 1962-1963, the Health Department purchased 70.77% of their office supplies and paper products from outside vendors. Total purchase

price of these items was \$5,516.09. Purchases of these items through State Purchasing and State Printer totaled \$2,278.78. Purchasing from independent suppliers is circumvention of State Purchasing regulations, and directives. However, it was noted some items ordered were not currently stocked by the State Purchasing Department. The quantities purchased indicate poor planning in estimating needs and taking advantage of savings through volume purchasing. All purchases of office supplies should be made through State Purchasing where possible.

4. Verification of Poverty Statements

Under-NRS 436.040, every person who, under the rules and regulations of the board is found to be mentally ill shall be cared for at public expense if he or a relative produces a written statement, sworn to before a notary public, declaring that he is unable to pay for psychiatric, medical or hospital care. These statements are taken by the department's Mental Care Unit in Clark county with no verification as to validity. It is recommended that at least a sample of these statements be investigated. The problem appears to be that although money was funded for a position to handle this, the Department has been unable to hire qualified personnel at the salary scale appropriated.

5. Reports Concerning Epilepsy

NRS 439.270 states that the Health Department shall define epilepsy for the purposes of this section and require all physicians to report cases of epilepsy in writing to the Health Department. These reports are for the information of the Motor Vehicle Department to determine eligibility to operate a motor vehicle. No such reports were received or sent to Motor Vehicles during 1962-1963. The Health Department believes that physician's simply refuse to make such reports on the basis that such information is

confidential. Further, the statutes do not provide for any penalties other than failure to make such report being classified as a misdemeanor. Since there appears to be little or no compliance with this statute, it is recommended that the statute be amended to provide stiffer penalties, or be repealed.

6. Legislation Concerning Registrars

NRS 440.180 states that the state was to be divided into 40 clearly defined districts, each having a local registrar of vital statistics appointed by the State Board of Health. Since 99.7% of the births in the State of Nevada now occur in hospitals, it would appear that the need for this statute has passed. Local health officers are adequately performing the functions of registering births and deaths. It is therefore recommended that NRS 440.180 be repealed.

7. Inspection of Public Schools

NRS 439.250 states in part that public schools and public school gyms be inspected by the Health Department twice each year, at the beginning of each semester. The Health Division has been inspecting only once a year. It is recommended that the inspections be accomplished as required by statute.

8. IBM Equipment

The Health Department rents a key-punch and verifier at a cost of \$113.00 per month. These machines are used in processing statistical information in the Vital Statistics department. It would appear that the department is not getting the use from these machines that the cost would warrant. During a six-week period, the machines were observed in operation for approximately 15 minutes.

It is recommended that the keypunch and verifier also be used for some accounting work of the Health Department or that their use be discontinued entirely.

9. Mobile X-Ray Unit

In May, 1962, the Health Department purchased a mobile X-Ray Unit at a cost of \$41,158.80. This unit was used for a short time in Hawthorne, Tonopah and Beatty while enroute to Las Vegas. Since that time it has been used strictly as a stationary unit in Las Vegas until May of 1964. Although the budget for operating this unit was cut considerably for 1962-1963, it is felt that the unit could have been operated until the funds budgeted were exhausted. Since the funds for the operation of this mobile unit were budgeted as part of operating, the funds were used for other operating expenses rather than the mobile unit. It is therefore suggested that since the State of Nevada has such a large investment in this mobile unit and it should be kept in use as frequently as is possible and practical, that the appropriation for the use of the unit be in a separate category apart from the normal categories of salaries, travel, operating and equipment.

10. Storage of Birth and Death Records

Birth and death certificates are stored in upright metal cabinets with little or no fire resistant capability. All records including microfilms of original records are stored on the same floor. It is strongly recommended that this situation be corrected. These records are of great importance to citizens of Nevada and would be virtually impossible to replace if destroyed by fire.

11. Contracts

Contracts entered into by the Health Department with doctors for services

under the Crippled Children's program are presently signed by Dr. Hurley as head of the Health Division. We feel that these contracts should be revised to show the Department of Health and Welfare as a party to the contract, and each such contract should be approved by the Director of Health and Welfare. The Director should keep a copy in his files of all contracts entered into by any of his divisions.

12. Accounting and Procedures Manual

The Health Division does not at present have an accounting or procedures manual. The business manager of the division is compiling such a manual but it has not been completed. In our opinion, a manual is mandatory for an agency as complex and diversified as the Health Division; a manual can serve as an effective management tool, cut training time, bring about greater consistency in accounts and transactions and serve as a guide for interested outside parties.

13. Commissioner of Food and Drugs

It is recommended that the statutes pertaining to the Commissioner of Food and Drugs in chapters 439, 584, 585 and 586 of the Nevada Revised Statutes be amended to specifically provide who is to be the Commissioner or who is to assume the responsibility since there is no Commissioner as such appointed at this time and the functions of the offices are being carried out by the Health Department, Dairy Commission, and the Department of Agriculture.


14. Inventories

The Health Division does not maintain up-to-date inventory records other than tab runs supplied by the Department of Purchasing. No current card file is kept stating the number on such equipment, its exact location,

who is responsible for it, etc. No periodic inventories were made to determine if all equipment as charged to the Health Division by Purchasing is actually on hand.

We recommend that the division take an inventory of all equipment immediately and charge some individual with the responsibility of maintaining and retaining possession of such equipment. A card file of each piece of equipment should be maintained reflecting such pertinent data as serial number, individual having possession of equipment and its location. Such card file should be kept at the central accounting offices of the Health Division and if necessary, card files should also be kept at district offices.

April 24, 1964  
Carson City, Nevada

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

NOTE: At a meeting of the Fiscal Analyst and the Head of the Health Department on May 27, 1964, concurrence was reached as to the implementation of all the foregoing recommendations.





STATE OF NEVADA  
DEPARTMENT OF PAROLE AND PROBATION  
AUDIT REPORT  
FOR THE FISCAL YEAR 1962 - 1963

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 Parole and Probation for the fiscal year ended June 30, 1963, and have prepared therefrom the following exhibits.

Statement of Basis for Appropriation Compared with Actual  
Revenues and Expenditures for the Fiscal Year ended  
June 30, 1963-----Exhibit A

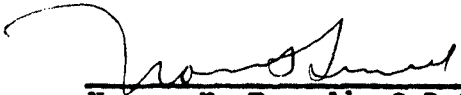
Statement of Financial Condition of Restitution Trust  
Fund as of June 30, 1963-----Exhibit B

Statement of Financial Condition of Restitution Trust  
Fund as of June 5, 1964-----Exhibit C

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 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.

In our opinion, the accompanying exhibits present fairly the operations of the Department of Parole and Probation for the fiscal year ended June 30, 1963, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

June 5, 1964  
Carson City, Nevada

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



DEPARTMENT OF PAROLE AND PROBATION  
STATEMENT OF BASIS FOR APPROPRIATION COMPARED WITH  
ACTUAL REVENUES AND EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 1963

	<u>Work Program</u>	<u>Basis for Appropriation</u>	<u>Actual Revenues &amp; Expenditures</u>	<u>Over or (Under) Appropriation</u>
<b>Revenues</b>				
Appropriation	\$67,923.00	\$67,923.00	\$67,923.00	\$ -0-
Salary Adjustment	1,134.00	1,134.00	1,134.00	
Total Revenues	<u>\$69,057.00</u>	<u>\$69,057.00</u>	<u>\$69,057.00</u>	<u>\$ -0-</u>
<b>Expenditures</b>				
Salaries	<u>\$46,424.00</u>	<u>\$46,424.00</u>	<u>\$46,287.76</u>	<u>\$ (136.24)</u>
Travel:				
Out-of-State	\$ 145.00	\$ 225.00	\$ -	\$ (225.00)
In-State	5,080.00	5,000.00	3,276.29	(1,723.71)
	<u>\$ 5,225.00</u>	<u>\$ 5,225.00</u>	<u>\$ 3,276.29</u>	<u>(\$1,948.71)</u>
Operating:				
Industrial Ins.	\$ 316.00	\$ 299.00	\$ 354.04	\$ 55.04
Retirement Payments	2,213.00	2,285.00	2,127.73	(157.27)
Personnel Assess.	300.00	250.00	300.00	50.00
Printing	322.00	250.00	634.84	384.84
Office Supplies	508.00	525.00	744.83	219.83
Telephone & Telegraph	950.00	1,000.00	405.64	(594.36)
Auto Insurance	517.00	517.00	542.45	25.45
Other Insurance	20.00	20.00	14.00	(6.00)
Office Equip. Repair	150.00	150.00	148.65	(1.35)
Car Registration	30.00	30.00		(30.00)
Dues & Subscriptions	30.00	30.00	30.00	-
Freight & Postage	350.00	350.00	561.81	211.81
I.D. Folder			5.00	5.00
Transportation of Inmates			18.07	18.07
	<u>\$ 5,706.00</u>	<u>\$ 5,706.00</u>	<u>\$ 5,887.06</u>	<u>\$ 181.06</u>
Equipment:				
Office Furniture	\$	\$	\$ 66.49	\$ 66.49
Automobiles	4,202.00	4,202.00	4,073.63	(128.37)
	<u>\$ 4,202.00</u>	<u>\$ 4,202.00</u>	<u>\$ 4,140.12</u>	<u>\$ (61.88)</u>
Parole Violators Returned	<u>\$ 5,000.00</u>	<u>\$ 5,000.00</u>	<u>\$ 1,020.61</u>	<u>(\$3,979.39)</u>
Parole Board Members	<u>\$ 2,500.00</u>	<u>\$ 2,500.00</u>	<u>\$ 987.66</u>	<u>(\$1,512.34)</u>
Total Expenditures	<u>\$69,057.00</u>	<u>\$69,057.00</u>	<u>\$61,599.50</u>	<u>(\$7,457.50)</u>
Amount Reverted to General Fund			<u>7,457.50</u>	
			<u>\$69,057.00</u>	



DEPARTMENT OF PAROLE AND PROBATION  
TRUSTEE ACCOUNT  
FOR THE FISCAL YEAR ENDED JUNE 30, 1963

Opening Balance July 1, 1962	\$ 863.25
Receipts	<u>1,506.96</u>
Total	<u>\$2,370.21</u>
 Disbursements	 <u>1,680.46</u>
Balance, June 30, 1963	<u><u>\$ 689.75</u></u>





DEPARTMENT OF PAROLE AND PROBATION  
TRUSTEE ACCOUNT  
TRANSACTION FROM JULY 1, 1963 TO JUNE 5, 1964

Opening Balance July 1, 1963	\$ 689.75
Receipts	<u>2,330.35</u>
Total	<u>\$3,020.10</u>
Disbursements	<u>1,167.73</u>
Balance, June 5, 1964	<u><u>\$1,852.37</u></u>



STATE OF NEVADA  
DEPARTMENT OF PAROLE AND PROBATION  
SUPPLEMENTAL LETTER

1. Books and Records

The records kept by the Department of Parole and Probation consist of a claims register, recording expenditure of appropriated funds, and a ledger to record payments by parolees and probationers making restitution to injured victims.

Two types of restitution payments are received. Some probationers make payments to the Department which in turn forwards them on to injured parties. Others make payments directly to the Department which are deposited in a bank account and checks are drawn in favor of the victims.

In our opinion, the record keeping by the Department of Parole and Probation is inadequate. Specific weaknesses and suggested changes are as follows:

(a) Claims Register

The register used to record and distribute expenditures did not include salary expense. Periodic totals of expense breakdowns were not taken, not even annually, nor were monthly reconciliations made to the Controller's Allotment Sheets.

It is recommended that a claims register be used that will provide adequate space for all required expenditure classifications. All expenditures should be recorded.

Totals of the various expenditure classifications should be taken each month and reconciled to the Controller's Allotment Sheets. A monthly statement should be prepared showing expenditures for the preceding

month and for the year to date. This procedure would provide accurate management information and historical data for preparing budgets.

(b) Trustee Account

Individual ledger sheets are maintained for each probationer making restitution. Receipts and disbursements are recorded individually and no control account is maintained to verify the accuracy of entries or shows the balance of all accounts. Several small errors were discovered in reconciling the bank account which would have been found immediately had a control account been maintained or had the bank account been reconciled periodically.

A cash book should be used to record receipts and disbursements and keep a running total of the balance in this account. Postings to the subsidiary ledger could be made from this cash book. This system would reduce the number of errors and facilitate bank reconciliation at the end of each month.

A separate ledger should be maintained to record the receipt of, and subsequent forwarding of those payments where the Department does not deposit the funds but merely forwards them.

2. Internal Control

Internal control could be improved considerably by the use of pre-numbered receipts for payments received by the Parole and Probation Department. The functions of receiving payments, recording and depositing should be separated as much as possible. It is recognized that due to the small office staff, complete separation is impossible, however, the person who receives cash should not make up deposits nor record the receipts in the books of account.

3. Trustee Bank Account

The Department of Parole and Probation does not have statutory authority for the Trustee Bank Account where receipts from probationers making restitution are deposited. It is recommended that this account be closed and the funds deposited with the State Treasurer.

4. Time Records

NRS 213.1096 requires that assistant parole and probation officers keep detailed records of their work. These detailed records are not kept. It is recommended that some type of daily time record which reflects the type of work done each day be maintained and submitted on a periodic basis to the chief parole and probation officer.

5. Inventory


It was noted in checking the equipment inventory list that it was not up to date with regard to automobiles and some new office equipment. It is recommended that a complete inventory be taken when the new chief parole and probation officer takes over and that this inventory be up-dated periodically and whenever new equipment is purchased.

6. Office Supplies

During 1962-1963, the Department of Parole and Probation purchased 80.09% of their office supplies from vendors other than the State Purchasing Department. Most of these items could be purchased in volume at a considerable savings through the Purchasing Department if needs are estimated in advance. It was noted that several items purchased were not stocked by the Purchasing Department. Improvement was noted for fiscal 1963-1964.

It is recommended that all purchases of office supplies be made through the State Department of Purchasing in the future. Also, better planning could result in considerable fewer purchase orders and vendor invoices.

June 5, 1964  
Carson City, Nevada

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

Note: At a meeting held June 5, 1964, between the Chief Parole and Probation Officer and the Fiscal Analyst, agreement was reached on all recommendations made in the above report.

**STATE OF NEVADA**  
**CONTROLLERS' OFFICE**  
**AUDIT REPORT**  
**FOR THE FISCAL YEAR 1962 - 1963**

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





E.

Nevada Legislative Commission  
Capitol Building  
Carson City, Nevada

Gentlemen:

We have examined the accounts and records of the State Controller for the fiscal year ended June 30, 1963, and have prepared therefrom the following exhibits:

Statement of Cash Position - All Funds  
June 30, 1963-----Exhibit A

Analysis of Surplus - All Funds  
June 30, 1963-----Exhibit B

Statement of Comparison of Basis for Appropriation  
with Actual Revenues and Expenditures for year  
ended June 30, 1963-----Exhibit C

#### Functions of Agency

The office of the State Controller was created in 1864 by the Nevada Constitution. That instrument identified the Controller as a member of the executive branch of the government, subject to election in the same manner and for the same period as the governor and, as other constitutional officers, subject to impeachment.

The original Constitution was silent regarding specific duties and responsibilities of the Controller, however, the 46th session of the Legislature passed and agreed to an amendment which was ratified by the people at the general election of 1954--setting forth requirements for the Controller to perform such duties as may be prescribed by laws. Various sessions of the Legislature have charged the Controller with a multitude of dissimilar duties but his principal functions are: To maintain control accounts for all State funds with monies on deposit with the State Treasurer; to serve as a disbursing officer in connection

with payments of costs of government, apportioning revenues to the State's political subdivisions and serving as an ex officio member of several State committees, boards and commissions.

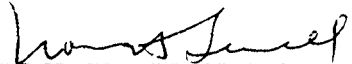
#### Scope of Examination

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

In our opinion, the accompanying statements present fairly the financial position of the funds on deposit with the State Treasurer and the Controllers' office as of June 30, 1963, 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.

June 2, 1964  
Carson City, Nevada

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

STATE CONTROLLER  
Cash Position - All Funds  
June 30, 1963

Appropriated Surplus, June 30, 1962		
General Fund	\$ 5,901,177.73	
Special Revenue Fund	11,419,144.50	
Other Funds	<u>915,576.79</u>	
Total Appropriated Surplus		\$18,235,899.02
Unappropriated Surplus, June 30, 1962		<u>6,575,416.67</u>
Total Surplus - All Funds, June 30, 1962		<u>\$24,811,315.69</u>
 <u>Receipts:</u>		
Taxes	\$ 2,343,302.91	
Special Taxes, Licenses & Fees	75,649,165.46	
Fines and Escheats	220,346.78	
Subventions, Donations, Grants,		
Pension Assessments	26,919,236.00	
General Government	2,850,665.22	
Dev. & Conservation of Natural Resources	1,746,358.24	
Charities, Hospitals & Corrections	2,001,220.16	
Education	1,485,099.61	
Non-Revenue Receipts	<u>36,758,569.55</u>	
Total Receipts		<u>\$149,973,963.93</u>
 <u>Total to Account For</u>		 <u>\$174,785,279.62</u>
 <u>Disbursements:</u>		
General Government	\$ 5,788,389.13	
Protection to Persons & Property	13,594,338.91	
Conservation of Health & Sanitation	2,922,961.53	
Dev. & Conservation of Natural Resources	2,778,026.77	
Mining	60,000.00	
Other Development & Conservation	3,891,726.81	
Highways	32,989,917.47	
Charities, Hospitals & Corrections	12,916,168.02	
Education	29,920,512.17	
Miscellaneous	12,755,656.73	
Non-Governmental	<u>31,922,610.16</u>	
Total Disbursements		<u>\$149,540,307.70</u>
 Balance, All Funds, June 30, 1963		 <u><u>\$ 25,244,971.92</u></u>



STATE CONTROLLER  
Analysis of Surplus - All Funds  
June 30, 1963

Balance - All Funds, June 30, 1963		\$25,244,971.92
Deduct Funds Not Available for Appropriation:		
General Fund Appropriated Surplus: (Non-reverting Construction Funds, Operating Accounts, Contingency Funds, etc.)	\$ 6,591,352.62	
Special Fund Appropriations (Non-reverting)	11,935,112.53	
Miscellaneous Federal Funds, Trust Funds, Social Security (Non-reverting)	<u>758,253.43</u>	
Total Funds Not Available for Appropriation		<u>(\$19,284,718.58)</u>
Available for Appropriation, June 30, 1963		<u>\$ 5,960,253.34</u>



STATE CONTROLLER  
STATEMENT OF COMPARISON OF  
BASIS FOR APPROPRIATION WITH  
ACTUAL REVENUES AND EXPENDITURES  
For the Fiscal Year Ended June 30, 1963

	<u>Work Program</u>	<u>Basis for Appropriation</u>	<u>Actual Revenue &amp; Expenditures</u>	<u>Over or (Under) Appropriation</u>
<u>Revenues</u>				
Appropriation	<u>\$80,600.00</u>	<u>\$80,600.00</u>	<u>\$80,600.00</u>	<u>\$ -</u>
<u>Expenditures</u>				
Salaries	<u>\$52,486.00</u>	<u>\$52,486.00</u>	<u>\$52,480.49</u>	<u>\$ (5.51)</u>
Travel:				
Out-of-State	\$ 400.00	\$ 400.00	\$ 381.60	\$ (18.40)
In-State	400.00	400.00	414.04	14.04
Total Travel	<u>\$ 800.00</u>	<u>\$ 800.00</u>	<u>\$ 795.64</u>	<u>\$ (4.36)</u>
Operating:				
Industrial Ins.	\$ 351.00	\$ 351.00	\$ 336.00	\$ (15.00)
Retirement	2,363.00	2,363.00	2,541.94	178.94
Personnel Assess.	400.00	400.00	250.00	(150.00)
IBM Equip. Rental	11,450.00	11,450.00	13,623.50	2,173.50
Freight & Postage	1,600.00	1,600.00	628.41	(971.59)
Printing Annual Reports	1,400.00	1,400.00	-	(1,400.00)
Other Printing	2,000.00	2,000.00	2,762.64*	762.64
Office Supplies	6,100.00	6,100.00	4,483.17	(1,616.83)
Telephone & Telegraph	600.00	600.00	526.55	(73.45)
Equip. Repair	200.00	200.00	248.61	48.61
Contract Services	400.00	400.00	399.70	(.30)
Miscellaneous	-	-	72.15	72.15
Total	<u>\$26,864.00</u>	<u>\$26,864.00</u>	<u>\$25,872.67</u>	<u>\$ (991.33)</u>
Equipment:				
Office Equip.	\$ 450.00	\$ 450.00	\$ 361.13	\$ (88.87)
Office Furniture	-	-	79.42	79.42
Other Equipment	-	-	975.00	975.00
Total	<u>\$ 450.00</u>	<u>\$ 450.00</u>	<u>\$ 1,415.55</u>	<u>\$ 965.55</u>
Total Expenditures	<u>\$80,600.00</u>	<u>\$80,600.00</u>	<u>\$80,564.35</u>	<u>\$ (35.65)</u>
Amount Reverted to General Fund			<u>\$ 35.65</u>	

\*Includes all printing.





STATE OF NEVADA  
STATE CONTROLLER'S OFFICE  
SUPPLEMENTAL LETTER

For the Fiscal Year 1962 - 1963

Nevada Legislative Commission  
Capitol Building  
Carson City, Nevada

Gentlemen:

In the following comments regarding the audit and review of procedures of the State Controller, we must point out that many of the exceptions noted have been commented on in two previous studies conducted by outside C.P.A. firms. We are repeating many of their criticisms since they are still valid as very little corrective action has been taken.

Background

The present accounting system and report was adopted before 1909 and last revised in 1937. Some mechanization of the system was accomplished by the installation of IBM tabulating equipment in 1951. No change was made in the basic accounting system and no material change has been made since that time.

1. Systems

The accounting for the State of Nevada performed by the Controller's office consists of two systems neither of which is complete within itself. The system maintained by National Cash Register machines acts as a control device for all funds on ledger cards. This system provides little in the way of detail and is not always accurate as to distribution of receipts and disbursements by categories within funds. This system does not have a

chart of accounts as such; the ledger cards are arranged in a tub file, basically filed as to their order of appearance in the Controller's Annual Report. If the accounts pertaining to a certain agency or fund are needed, a search through the whole ledger is required to obtain them, unless one is familiar with the filing system. A chart of accounts has been defined as "a list of accounts, systematically arranged, applicable to a specific concern, giving account names and numbers, if any. A chart of accounts accompanied by descriptions of their use and of the general operations of the books of account, becomes a classification or manual of accounts." (Kohler--A dictionary for Accountants.) It is recommended that a chart of accounts for this ledger be drawn up indicating location of ledger cards by classification and function.

The second system of accounting is maintained on IBM equipment and acts as a supplement to the National Cash Register system. It maintains details of the ledger card system however, it is for all practical purposes a duplication of this system.

We recommend that the two systems be integrated into one system complete in all respects.

The Controller has taken steps to meet this recommendation however to accomplish the requirements it will take better data processing equipment than is now used. He has had a survey made by IBM company who have recommended installation of a 1440 computer. The Controller intends to budget for this computer for the next biannum.

## 2. Purchase of Time Certificates

The State Treasurer invests monies not needed for current operations in Time Deposit Certificates. The Controller's records do not supply

adequate information on available balances so the Treasurer must rely on fluctuations in his bank accounts to determine cash needs. Also, the Treasurer has no process by which a warrant can be drawn for purchase of securities. He must purchase these securities from current receipts. The Treasurer holds checks received from agencies such as Sales Tax, Gambling, etc., endorses them and takes them to the bank to purchase Time Certificates. It is recommended that the Treasurer's office and the Controller work out a procedure to purchase these securities with a warrant rather than from current receipts.

The Controller agrees this is a serious loophole, but feels that Nevada Revised Statutes must be amended to provide that "Inactive Deposits" wording be changed to investments and provide that the Controller maintain records on the Treasurer's investments.

### 3. Warrants

Warrant-checks issued by the Controller are paper-stock and written on IBM equipment. In order to reconcile bank accounts these checks must be sorted manually and the reconciliation done manually. The reconciliation process is actually performed by both the Controller's office and the Treasurer's office. The process of reconciliation lends itself readily to mechanization through the use of punch-card warrants. It is our understanding that punch-card warrants were used for a short time after the IBM equipment was installed. Personnel in the Controller's office did not like the methods of handling these warrants and said that bank cancellation of them made machine sorting and reconciliation impossible. This is not a valid argument, since many large insurance companies, other large organizations as well as the Federal Government and most states are using punch-card

checks very effectively. An example locally is the University of Nevada, who use punch-card checks for their payroll and have had few if any of the difficulties mentioned by the Controller's office. With the growth of state business and payroll requiring the use of more and more warrants each year, the use of more and better machine methods is mandatory. The use of punch-card warrants would substantially reduce the work load in handling warrants throughout the process, from writing to storage. The process of reconciliation can be accomplished on IBM equipment even though punch card-warrants are not used. We recommend that either punch-card warrants be adopted or at the very least, the reconciliations performed by both the Controller and Treasurer's office be accomplished on the existing IBM equipment. This would result in the savings of many man hours performed by the present manual system.

The Controller concurs in this recommendation but feels additional study is necessary which he will initiate immediately.

#### 4. Journal Entries

The present form used for adjusting journal entries and journal transfers is inadequate. The form used does not provide complete information as to the accounts affected nor does it reflect the reason or basis of the adjustment. Good accounting practice demands that journal entries give complete information which can be readily verified. We recommend the present form used for recording journal entries be revised to provide for full and complete explanations for all journal entries and/or transfers.

A new form and procedure has been designed and should be in use for the next fiscal year.

5. Filing of Bond

There is an apparent conflict between NRS 225.040 and 282.080. NRS 225.040 states that the bond of the Secretary of State shall be recorded in his office and deposited with the State Controller. NRS 282.080 states that the bond shall be filed and recorded with the Ormsby County Clerk. The bond is presently on file with the Ormsby County Clerk. We recommend that the necessary steps be taken to amend one of the above mentioned sections of the Nevada Revised Statutes to bring the two sections into harmony with each other.

6. Controller's Report

NRS 227.110 requires that the Controller's annual report to the Governor be prepared not later than 60 days after the close of each fiscal year. Since the passage of SB 305 and AB 146 during the 1963 session of the Legislature which allow 60 days after the close of the fiscal year to pay claims, it is impossible to comply with this 60 day requirement. Therefore, it is recommended that the statutes be amended to provide the Controller more time to complete his report as well as providing for the additional 60 days which is now necessitated because of passage of the above mentioned bills.

7. Reports to Board of Regents

NRS 396.410 states that on or before the last day of each month the State Controller shall report to the Board of Regents of the University, the detail of all income received for University purposes from any source whatever. The Controller has not prepared such reports since the monies (other than appropriations) of the University were removed from the State Treasury. It is recommended that this statute be repealed.

8. Payment of Withholding Taxes

NRS 227.130 states in part "The state controller is authorized and directed to withhold from each claimant's pay the amounts specified in the revenue act of the United States as is now in force and such amounts as may hereafter be further specified by additional enactments of Congress, and may transmit such amounts deducted to the Internal Revenue Service of the United States Department of the Treasury."

During our audits of the Treasurer's office and the Controller's office it was observed that the Controller was not filing and paying withholding taxes monthly and that the quarterly returns are not being submitted timely, as required by the Internal Revenue Code. The Treasurer's office now notifies the Controller when quarterly payments are due and has done so since November, 1963. It was observed on June 1, 1964 that the quarterly return due April 30, 1964 had not yet been filed.

The State of Nevada is not exempt from penalties applicable by the Internal Revenue Service if the Department so wished to impose such penalties. This fact was confirmed by direct conversation with the Internal Revenue Service. In the event the state refused to pay such penalties the Controller would be personally liable. The applicable penalties for the violations observed in only one quarter total over \$600,000.00.

It is recommended that the Controller immediately start filing the required depositary receipts and quarterly returns on a timely basis and observe all other rules and regulations pertaining to paying over the withholding taxes to the Internal Revenue Service.

9. Reports to State Board of Education

NRS 387.025 requires the Controller to report to the State Board of

Education the securities belonging to the State Permanent School Fund.

These reports are to be made on or before August 1, November 1, February 1 and April 1 of each year. The Controller does not make such a report as his records do not provide details of such investments. The quarterly money count performed by the Fiscal Analyst's office lists in detail all securities of the Permanent School Fund held by the State Treasurer. As this provides the information sought by the section of NRS, it is recommended that NRS 387.025 be repealed.

10. Lost Warrant Account

If warrants written by the Controller are not presented for payment within 90 days they are cancelled and amounts credited to the "Lost Warrants Account." Form letters are sent to the holders of the warrants and if satisfactory evidence is presented that the warrant was lost or not received the Controller will issue a new warrant, charging the Lost Warrants Account. NRS 353.130 provides that when warrants are cancelled the Controller shall notify the State Treasurer and direct him to "transfer from the fund or funds upon which such warrant or warrants were drawn to the general fund an amount equivalent to such warrant or warrants, as the case may be." It must be noted, however, that the use of this account is probably the only practical way of handling lost warrants since NRS 353.140 allows the Controller to reissue a warrant within one year of the original issuance if he is satisfied that the original warrant was lost or destroyed. It is recommended that the statutes be amended to clarify handling of lost warrants, provide for the "Lost Warrants Fund", and that the Controller periodically revert to the General Fund those amounts in the Lost Warrants Account that are over 1 year old.

11. Aviation Fuels Tax Refund Account

NRS 494.044 states "The state controller monthly shall transfer to the

state airport fund the unrefunded balance of all excise taxes which have been held in the aviation fuels tax refund account for a period of 6 months prior to such transfer."

It was observed that such transfers were being made only once a year. It was further noted that the balance so transferred was not the amount of receipts held for more than six months. NRS 494.045 provides for annual transfer of excise taxes from the Aviation Fuels Tax Refund Account to the C.A.P., Tax Commission and counties. There is apparently no reason for the monthly transfer mentioned in NRS 494.044 and we recommend that it be amended to read annually. The Controller should then transfer from the refund account to the State Airport Fund in June of each year, all unrefunded excise taxes received prior to January.

#### 12. Procedures Manual

The Controller's office does not have a procedures manual at the present time. The office deals with many funds, many types of revenues some of which are reallocated to other agencies and subdivisions of government and with varying distributions of expenditures all of which tend to create their own problems of accounting. All of the above mentioned functions should be outlined in detail in a procedures manual to facilitate training of personnel and to enable an orderly transition in the event key personnel should become incapacitated and we recommend such a manual be prepared as soon as possible.

#### 13. Deficiencies in Present Accounting System

The present single entry cash-basis system does not provide for the controls necessary in modern day accounting for state funds. A few examples of the controls lacking are as follows:



A. Receivables

Monies due the state are only recorded when received. Amounts due are in memoranda scattered throughout the various departments and agencies. A good example of the weakness in the present system is the lack of accounting records for revolving funds held by the various state agencies. The only record of these funds is a memo entry in the Controller's Annual Report. The year the fund is set up it is recorded as an expenditure on the Controller's records and at no time does it appear in the records as a receivable. The Controller's report for the year ended June 30, 1963 indicates that the University of Nevada has revolving funds totaling \$210,000.00. This is not correct; they have one fund totaling \$100,000.00. The University previously had a \$10,000.00 revolving fund which was transferred to surplus when the \$100,000.00 Accounts Payable Revolving Fund was established by the 1961 Legislature. This type of error can easily occur when only memo records are kept of receivables.

B. Inventories

Inventories of state owned land, buildings, equipment, improvements, furniture and furnishings are nonexistent in the accounting records. Most of the historical costs of acquisition have been lost due to the cash-basis of accounting.

C. Investments

Investments of state monies in securities, Time Certificates, etc., are not a part of the single entry system now maintained.

D. Lack of Assets and Liabilities Accounts

NRS 218.770 requires, in part, that the Fiscal Analyst will

"make an independent verification of all assets, liabilities, revenues and expenditures of the state, and its officers and departments, now in existence and hereafter created ... ." The lack of proper accounting records for assets and liabilities precludes full compliance with this statute.

E. Liabilities

Liabilities of the state are not a part of the Controller's accounting records. Memo records of bonded indebtedness are the only records kept. It is maintained that since the statutes have been changed to allow the payment of encumbrances until the end of August, the state has no liabilities at the end of the accounting period. This is not correct since many funds are non-reverting and may have encumbrances outstanding at any time.

The 1963 Legislature authorized the issuance of bonds in return for Marlette Lake and surrounding property. Since there was no cash involved in the exchange, the Controller's records do not reflect this transaction and as of May 1, 1964, no entry reflecting the acquisition of the asset nor the resulting liability had been made. We feel that this situation again points out the inherent inadequacy of the cash-basis accounting system which is currently in use.

F. Revenues

In the Controller's accounts and report, all receipts are classified as revenues. For example, the present accounting system reflects purchases of securities as expenditures and their sale or redemption as income. No general ledger recognition of the value

of the securities is maintained. This type of accounting and reporting, or lack of it, seriously distorts the revenue figures.

Reconciliation of revenues between the Controller's records and those maintained by the various departments is extremely difficult because of inconsistency in account titles and departments not using the same number of accounts as the Controller. This inconsistency occurs when agencies find it necessary to change or increase the number of their revenue accounts to meet their own needs for management information and the Controller makes no changes. This is readily apparent in the accounts of the Motor Vehicle Department where, although revenues are reconcilable in total, individual accounts have gross differences.

G. Expenditures

Details of expenditures by type within categories are not maintained. This makes it impossible to reconcile Controller records with records maintained by the various agencies or departments of government.

H. Controller's Annual Report

The National Committee on Governmental Accounting, established in 1934, recommended at least the following statements in the annual report of a governmental unit.

1. Balance Sheet.
2. Analysis of Changes in Unappropriated Surplus.
3. Statement of Revenues--Estimated and Actual.
4. Statement of Expenditures and Encumbrances Compared with Appropriations.

5. Statement of Expenditures Classified by Function, Organizational Unit, Character and Object.

The present Controller's report fulfills none of the preceding recommendations, however, it is the accounting system rather than the report that precludes obtaining the needed statements.

SUMMARY

We have pointed out only a few of the weaknesses basically inherent in the present single entry, cash-basis accounting system. The use of a self-balancing, double entry general ledger is mandatory for adequate control and independent verification of all assets, liabilities, revenues and expenditures of the state. The present lack of a general ledger which records balances and the changes therein of the assets and liabilities precludes an independent verification of such balances.

Many of the weaknesses in the present accounting system could be overcome by use of the fund system of accounting. A fund has been defined as "a sum of money or other resources, segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations and constituting an independent fiscal and accounting entity." The term "fund" as used above should be sharply distinguished from the term as used in private enterprise. A fund of a commercial enterprise is simply a part of its assets and not a distinct accounting entity.

The National Committee on Governmental Accounting has recommended the following general classification of funds, each with its own assets, liabilities, revenues and expenditures.

1. General Fund - Used to account for revenues not allocated to specific purposes by law or contractual agreement. Any activities not financed from other funds are automatically financed from the general fund.
2. Special Revenue Funds - The same nature as the general fund but limited to a specific purpose.
3. Bond Funds - Are used to account for proceeds from the sale of bonds.
4. Sinking Funds - Are used to account for accumulation of revenues to retire term bonds.
5. Trust and Agency Funds - To account for assets received by a governmental unit in the capacity of agent or trustee.
6. Working Capital Funds - To account for service activities performed by a department or bureau for other departments of the same governmental unit.
7. Utility or Other Enterprise Funds - Are used to account for self supporting enterprises rendering services primarily for the public.

Two other self-balancing groups of accounts have been recommended; they cannot be called "funds" since they do not meet the definition of the term.

1. General Fixed Assets Group - Are used to account for all fixed assets of a governmental unit.
2. General Bonded Debt and Interest Group - Are used to account for principal and interest on all unmatured bonds except those recorded in other funds.

The above classification is not meant as a specific recommendation but only an example of the types of fund classifications generally in use. Every

governmental unit must have a general fund. The number of other funds to be used is governed by its activities, the means of financing them, and the legal requirements imposed.

It is strongly urged that steps be taken as soon as possible to modernize the procedures and processes of the present accounting system, so that the State of Nevada can get out of the "horse-and-buggy days" in regard to its accounting practices in the Controller's office.

We recommend that the Controller's office immediately set up at least a double entry general ledger and an accrual system of accounting. The state does not now know what assets it owns, their cost or their value. It does not know who owes it money or how much nor does it know who it owes and how much. No individual business enterprise a fraction the size of this state would think of keeping books and records on a strict cash basis.

With the increase in population of Nevada and the corresponding increase in government services and expenditures, an adequate system of accounting and reporting is mandatory for good fiscal management.

June 2, 1964  
Carson City, Nevada

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

Note: At a meeting of the State Controller and the Fiscal Analyst on June 10, 1964, agreement was reached on the implementation of the foregoing recommendations where possible within existing budget and equipment.

(see following page)

## ACCOUNTING NEEDS OF THE STATE OF NEVADA

The following paragraphs were not part of the Supplemental Letter as discussed with the State Controller, however they are included with this report as this appears to be the proper place for them.

\* \* \* \* \*

In the course of our audits throughout the State of Nevada it has been noted that the majority of agencies are each seeking new accounting systems, new equipment for accounting and increased personnel. Some agencies have sought help from the Controller but have found that the Controller's equipment is inadequate or overloaded with his own work.

Some agencies have found that the breakdowns and classifications of accounts as kept by the Controller are inadequate for their needs and they then institute their own accounting system, many times not in balance or agreement with the Controller's figures.

It has been noted that where these agencies purchase accounting equipment or automation equipment that little thought is given to the future needs of the agency and no consideration is given as to the equipment's compatibility with other systems and equipment in the State. On one hand an agency will purchase a Burroughs, on another, a National Cash Register and still another, an International Business Machine, all of which basically will do the same type of work. In other instances, it has been noted that the same type of equipment has been purchased or used by several agencies none of whom can possibly keep the machine working at capacity or even 50% of capacity. They all run only one shift for this type of machine and give no thought to setting up periods when other state agencies could use the machine.

The State will continue to grow and more agencies will be created and more services provided and more equipment will be needed. To provide for a more efficient and more economical operation of our state government in the future, plans should now be initiated which would provide for the following in the very near future.

1. A central data processing service center. This center would process work of all state agencies after the initial preparation by the agencies themselves. The center would be a processing unit only. If needed, the center could work two or three shifts. In any event, all equipment established in such a center would be utilized at its maximum. If the equipment is leased, it could be used on a second shift with only a fraction of the original leasing fees payable.

2. Basic accounting procedures should be established for use in every single agency of the government. The records as maintained by the Controller should be set up to provide all agencies with sufficient detail and data to the extent that it would be unnecessary for the individual agencies to maintain a complete accounting system of their own.

Although the above can be accomplished within existing departments or constitutional offices, the problem of authority, priorities and salary ranges could create insurmountable problems that could defeat the orderly process of conversion.

A department should be set up to act as the data processing service bureau for all agencies of government whether they are funded by general fund money or by other monies. This department should have a systems and procedures division to formulate accounting systems, records and practices. The statutes should provide necessary authority to the department to carry out their functions. All branches of government should be required by statute to make use of the department



facilities where in the opinion of the department or its advisory board this is practical.

The department should be created within the Executive Branch, directly under the Governor with an advisory board consisting of the Governor, Controller, Treasurer and Secretary of State.

It is realized that this recommendation will create problems and will seem like additional expense, however, it is felt that results that it will obtain in the benefits of fine accounting practices, more accurate reporting and better services to all governmental functions makes the proposal worthwhile. The cost to establish and operate this department will be recovered many times in savings of duplicate machine rentals, personnel savings, and elimination of duplications that now exist in other accounting, reporting and processing practices.

Certain functions now delegated by the statutes to both the Budget office and the Fiscal Analyst's office should be repealed and charged to this department in legislation creating same.



NEVADA STATE HOSPITAL  
AUDIT REPORT  
FOR THE FISCAL YEAR 1962 - 1963

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 Hospital for the fiscal year ended June 30, 1963, and have prepared therefrom the following attached exhibits and related schedules.

Statement of Cash Receipts and Expenditures-  
Funds Held by Hospital June 30, 1963-----Exhibit A

Statement of Basis for Appropriation Compared  
With Actual Revenues and Expenditures for  
Fiscal Year Ended June 30, 1963-----Exhibit B

Statement of Farm Operations for Fiscal Year  
Ended June 30, 1963-----Exhibit C

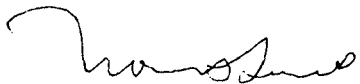
#### Scope of Examination

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

In our opinion, the accompanying exhibits present fairly the operations of the Nevada State Hospital for the fiscal year ended June 30, 1963, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

June 17, 1964  
Carson City, Nevada

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



NEVADA STATE HOSPITAL  
 STATEMENT OF CASH RECEIPTS AND EXPENDITURES - FUNDS HELD BY HOSPITAL  
 AS OF JUNE 30, 1963

	<u>Patients Fund</u>	<u>Pay Patients Fund</u>	<u>Revolving Fund</u>	<u>Patients Recreation Fund</u>
Balance - July 1, 1962	\$54,325.52	\$ -0-	\$ 941.65	\$ -0-
Receipts	98,632.72	202,020.37	28,623.67	16,409.87
Disbursements	<u>(97,979.89)</u>	<u>(185,924.44)</u>	<u>(28,191.29)</u>	<u>(11,625.22)</u>
Balance - June 30, 1963	<u>\$54,978.35</u>	<u>\$ 16,095.93</u>	<u>\$ 1,374.03</u>	<u>\$ 4,784.65</u>





## EXHIBIT B

NEVADA STATE HOSPITAL  
STATEMENT OF ACTUAL REVENUE AND EXPENDITURES  
COMPARED TO APPROPRIATION  
FOR THE FISCAL YEAR 1962 - 1963

	<u>Work Program</u>	<u>Basis for Appropriation</u>	<u>Actual Revenue or Expenditures</u>	<u>Over or (Under) Appropriation</u>
<u>Revenues</u>				
G. F. Appropriation	\$1,328,529.00	\$1,328,529.00	\$1,328,529.00	\$ -
Salary Adjustment	27,272.00	27,272.00	27,272.00	-
Board, Room & Cont.				
Receipts	29,000.00	29,000.00	40,043.70	11,043.70
Misc. Receipts	1,000.00	1,000.00	-	(1,000.00)
Total Revenues	<u>\$1,385,801.00</u>	<u>\$1,385,801.00</u>	<u>\$1,395,844.70</u>	<u>\$10,043.70</u>
<u>Expenditures</u>				
Salaries	\$ 933,933.65	\$ 897,518.00	\$ 931,139.76	\$33,621.76
Travel:				
Out-of-State	\$	\$ 1,260.00	\$ 1,006.00	\$ (254.00)
In-State		2,950.00	3,094.66	144.66
Auto Maintenance		-	2,497.35	2,497.35
	<u>\$ 6,500.00</u>	<u>\$ 4,210.00</u>	<u>\$ 6,598.01</u>	<u>\$ 2,388.01</u>
<u>Operating:</u>				
Industrial Ins.	\$ 17,083.00	\$ 5,657.00	\$ 18,284.73	\$12,627.73
Retirement	34,487.00	41,917.00	40,149.89	(1,767.11)
Personnel Assess.	10,200.00	9,574.00	9,925.00	351.00
Freight & Postage	720.00	1,350.00	802.15	(547.85)
Annual Reports	500.00	325.00	571.32	246.32
Forms	366.00	390.00	1,044.90	654.90
Other Printing	231.00	650.00	279.29	(370.71)
Office Supplies	2,000.00	1,300.00	1,524.53	224.53
Heat	34,000.00	38,000.00	25,789.02	(12,210.98)
Power	20,000.00	16,000.00	19,590.30	3,590.30
Water	1,300.00	1,400.00	1,292.76	(107.24)
Other Utilities	1,800.00	2,400.00	4,295.00	1,895.00
Telephone Rental	7,121.00	2,700.00	5,120.29	2,420.29
Tolls & Telegraph	1,100.00	650.00	2,456.33	1,806.33
Truck Operation	2,336.00	1,800.00	2,278.41	478.41
Auto Insurance	750.00	480.00	635.54	155.54
Other Insurance	225.00	160.00	231.00	71.00
Office Equip. Repair	386.00	225.00	562.19	337.19
Equipment Repair	6,000.00	1,400.00	7,309.85	5,909.85
Foodstuffs	185,600.00	170,000.00	141,413.45	(28,586.55)
Kitchen and Dining Room		3,700.00	6,924.43	3,224.43
Dormitory and Household		19,000.00	13,619.31	(5,380.69)
Clothing		15,000.00	5,596.57	(9,403.43)
Laundry		3,000.00	2,007.06	(992.94)
Medical and Dental Supplies		19,000.00	18,861.00	(139.00)
Instructional		500.00	864.58	364.58

	<u>Work Program</u>	<u>Basis for Appropriation</u>	<u>Actual Revenue or Expenditure</u>	<u>Over or (Under) Appropriation</u>
Operating, cont'd.				
Patient or Inmate Subsistence		\$ 4,800.00	\$ 3,631.92	\$(1,168.08)
Medical and Dental Care		13,000.00	11,187.94	(1,812.06)
Outside Agency Care		14,000.00	14,358.60	358.60
Transportation of Patients	4,442.00	5,500.00	4,894.48	(605.52)
Janitorial Supplies	7,500.00	5,000.00	4,971.18	(28.82)
Building Maintenance	39,150.00	32,500.00	34,056.24	1,556.24
Grounds Maintenance	7,500.00	4,500.00	4,691.63	191.63
Farm	27,510.00	38,000.00	13,839.11	(24,160.89)
Dues & Subscriptions	3,423.35	220.00	760.12	540.12
Funerals		1,150.00	750.00	(400.00)
Spec. Care for Patients	14,512.00			
Contract Services	6,300.00		5,703.37	5,703.37
Equipment Rental			87.88	87.88
Patients Salaries			445.00	445.00
Total Operating	<u>\$ 436,542.35</u>	<u>\$ 475,248.00</u>	<u>\$ 430,806.37</u>	<u>(\$44,441.63)</u>
Equipment:				
Office Furniture	-		\$ 6,962.77	\$ 6,962.77
Office Equipment	-		6,377.49	6,377.49
Other Furniture or Equip.	\$ 8,825.00	\$ 8,825.00	9,200.12	375.12
Total Equipment	<u>\$ 8,825.00</u>	<u>\$ 8,825.00</u>	<u>\$ 22,540.38</u>	<u>\$13,715.38</u>
Total Expenditures	<u>\$1,385,801.00</u>	<u>\$1,385,801.00</u>	<u>\$1,391,084.52</u>	<u>\$ 5,283.52</u>
Excess of Revenue over Estimate				
		\$ 10,043.70		
Less - Excess of Expenditure Over Appropriation				
		(5,283.52)		
Amount Reverted		<u>\$ 4,760.18</u>		

## NEVADA STATE HOSPITAL

## SUMMARY OF FARM OPERATIONS

FOR THE FISCAL YEAR 1962 - 1963

## Produce to Kitchen:

*Pork Slaughtered - 63,635 lbs. live wt.	\$11,969.23	
*Beef Slaughtered - 8,590 lbs. live wt.	1,503.26	
*Veal Slaughtered - 9,690 lbs. live wt.	2,548.73	
**Whole Milk - 47,186 gallons	<u>40,579.96</u>	
Total		\$56,601.18

## Fed to Livestock:

Hay - 109 Tons	3,052.00	
Wheat & Straw - 22 Tons	<u>1,804.00</u>	
Total Feed		4,856.00
Total - All Farm Products		<u>\$61,457.18</u>

## Operating Expense:

Salaries	\$19,067.56	
Direct Farm Expense	13,839.11	
Lights & Water - Pro-rata Share	1,129.24	
Truck & Tractor Expense	<u>1,708.81</u>	
Total Operating Expense		\$35,744.72

Net Profit From Farm		<u>\$25,712.46</u>
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\*These amounts are based on the prices taken from the San Francisco Market as of date of slaughter.

\*\*This amount is based on the price per gallon of \$.86 established by the Nevada Dairy Commission.



NEVADA STATE HOSPITAL

SUPPLEMENTAL LETTER

For the Fiscal Year 1962 - 1963

1. Pay-Patients Fund

This fund and related bank account is used as a holding account for proceeds of subsistence and care charges billed to relatives and guardians of patients. Disbursements are made monthly to the State Treasurer for deposit in the General Fund and for refunds of subsistence and care payments for patients discharged or who die during a month.

The hospital has no statutory authority for the pay patients bank account. It is therefore recommended that this account be closed and that all deposits to the Treasurer's Office be made via inter-branch deposits. It is recommended that a suspense account be established also in the Controller's Office whereby necessary refunds may be made without the necessity of having to budget for same. At the end of each month the correct revenue would be transferred from the suspense account to the revenue account.

2. Revolving Fund

A revolving fund of \$2,500.00 is maintained by the hospital and used for travel advances to employees and for payment of small bills requiring immediate payment.

The 1963 Legislature authorized and appropriated an additional \$5,000.00 for this revolving fund at the request of the hospital. Since the hospital no longer pays salaries of employees terminating during a pay period and the state has changed to an after-the-fact payroll, the additional \$5,000.00 is

not needed and has not been drawn from the State Treasurer. We recommend that this \$5,000.00 be reverted to the General Fund.

### 3. Checks

Expenditures from the various accounts held by the hospital are made by check. Blank checks are furnished by the bank. These blank checks are single-copy with a stub that remains in the check book. Quite often the cancelled check and the corresponding cash book entry is the only record of an expenditure. A copy of the invoice or source document is not retained in the hospital files. We recommend that multi-copy voucher checks be used. One copy should be filed with a copy of the invoice and the third copy used as a check register.

Cancelled checks on the various bank accounts are filed monthly with the bank statement. This practice makes it difficult to verify bank balances or find a particular cancelled check. Bank statements should be attached to the bank reconciliation and cancelled checks filed numerically. This process would make control of outstanding checks easier and provide easy access to cancelled checks.

### 4. Bank Accounts

In our opinion the four checking accounts presently used by the hospital are unnecessary. The system could be streamlined considerably by retaining the revolving fund account and placing the remaining funds in one bank account. With adequate ledger control, which can readily be obtained using the new NCR accounting machine recently purchased, a single bank account for funds other than the revolving fund would be more efficient. Depositing would be simplified and the number of checks necessary could be reduced since inter-fund transactions could be accomplished by journal entry.

## 5. Inventories

The State Hospital maintains substantial inventories of food, clothing and other supplies. The hospital uses a perpetual inventory system to account for these goods. The system used is a good one, however, there are circumstances which make it less effective than it could be.

Several people have had keys to the various storage areas and could draw supplies without going through the storekeeper. This has been changed to only necessary keys being issued. This practice made it difficult to maintain accurate inventory records. In checking a sample of items carried on inventory, several instances of large discrepancies between the book amount and the actual count of items were noted. Inventories of food items were, for the most part, accurate.

There are several widely separated storage areas which also make control difficult. Presently there are steps under way to consolidate and centralize storage.

It is felt that improved planning on the part of those drawing supplies and scheduling by the stores supervisor and storekeeper could eliminate many of the control problems. The locks on storage areas should immediately be changed. The stores supervisor should control the issuance of keys since he is ultimately responsible for the stored merchandise.

The large storage area where most of the non-food items are stored could be better organized for easier access by the issuing clerk and for taking physical inventory.

Patient help should not be used in issuing or stocking operations since patients cannot be held accountable for shortages.

Proper planning by the dietician, cooks and food manager could eliminate the weekend supply problem since there is adequate interim storage facilities available to store supplies drawn for use over a weekend.

6. Minutes of Hospital Advisory Board Meetings

- NRS 433.060 requires the Hospital Advisory Board to "keep minutes of the transactions of each board meeting, regular or special, which shall be public records and filed with the hospital." Copies of minutes on file at the hospital are inadequate to determine if legal requirements are met. It would appear that minutes of many meetings have not been kept or are missing. The records kept at the hospital is a manila folder of thermafax and carbon copies.

It is recommended that complete records be kept of meetings, original copies in chronological order be filed at the hospital as required by statute, and that these minutes be kept in a bound volume that is adequate for a permanent record, and all original minutes of meetings should be signed by the secretary.

7. Subsistence and Care Revenues

The Superintendent of the State Hospital is charged by statute with establishing a rate and collecting subsistence and care charges where it is established that the committed patient has a responsible relative or guardian. The Social Service Department at the hospital is presently charged with the responsibility of establishing ability to pay, and also with making collections.

NRS 433.430 provides that money received by the Superintendent for subsistence and care of patients shall be paid to the State Treasurer and deposited to the General Fund.

The hospital has established no standard policy or procedure of assessing or collecting subsistence and care charges. From a sample of cases reviewed, it would appear that the present practices followed are inconsistent.



For example, in one case the parent of a committed patient has income in excess of \$25,000.00 per year. This person pays only \$2.00 per day when the full rate is \$6.65 per day. Another relative, with income of \$10,800.00 pays \$2.50 per day. An elderly woman, with an income of \$250.00 per month paid the full rate of \$6.65 per day for a patient committed for a short time.

No procedure has been established for collecting delinquent accounts or for investigating financial statements submitted by relatives. In fact, it is the policy of the hospital to accept all financial statements submitted at face value.

We recommend the following:

(a) That NRS 433.430 be amended to allow budgeting and expenditure of subsistence and care revenue, in the same manner as General Fund appropriations are expended. This in itself would promote efficiency in collection of subsistence and care charges.

(b) A written policy, establishing standard formulas and procedures for setting rates, verification of financial statements, collection and follow-up should be accomplished. Steps should be taken to investigate all financial statements.

(c) A thorough analysis of accounts presently delinquent be made to determine collectibility and legal procedures be instituted where indicated.

(d) As the problem appears to be that personnel is not available to properly execute this function, we recommend that a full time position be created to properly handle billing and collection from pay-patients.

#### 8. Protection of Checks

Checks issued by the hospital are written on a typewriter. Amounts and payees could easily be altered by erasing and typing in new amounts and payees.

We recommend that the hospital obtain and use a check-protector or use the type of checks that change color when erased to preclude alteration.

9. Patients Personal Funds Ledger

A subsidiary ledger is maintained for patients with personal funds on deposit. As pages are filled or accounts are closed, pages are removed from the ledger and filed alphabetically. This practice makes it extremely difficult to verify accounts opened and closed during the year and prove transactions in individual accounts. We suggest that these pages be filed alphabetically by fiscal year so that accounts and transactions for a given year can be easily verified.

10. Travel Reports

Travel reports filed by hospital employees do not have adequate detail to establish the purpose of the travel, number of patients transported, or total cost of the travel. It is recommended that this information be included on travel reports.

11. Outside Medical Care for Patients

NRS 433.530 provides that the Superintendent may transfer patients to a general hospital for necessary diagnostic, medical, or surgical services not available at the Nevada State Hospital. Expenses for these services is a charge upon the county from which commitment was made. If the patient was not admitted to a general hospital but was treated as an out-patient, the counties have taken the stand that they are not liable. We recommend that the statute be amended providing that counties must pay both in- and out-patient charges.

12. Questa Bequest

The late E. J. Questa bequeathed the Nevada State Hospital \$10,000.00 "to be expended at the sole discretion of the Advisory Board." At the time

of the bequest, no statutory authority existed for the State Hospital nor the Advisory Board to accept such bequests.

The \$10,000.00 was accepted and deposited in a savings account. The 1963 Legislature authorized the Superintendent of the hospital to accept gifts and donations to the hospital--(NRS 433.195). At this time the \$10,000.00 was deposited with the State Treasurer in the Hospital Gift Fund established by the statute. Subsequently, the entire \$10,000.00 was withdrawn from the Gift Fund. Five thousand dollars was deposited with the hospital in the Commissary Fund and \$5,000.00 deposited in a savings account under the name of "Questa Education Foundation." Three signatures are on the savings account; Sally Murphy of the Advisory Board, Dr. Hughes, Superintendent of the hospital, and Grant Harris, of the State Alcoholism Agency. Any two of these signatures are required to withdraw funds. The stated purpose of the foundation is to sponsor lectures on Alcoholism at the University of Nevada. At the time of this audit, none of the \$5,000.00 had been expended.

A loan of \$2,700.00 was made to Washoe Rehabilitation Inc. from the funds deposited with the hospital.

Washoe Rehabilitation Inc. is a nonprofit corporation, organized "to rehabilitate patients released from the State Hospital, inmates released from the State Prison, and alcoholics who indicate a desire to be rehabilitated."

The following are points where we feel that actions of the hospital and Hospital Advisory Board may be irregular or in conflict with statutes.

(a) Section 1 of NRS 433.070 states that the Advisory Board shall have only those powers and duties as may be authorized by law. Section 2, subsections (a) through (f) enumerate the advisory powers and duties of the board.

The Advisory Board had no statutory authority to accept the bequest originally, nor did the 1963 Legislature in enacting NRS 433.195, which allows the Superintendent to accept gifts or bequests to the hospital, give the board this authority.

(b) It would appear that in depositing the money in the Hospital Gift Fund established by NRS 433.195, the board accepted the restrictions imposed by the statute, even though the bequest gave them broad discretionary powers in spending the funds. Section 2 of the statute states that "money in the fund shall be used for hospital purposes only and expended in accordance with the terms of the gift or bequest." We fail to see how sponsoring lectures on alcoholism at the University of Nevada would benefit the hospital except in the most remote way. (Emphasis added.)

(c) The Advisory Board, in their official minutes, indicated that \$5,000.00 of the bequest was to be deposited in the Commissary Fund. From this amount, \$2,700.00 was loaned to Washoe Rehabilitation Inc. We question whether the board or the Superintendent have the authority to make this type of expenditure. Under the terms of NRS 433.435, the Commissary Fund shall be used to purchase supplies and materials for resale to patients, to provide money for needy patients. The law does not provide for any use of this fund other than for the benefit and use of patients.

(d) It is our opinion that the loaning of funds in the custody of a state agency, to a private corporation are contrary to statutory authority.

From the \$10,000.00 bequest to the State Hospital, only approximately \$2,300.00 was actually distributed or utilized for the direct benefit of inmates. At a board meeting on August 4, 1963, the Superintendent voiced his disapproval of the use of these funds for any purpose other than for the direct benefit of

inmates. We recommend that the \$5,000.00 in the Questa Education Foundation Fund be transferred back to the Commissary Fund to be used for the direct benefit of the inmates.

### 13. Hospital Employees as Guardians

It was noted during the audit of the State Hospital that the Superintendent and one of the psychiatrists have, at one time or another, served as guardians of incompetent persons committed to the hospital. NRS 159.120 provides that the Superintendent may be named a guardian in the order of preference set forth in the statute. There is no provision in the statutes for any other employee of the hospital to be named a guardian.

In our opinion, no employee of the Nevada State Hospital should serve as a guardian of a committed person since it places them in a position of having some control over the custody and length of commitment and at the same time being in control of the assets of the committed person. It is therefore recommended that NRS 159.120 be amended, deleting the Superintendent of the State Hospital and prohibiting employees of the hospital from serving as guardians of any patient other than their immediate family. As the hospital is now using trust officers of banks to handle funds of inmates it is recommended that NRS 159.120 be amended to provide that in the case of State Hospital inmates a trust officer of a bank may act as custodian of inmate assets.

### 14. Contracts

The State Hospital uses a standard contract form for consulting and other medical services from outside professional people. The State Hospital is now a part of the Department of Health and Welfare. For this reason it is recommended that the Department of Health and Welfare be included as a party to any contract negotiated by the hospital, and that each such contract

be approved by the Director of Health and Welfare. The Director should keep a copy in his files of all contracts entered into by any of his divisions.

15. Surety Bonds of Guardians

NRS 433.400 requires that guardians of the estates of committed persons must give a bond running to the State of Nevada to insure payment of moneys due the hospital for subsistence and care. It also requires that guardians shall furnish the Superintendent with an inventory of the estate and a statement of income.

The hospital has not enforced the requirement of this statute. It is recommended that the hospital immediately begin requiring such bonds and statements as required by law.

16. Internal Control

Due to recommendations made in previous audit, the staff in the Business Office of the hospital have attempted to improve internal control by segregating as much as possible, the functions of receiving cash, making up deposits, and recording these transactions. This effort has not been effective due to the small staff (three) of the Business Office. When one of the staff is absent, others must assume their duties and internal control breaks down. Incoming mail is opened and listed by a person who does not work in the Business Office. Social Security, Pension and other government checks, however, are not listed. It is recommended that all mail receipts be listed and that every effort be made to separate the functions of receiving cash, depositing and recording.

17. Recruiting of Professional Staff

It was stated that recruiting of professional staff (physicians, psychiatrists, social workers) is difficult due to the salary differential between Nevada and other Western states, particularly California. Recruiting is made more difficult because applicants interviewed must be limited to those who live near enough to pay their own transportation. Applications have been

received from well qualified people in the East who cannot afford to pay their own transportation costs to be interviewed for a position that they cannot be assured will be offered them. Perhaps a system could be authorized such as the one at the University where transportation costs for applicants for professionals are paid (1) if the position is offered and accepted, or (2) if they are not offered the position. If the position is offered and refused, then the applicant must pay his own transportation. No advance payments are made and the applicant signs an agreement to this effect prior to the interview.

18. Accounting Manual

It was noted during our audit that the hospital did not have an accounting manual or operating procedures manual. With the small staff and relatively simple books maintained by the hospital in the past, it was not essential that a manual be maintained. However, with the recent installation of National Cash Register machines and new accounting functions it is urged that an accounting manual be prepared as soon as possible.

19. Insurance on Savings Accounts

The hospital maintained a savings account for patients personal funds in the amount of \$35,000.00 on June 30, 1963. Such savings accounts are insured by an agency of the Federal Government to the extent of only \$10,000.00. It is suggested that the present account be divided and maintained in separate accounts, each of \$10,000.00 or less. In order to accomplish this it is recommended that NRS 433.440(6) be amended to read "when deposits in the commercial account exceed (\$3,000.00) \$10,000.00 the Superintendent may deposit the excess, at interest, in a savings account in (the same bank) any reputable commercial bank within the state or in federally insured savings and loan associations.

20. Security of Bank Accounts

The hospital maintains sizeable sums in its checking accounts for which the banks have not posted any bonds. There is no specific statutory authority requiring the hospital or other state agencies that keep separate bank accounts to require such bonds. However, the law pertaining to the Treasurer's Office specifies such a requirement and we feel that it is only good business management to have such accounts secured.

We recommend that the hospital take the necessary steps to secure the necessary security from the banks in which the hospital's accounts are maintained using the formula as stipulated in NRS 356.020, subsection 2.

21. Purchase of Office Supplies

During the period under audit it was noted that approximately 65% of all purchases of office supplies were through independent suppliers.

The hospital should attempt to purchase all office supplies through the State Purchasing Department.

There should be sufficient planning for items that, before a shortage occurs, the Purchasing Department is contacted and the item ordered.

The Nevada Revised Statutes require that all purchases be made through the State Purchasing Department. Each and every agency of the state should adhere to such statutes at all times.

It is recommended that in the future all purchases be made through the State Purchasing Department wherever possible.

June 17, 1964  
Carson City, Nevada

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

Note: At a meeting of the Superintendent of the Nevada State Hospital and the Fiscal Analyst on June 19, 1964, concurrence was reached for implementation of the foregoing recommendations.