AUDIT REPORTS

of

DEPARTMENTS AND AGENCIES

Issued by the

LEGISLATIVE AUDITOR

BULLETIN No. 54

(Volume A)

NEVADA LEGISLATIVE COUNSEL BUREAU

December 1962

Carson City, Nevada

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FOREWORD

The Nevada Legislative Counsel Bureau is a fact-finding organization designed to assist legislators, state officers and citizens in obtaining the facts concerning the government of the state, proposed legislation, and matters vital to the welfare of the people. This office will always be non-partisan and non-political; it will not deal in propaganda, take part in any political campaign, nor endorse or oppose any candidates for public office.

The primary purpose of the Bureau is to assist citizens and officials in obtaining effective state government at a reasonable cost. The plan is to search out facts about government and to render unbiased interpretations of them. Its aim is to cooperate with public officials and to be helpful rather than critical. Your suggestions, comments and criticisms will aid greatly in accomplishing the object for which we are all working - the promotion of the welfare of the State of Nevada.

A. N. JACOBSON
LEGISLATIVE AUDITOR

OFFICE OF THE
LEGISLATIVE AUDITOR
CARSON CITY, NEVADA

HONORABLE GRANT SAWYER, Governor
THE LEGISLATIVE COMMISSION
THE NEVADA LEGISLATURE

Gentlemen:

In accordance with the provisions of NRS 218.830, I am pleased to submit herewith Legislative Counsel Bureau Bulletin No. 54 (Volume A), entitled "Audit Reports of Departments and Agencies," which contains audits performed by this office during the period July 1, 1961, to December 1, 1962. Volume B of this report will appear sometime in the near future.

Respectfully submitted,

A. N. JACOBSON
Legislative Auditor

jkh

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STATE OF NEVADA

STATE BOARD OF ARCHITECTURE

AUDIT REPORT

For the Period July 1, 1957 to June 30, 1960

REPORT NO. 1

LEGISLATIVE COUNSEL BUREAU

A. N. Jacobson, Legislative Auditor

CARSON CITY, NEVADA

February 28, 1961

STATE OF NEVADA
OFFICE OF THE
LEGISLATIVE AUDITOR
CARSON CITY, NEVADA

A. N. JACOBSON
LEGISLATIVE AUDITOR

February 28, 1961

Mr. Elmo C. Bruner, Chairman
State Board of Architecture
Las Vegas, Nevada

Dear Mr. Bruner:

We have completed a detailed audit of the books and accounts of the State Board of Architecture for the period from July 1, 1957, to June 30, 1960. In addition, we have scanned such records as have been made available to us for previous years.

From our examination it appears that the management of the board's fiscal operations has been rather informal and casual, leaving the board open to criticism for failure to comply with specific provisions of the law as well as for some laxity in the area of good business management.

There were several gaps in the records furnished us for audit. Some bank statements and cancelled checks were missing; some invoices in support of expenditures could not be found; and adequate receipts in support of disbursements made from the petty cash fund once in use were not available.

It will be noted that the amounts of money involved here are not great in proportion to other governmental expenditures. The observation might also be made that there would be relatively little need for more than brief comment were these the funds of a small business or of a private club. When, however, a professional man or other citizen accepts appointment to a public board, commission or other office, he also accepts the obligation to observe a wide range of special and general laws which exist to provide good government and to protect public funds. In the present instance, substantial and respected professional men have undertaken to serve their profession and their State for only nominal renumeration, and we have, therefore, gone into considerable detail to point out the potential jeopardy to them in failure to "go by the book" in all things pertaining to public funds.

In the comments which follow we have tried to specifically state the exceptions taken to past operations and to make constructive recommendations for the consideration of those presently charged with conducting the board's affairs. In addition to these comments, we have prepared the following statements:

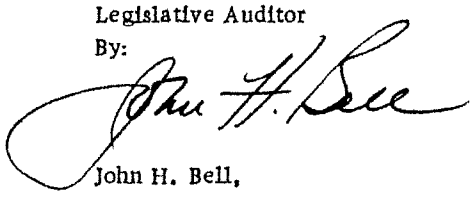
Exhibit 1. Comparative Statement of Receipts, Disbursements and Balances.
Exhibit 2. Cash Recapitulation and Reconcilement.
Exhibit 3. Comparative Statement of Authorized Budget and Actual Expenditures for the 1959-1960 Fiscal Year.
Exhibit 4. Equipment and Materials of an Equipment Nature.

While it is obviously difficult for us to express an unqualified opinion as to the accuracy of all figures in these statements, it should be equally obvious that the board has consistently operated within its available funds and that its financial condition is now better than it has ever been - a condition

materially assisted by a schedule of increased fees approved by the 1959 Legislature.

We wish to express our appreciation for the courtesies and helpful assistance given to us by Mr. Hellman and Mrs. Weise while we were conducting this examination.

Very truly yours,
A. N. Jacobson,
Legislative Auditor
By:



John H. Bell,
Principal Accountant

COMMENTS

CUSTODY OF FUNDS

The board's funds have long been deposited in a bank account with periodic transfers of part of these funds to the State Treasurer for deposit to the State Board of Architecture Fund. Prior to 1957 a petty cash fund was also used, but its use was discontinued in June, 1956.

Section 623.160, Nevada Revised Statutes, provides that "All fees . . shall be paid to and receipted for by the secretary of the board, and shall be paid by him monthly into the state treasury to the credit of a separate fund to be known as the architecture fund."

Thus, not only is there no provision at law for the use of a bank account, but there is specific provision that all fees be deposited with the State Treasurer. We, of course, recommend that this requirement of the law immediately be complied with.

DISBURSEMENT OF FUNDS

Section 623.170, Nevada Revised Statutes, provides that "All expenses incurred by the board shall be paid on claims signed by the chairman and secretary of the board, and paid as other claims against the state are paid, out of the continuing special fund in the state treasury provided for in this chapter." That is, out of the architecture fund.

Had all funds been deposited with the State Treasurer and the required procedures been adhered to, it probably would have avoided our having to cite the following exceptions to the handling of the board's expenditures:

1. Some expenditures do not appear to be supported by adequate invoices, although we have no reason to believe that the goods or services purchased were not received.
2. All expenditures have been made with only one signature, that of the secretary. For the 1959-60 fiscal year the checks and claims were signed by an Executive Secretary who was no longer a member of the board.
3. Most of the operating expenditures were paid by check and not on claims against the State fund. Only payments for the board members' travel and salaries were paid from the Architecture Fund.
4. Printing was done almost entirely by commercial shops. The only transactions between the board and the state printing office appear to involve purchase of copies of statutes pertaining to the architecture law. NRS section 344.050 quite clearly requires that this board shall have all of its printing done by the State Printing Office unless the Superintendent of State Printing approves purchase elsewhere.
5. Equipment purchases were made on two occasions during the 1958-59 fiscal year without regard for the requirements of the State Purchasing Act and Purchasing Department regulations.
6. Authority to incur expense or to determine the need for employment of clerical or other help is vested solely in the board, but rarely is any reference to discussion or approval of expenditures found in the minutes of board meetings. While it should be noted here that regular board meetings are held only twice a year, formal board review and approval of expenditures should be a part of the agenda of board meetings, with action recorded in the minutes.
7. Expenditures for 1959-60 exceeded the approved budget by over $750.00. While this variance was amply covered by available funds and would probably have been approved by the budget director under authority given to him by Section 3 of Chapter 412, 1959 Statutes, had proper request been made, we found no evidence that such approval had been requested or granted.

BUDGETS

No budget was submitted for the 1960-61 fiscal year, but the budget director supplied an arbitrary provision in the executive budget equal to the amount authorized for the 1959-60 period. We find also that no budget has been submitted for the 1961-62 period, and the budget director has again had to resort to an arbitrary provision of $2,654.00 for the period. He bases such a provision on the amount of the last

regularly approved budget.

It appears quite certain that the 1960-61 authorization will be considerably short of the board's needs. Although the funds are on hand to meet the board's requirements, they cannot be legally spent without budgetary authority. Also, the amount to be authorized in the executive budget for 1961-62 could put the board in a very difficult position in that fiscal period.

With the legislature now in session we believe that, with prompt attention to the problem, adequate provision of funds may be made to meet the board's needs for both the current year and for 1961-62; and we suggest that the officers of the board immediately request the budget director's assistance to that end.

COLLECTION OF FEES

Fee collections for the three fiscal years which we reviewed in detail were handled in a more business-like manner than in some earlier years when, for example, fee proceeds were used to augment the petty cash fund. There are, however, some items which we feel we must call to the board's attention.

There were sometimes considerable lapses of time between the issuance of receipts and the deposit of the money received. Deposits should be made at least monthly as required by NRS 623.160, and we would recommend more frequent deposits during periods when collections are substantial. We were, however, able to reconcile funds for all receipts issued during the audit period, and, we believe, for all registrations, except that we were not able to find either a receipt or a deposit for certificate No. 210 issued to Patrick Lawless.

Original examination fees were established at $35.00 by amendment to the law which became effective March 30, 1959. Not until March 26, 1960, do we find this fee charged although there appear to be new applicants for examination. We must acknowledge, however, that since we did not have some of the older records, we could not be sure that all applicants were not being re-examined.

The board has established a fee of $10.00 for examination with respect to knowledge of seismic forces stress of those architects registered in states other than California when they apply for Nevada registration. This fee seems to us to be fair and reasonable; but, in the presence of a statutory fee schedule, there is some question in our minds as to the validity of additional fees established by administrative ruling. Without presuming to give legal advice, we recommend that the board ask the attorney general's opinion on the legality of this fee charge or that they request the legislature to add it to the statutory schedule of fees.

SECRETARY AND EXECUTIVE SECRETARY

By statute the board is required to appoint one of its members as secretary and treasurer and many of the duties of the board are specifically charged to the secretary by law. The position of Executive Secretary was apparently created by the board at its meeting of October 24, 1959, when the former secretary of the board whose term on the board had expired July 1, 1959, was " . . . appointed to act as Executive Secretary to the Board: term July 1, 1959, to March 31, 1960, or until such time as the Board may select and appoint a replacement; salary at the rate of $1,000.00 per annum." This appointee served until June 30, 1960, when he resigned. Subsequently, Mrs. Weise was appointed as Executive Secretary.

While the creation of this position and the setting of the salary appear to be well within the board's authority under N.R.S. 623.135, there are several related questions which we feel obligated to call to the board's attention. Some of them are:

1. Were State Personnel Department requirements complied with?
2. Were State Budget Act requirements met?
3. Did the legislature authorize the expenditure of funds to pay the salary?
4. Were federal income tax reporting or withholding requirements complied with?

Although we may not be in possession of all the facts, it appears that in each case the answer would be

in the negative.

Also, the appointment was made retroactive to an earlier date, and a full year's salary was paid, a procedure which we do not believe permissible under normal state procedures.

As the law is now written, it appears that the Executive Secretary cannot do many things that would normally be associated with such a position, since the secretary of the board is required by law to do them.

We recommend that the board take steps to clarify the status of this employee and to make proper budgetary provisions for payment for her services.

EQUIPMENT

In the course of our review of expenditures, we have extracted purchases of equipment and other items of an equipment nature which were previously treated as examination expense. These latter items include such things as stools, drafting lamps, tables, etc., which have a continuing use value but which apparently are not anywhere recorded as being owned by or available to the board. The list attached, Exhibit 4, may not be complete either as to content or description, but it includes all such items as we were able to identify. We have prepared it only to assist the board in controlling its property.

STATE BOARD OF ARCHITECTURE — Exhibit 1

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS AND BALANCES

For the Periods Indicated

	Fiscal Year Ended June 30, 1958	Fiscal Year Ended June 30, 1959	Fiscal Year Ended June 30, 1960
BALANCES, Beginning of Period			
First National Bank of Nevada, Las Vegas	$ 1,197.73	$ 1,312.28	$ 1,244.12
Architecture Fund in State Treasury	2,704.60	3,254.45	3,608.95
Total Balance, Beginning of Period	$ 3,902.33	$ 4,566.73	$ 4,853.07
RECEIPTS			
Examination Fees	$ 400.00	$ 400.00	$ 1,015.00 (2)
License Fees	350.00	450.00	575.00 (3)
Renewal Fees	1,430.00	1,480.00 (1)	3,825.00
Reinstatement Fees	95.00	-	250.00
Total Receipts	$ 2,275.00	$ 2,330.00	$ 5,665.00
Total Funds Provided	$ 6,177.33	$ 6,896.73	$ 10,518.07
DISBURSEMENTS			
Salary Expense:			
Board Members	$ 100.00	$ 90.00	$ 100.00
Secretary-treasurer	200.00	200.00	-
Stenographer	180.00	180.00	-
Executive Secretary	-		916.63
Total Salaries Paid	$ 480.00	$ 470.00	$ 1,016.63
Travel Expense:			
Mileage	$ 165.15	$ 134.10	$ 79.20
Public Conveyance, in-state	-	80.20	359.20
*Public Conveyance, out-of-state	-	259.70	267.00
Limousine and Car Rent	-	-	13.15
Subsistence	185.00	81.50	92.08
Total Travel Expense	$ 350.15	$ 555.50	$ 810.63
Operating Expense:			
Bond Premium		$ 12.50	
Contract Services:			
Accounting Fee			$ 65.00
Attorney's Fee			150.00
Evaluate Examination Papers	$ 50.00		
Lettering Certificates			74.00
Proctors' Fees		45.00	99.00
Reporter, Special Board Meeting			141.00
Stenographic and Clerical	26.00	74.82	330.63
Dues, Fees and Subscriptions	170.00	75.00	125.00
Postage, Freight and Express	102.00	97.00	91.72
Printing	125.85	167.90	263.36
Rent, Examinations and Board Meetings	50.00	165.50	20.30
Repairs		17.75	
Supplies	51.90	117.31	101.02
Telephone and Telegraph	87.70	78.68	101.88
Miscellaneous (Unable to Allocate)			22.50

STATE BOARD OF ARCHITECTURE — Exhibit 1, continued

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS AND BALANCES
For the Periods Indicated

	Fiscal Year Ended June 30, 1958	Fiscal Year Ended June 30, 1959	Fiscal Year Ended June 30, 1960
DISBURSEMENTS (Continued)			
Total Operating Expense	$ 663.45	$ 851.46	$ 1,585.41
Equipment Purchases:			
Tables for Examinations	$ 117.00		
Office Equipment		$ 166.70	
Total Equipment Purchases	$ 117.00	$ 166.70	-
Total Disbursements	$ 1,610.60	$ 2,043.66	$ 3,412.67
BALANCES, End of Period			
First National Bank of Nevada, Las Vegas	$ 1,312.28	$ 1,244.12	$ 2,907.08
Architecture Fund in State Treasury	3,254.45	3,608.95	4,198.32
Total Balance, End of Period	$ 4,566.73	$ 4,853.07	$ 7,105.40

Notes:

(1) After netting out $5.00 overpaid on Receipt No. 6870.

(2) After netting out $35.00 overpaid on Receipt No. 7194.

(3) After netting out $25.00 refunded to P. C. Smith, Receipt No. 6992.

These refunds were made by check; but to more accurately reflect operations neither receipt nor disbursement is included in the statement above.

* This represents total out-of-state travel expense paid.

STATE BOARD OF ARCHITECTURE — Exhibit 2

CASH RECAPITULATION AND RECONCILEMENT

For the Period July 1, 1957 to June 30, 1960

	Bank Account	State Architecture Fund	Total
BALANCES, July 1, 1957	$ 1,197.73	$ 2,704.60	$ 3,902.33
RECEIPTS:			
Licenses and Fees Collected,			
1957-1958 Fiscal Year	$ 2,275.00		$ 2,275.00
1958-1959 Fiscal Year	2,335.00		2,335.00
1959-1960 Fiscal Year	5,725.00		5,725.00
Total Fees Received	$ 10,335.00		$ 10,335.00
Reimbursement Received from Board Members for Check No. 329 Issued to Riverside Hotel, Reno	111.75		111.75
Transfers to State Treasurer for Architecture Fund			
1957-1958 Fiscal Year		$ 1,000.00	1,000.00
1958-1959 Fiscal Year		1,000.00	1,000.00
1959-1960 Fiscal Year		1,500.00	1,500.00
Total Receipts for Period	$ 10,446.75	$ 3,500.00	$ 13,946.75
Total Funds to Account for	$ 11,644.48	$ 6,204.60	$ 17,849.08
DISBURSEMENTS:			
Salary Expense	$ 1,676.63	$ 290.00	$ 1,966.63
Travel Expense	-	1,716.28	1,716.28
Operating Expense	3,100.32	-	3,100.32
Equipment Purchases	283.70	-	283.70
Total Disbursements per Exhibit 1	$ 5,060.65	$ 2,006.28	$ 7,066.93
Refunds Made by Check, Note Items (1), (2), and (3) on Exhibit 1	65.00		65.00
Check No. 329 Reimbursed (See Above)	111.75		111.75
Transfers from Bank to State Architecture Fund (See Above)	3,500.00		3,500.00
Total Disbursements for Period	$ 8,737.40	$ 2,006.28	$ 10,743.68
BALANCES, End of Period, per Exhibit 1	$ 2,907.08	$ 4,198.32	$ 7,105.40
Note:			
To display actual funds turned over to the present Secretary-Treasurer, the following checks, written after June 30, 1960, should also be recognized:			
Check No. 356 for balance of Executive-Secretary's Salary for 1959-1960	83.33		83.33
Check No. 357, fee for Accounting Services	30.00		30.00
Check No. 358 for Typing Services	2.00		2.00
Check No. 359, Postage	.73		.73
Balances Received by Present Secretary-Treasurer	$ 2,791.02	$ 4,198.32	$ 6,989.34

STATE BOARD OF ARCHITECTURE
CASH RECAPITULATION AND RECONCILEMENT
For the Period July 1, 1957 to June 30, 1960

RECONCILEMENT WITH DEPOSITORIES

Balance in First National Bank of Nevada, August 22, 1960	$ 2,794.18
Less Check No. 337, Outstanding (Subsequently Cancelled and Reissued)	3.16
Available Balance in Bank	$ 2,791.02
Balance on Books of State Controller and State Treasurer in Architecture Fund	4,198.32
Total Funds on Deposit	$ 6,989.34

STATE BOARD OF ARCHITECTURE — Exhibit 3

COMPARATIVE STATEMENT OF AUTHORIZED BUDGET AND ACTUAL EXPENDITURES

For the Fiscal Year Ended June 30, 1960

OBJECT OF EXPENDITURE	Authorized Budget	Actual Expenditures	Expenditures in Excess of Budget
Salaries:			
Board Members	$ 80.00	$ 100.00	
Secretary and Treasurer	220.00		
Stenographer	180.00		
Typist, Part Time	220.00*		
Executive Secretary		916.63	
Total Salaries	$ 700.00	$ 1,016.63	$ 316.63
Travel:			
Out-of-state	$ 260.00	$ 267.00	
In-state	350.00	543.63	
Total Travel	$ 610.00	$ 810.63	$ 200.63
Operating Expense:			
Dues and Subscriptions	$ 150.00	$ 125.00	
Postage, etc.	75.00	91.72	
Printing	350.00	263.36	
Rent	300.00	20.30	
Supplies	75.00	101.02	
Telephone and Telegraph	100.00	101.88	
Miscellaneous	293.75	882.13*	
Total Operating	$ 1,343.75	$ 1,585.41	$ 241.66
Grand Totals	$ 2,653.75	$ 3,412.67	$ 758.92

* Budget provision for part time typing services was utilized but not as a direct salary payment. Such services appear to have been obtained as contract services or by reimbursement to architects' offices for work done by their typists. $330.63 was paid for such work and is included under Miscellaneous, above.

STATE BOARD OF ARCHITECTURE — Exhibit 4

EQUIPMENT AND MATERIALS OF AN EQUIPMENT NATURE
PURCHASED DURING THE PERIOD
October 1949 to June 1960

Date Purchased	Description		
10-20-49	Seal		$ 47.50
11-22-49	Steel Filing Cabinet With Lock		66.50
4-16-51	Seal		47.50
3-19-55	6 Stools, Unfinished Wood	$ 2.75	16.50
4- 4-55	6 Draftsman's Lamps	19.75	118.50
4- 4-55	6 Stools, Gray	8.55	51.30
4- 4-55	12 Hinged Leaf Table Divider Boards		41.25
4-20-55	20 Saw Horses	7.50	150.00
3-30-56	3 Dazar Desk Lamps	25.00	75.00
5- 4-56	4 Flexo Drafting Table Lamps	19.75	79.00
3-16-57	Book "History of Architecture"		12.50
4-10-58	6 Table Tops (Doors Finished as Table Tops)	7.50	45.00
4-10-58	6 Sets Folding Table Legs	12.00	72.00
11-17-58	Addressing Machine		88.70
2- 3-59	Storage Cabinet		78.00
			$ 989.25

STATE OF NEVADA

PUBLIC SERVICE COMMISSION

AUDIT REPORT

For the Period July 29, 1959 to June 5, 1961

REPORT NO. 2

LEGISLATIVE COUNSEL BUREAU

A. N. Jacobson, Legislative Auditor

CARSON CITY, NEVADA

June 9, 1961

J. E. SPRINGMEYER
LEGISLATIVE COUNSEL

A. N. JACOBSON
LEGISLATIVE AUDITOR

STATE OF NEVADA

LEGISLATIVE COUNSEL BUREAU

CARSON CITY, NEVADA

June 9, 1961

Mr. George Allard, Chairman
Public Service Commission of Nevada
Carson City, Nevada

Dear Sir:

In accordance with your request of June 5, we have this date completed an audit of the Public Service Commission's Hearing Fund (First National Bank of Nevada, Minden, Administrative Fund (State Treasury), and the Travel Revolving Fund (First National Bank of Nevada, Carson City).

COMMENTS

Hearing Fund:

Established without authority at law for the purpose of receiving moneys deposited with the Public Service Commission by applicants or petitioners requesting a hearing. This deposit is to cover the cost of reporters' fees, etc., incurred by the hearing. Any difference in costs and deposits is either billed to or refunded to the applicant or petitioner.

As shown in Schedule A, on June 5, 1961, there was a shortage in this fund of $2,568.00. This was the direct result of the issuance of checks against this fund by the Commission's Secretary, Mr. C. N. Newell, for his personal use. These checks totaled $2,668.00. The first check so issued was dated June 14, 1960, in the sum of $100.00; this check was covered by Mr. Newell's personal deposit of July 1, 1960. No attempt was made to cover any of the subsequent checks until after the discrepancy was discovered. On June 7, 1961, Mr. Newell delivered to Mr. Allard his check for $2,823.01 to cover the shortage.

The salient facts are that (1) the account requires only one signature on checks and (2) the only currently employed authorized signer, Mr. Newell, also reconciled the bank statements and maintained all accounting records for the Commission.

It is our understanding that you will take immediate steps to transfer this fund into the custody of the State Treasurer's Office to establish a form of trust fund with claims to be paid therefrom in the same manner as all other claims against the state are paid.

During the period audited, a number of employee travel advances were made from this fund. Inasmuch as this money is only on deposit with the state, and is not state funds, this practice should be discontinued.

Travel Revolving Fund:

Established by law, pursuant to the provisions of Chapter 110, Statutes of Nevada 1937, original appropriation $1,000.00.

Dormant since March 7, 1958.

Administrative Fund:

Established by General Appropriation Act.

The audit of this fund, Schedule B, indicated a need for proper accounting records to be maintained. The Legislative Auditor's staff is available to assist in this matter.

This fund appears to be in order with the exception that $25.00 of the total amount of $109.00 listed on Claim #268 should be charged to the Hearing Fund.

We wish to express our thanks and appreciation for the cooperation extended this office by you during the course of our examination.

Respectfully submitted,

A. N. JACOBSON
Legislative Auditor

By Arthur D Dyas
Arthur D. Dyas
Auditor in Charge of Examination

ADD/jkh

CC-The Honorable Grant Sawyer, Governor
The Honorable Roger D. Foley, Attorney General
Legislative Commission

Public Service Commission of Nevada
Hearing Fund
7/29/59 - 6/5/61

Bank Balance per books 7/29/59		$ 5,669.17
Receipts:		
Deposits	$10,813.85	
Refund of travel advances	623.00	
Other	433.00	
C. N. Newell	100.00	
		11,969.85
Total to account for		$17,639.02
Disbursements:		
Reporters' fees	3,313.99	
Refunds on deposits	5,527.80	
Travel advances	623.00	
Motor Vehicle Division	5,000.00	
		$14,464.79
Bank Balance 6/5/61		606.23
		$15,071.02
Shortage		$ 2,568.00

Public Service Commission of Nevada
Administrative Fund

For the Fiscal Year Ended June 30, 1960

RECEIPTS:		
Appropriation		
General Fund	$96,013.00	
Highway Fund	20,561.00	
Total Appropriation		$116,574.00
Others		217.37
Total Receipts		$116,791.37
Transfers from Other Funds:		
Employers' Salary Increase Fund		1,524.00
Total to Account for		$118,315.37
DISBURSEMENTS:		
Salaries		$ 68,716.38
Travel:		
Mileage	$ 91.04	
Subsistence	4,469.99	
Public Conveyance	2,365.28	
Automobile Operation Expense	2,033.28	
Total Travel*		8,959.59
Operating:		
Consulting Fees	$ 1,504.00	
Dues and Subscriptions	1,500.45	
General Insurance	277.44	
Industrial Insurance	492.88	
Office Supplies and Expense	1,263.12	
Postage and Freight	523.78	
Printing	758.56	
Repairs & Maintenance (Except Janitorial)	115.00	
Retirement Contributions (Employer's)	2,787.18	
State Department of Personnel Assessments	272.42	
Telephone and Telegraph	1,855.94	
Reporting Fees	498.48	
Photostating	10.85	
Registration Fees	400.00	
Total Operating		12,260.10
Equipment:		
Automobiles	$ 4,361.42	
Mimeograph Machine	802.00	
Files	961.25	
Desks and Typewriter	533.73	
Miscellaneous Equipment	186.09	
Total Equipment		6,844.49
Total Disbursements		$ 96,780.56
AMOUNT REVERTED		$ 21,534.81**

REMARKS:

*Allocation of Travel:

In-state	$6,506.24	**Reverted to General Fund	$ 17,736.07
Out-of-state	2,453.35	Reverted to Highway Fund	3,798.74
	$ 8,959.59	Total Reversion	$ 21,534.81

Public Service Commission of Nevada
Analysis of Funds on Deposit

Western Enterprises	$ 10.00	
Las Vegas Skyride	20.00	
Edward Christmas	10.00	
O. K. Trailer Sales	.38	
Revert Water Co	250.00	
Trailer Estates	250.00	
Gem State Utilities	250.00	
Acme Trailer Service	350.00	(1)
Lewis Bros. Stages	203.63	
Reno Moving & Storage	350.00	
Main One Spot	250.00	
Jane Sutton	250.00	
Alamo Airways	144.70	
Highway Dept.	615.82	
Other	186.70	
Cal Interstate	33.00	(2)
	$3,174.23	

(1) $25.00 expense to be transferred from administrative fund, Claim #268

(2) To be transferred to administrative fund

SCHEDULE B-1

Public Service Commission of Nevada
Administrative Fund

Period 7/1/60 - 6/5/61

Receipts:		
Appropriation		
General Fund	$120,734.00	
Highway Fund	20,000.00	
Total Appropriation		$140,734.00
Disbursements:		
Salaries		$ 83,782.75
Travel:		
Mileage	$ 81.92	
Subsistence	7,217.13	
Public Conveyances	3,443.29	
Automobile Operation Expense	2,940.31	
Total Travel		13,682.65
Operating Expenses:		
Consulting fees	$ 122.50	
Dues and Subscriptions	988.66	
General Insurance	376.99	
Industrial Insurance	473.06	
Office Supplies & Expense	1,735.05	
Postage & Freight	380.51	
Printing	881.62	
Repair & Maintenance (Except janitorial)	113.76	
Retirement Contribution (Employer's)	3,511.18	
Personnel Assessment	232.94	
Telephone & Telegraph	1,323.41	
Reporting fees	1,013.27	
Photostating	32.00	
Total Operating		11,184.95
Equipment:		
Mechanical office equipment	$ 2,806.00	
Office furniture & fixtures	1,179.55	
Other	279.61	
Automobile	2,135.24	
Total Equipment		6,400.40
Total Disbursement		$115,050.75
Balance in Fund		$ 25,683.25

Allocation of Travel:

In-state	$10,947.49
Out-of-state	2,735.16
Total	$13,682.65

Public Service Commission of Nevada
Administrative Fund
Reconciliation to Controller's Ledger

	Total	Salaries	Travel	Operating	Equipment
As per Controller	$108,543.18	$83,782.75	$13,083.50	$ 9,925.34	$1,751.59
Claims #384 to 398	1,369.60		293.13	676.27	400.20
#399	10.00			10.00	
#400	126.00		126.00		
#401	71.65		71.65		
#402-420	4,930.32		108.37	573.34	4,248.61
	$115,050.75	$83,782.75	$13,682.65	$11,184.95	$6,400.40

STATE OF NEVADA

LIQUEFIED PETROLEUM GAS BOARD

AUDIT REPORT

For the Period July 1, 1960 to June 30, 1961

REPORT NO. 3

LEGISLATIVE COUNSEL BUREAU

A. N. Jacobson, Legislative Auditor

CARSON CITY, NEVADA

July 7, 1961

STATE OF NEVADA
OFFICE OF THE
LEGISLATIVE AUDITOR
CARSON CITY, NEVADA

A. N. JACOBSON
LEGISLATIVE AUDITOR

July 7, 1961

Liquefied Petroleum Gas Board
Carson City, Nevada

Gentlemen:

An examination of the records of your Board for the period July 1, 1960 to June 30, 1961 has been completed by this office.

This examination consisted of a review of the receipts and disbursements and a reconciliation of the bank balance as shown by the records of the Board with the amount on deposit in the First National Bank of Nevada, Carson City branch.

All fees and license collections as evidenced by copies of receipts issued to licenses have been deposited in the bank.

Expenditures are supported by proper invoices or other evidence.

In the past some collections for sales of rules and regulations have been withheld from deposit in the bank and used for petty cash expenditures. It is recommended that the imprest system of petty cash be used, and that collections be deposited. This method will be explained to the Board Secretary.

In our opinion the accompanying statements of cash receipts and disbursements correctly reflect the financial transactions of the Board for the period under review.

Respectfully submitted,

Legislative Auditor

ANJ/rm

NEVADA LIQUEFIED PETROLEUM GAS BOARD

Receipts

July 1, 1960 - June 30, 1961

Cash in Bank, July 1, 1960			$ 7,430.72
RECEIPTS:			
Application & License Fees		$ 12,750.00	
Sale of Rules and Regulations		21.50	
Reimbursement (See Expenditures)		18.75	
Deposited from Petty Cash		16.00	12,806.25
Total to be Accounted for,			$ 20,236.97
DISBURSEMENTS:			
Salaries			
Inspector	$ 5,290.00		
Executive Secretary	1,925.00		
	$ 7,215.00		
Less: Employees' Retirement Contributions deducted but not yet remitted to Public Employees Retirement	267.25	$ 6,947.75	
Travel & Per Diem Expense		3,473.08	
Retirement Contributions		558.00	
Supplies		506.49	
Telephone & Telegraph		317.28	
Equipment		189.45	
Examination Board Expense		182.50	
Hearing Transcript		65.10	
Postage		62.82	
Fidelity Bond		50.00	
Industrial Insurance		46.77	
Truck Rental - Inspector		30.17	
Inspectors Miscellaneous Expense		30.00	
Miscellaneous Expense (refunded)		18.75	
Refund of Excess Fee Paid		10.00	12,488.16
Balance Cash in Bank, June 30, 1961			$ 7,748.81

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BANK RECONCILIATION June 30, 1961

Balance per Bank Statement	$ 7,748.81

NEVADA LIQUIFIED PETROLEUM GAS BOARD
PETTY CASH FUND
June 30, 1961

Balance, July 1, 1960		$ 16.76
Receipts		
Sales of Rules and Regulations		29.00
To be accounted for		$ 45.76
Expenditures		
Postage	$ 3.65	
Advance to G. M. Hale for Miscellaneous Expense	20.00	
Gavel	5.00	
Deposited in Bank	16.00	44.65
Balance per Books June 30, 1961		$ 1.11
Actual Cash Balance June 30, 1961		$ 1.76

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SUMMARY OF APPLICATIONS & LICENSE FEES RECEIVED
During Fiscal Year June 30, 1961

Class 1	$ 275.00	$8,160.00	$8,435.00
Class 2	30.00	740.00	770.00
Class 3	375.00	1,740.00	2,115.00
Class 4	1,100.00	1,330.00	1,430.00
Total Fees	$ 780.00	$11,970.00	$12,750.00

STATE OF NEVADA

NEVADA REAL ESTATE COMMISSION

AUDIT REPORT

For the Period July 1, 1960, to June 30, 1961

REPORT NO. 4

LEGISLATIVE COUNSEL BUREAU

A. N. Jacobson, Legislative Auditor

CARSON CITY, NEVADA

August 1, 1961

STATE OF NEVADA
OFFICE OF THE
LEGISLATIVE AUDITOR
CARSON CITY, NEVADA

A. N. JACOBSON
LEGISLATIVE AUDITOR

August 1, 1961

Nevada Legislative Commission
Capitol Building
Carson City, Nevada

Gentlemen:

In accordance with the requirement of Section 218.770, Nevada Revised Statutes, we have examined the accounts and records of the Nevada Real Estate Commission for the fiscal year ended June 30, 1961, and have prepared therefrom the following exhibits:

Statement of Financial Condition - June 30, 1961	- Exhibit A
Statement of Revenues and Expenditures - For Fiscal Year 1960-1961	- Exhibit B

The Nevada Real Estate Commission is created by Section 645.050 of the Nevada Revised Statutes. Specific law is contained in NRS Chapter 645.060-645.

The Nevada Real Estate Commission fund is authorized by NRS 645.140(1). The law is silent concerning the place where moneys comprising the fund may be deposited.

In general, the Commissioners are required to enforce the provisions of NRS Chapter 645, which provides for screening, licensing and regulating persons engaged in arranging contracts involving real property.

SCOPE OF EXAMINATION

General

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 wish to point out a conflict in statutes relative to audit of the Commission's records. NRS 218.770, subsection 2, is the act pertaining to the Legislative Auditor's duties, reads as follows:

> To personally, or by his duly authorized assistants, examine and audit at least once each year all fiscal books, records and accounts of all officers, personnel, custodians of public funds, disbursing officers, property custodians, and purchasing agents, and to make independent verification of all assets, liabilities, revenues and expenditures of the state, and its officers and departments, now in existence or hereafter created.

Subsection 12 of the same section further states:

> To employ and authorize, at his discretion and subject to his direction and responsibility, an independent public accountant or firm of public accountants, doing business within the State of Nevada, to perform an audit, inspection and examination of all books, accounts, claims, reports, vouchers or other records of all state departments whose disbursements in whole or in part are paid out of funds received from sources other than the general fund, or whose funds may be considered funds held in trust and not used for general governmental purposes, or whose funds are invested. . .

These sections appear to give the Legislative Auditor sole power to audit or appoint an auditor; whereas the section in the real estate act quoted below gives the Commission the choice of selection of an auditor.

> NRS 645.110, subsection 2(b): The annual report shall be accompanied by an audit of the accounts of the secretary-treasurer, made by the legislative auditor or by a certified public accountant, the choice resting with the commission.

Internal control evaluation

In the opinion of the auditor, methods and procedures followed in daily routine work processing are adequate to foster an accurate recording of transactions as they occur. Extensive revisions in the processing, issuing and recording of licenses were adopted effective January 1, 1961. These techniques appear to be functioning well and should be studied by other licensing agencies contemplating improved systems.

The books of account are set up and operated on the standard double-entry, cash-basis system. This type of record simplifies verification, guards against error and is virtually universal in its acceptance. Journals, registers, payroll records and ledgers record the full series of events.

At the date of the examination, the checkbook contained eight checks which had been fully signed but all lacked both name of payee and amount. It is recommended that the Commission establish a procedure to eliminate the necessity for signing checks in blank.

Efficiency of subordinate employees

During the course of our examination, we observed that staff members were conducting the busines of the Commission in a competent menner. No breaches of courtesy, puncuality or efficiency were noted. It appears that the effort of staff members is well coordinated and effectively applied.

Suggested changes

Recommendations for changes or for compliance with statutes have been made in sections of this report entitled "Internal control evaluation" and "Breaches of trust and duty."

Fidelity bond and casualty insurance

Examination of the fidelity blanket position bond carried with Hartford Accident and Indemnity Company revealed two employees were not covered as of the time of our examination. Steps were taken immediately to cover the positions. Bonding Coverage is:

Executive Secretary	$25,000.00
Secretary-Treasurer	2,000.00
All others	1,000.00

Casualty insurance coverage on July 30, 1961, consisted of:

1. All risk on office contents with 80% coinsurance clause covering:

Carson City	$7,500.00
Las Vegas	1,500.00
Reno	1,000.00

We question the adequacy of valuation under a coinsurance clause. Also, we urge a review of this coverage for better protection under one of the new forms of policy available to public agencies.

2. Owners, landlords and tenants liability of $25,000.00 for each person and $50,000.00 for each accident. The Las Vegas location was not covered until July 28, 1961.

Leases

The Commission leases its office space in Carson City, Reno and Las Vegas. Leases have been approved by the office of the Attorney General and by the Department of Buildings and Grounds.

Status and Condition of Funds

The financial position of the Nevada Real Estate Commission deteriorated during the year under review from an available surplus of $54,760.53 to $39,922.55, a reduction of $14,838.03. This is a reversal of the trend of previous years in which receipts have exceeded disbursements by substantial amounts. Explanation of this trend is reflected in the following section.

Expense of operation

The expense of operation the Commission may be compared with the prior year and with the current operating budget as follows:

	Actual Year Ended June 30 1960	1961	Work Program 1961	(Over) or Under Budget
Revenue				
License fees				
Brokers (net after refunds)	$40,050.00	$37,795.00	$40,000.00	$ 2,205.00
Salesmen (net after refunds)	9,650.00	13,381.00	10,000.00	(3,381.00)
Transfers	2,247.00	3,624.00	1,500.00	(2,124.00)
Examinations	18,944.00	12,308.00	10,000.00	(2,308.00)
Penalties	594.00	820.00	500.00	(320.00)
Miscellaneous	280.90	428.04	100.00	(328.04)
	$71,765.90	$68,356.04	$62,100.00	($6,256.04)
Expenditures				
Salaries	$27,210.55	$41,760.35	$39,475.00	($2,285.35)
Travel	4,730.33	9,631.43	7,500.00	(2,131.43)
Operating	15,838.91	27,606.96	22,920.00	(4,686.96)
Capital	3,840.01	4,195.33	4,100.00	(95.33)
	51,619.85	83,194.07	$73,995.00	($9,199.07)
Excess of revenue over expenditures	$20,146.05	($14,838.03)		

From the above summary, the increase in the expenditures has created the major change in financial position. However, the expenditures reflect a cost per licensee on June 30, 1960, and 1961 of $47.27 and $55.13, based upon 1092 and 1509 licenses for the respective years.

Also, we wish to direct your attention to the excess of expenditure over the amended budget for the 1960-1961 fiscal year. The Commission has been previously informed that compliance with budget procedures and provisions in the General Authorization Act is mandatory.

Duplication of work with other departments

During the course of our examination we observed no procedures which duplicated work of other departments or agencies.

Breaches of trust and duty

Our examination revealed the following items which appear to be contrary to statute, regulation or good business practice:

1. The method of mileage reimbursement to three employees engaged in investigative field work appears to be contrary to NRS 281.160, subsection 3, and the State Administrative Manual, Section 0629. Said employees have

been reimbursed upon a flat monthly mileage allowance in lieu of the statutory 8¢ per mile.

2. Although the motor pool was established subsequent to the period of our examination, we observed that the Commission employees were not regularly participating in use of the motor pool. Clarification of the Commission's participation in the pool should be obtained.

3. Signing of checks in blank, as previously commented upon under "Internal control", is very poor business practice.

4. Over-expenditure of the approved budget is contrary to provisions in both the General Authorization Act and the State Administrative Manual. Approval of budget changes and the authority to expend in excess of the amount authorized in the General Authorization Act must be obtained in advance from the Director of the Budget. See Sections 2 and 3, Chapter 262, Statutes of Nevada 1960.

5. Statutory authority should be obtained for imprest petty cash funds which are necessary for making change and paying for small expenses such as postage due.

STATEMENT OF FINANCIAL CONDITION - EXHIBIT A

Funds available to the Commission at June 30, 1961, are set forth in Exhibit A and may be summarized:

Cash	$30,059.05
Bonds	9,862.50
Office furniture and equipment (at nominal value)	1.00
	$39,922.55

Cash consisted of $40.00 in petty cash and $30,019.05 on deposit in the First National Bank of Nevada, Carson City Branch. The petty cash of $20.00 at the Carson City office of the Commission was counted and reconciled to the balance at June 30, 1961. We were assured by the administrative assistant that the $10.00 petty cash in Reno and in Las Vegas was on hand as of that date.

In the opinion of the auditor, the petty cash funds are reasonable and an adjunct to satisfactory office operation. However, enabling legislation should be considered to the end that the establishment, replenishment and disbursement of such funds may be in conformity with statutory requirements. No apparent specific authorization at law provides for this imprest fund.

The commercial bank account was established under NRS 645.140, providing that all revenues were to be deposited in the Nevada Real Estate Commission Fund. In the absence of specific statutory provision as to where the fund would be maintained, the Commission established the account with the First National Bank of Nevada, Carson City Branch. The balance of $30,019.05 on June 30, 1961, has been reconciled to a certificate furnished us diretly by the depository. The account is secured only by the $10,000.00 Federal depository insurance, although the account has fluctuated between $29,000.00 and $58,000.00, with an average balance of approximately $41,000.00 during the period of examination.

The Commission held the following United States, Series J, Bonds as of June 30, 1961:

Number	Issue Date	Maturity Date	Face Value	Value June 30, 1961
M228846J	April, 1956	April, 1968	$1,000.00	$ 789.00
M228847J	"	"	1,000.00	789.00
M228848J	"	"	1,000.00	789.00
M228849J	"	"	1,000.00	789.00
M228850J	"	"	1,000.00	789.00
M228851J	"	"	1,000.00	789.00
M228852J	"	"	1,000.00	789.00
V37935	"	"	5,000.00	3,945.00
D80239J	"	"	500.00	389.00
			$12,500.00	$9,875.00

These bonds are held for safekeeping by the Treasurer of the State of Nevada, Carson City, Nevada, and were examined by our represenetative.

The office furniture, fixtures and equipment have been carried at a nominal amount of $1.00 in accordance with the most usual accounting practice of the State of Nevada. The Commission's property records are not complete nor is there adequate inventory in the office of the Director or Purchasing, who is charged with inventory control.

The Commission's surplus decreased $14,838.03 during the fiscal year under review, resulting in a surplus balance of $39,922.55 on June 30, 1961. This amount represents funds available to the Commission for payment of any outstanding obligations and for future requirements and expenses of the Commission.

STATEMENT OF REVENUES AND EXPENDITURES - EXHIBIT B

Exhibit B sets forth in detail the revenues and expenditures for the fiscal year ended June 30, 1961. Operations for the year resulted in an excess of expenditures over revenues of $14,838.03.

OPINION

We have examined the Statement of Financial Condition of the Nevada Real Estate Commission as of June 30, 1961, and the related statements of revenues and expenditures for the year then ended. Our examination was made in accordance with generally acepted auditing standards and included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying Statement of Financial Condition and Statement of Revenues and Expenditures present fairly the financial position of the Nevada Real Estate Commission as of June 30, 1961, 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.

Yours very truly,

A. N. JACOBSON, LEGISLATIVE AUDITOR

By C. G. Munson

Charles G. Munson
Auditor in Charge

CGM/jkh

Nevada Real Estate Commission

Statement of Financial Condition

June 30, 1961

Assets

Cash		
First National Bank of Nevada, Carson City Branch	$30,019.05	
Petty Cash	40.00	
		$30,059.05
Investments		
U. S. Savings Bonds - Series J		9,862.50
Property		
Furniture, Fixtures and Equipment		1.00
		$39,922.55

Liabilities and Surplus

Surplus		
Surplus July 1, 1960	$54,760.58	
Excess of Disbursements over Receipts -		
July 1, 1960, through June 30, 1961 - Exhibit B	14,838.03	$39,922.55

Exhibit B

Nevada Real Estate Commission

Statement of Revenues and Expenditures

for the fiscal year 1960-1961

Revenues			
License Fees, Brokers & Branch Offices	$49,195.00		
Less Refunds	11,400.00		
Net		$37,795.00	
License Fees, Salesmen	18,301.00		
Less Refunds	4,920.00		
Net		13,381.00	
Examination Fees		12,308.00	
Transfer Fees		3,624.00	
Penalties		820.00	
Miscellaneous		428.04	
Total Revenues			$68,356.04
Expenditures			
Salaries		$41,760.35	
Travel, In State		6,692.20	
Travel, Out of State		2,939.23	
Office Furniture, Fixtures & Equipment Purchased		4,195.33	
Office Supplies & Expense		3,174.64	
Rent		7,610.00	
Postage		1,658.98	
Printing		4,971.16	
Telephone		2,847.08	
Telegraph		14.48	
Benefits		2,053.10	
Repairs & Maintenance		510.76	
Legal & Accounting		4,162.70	
Dues & Subscriptions		372.00	
Insurance & Bonds		198.66	
Miscellaneous		33.40	
Total Expenditures			83,194.07
Excess of Expenditures over Revenues			$14,838.03

STATE OF NEVADA

STATE CONTRACTORS' BOARD

AUDIT REPORT

For the Period July 1, 1960 to June 30, 1961

REPORT NO. 5



LEGISLATIVE COUNSEL BUREAU

A. N. Jacobson, Legislative Auditor

CARSON CITY, NEVADA

August 16, 1961

STATE OF NEVADA
OFFICE OF THE
LEGISLATIVE AUDITOR
CARSON CITY, NEVADA

A. N. JACOBSON
LEGISLATIVE AUDITOR

August 16, 1961

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 State Contractors Board for the period July 1, 1960, to June 30, 1961, and have prepared therefrom the following exhibits:

Statement of Financial Condition - June 30, 1961.....Exhibit A

Statement of Revenues and Expenditures for fiscal year 1960-61.....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

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, was adequate to satisfy ourselves of the general accuracy of the records.

Contrary to the provisions of Section 1 of Article IX of the Constitution of the State of Nevada, the books of account have been maintained on a calendar year basis. A system of accruals and deferments has been used in the preparation of annual statements; certain items have been capitalized and subsequently depreciated at varying rates after the manner of commercial enterprises.

Chapter 624 is silent on a significant number of key administrative functions; e.g., the employment and compensation of staff in addition to the Secretary, the place or places where funds shall be deposited, the authority for regional offices. In the opinion of the auditors, there are an unusual number of implied and discretionary areas which should be resolved.

Internal Control Evaluation

In the opinion of the auditors, methods and procedures followed in daily routine work processing have been adequate to produce an accurate recording of transactions as they occur. The adoption of proper accounting techniques for a state licensing and regulatory board as next described, will develop a record adequate for evaluation and analysis in subsequent years.

At the invitation of the Secretary, we undertook a comprehensive survey of existing systems and procedures. Our study covered the methods in use throughout both the fiscal and licensing phases of activity. The Board has historically operated on a calendar year basis. Accruals, deferments and reserves have been used in statement preparation.

The Secretary has agreed to adopt the state fiscal accounting period beginning on July 1, 1961, and to record transactions on and after that date on a cash basis. It is essential to emphasize that adjustments in the records required by the changed accounting and statement concept will result in distortion if statements dated July 1, 1961, are compared with earlier reports. However, we wish to point out that the basic cash position remains unaltered.

A substantial number of procedural revisions and account title changes have also been recommended and accepted. The auditors are confident that implementing the suggestions resulting from their survey will develop a more complete record at no increase in expense, and that conformity with both standard techniques and the Nevada Revised Statutes will thus be possible.

The books of account are now set up and transactions beginning July 1, 1961, will be entered on the double-entry, cash basis system. This type of record simplifies verification, guards against error and is virtually universal in its acceptance. Journals, registers, payroll records and ledgers record the full series of events as they transpire.

We have also examined with the Secretary and staff the flow of paperwork and the procedures attendant upon licensing activity. In the recent past, these people have devoted considerable time and attention to streamlining the license issuing phases of their effort. A number of sound innovations have already been adopted. We believe that when these methods are supplemented by the adoption of the improved handling, filing, addressing, sorting and mailing methods now contemplated, a further step in the direction of optimum efficiency will have been accomplished.

During the course of the examination, the checkbook contained no checks which had been executed in blank. The signatory power is frequently so closely held that presigned checks are unavoidable and the auditors are pleased to note the absence of such a problem in the State Contractors Board.

License records are microfilmed and the film stored in a safety deposit box. The auditors endorse this practice and commend it to other state departments with valuable records to preserve against casualty.

Efficiency of Subordinate Employees

During the course of our examination we observed the staff members were conducting the business of the Board in a competent manner. No breaches of courtesy, punctuality, or efficiency were noted. It appears that the effort of the entire staff is well coordinated and effectively applied.

Fidelity Bond and Casualty Insurance

Examination indicated an "Honesty Blanket Bond" was issued as a renewal by the Fidelity and Deposit Company of Maryland on May 1, 1961. This coverage is for a three year period and specifies any employee or employees acting in collusion. It is written at a $10,000 limit.

Automobiles are covered by a Glens Falls Insurance Company policy written in limits of $100,000/$300,000/$10,000 with $2,000 medical, $50 deductible comprehensive, and $100 deductible collision clauses.

A telephone conversation with Mr. Harlan Johnson of Nevada Insurance Agency indicates coverage by the Citizens Insurance Company of New Jersey on office contents in Reno only. Limits are $13,500,00, 90% coinsurance. This policy was not examined by the auditors.

The disbursements record provides an indication that some type of false arrest coverage may be in force on Las Vegas personnel only. The policy is not on file and hence details are not included in this report.

The Board may wish to seek a legal opinion on all insurance coverages in force in the light of state sovereignty. It is also relevant to record here that the State Administrative Manual, Section 0901, states "The state board of finance places all insurance required by the State of Nevada upon its property."

Bulletin No. 41, "A Study of State Bonding and Insurance Problems," was published by the Legislative Counsel Bureau in December 1960; a review would prove helpful to the Board.

Leases

Our examination disclosed no leases in force on either 700 Ryland Street, Reno, or 111 South Main Street, Las Vegas.

The State Contractors Board's occupancy is a month-to-month tenant-at-will in both locations.

Status and Condition of Funds

The questions surrounding the Enforcement Fund have been posed in the section of this report entitled "Suggested Changes."

Due to the change to fiscal year and to cash basis accounting, the possibility of valid comparisons with prior periods is limited. The following tabulations will provide an opportunity however for limited comparison of actual expenditures for fiscal year 1960-61 with the authorizations in the General Authorization Act for the calendar year 1960.

	Actual (Fiscal Year 1960-61)	Work Program (Calendar Yr. 1960)	(Over) or Under Amts. Authorized
Revenue			
Renewals	$47,460.00	$38,535.00	($ 8,925.00)
New Licenses	18,180.00	14,000.00	(4,180.00)
Directories, etc.	882.25	700.00	(182.25)
Miscellaneous	192.89	2,265.00	2,072.11
Interest	865.21	none	(865.21)
	$67,581.35	$55,500.00	($12,081.35)
Expenditure			
Salaries	$34,815.00	$33,000.00	($ 1,815.00)
Travel	6,852.24	7,000.00	147.76
Operating	11,915.81	10,385.00	(1,530.81)
Equipment	5,015.82	1,225.00	(3,790.82)
	58,598.87	$51,610.00	($ 6,988.87)
Excess of revenue over expenditure	$ 8,982.48		

Non-compliance with Statute or Good Business Practice

The audit program of the Legislative Counsel Bureau is designed to assist, in a helpful manner, state officers to obtain effective government by including in our reports situations which do not conform to statute or good business practice. Further, we are charged by statute with reporting on such situations.

Our examination disclosed the following items which appear to violate statute or regulation, or which, in our opinion, are contrary to good business practice. The legality of each of the items should be determined by appropriate legal authority to the end that the Board fully comply with the statutes.

1. Automobiles - NRS 482.505 specifically exempts vehicles owned by the State of Nevada from the payment of license fees. The vehicles owned by the Board are licensed at private rates.

2. Automobiles - NRS 334.010 (5) and 482.365 (3) require vehicles to be identified as state vehicles. Those owned by the Board are not so identified.

3. Personnel - The auditors can find no authority in the law for a state department to pay health and welfare insurance costs for its employees. The Board is making such payments.

4. Personnel - NRS 284.140 and 284.150 seem to indicate that employees of the Board should be in the classified service. They are not.

5. Personnel - NRS 286.040 seems to indicate that employees of the Board are subject to the Public Employees Retirement Act. They are not participating in the system.

The auditors can find no authority in the law, applicable in this situation, to permit a state department or agency to make payments to the Federal Insurance Contribution Act (commonly called Social Security Act) through the Internal Revenue Service. The Board is making such payments and handling the matter in a manner identical to private employees.

6. Travel Expenses - Board members and employees alike appear to be in violation of various provisions of NRS 281.160, "Traveling expenses and subsistence allowances of state employees."

Notwithstanding the provisions of NRS 624.140 (3) providing for "the reasonable expenses of the board incidental to discharge of their duties hereunder," it appears that NRS 281, "Traveling expenses and subsistence allowances of state officers and employees," might prevail, and that both Board members and employees are subject to the limitations set forth therein and in the related portions of the State Administrative Manual to the end that compliance be accomplished.

7. Attorney - We find no authority in NRS Chapter 624 for the Board to retain an attorney. NRS 228.110 appears to require the Attorney General to act for all state departments and agencies.

8. Expenditures - The tabulation in the "Status and Condition of Funds" section of this report shows over-expenditure of the work program without approval by the Director of the Budget. This is contrary to both the General Authorization Act and the State Administrative Manual.

Suggested Changes

Recommendations for both changes in procedure and for compliance with statute have been made in sections of this report entitled "Fidelity bond and casualty insurance" and "Non-compliance with Statute or Good Business Practice." However, we wish to summarize them at this point, together with other suggestions:

1. During the course of our examination, we recommended a change to a fiscal year basis of record keeping. The suggestion was adopted and assistance given to effect this change and to establish necessary records as of July 1, 1961.

2. We suggest a review of all insurance coverage as further discussed under "Fidelity Bond and Casualty Insurance" section of this report.

3. On October 30, 1948, the Board adopted the following resolution: "After making a study of the financial status of the Board Mr. Isbell moved that the Secretary and Attorney be directed to establish an enforcement fund, seconded by Mr. Rowan and carried by unanimous vote." The auditors suggest that the Board may wish to consider a supplementary act more clearly defining the enforcement fund, its limits and uses. It is further suggested that the Board study the need for such a fund. It is the opinion of the auditors that state sovereignty may cover both employees and the Board in acting for the state. If such is correct, the verbally explained purpose of the reserve "paying for possible extensive litigation" would appear to make such a segregation of surplus less mandatory.

4. A physical audit of property has not been made. The State Contractors Board does not maintain a register, card file or other record of fixed assets. We understand, however, that the Director of Purchasing is preparing to construct a record in the near future which will cover this need.

STATEMENT OF FINANCIAL CONDITION - EXHIBIT A

Funds available to the Board at June 30, 1961, are set forth in Exhibit A and may be summarized:

Cash	$58,728.82
Investments	40,000.00
Other Assets (nominal value)	5.58
	$98,734.40

Details concerning the places of deposit and types of investment are provided in Schedule 1.

The various bank accounts were verified by direct correspondence with the depositories, and as indicated in Schedule 1, all other sums were verified by documents in file and physical inventory count.

We have provided no segregation in the Statement of Financial Condition for the items Enforcement Fund and Enforcement Fund Reserve which appear on prior audit statements. It is the opinion of the auditors that any accounting record setting aside a portion of Surplus should be predicated on an adequate action by the Board, following a determination of the need for an Enforcement Fund as discussed in the portion of this report entitled "Suggested Changes."

Since the provisions of NRS Chapter 624 do not specify particular depositories, the Board is placing money in various accounts at its discretion. It should be noted that the auditors believe FDIC insurance applies to chains of banks and not to the individual branches of such chains. If our understanding is correct, the Board might wish to consider a consolidation of funds in one bank, which total could then be insured by arranging for that institution to pledge securities to guarantee the total deposited.

Automobiles and Furniture and Office Equipment are nowshown at the nominal $1.00 each, which is the usual practice in statements of departments and agencies of the State of Nevada.

As mentioned in the "Suggested Changes" section of this report, the Board has no property record nor is there an adequate inventory in the office of the Director of Purchasing, who is charged with inventory control. We therefore could not test the property.

Analysis of changes in Surplus are virtually impossible because of the revisions described in the "Scope of the Examination" section of this report. However, the basis is nowestablished to make factual and meaningful comparisons in future years.

STATEMENT OF REVENUES AND EXPENDITURES - EXHIBIT B

In order to provide a sound basis for future analyses we have compiled a Statement of Revenues and Expenditures for the fiscal year ended June 30, 1961. There are no statements for earlier comparable periods. We therefore prefer to avoid the speculation inherent in situations where equal bases do not exist, and to refrain from comments concerning Exhibit B except to record that we observe no radical departure from the pattern of prior operations.

OPINION

We have examined the Statement of Financial Condition of the Nevada State Contractors Board as of June 30, 1961, and the related statements of revenues and expenditures for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and in accordance with the powers and duties set forth in NRS 218.770, and included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying Statement of Financial Condition and Statement of Revenues and Expenditures present fairly the position of the Nevada State Contractors Board as of June 30, 1961, and the result of its operation for the year then ended, in conformity with generally accepted accounting principles, applied on a basis consistent with practices usually followed in departments and agencies of the State of Nevada.

Yours very truly,

A. N. JACOBSON, Legislative Auditor

By
C. G. Munson, Auditor in Charge

CGM/jkh

NEVADA STATE CONTRACTORS BOARD

Statement of Financial Condition

June 30, 1961

Assets

Cash (See Schedule I)			
Security National Bank - Checking Account		$ 3,202.24	
Security National Bank - Savings Account		10,199.14	
Reserve savings accounts		45,327.44	
Returned checks for redeposit		1.50	$58,730.32
Investments (See Schedule I)			
U. S. Series K Bonds		$20,000.00	
Time certificates of deposit		20,000.00	40,000.00
Property			
Furniture & office equipment		$ 1.00	
Automobiles		1.00	
Deposit on safety deposit box key		2.08	4.08
			$98,734.40

Liabilities and Surplus

Liabilities			
Funds withheld from employees	$1,520.49		
Less depositary receipts	1,196.76	$ 323.73	
Cash Bonds posted by Licensees		12,000.00	$12,323.73
Surplus			
Surplus			86,410.67
			$98,734.40

Note: A contingent liability exists in an unknown amount. This arises from the fact that employees have not participated in the Public Employees Retirement System, and may be required to do so. In that event, the Board would be liable for a share of the payments demanded. If this condition should develop, a refund of FICA payments already made might be sought. The auditors offer no opinion concerning the likelihood of such a refund being granted.

Exhibit B

NEVADA STATE CONTRACTORS BOARD

Statement of Revenues and Expenditures

for the fiscal year 1960-1961

Revenues		
License renewals	$47,460.00	
Application fees	9,075.00	
New licenses issued	9,105.00	
Interest	865.21	
Miscellaneous	1,076.14	$67,581.35
Disbursements		
Board expense and travel	$ 3,927.04	
Legal	1,800.00	
Office salaries	21,150.00	
Investigators salaries	13,665.00	
Investigators per diem	844.07	
Rent	4,155.00	
Telephone & telegraph	1,734.58	
Office supplies	3,481.06	
Postage	1,117.44	
Credit reports	931.48	
3% F.I.C.A.	713.88	
Health & welfare insurance	1,141.18	
Car expense	2,041.33	
P. O. box rent	18.75	
Safety deposit box rent	8.25	
Auditing	325.00	
Industrial insurance	177.95	
Miscellaneous	1,294.09	
Equipment repair	72.77	58,598.87
Excess of revenues over disbursements		$ 8,982.48

NEVADA STATE CONTRACTORS BOARD

Detail of Assets shown on Statement of Financial Condition

June 30, 1961

The date of this portion of the audit is August 3, 1961. Certain sales of bonds and transactions involving the time certificates of deposit are either accomplished or in progress; hence, a complete physical examination is impossible.

Cash in banks is as follows:

Commercial - Security National Bank	$ 3,202.24	
Savings - Bank of Nevada, #2-0859	10,497.08	
Savings - First National Bank of Ely, #15408	3,090.67	
Savings - Bank of Las Vegas, #9296	3,176.38	
Savings - Bank of Las Vegas, #9297	5,294.01	
Savings - Nevada Bank of Commerce, #2711	9,044.72	
Savings - First National Bank of Nevada, #6904	5,279.10	
Savings - Union Federal Savings & Loan, #3048	8,945.48	
Savings - Security National Bank, #6278	10,199.14	
		$58,728.82
Returned checks for redeposit		1.50
See Exhibit A - Cash		$58,730.32

Receipts for bonds are on file as follows:

Apr. 29, 1961 - Security National Bank, Receipt #5889	$ 5,000.00	
June 9, 1961 - Security National Bank, Receipt #5896	1,000.00	
July 7, 1961 - Security National Bank, Receipt #5978	14,000.00	
		$20,000.00

Time certificates of deposit are on file as follows:

Dec. 15, 1961 - Security National Bank Certificate #158 - 8 months at 3%	$ 5,000.00	
Dec. 15, 1961 - Security National Bank Certificate #159 - 9 months at 3%	5,000.00	
Dec. 15, 1961 - Security National Bank Certificate #160 - 10 months at 3%	5,000.00	
Security National Bank Certificate #2281, as evidenced by memoranda from the bank and entries in the records	5,000.00	
		20,000.00
See Exhibit A - Investments		$40,000.00

STATE OF NEVADA

STATE BOARD OF STOCK COMMISSIONERS

(STATE DEPARTMENT OF AGRICULTURE)

AUDIT REPORT

For the Period September 1, 1951 to June 30, 1961

REPORT NO. 6

LEGISLATIVE COUNSEL BUREAU

A. N. Jacobson, Legislative Auditor

CARSON CITY, NEVADA

September 1, 1961

STATE OF NEVADA
OFFICE OF THE
LEGISLATIVE AUDITOR
CARSON CITY, NEVADA

A. N. JACOBSON
LEGISLATIVE AUDITOR

September 11, 1961

Nevada Legislative Commission
Capitol Building
Carson City, Nevada

Gentlemen:

In accordance with the requirements of NRS 218.770, we have examined the accounts and records of the State Board of Stock Commissioners, also known as the State Department of Agriculture, for the period September 1, 1951, to June 30, 1961, inclusive. However, statements for only the past fiscal year have been prepared therefrom and are submitted in the following exhibits and related schedules:

Combined Statement of Financial Condition, Revolving Fund, Estray Escrow Account, and Farm Labor Contractors Fund, June 30, 1961	Exhibit A
Statement of Receipts and Expenditures, Revolving Fund, for the fiscal year ending June 30, 1961	Exhibit B
Statement of Receipts and Expenditures, Estray Escrow Account for the fiscal year ending June 30, 1961	Exhibit C
Statement of Financial Condition, Stock Inspection Fund, Apiary Inspection Fund, Agriculture Registration and Enforcement, Stock Commission Chemistry Laboratory Improvement Fund, June 30, 1961	Exhibit D
Statement of Revenues and Expenditures, Stock Inspection Fund, for the fiscal year ending June 30, 1961	Exhibit E
Statement of Revenues and Expenditures, Apiary Inspection Fund, for the fiscal year ending June 30, 1961	Exhibit F
Statement of Revenues and Expenditures, Agriculture Registration and Enforcement Fund, for the fiscal year ending June 30, 1961	Exhibit G
Statement of Revenues and Expenditures, Stock Commission Chemistry Laboratory Improvement Fund, for the fiscal year ending June 30, 1961	Exhibit H
Statement of Financial Condition, Animal Disease Diagnostic Laboratory Improvements Fund, June 30, 1961	Exhibit I
Statement of Financial Condition, Rural Rehabilitation Corporation Fund, for the fiscal year ending June 30, 1961	Exhibit J
Statement of Receipts and Expenditures, Rural Rehabilitation Corporation Fund, for the fiscal year ending June 30, 1961	Exhibit K

Statement of Revenues and Expenditures, Livestock Disease Control Fund, for the fiscal year ending June 30, 1961	Exhibit L
Statement of Revenues and Expenditures, Noxious Weed and Insect Pest Control Fund, for the fiscal year ending June 30, 1961	Exhibit M
Statement of Revenues and Expenditures, Plant Industry Fund, for the fiscal year ending June 30, 1961	Exhibit N
Statement of Revenues and Expenditures, Stock Commission Laboratory Fund, for the fiscal year ending June 30, 1961	Exhibit O
Statement of Receipts and Expenditures, Agriculture County Reimbursements Fund, for the fiscal year ending June 30, 1961	Exhibit P
Explanation of Deficit in Account at September 1, 1951, Estray Escrow Account	Schedule 1

SCOPE OF EXAMINATION

General

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 exten which, in our opinion, was adequate to satisfy ourselves of the general accuracy of the records. As a result of weaknesses in the internal controls being employed by this department, a condition which is discussed in detail below, our testing of fee and miscellaneous revenue collections and dispositions was extended to reasonably assure ourselves that all moneys received by this department were properly accounted for and disposed of in accordance with pertinent legal provisions governing this department. Reimbursements due the State Board of Stock Commissioners Revolving Fund by department employeees resulting from cash advanced to such employees to prepay their anticipated transportation and living expenses while in official travel status were not confirmed with the employees concerned; however, the disbursement records and deposit slips were examined for the period immediately preceding and following the close of the audit period to determine that amounts reflected as balances in the individual accounts actually had been advanced and that no portion of such amounts had been repaid as of the report date. A deficit in the beginning cash balance of the Estray Escrow Account necessitated the retracing of bookkeeping entries and additional verifications in order to determine the circumstances which created the deficiency and the adjustments required to balance this account. (See Schedule 1.)

Notes Receivable in the Rural Rehabilitation Corporation Fund were not confirmed with the respective individuals but were confirmed by correspondence with the Farmers Home Administration, U. S. Department of Agriculture, which is the agency maintaining the records pertaining to the repayment of the loans.

Internal Control Evaluation

During the course of our examination, we found conditions existing which impair the overal protection of assets in the custody of the Department and reduce the reliability of the accounting records. Accounting for cash is the responsibility of one individual, who also is responsible for maintaining and controlling various related supporting records. In addition, the functions involving disbursements are centralized in this employee. We have discussed these points with the responsible individual and have recommended a division of authorities and responsibilities of the operations within the Department.

The books of the Department are being maintained on a single-entry cash basis which does not provide dependable accounting records. Double-entry bookkeeping should be placed in effect, which will help prevent mechanical errors tend to strengthen the reliance on the accuracy of the records and also readily produce information needed for reporting purposes.

It was found during this examination that occasionally the balance in the cash account carried on the books for the bank account was overdrawn. As a matter of fact, the balance at June 30, 1961, has an overdraft of $2,007.76. Since moneys belonging to other accounts and funds are comingled with the revolving fund in the bank account, withdrawals in excess of the cash balance reveal that disbursements in payment of operating costs are being made from the bank account of not only revolving fund moneys, which can be disbursed in payment of various operating expenses, but also of moneys belonging to other funds, the revenues of which are restricted as to method and purpose of expending.

Efficiency of Subordinate Employees

From our observations, it appears that departmental employees are performing their duties satisfactorily and have developed good work habits. Employees alternate their lunch periods so that persons desiring to transact business with this office during the lunch hour may do so without delay. Many of the employees are engaged in field work, and, consequently, it is impossible to comment on conditions existing in the areas outside of the headquarters.

Status and Condition of Funds and Operating Expense

(a) Revolving Fund.

The State Board of Stock Commissioners Revolving Fund was established for the purpose of clearing moneys received by the Department to the State Treasury, and to facilitate the payment of miscellaneous operating expenses. In addition, the Board has drawn on this fund to advance cash to its employees in order to prepay expected travel expenses, a practice which appears to have no legal authority under provisions of NRS 561.330, and which appears to be contrary to NRS 281.171-281.172, providing specifically for travel advances of state employees. Unreimbursed advances of cash to employees at June 30, 1961, amounted to $1,484.50.

The assets of this fund have been increased from $2,000.00 at September 1, 1951, to $5,000.00 as of June 30, 1961. This increase is a result of additional transfers made from the Stock Inspection Fund of $1,000 during fiscal year 1958-1959 and $2,000 during fiscal year 1959-1960. The cash balance of the Revolving Fund at June 30, 1961, was overdrawn by $2,007.76, the difference between this overdraft and the $5,000.00 being reimbursements due.

(b) Estray Escrow Account and Farm Labor Contractors Fund

The Estray Escrow Account and the Farm Labor Contractors Fund have been combined with the Revolving Fund cash in a single bank account. Since moneys received in the Estray Escrow Account cannot be considered as revenue until the sale proceeds have been held for a period of one year from the date of disposition of the estray animal, subject to the claim of the legal owner, the balance in this account should agree at all times with the amount of contingent liability. The cash balance was found to be $11.10 less than the amount of possible claims against it. This deficiency resulted from an overpayment to the legal owner of Estray No. 217 in March, 1950, and carried into the period under examination. In view of the elapsed time involved, it appears that a transfer of $11.10 from the Stock Inspection Fund to the Estray Escrow Account is the equitable method of bringing this account into proper balance. After taking this adjustment into consideration, the account balance would be $423.68, and the estray transactions pending would be as follows:

Estray No. 327	$71.13
329	54.50
331	1.00
334	75.00
335	45.90
337	137.05
336	39.10
Total	$423.68

The Farm Labor Contractors Fund had a surplus of $10.00 on June 30, 1961. This amount represents the fee received from the issuance of one license during fiscal year 1959-1960. No other applications for licenses of this nature were received, and there were no disbursements from this fund.

(c) Stock Inspection Fund

The balance of Stock Inspection Fund increased from $28,317.01 at June 30, 1960, to $63,783.52 as of June 30, 1961. An excess of receipts over disbursements for the fiscal period 1960-61 produced this addition of $35,466.51 to the Fund balance.

The tax rate on livestock was increased effective July 1, 1959, which accounted for 81 percent more in livestock tax collections during the 1959-60 fiscal year. Tax revenues for the period ended June 30, 1961, amounted to $101,787.49, an increase of $16,290.59 over the livestock receipts of the previous year amounting to $85,496.90. Fees from sources other than taxes also increased in 1960-61.

NRS 561.290 authorizes the investment of reserves and surpluses accumulating in the Stock Inspection Fund. In the past, there has been some invested money. However, since the last City of Reno Sanitation and Storm Drain Improvement District Bond was redeemed during fiscal year 1959-60, there have been no funds invested.

Periodic transfers have been made from the Stock Inspection Fund in order to provide working cash for the Revolving Fund. As of June 30, 1961, the Stock Inspection Fund equity in the Revolving Fund was $5,000.00.

On July 1, 1959, the procedure for handling brand inspection fees was changed to permit inspectors, other than district brand inspectors, to retain as compensation the inspection fees collected by them. Formerly, such fees were forwarded to the Department and recorded as revenues and then returned to the respective inspectors in the form of salaries. The change resulted in a marked reduction of receipts from brand inspections, but also effected a comparable decrease of salary expense as noted below:

Fiscal Year	Brand Inspection Fees	Total Salary Expense, S.I.F.
1958-59	$34,648.51	$81,594.12
1959-60	5,887.90	51,649.60
1960-61	10,611.50	61,862.02

As previously mentioned, a transfer of $11.10 from this fund was necessary to adjust the cash balance of the Estray Escrow Account.

It was found that in fiscal years 1959-60 and 1960-61 actual expenditures deviated substantially from those amounts intended and authorized by the Legislature to be expended. In order to maintain budgeted and actual expenditures in conformity with each other, budget revisions, augmentations, and transfers were necessitated. For an example, in 1959-60 the Legislature intended expenditures in the equipment category in the amount of $2,725.00; the actual expenditures for equipment during the same period were $8,100.00. Frequent departures were evident during fiscal year 1960-61 between originally authorized expenditures and the amounts actually disbursed. The following table reflects the deviations and and the compensating procedures utilized:

Category	Authorized Exp.	Actual Exp.	(Over) or Under Authorized Exp.	Authorized Augmentation	Transfers	(Over) or Under Authorized Augmentation
Salaries	$56,687.00	$61,862.00	($5,175.00)	$6,487.00	$1,600.00	$2,912.00
Travel	17,530.00	13,252.00	4,278.00	1,270.00	(1,402.00)	4,146.00
Operating	14,090.00	13,204.00	886.00	3,410.00	(457.00)	3,839.00
Equipment	4,345.00	12,425.00	(8,080.00)	8,000.00	259.00	179.00
Total	$92,652.00	$100,743.00	($8,091.00)	$19,167.00	-	$11,076.00

There is no statutory impropriety as a consequence of the budgetary revisions shown above, as all such transactions have been reviewed and approved by the Director of the Budget under the authority granted him in the General Authorization Act.

(d) Apiary Inspection Fund

The Apiary Inspection Fund balance at June 30, 1961, was $3,394.00, compared to the balance of $1,563.29 at

June 30, 1960. The increase resulted from receipts deposited in the State Treasury exceeding expenditures by $1,830.71 during fiscal year 1960-1961. Revenues to support this fund are derived from taxes levied on bee stands and apiary registration and inspection fees.

Due to more activity within the apiary industry, total receipts during the fiscal year ended June 30, 1961, exceeded the previous fiscal year total by $1,344.39, an increase of 69.6 percent. Expenditures for the same comparative period showed a decrease of $77.67.

(e) Agriculture Registration and Enforcement Fund

This fund, created July 1, 1960, is a consolidation of three previously existing funds, the Economic Poisons Fund, Fertilizer Control Fund and Antifreeze Control Fund. Balances in these three funds at July 1, 1960, which amounted to a combined sum of $37,446.45, were transferred to the Agriculture Registration and Enforcement Fund on that date. The registration and control of economic poisons, fertilizers and anti-freeze remained unchanged, only the disposition of moneys and payment of expenses in connection with these functions were effected by the merger of these funds.

Total revenues in this fund for the period ended June 30, 1961, amounted to $17,288.17, an increase of $1,412.39, or 8.9 percent, over the receipts and transfers to the State Treasury of $15,875.78 during fiscal year 1959-60. Of this sum, fiscal year 1960-61 transactions accounted for $16,263.17 and the balance of $1,025.00 represented receipts of June 1960, which were not transferred to the State Treasury from the Revolving Fund bank account until after July 1, 1960.

During the fiscal period 1960-61, receipts exceeded expenditures by $3,891.17, providing a cash balance of $41,337.62 at June 30, 1961.

An analysis of the administrative expenses paid from this fund revealed that the total expenditures of $13,397.00 for the fiscal year ended June 30, 1961, were 52.8 percent higher than the combined disbursements for the preceding fiscal period of $8,766.40 for the three funds now comprising the Agriculture Registration and Enforcement Fund. The following table reflects comparative figures by budget category for the two year period mentioned:

Budget Category	Fiscal Year Period 1959-60	1960-61	Dollar Increase or (Decrease)
Salaries	$2,198.29	$3,807.18	$1,608.89
Travel	-	381.25	381.25
Operating	6,123.44	5,707.63	(415.81)
Equipment	444.67	3,500.94	3,056.27
Total	$8,766.40	$13,397.00	$4,630.60

Fees received from the registration of economic poisons have increased consistently each year since the inception of this activity in 1955, as reflected in the following comparative figures:

Period	Receipts	Percent of Annual Increase
1955-1956	$2,118.00	
1956-1957	5,288.50	149.6
1957-1958	7,634.00	44.3
1958-1959	9,397.00	23.1
1959-1960	10,833.00	13.3
1960-1961	11,305.00	4.4

The percentage of annual increase has been diminishing from year to year; however, this is not particularly unusual as it appears that the leveling off point in the number of new registrations has been reached. The annual renewal fees tend to maintain a healthy receipts basis for this fund.

Fertilizer registration and tonnage fees have fluctuated annually as noted on the following page:

1957-1958	$2,522.98
1958-1959	1,972.02
1959-1960	3,667.78
1960-1961	2,939.40

Registration fees have remained relatively constant, but the fees derived from the sales of commercial fertilizer, which is based on tonnage weight, have varied.

On July 1, 1959, the administration of weights and measures control was transferred from the Public Service Division of the University of Nevada to the State Board of Stock Commissioners. In so doing, the duties, functions and responsibilities provided in NRS 590.340 to NRS 590.450, inclusive, entitled the "Nevada Antifreeze Act," came under the jurisdiction of the State Board of Stock Commissioners. Antifreeze registration fees for fiscal year 1960-61 amounted to $2,000.00, compared to $1,860.00 for the preceding year.

(f) Stock Commission Chemistry Laboratory Improvements Fund

The Stock Commission Chemistry Laboratory Improvements Fund was created by direct appropriation from the General Fund of $20,000.00 on July 1, 1959. The purpose of this fund is to provide for the acquisition of additional equipment and supplies for a chemistry laboratory. The purchase and costs of installing equipment amounted to $4,906.08 in fiscal year 1959-60 and $15,034.11 for the period ending June 30, 1961. There is no provision for the reversion of any balance in the fund, and, at June 30, 1961, the remaining balance was $59.81.

(g) Animal Disease Diagnostic Laboratory Improvement Fund

The Animal Disease Diagnostic Laboratory Improvement Fund was established March 22, 1961, with an appropriation of $21,957.00 from the General Fund. The purpose of this fund is to acquire and install additional equipment in an animal disease diagnostic laboratory. As of June 30, 1961, there were no expenditures made from this fund.

(h) Rural Rehabilitation Corporation Fund

The Rural Rehabilitation Corporation Fund was established in the State Treasury on March 11, 1960, to account for the cash received from the Secretary of Agriculture of the United States, who, as trustee, had held the various assets of the defunct Nevada Rural Rehabilitation Corporation. Cash was received and deposited in the State Treasury in the sum of $54,365.55 during fiscal year 1959-1960. During the same period, one loan was approved and cash advanced amounting to $18,000.00, which left a balance of $36,365.55. In addition to the assets received in the form of cash, notes and related loan documents pertaining to three loans already in force were also transferred to the State Board of Stock Commissioners, as holder. The total remaining principal due on these notes at the time of the transfer was $35,456.48.

During the fiscal period ending June 30, 1961, a total of $36,700.00 was paid out on four new loans. Receipts amounted to $5,686.36, counsisting of $2,284.30 in interest and $3,402.06 of principal payments. The total principal due on the eight outstanding loans as of June 30, 1961, was $86,754.42, and the cash balance was $5,351.91. The surplus in this fund increased during 1960-61 from $89,822.03 o $92, .33, which was brought about by an element of investment profit represented by interest income of $2,284.30.

(i) Livestock Disease Control Fund

The Livestock Disease Control Fund is fully supported by appropriations from the General Fund. This fund was established July 1, 1959, for the purpose of controlling infectious, contagious and parasitic diseases of livestock with an initial appropriation of $25,712.00. In 1959-60, expenditures totaled $25,588.31, which left an ending balance at June 30, 1960, of $123.69.

The General Fund appropriation for 1960-61 was $29,178.00. At this point, it is interesting to note that subsequent to the appropriation by the Legislature, the Department revised this budget to provide $2,500.00 additional "salary" money with a corresponding decrease in the "operating" category as required to meet a change in the cooperative program with the U. S. Department of Agriculture. The total amount appropriated was not affected by the revision. The expenditures for the period ending June 30, 1961, were $27,850.86, completely within the limits of the revised budget.

(j) Noxious Weed and Insect Pest Control Fund

The Noxious Weed and Insect Pest Control Fund, prior to July 1, 1960, was divided into two separate funds. Because of the relationship between the functions and purposes of the two control programs, simple and efficient management of the fiscal affairs could be better obtained from one combined fund; thus, the consolidation of the funds took place on July 1, 1960.

This fund operates mainly from General Fund appropriation, with some additional revenues derived from weed spraying fees and other miscellaneous receipts.

Expenditures during 1960-61 amounted to $44,473.09 compared to combined disbursements of the two funds in the preceding year of $52,030.38. Administrative costs were reduced primarily in the "equipment" category, where $971.99 was expended during the period ending June 30, 1961, and $10,131.28 disbursed in fiscal year 1959-60. Budget requirements in the major expense categories were observed.

(k) Plant Industry Fund

The Plant Industry Fund is supported principally from General Fund appropriation. During fiscal year 1960-61, an additional sum of $10,228.20 was realized from other sources. The appropriation to the Plant Industry Fund also provided for the expenses expected to be incurred by the weights and measures program.

Fiscal year 1960-61 expenditures of $198,171.96 were slightly higher than the expenditures of the preceding year, but within the budget authorizations in each category. On June 30, 1961, the unexpended balance of $6,890.24 was reverted to the General Fund.

(l) Stock Commission Laboratory Fund

For the fiscal year ended June 30, 1961, this fund received a general fund appropriation of $33,279.00. Expenditures for the period amounted to $30,359.54, and the remaining balance of $2,941.77 was reverted to the General Fund June 30, 1961.

During the course of the 1960-61 fiscal year, the "operating" category expenditures exceeded the amount originally budgeted by $753.55. A transfer of $790.00 was made from "salary" to "operating" to cover this overexpenditure for restocking laboratory supplies.

(m) Agriculture County Reimbursements Fund

This is a clearing account in which the remainder of agricultural products inspection fees collected by the counties are deposited after deducting the federal and state shares of such fees. This balance is then transmitted back to the respective counties. During the fiscal year 1960-61, $1,577.10 was cleared through this fund.

Duplication of Work

During the course of this examination, we observed no duplication between the work of this department and any other department.

Breaches of Trust and Duty

The audit program of the Legislative Counsel Bureau is designed to assist, in a helpful manner, state officers to obtain effective government by including in our reports situations which do not conform to statute or good business practice. Further, we are charged by statute with reporting on such situations.

Our examination disclosed the following items which appear to violate statute or regulation, or which, in our opinion, are contrary to good business practice:

1. Discounts offered by suppliers to encourage prompt payment of invoices are frequently disregarded. Invoices which provide for a discount should be processed quickly and scheduled for payment within the specified time in order that

the savings, regardless of amount, can be realized.

2. Many instances have been noted of non-compliance with Department of Purchasing directives relative to monetary restrictions placed on equipment and commodity local purchases; however, a sampling of claims of the several funds of this agency indicates that most local purchases in excess of the limitations eventually are approved by the Director of Purchasing. It is acknowledged that in many cases efficiency can result from a direct local purchase arrangment, but, in all probability, scheduled buying in quantity under competitive bid procedures for regularly consumed items such as chemicals, field and laboratory supplies, etc., will yield substantial savings to the state.

3. NRS 333.460 provides that "Upon the receipt of such supplies, materials and equipment, or expense from the revolving fund, each state officer. . .shall prepare a voucher payable to the state department of purchasing for the share of such expenditure chargeable to each state officer. . ." Contrary to the quoted statute, this department has prepared and submitted numerous claims prior to the receipt of the merchandise and the incurring of expense by the Department of Purchasing. Operating in this manner allows departments and agencies to make last minute expenditures of their budgeted revenues in order to avoid reverting balances.

This practice has evolved from the cash basis of accounting in which recognition cannot be given to the problem confronting state agencies of having requisitioned merchandise during a certain fiscal year, fully intending to make payment therefor from currently available funds, but because of delays the commodity is received in the following fiscal year and payment is made from funds of a different appropriation. In such situations, the funds originally earmarked for payment of the expense will revert, and other funds budgeted for a different purpose will have to be expended to meet the obligation properly allocated to the previous year.

4. As mentioned in an earlier part of this report, cash advances are regularly made from the bank account Revolving Fund to departmental employees for travel purposes.

NRS 561.330 specifies that the Revolving Fund is to be used to pay miscellaneous operating expenses of the Department. It is our contention that an advance of cash for any purpose is not an operating expense, and, consequently, the Department for many years has not been in compliance with the statute set forth above. Section 34, Chapter 304, Statutes of Nevada 1961, pertaining to the Agriculture Working Capital Fund, provides for the advancing of funds "to officers and employees of the department for travel expenses and subsistence allowances arising out of their official duties or employment." After July 1, 1961, funds advanced for the purposes prescribed above are permitted and authorized.

5. A considerable number of Revolving Fund checks were drawn against the bank account on the signature of a departmental employee. NRS 561.340 specifically directed that withdrawals from the revolving fund were subject to the order of the Board of Stock Commissioners. This power would extend to the Executive Officer since, under the terms of NRS 561.160, he is authorized to exercise the powers and functions of the Board in emergencies and when the Board is not in session. An amendment to the law, effective July 1, 1961, provides that "All moneys in the agriculture working capital fund shall be paid out by checks signed by the executive director and by a deputy, or by two deputies designated by him for the purpose."

6. In examining claims of the several funds, we found some instances where a departmental employees, not the Executive Officer or the State Quarantine Officer, certified claim lists for payment. This is contrary to a number of sections of law which designate specific persons to audit and certify claims for payment from the various funds. After July 1, 1961, "All moneys in any fund in the state treasury available to the department shall be paid out on claims approved by the executive director as other claims against the state are paid," and "the executive director may designate an employee or employees of the department to act as his deputy or deputies."

7. Books containing weight certificate information (referred to as public weighmaster books) have been compiled and sold without authorization by law. Section 240, Chapter 304, Statutes of Nevada 1961, amends NRS 582.100 to include authorization for compiling and selling such a book, effective July 1, 1961.

8. This audit disclosed that two sources of revenue were being deposited in funds other than those funds specified by statute. NRS 587.370 provides that 10% of the agricultural products inspection fees collected by the counties be credited to the Stock Inspection Fund. Also, NRS 555.310 prescribes the depositing in the State Treasury to the credit of the General Fund the license fees required of persons engaged in the custom application of insecticides, fungicides, herbicides or rodenticides.

In both cases, these revenues have been deposited in the Plant Industry Fund. Department personnel have felt that the intent of the law was to put these fees in a fund that could be drawn upon for the benefit of the programs from which these revenues were derived. Obviously, the agriculture industry and not the stock industry is related to the functions requiring these fees.

Recent amendments to the statutes, effective July 1, 1961, provide for the deposit of these fees in the Plant Industry Fund. Although the problem has been solved, definite steps should have been taken to clarify the law when the conflict first became apparent.

9. An employee of the Division of Plant Industry served as an agriculture inspector on a full time basis and salary; and, at the same time, was employed as Chief Apiary Inspector with a monthly salary of $50.00 with the State Apiary Commission. It is evident from the salary paid that the position in the State Apiary Commission required a minimum of time; however, it is our understanding that whatever time was devoted to the apiary industry was expended during working hours specified for the job of agricultural inspector. This practice was discontinued in July of 1959, when the State Apiary Commission was abolished by the Legislature.

10. Legal provisions governing the bonding of officers and employees of this department have not been fully complies with.

11. NRS 561.340 permits the State Board of Stock Commissioners Revolving Fund to be kept on deposit in a bank legally authorized and approved for the deposit of state funds. From time to time, the balance in this bank account exceeds $10,000.00 pending transfers of funds to the State Treasury; however, the account is secured only by the $10,000.00 federal deposit insurance.

On July 1, 1961, the Agriculture Working Capital Fund was created to supersede the Revolving Fund. Laws governing this newly established fund provide for a depository bond satisfactory to the State Board of Examiners to secure such deposit.

Suggested Changes

Changes necessary to remedy many of the points set forth in the preceding section of this report are incorporated in the recently enacted amendments to the statutes governing the activities of this department as provided in Chapter 304, Statutes of Nevada 1961, which has an effictive date of July 1, 1961. However, the following changes should be effected:

1. The purchasing of commodities locally and direct that could be acquired in volume with considerable savings will be solved in the near future with the construction and operation of central warehousing facilities by the Department of Purchasing.

2. Previous discussion has been made regarding internal control and accounting systems; however, we consider these points of sufficient importance to effective administration that additional comment is made at this time.

We urge that careful consideration be given to the possibility of installing a double entry system of bookkeeping. Such a system could be implemented, utilizing the present methods of recording receipts and disbursements with some modifications and extensions and with the addition of a general ledger.

The system of internal control needs strengthening, and the establishment of double entry bookkeeping would be the initial and basic step in that direction. Other features of a reliable system of internal control are division of functions and duties for the initiation, authorization and recording of transactions, firm control of personnel and fixed responsibilities. Additional primary measures have been discussed with the responsible employee of the Department.

STATEMENTS OF FINANCIAL CONDITION & STATEMENTS OF REVENUE AND EXPENDITURES

(1) Combined Statement of Financial Condition, Revolving Fund, Estray Escrow Account and Farm Labor Contractors Fund, June 30, 1961 - Exhibit A

These funds are presented on a consolidated statement since they are comingled in a single bank account which reflects a combined cash position.

At June 30, 1961, the bank account was overdrawn by $2,007.76. The overdraft in this amount was reconciled to a confirmation burnished by the First National Bank of Nevada, South Virginia Street Barnch, Reno, Nevada.

Miscellaneous operating expenses paid by check from the Revolving Fund for which reimbursement has not been received from other department funds on deposit in the State Treasury amounted to $5,966.84.

Due from employees (travel advances) in the Revolving Fund was $1,464.50. Various audit techniques were employed to satisfy ourselves that this was a correct figure.

The item "Due from Stock Inspection Fund" represents adjustments made at June 30, 1961, involving the Revolving Fund, Stock Inspection Fund and Estray Escrow Account.

The Estray Escrow Account and Farm Labor Contractors Fund each reflect a receivable from the Revolving Fund of $423.68 and $10.00 respectively. This is a result of overexpending the Revolving Fund so that moneys of these two funds had to be used to partially cover the overdraft.

In the Revolving Fund, the "Due to: Estray Excrow Account and Farm Labor Contractors Fund" are contra accounts to the receivable items mentioned in the foregoing paragraph. The "Due to Stock Inspection Fund" in the sum of $5,000.00 reflects the total cash transferral for the purpose of operating this fund.

A contingent liability exists on the proceeds of estray sales for a period of one year after the sale of an estray animal. The total assets of this account are presented in the contra account captioned "Held for Owners of Estrays."

The surplus of $10.00 in the Farm Labor Contractors Fund remained unchanged during the year under examination.

(2) Statement of Revenue and Expenditures, Revolving Fund, for fiscal year ending June 30, 1961 - Exhibit B

This statement generally sets forth the detailed activity of the Revolving Fund for the period under examination. You will note that expenditures exceeded total available funds by $2,007.76.

(3) Statement of Revenue and Expenditures, Estray Escrow Account for fiscal year ended June 30, 1961 - Exhibit C

Details of the transactions effecting the balance of this account are presented by this statement.

(4) Statement of Financial Condition, Stock Inspection Fund, June 30, 1961 - Exhibit D

Cash in the State Treasury at June 30, 1961, amounted to $63,783.52.

Transfers of operating capital to the Revolving Fund of $5,000.00 are reflected on the statement as "Due from State Board of Stock Commissioners Revolving Fund."

The two fixed asset classifications "Furniture and Equipment" and "Autos and Trucks" each have been established at a nominal value of $1.00. This method is in accordance with the ordinary state policy of valuing property for statement presentation. We were unable to verify equipment inventory transactions for this or any of the other funds due to the lack of inventory records which are the responsibility of the Department of Purchasing.

The sum of $10.10 due the Revolving Fund stems from a book adjustment at June 30, 1961.

The surplus increased during fiscal year 1960-61 by $35,466.51, resulting from a corresponding excess of receipts over expenditures.

(5) Statement of Financial Condition, Apiary Inspection Fund, Agriculture Registration and Enforcement Fund and Stock Commission Chemistry Laboratory Improvements Fund, June 30, 1961 - Exhibit D

The remaining funds presented on Exhibit D have cash available which is deposited in the State Treasury.

None of these funds were obligated with liabilities at the date of the examination, and the surplus of each fund offset the assets.

The Agriculture Registration and Enforcement Fund and Stock Commission Chemistry Laboratory Improvements Fund each had acquired furniture and equipment which were valued in the usual manner at $1.00.

(6) Statements of Revenues and Expenditures, for the fiscal year ending June 30, 1961, Stock Inspection Fund - Exhibit E; Apiary Fund - Exhibit F; Agriculture Registration and Enforcement Fund - Exhibit G; and Stock Commission Chemistry Laboratory Improvements Fund - Exhibit H

The revenues and expenditures for the period under review are shown in detail on these statements.

We wish to point out the various expenditures exceeding budget authorizations which are reflected on the statements. Further examination disclosed that transfers were accomplished between categories to offset these differences with the approval of the Director of the Budget.

(7) Statement of Financial Condition, Animal Disease Diagnostic Laboratory Improvement Fund, June 30, 1961 - Exhibit I

Cash amounting to $21,957.00 is deposited in the State Treasury. At June 30, 1961, this fund had no liabilities and the surplus consisted of the cash balance as of that date.

(8) Statement of Financial Condition, Rural Rehabilitation Corporation Fund, June 30, 1961 - Exhibit J

This fund had cash in the State Treasury as of the audit date in the sum of $5,351.91.

Notes receivable, representing principal banances on loans, amounted to $86,754.42.

There were no liabilities, and the total fund assets comprised the surplus of $92,106.33.

Interest earned on loaned capital represented net earnings for the year under review of $2,284.30, the amount of surplus increase.

(9) Statement of Revenues and Expenditures, Rural Rehabilitation Corporation Fund, for the fiscal year ending June 30, 1961 - Exhibit K

Information presented on the statement describes the fund activity during the fiscal year 1960-61.

(10) Statement of Revenues and Expenditures, Livestock Disease Control Fund - Exhibit L; Noxious Weed and Insect Pest Control Fund - Exhibit M; Plant Industry Fund - Exhibit N; and Stock Commission Laboratory Fund - Exhibit O, for the fiscal year ending June 30, 1961

These exhibits set forth the detailed operations of the various funds for the period examined.

(11) Statement of Receipts and Expenditures, Agriculture County Reimbursements Fund, for the fiscal year ending June 30, 1961 - Exhibit P

The net amount of county-collected agricultural products inspection fees and county weed control fees and their disposition are reflected on this statement.

OPINION

We have examined the statements of financial condition of the several funds of the State Board of Stock Commissioners, also known as the State Department of Agriculture, as of June 30, 1961, and the related statements of revenues and expenditures for the year then ended. Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying statements of financial condition and statements of revenues and expenditures present fairly the financial position of the several funds of the State Board of Stock Commissioners as of June 30, 1961, and

the results of their operations for the year then ended, in conformity with accounting principles adopted by this agency applied on a basis consistent with that of the preceding year.

Yours very truly,

A. N. JACOBSON, Legislative Auditor

By Gordon N. Pratt
Gordon N. Pratt
Auditor in Charge

GNP/jkh

Exhibit A

STATE BOARD OF STOCK COMMISSIONERS

Combined Statement of Financial Condition
Funds Deposited in First National Bank of Nevada

June 30, 1961

	Revolving Fund	Estray Escrow Account	Farm Labor Contractors Fund	Combined Total
Assets				
Due from:				
State Treasury	$5,966.84			$5,966.84
Employees (Travel Advance)	1,464.50			1,464.50
Stock Inspection Fund	10.10			10.10
Revolving Fund (See Exhibit C)		$423.68	$10.00	433.68
Total Assets	$7,441.44	$423.68	$10.00	$7,875.12
Liabilities and Surplus				
Cash Overdraft, South Virginia Street Branch, First National Bank of Nevada, Reno, Nevada (See Exhibit B)	$2,007.76			$2,007.76
Due to:				
Estray Escrow Account	423.68			423.68
Farm Labor Contractors Fund	10.00			10.00
Stock Inspection Fund	5,000.00			5,000.00
Held for Owners of Estrays		$423.68		423.68
Surplus			$10.00	10.00
Total Liabilities and Surplus	$7,441.44	$423.68	$10.00	$7,875.12

STATE BOARD OF STOCK COMMISSIONERS

Revolving Fund
Statement of Revenue and Expenditures

For the fiscal year ending June 30, 1961

Revenue		
Collections in behalf of:		
Stock Inspection Fund	$32,877.64	
Plant Industry Fund	10,228.20	
Agriculture County Reimbursement Fund	1,577.10	
Agriculture Registration & Enforcement Fund	16,263.17	
Noxious Weed & Insect Control Fund	3,671.32	
Apiary Inspection Fund	889.50	
Rural Rehabilitation Corporation Fund	5,686.36	
Stock Commission Laboratory Fund	22.31	
Proceeds of Estray Sales	298.05	
Reimbursements (Employees & State Treasurer)	39,750.09	
Total Revenue		$111,263.74
Expenditures		
Sundry Operating Costs (Reimburseable)	$28,866.16	
Travel Advances to Employees (Reimburseable)	11,330.20	
Refunds (Reimburseable)	46.46	40,242.82
Transfers to State for Credit to:		
Stock Inspection Fund	$34,422.11	
Plant Industry Fund	10,228.20	
Agriculture County Reimbursement Fund	1,577.10	
Agriculture Registration & Enforcement Fund	17,288.17	
Noxious Weed & Insect Control Fund	3,671.34	
Apiary Inspection Fund	1,298.50	
Rural Rehabilitation Corporation Fund	5,686.36	
Stock Commissioners Laboratory Fund	22.31	74,194.09
Total Expenditures		$114,436.91
Excess of Expenditures over Revenue		(3,173.17)
Balance - July 1, 1960		1,165.41
Balance - June 30, 1961 (To Exhibit A)		$ (2,007.76)

Exhibit C

STATE BOARD OF STOCK COMMISSIONERS

Estray Escrow Account
Statement of Revenue and Expenditures

For the fiscal year ending June 30, 1961

Revenue		
Proceeds from Estray Sales		$298.05
Expenditures		
Transfers to Stock Inspection Fund		143.17
Excess of revenue over expenditures		154.88
Balance, July 1, 1960		257.70
Balance, June 30, 1961		$412.58*

* Reconciliation of Account Balance to Actual Liability

Account balance, June 30, 1961		$412.58
Add - Deficit in beginning balance		11.10 (See Schedule 1)
Adjusted account balance, June 30, 1961		$423.68
Actual Liability, June 30, 1961		
Estray #327	$ 71.13	
329	54.50	
331	1.00	
334	75.00	
335	45.90	
336	39.10	
337	137.05	
		$423.68

STATE BOARD OF STOCK COMMISSIONERS

Statement of Financial Condition
Stock Inspection Fund, Apiary Inspection Fund, Agriculture Registration and Enforcement Fund, and Stock Commission Chemistry Laboratory Improvement Fund

June 30, 1961

	Stock Inspection Fund	Apiary Inspection Fund	Agriculture Reg. & Enf. Fund	Stock Comm. Chem. Lab. Improvements
Assets				
Cash in State Treasury	$63,783.52(1)	$3,394.00(2)	$41,337.62(3)	$59.81(4)
Due from State Board of Stock Commissioners Revolving Fund	5,000.00			
Furniture and Equipment	1.00		1.00	1.00
Autos and Trucks	1.00			
Total Assets	$68,785.52	$3,394.00	$41,338.62	$60.81
Liabilities & Surplus				
Due to State Board of Stock Commissioners Revolving Fund	$ 10.10			
Surplus	68,775.42	$3,394.00	$41,338.62	$60.81
Total Liabilities and Surplus	$68,785.52	$3,394.00	$41,338.62	$60.81

(1) See Exhibit E
(2) See Exhibit F
(3) See Exhibit G
(4) See Exhibit H

Exhibit E

STATE BOARD OF STOCK COMMISSIONERS

Stock Inspection Fund
Statement of Budget Revenues and Expenditures Compared with Actual

Fiscal Year ended June 30, 1961

	Legislative Authorization	Budget (Revised)	Actual Expenditures	(Over) or Under Budget
Revenue				
Tax on Livestock	$ 80,000.00	$ 80,000.00	$101,787.49	($21,787.49)
Brands Recorded	1,000.00	1,000.00	2,460.00	(1,460.00)
Brands Re-recorded	15,000.00	15,000.00	14,845.00	155.00
Brands Transferred	500.00	500.00	905.00	(405.00)
Brand Inspections	4,800.00	4,800.00	10,649.00	(5,849.00)
Salesyard License Fees	400.00	400.00	400.00	-
Brand Book Sales	100.00	100.00	95.00	5.00
Broker License Fees	6,000.00	6,000.00	2,770.00	3,230.00
Brand Re-recording Penalties		-	175.00	(175.00)
Estray Receipts	300.00	300.00	409.07	(109.07)
Miscellaneous Receipts		-	1,714.04	(1,714.04)
Total Revenue	$108,100.00	$108,100.00	136,209.60	($28,109.60)
Expenditures				
Salaries	$ 56,687.00	$ 63,174.00	$ 61,862.02	$ 1,311.98
Travel				
Out-of-state	1,330.00	1,330.00	1,262.77	67.23
In-state	16,200.00	17,470.00	11,989.48	5,480.52
Total Travel	$ 17,530.00	$ 18,800.00	$ 13,252.25	$ 5,547.75
Operating				
Industrial Insurance	424.00	761.00	720.38	40.62
Retirement Payments	2,589.00	2,869.00	2,717.19	151.81
Personnel Assessments	315.00	360.00	330.93	29.07
Rental	180.00	180.00	80.00	100.00
Freight and Postage	630.00	630.00	528.59	101.41
Printing	2,500.00	2,500.00	1,603.87	896.13
Office Supplies	762.00	1,310.00	1,455.85	(145.85)
Water		-	16.00	(16.00)
Other Utilities		-	4.00	(4.00)
Telephone and Telegraph	1,200.00	1,300.00	1,207.37	92.63
Auto Insurance	700.00	800.00	742.75	57.25
Other Insurance	50.00	50.00	-	50.00
Equipment Repair	100.00	100.00	92.40	7.60
Contract Services	1,000.00	1,000.00	97.50	902.50
Building and Grounds	300.00	300.00	620.36	(320.36)
Dues and Subscriptions	40.00	40.00	131.00	(91.00)
Field Supplies	800.00	800.00	128.86	671.14
Estray Expense	700.00	700.00	196.26	503.74
Bonding and Notary Fees	1,300.00	1,300.00	514.55	785.45
Indemnity Payments	500.00	2,500.00	1,763.53	736.47
Advertising		-	242.13	(242.13)
Refunds		-	10.00	(10.00)
Total Operating	14,000.00	17,500.00	13,203.52	4,296.48
Equipment				
Automobiles	3,600.00	4,200.00	4,206.60	(6.60)
Office Furniture	445.00	2,050.00	2,066.12	(16.12)

STATE BOARD OF STOCK COMMISSIONERS

Stock Inspection Fund
Statement of Budget Revenues and Expenditures Compared with Actual

Fiscal Year ended June 30, 1961

	Legislative Authorization	Budget (Revised)	Actual Expenditures	(Over) or Under Budget
Office Equipment		2,250.00	2,279.13	(29.13)
Other Furniture and Equipment	300.00	3,845.00	3,873.45	(28.45)
Total Equipment	$ 4,345.00	$ 12,345.00	$ 12,425.30	($ 80.30)
Total Expenditures	$92,652.00	$111,819.00	$100,743.09	$11,075.91)
Excess of revenue over expenditures			35,466.51	
Balance, July 1, 1960			28,317.01	
Balance, June 30, 1961			$ 63,783.52	

Exhibit F

STATE BOARD OF STOCK COMMISSIONERS

Apiary Inspection Fund
Statement of Budgeted Revenue and Expenditures Compared with Actual

Fiscal Year ended June 30, 1961

	Authorization	Budget (Revised)	Actual Expenditures	Over) or Under Budget
Revenue				
Tax on Bee Stands	$1,700.00	$1,700.00	$1,974.39	($ 274.39)
Registration and Inspection Fees	350.00	350.00	1,298.50	(948.50)
Total Revenue	$2,050.00	$2,050.00	3,272.89	(1,222.89)
Expenditures				
Salaries	$ 604.00	$ 604.00	865.20	(261.20)
Travel				
In-state	1,150.00	1,150.00	293.47	856.53
Operating				
Industrial Insurance	5.00	5.00	5.62	(.62)
Retirement Payments		-	35.11	(35.11)
Personnel Assessments		-	5.37	(5.37)
Freight and Postage		-	38.42	(38.42)
Printing	50.00	50.00	98.05	(48.05)
Office Supplies	50.00	50.00	17.88	32.12
Dues and Subscriptions	9.00	9.00	6.00	3.00
Field Supplies	150.00	150.00	62.12	87.88
Custodial Care		-	14.94	(14.94)
Total Operating	264.00	264.00	283.51	(19.51)
Total Expenditures	$2,018.00	$2,018.00	1,442.18	575.82
Excess of revenue over expenditures			1,830.71	$ 1,798.71
Balance July 1, 1960	$1,155.00	$1,155.00	1,563.29	($ 408.29)
Balance June 30, 1961 (To Exhibit D)			$3,394.00	

STATE BOARD OF STOCK COMMISSIONERS

Agriculture Registration and Enforcement Fund
Statement of Budgeted Revenue and Expenditures Compared with Actual

Fiscal Year ended June 30, 1961

	Legislative Authorization	Budget (Revised)	Actual Expenditures	(Over) or Under Budget
Revenue				
Antifreeze Control Registration		$ 1,200.00	$ 2,540.00	($1,340.00)
Fertilizer Registration and Tonnage Fees		1,900.00	3,314.40	(1,414.40)
Economic Poisons Registration		7,000.00	11,415.00	(4,415.00)
Miscellaneous Receipts		-	18.77	(18.77)
Total Revenues	$10,100.00	$10,100.00	$17,288.17	($7,188.17)
Expenditures				
Salaries	$ 3,837.00	$ 3,837.00	3,807.18	29.82
Travel				
Out-of-state	475.00	475.00	381.25	93.75
Operating				
Industrial Insurance	(	29.00	24.75	4.25
Retirement Payments	(275.00	194.00	192.37	1.63
Personnel Assessments	(	18.00	31.53	(13.53)
Freight and Postage	575.00	575.00	595.14	(20.14)
Printing	275.00	275.00	99.29	175.71
Office Supplies		319.00	466.14	(147.14)
Equipment Repair	500.00	500.00	104.90	395.10
Contract Services		2,000.00	-	2,000.00
Dues and Subscriptions	20.00	20.00	56.50	(36.50)
Field Supplies		500.00	14.04	485.96
Lab Supplies		2,985.00	3,309.74	(324.74)
Economic Poison Samples		700.00	163.70	536.30
Fertilizer Samples		100.00	10.04	89.96
Antifreeze Samples		200.00	-	200.00
Personal and Custodial Care		-	271.22	(271.22)
Buildings and Grounds		-	256.36	(256.36)
Reference Books		-	80.45	(80.45)
Refunds		-	31.46	(31.46)
Miscellaneous	7,870.00			
Total Operating	9,515.00	8,415.00	5,707.63	2,707.37
Equipment				
Office Furniture	250.00	250.00	739.15	(489.15)
Office Equipment	800.00	800.00	808.06	(8.06)
Field and Laboratory Equipment	1,217.00	2,317.00	1,953.73	363.27
Total Equipment	2,267.00	3,367.00	3,500.94	(133.94)
Total Expenditures	$16,094.00	$16,094.00	13,397.00	2,697.00
Excess of revenue over expenditures			3,891.17	$9,885.17
Balance, July 1, 1960	$31,305.00	$31,305.00	37,446.45	($6,141.45)
Balance, June 30, 1961 (To Exhibit D)			$41,337.62	

Exhibit H

STATE BOARD OF STOCK COMMISSIONERS

Stock Commission Chemistry Laboratory Improvement Fund
Statement of Revenue and Expenditures

For the fiscal year ending June 30, 1961

Balance, July 1, 1960		$15,093.92
Expenditures		
Freight and Postage	$ 1.79	
Office Equipment	70.16	
Laboratory Equipment	14,962.16	
Total Expenditures		15,034.11
Balance, June 30, 1961 (To Exhibit D)		$ 59.81

Exhibit I

STATE BOARD OF STOCK COMMISSIONERS

Statement of Financial Condition
Animal Disease Diagnostic Laboratory Improvement Fund

June 30, 1961

Assets	
Cash in State Treasury	$21,957.00
Liabilities & Surplus	
Surplus	$21,957.00

Exhibit J

STATE BOARD OF STOCK COMMISSIONERS

Statement of Financial Condition
Rural Rehabilitation Corporation Fund

June 30, 1961

Assets		
Cash in State Treasury (See Exhibit K)		$ 5,351.91
Notes Receivable		86,754.42
Total Assets		$92,106.33
Liabilities & Surplus		
Surplus Balance, June 30, 1960	$89,822.03	
Add - Net Earnings, fiscal year 1960-61 (See Exhibit K)	2,284.30	
		$92,106.33

Computation of Net Earnings, fiscal year 1960-61

Income	
Earned Interest	$ 2,284.30
Operating Expense	-
Net Earnings	$ 2,284.30

Exhibit K

STATE BOARD OF STOCK COMMISSIONERS

Rural Rehabilitation Corporation Fund
Statement of Revenue and Expenditures

For the fiscal year ended June 30, 1961

Revenue		
Principal Payments	$ 3,402.06	
Interest Payments (to Surplus - Exhibit J)	2,284.30	$ 5,686.36
Disbursements		
Loans to:		
Olaf Barnard	$ 4,900.00	
Bunkerville Water Users' Association	7,500.00	
Ted Faber	22,300.00	
Grant Lee	2,000.00	
Total Disbursed		36,700.00
Excess of expenditures over receipts		(31,013.64)
Balance, July 1, 1960		36,365.55
Balance, June 30, 1961 (See Cash - Exhibit J)		$ 5,351.91

Exhibit L

STATE BOARD OF STOCK COMMISSIONERS

Livestock Disease Control Fund
Statement of Budgeted Revenue and Expenditures Compared with Actual

For the fiscal year ended June 30, 1961

	Legislative Appropriation	Budget (Revised)	Actual Expenditures	(Over) or Under Budget
Balance, July 1, 1960		$ 123.69	$ 123.69	
Revenue				
Appropriation	$29,178.00	29,178.00	29,178.00	
Total to be accounted for	$29,178.00	$29,301.69	29,301.69	
Expenditures				
Salaries	$18,468.00	$20,968.00	20,040.00	$ 928.00
Travel				
Out-of-state	660.00	660.00	1,025.25	(365.25)
In-state	4,100.00	4,100.00	3,452.90	647.10
Total Travel	4,760.00	4,760.00	4,478.15	281.85
Operating				
Industrial Insurance	(	157.00	130.18	26.82
Retirement Payments	---(964.00	722.00	718.02	3.98
Personnel Assessments	(	78.00	82.17	(4.17)
Rental		-	42.38	(42.38)
Freight and Postage	125.00	125.00	45.00	80.00
Printing	100.00	100.00	103.50	(3.50)
Office Supplies		307.00	324.30	(17.30)
Water		-	8.00	(8.00)
Other Utilities		-	32.00	(32.00)
Telephone and Telegraph	600.00	600.00	329.67	270.33
Auto Insurance	100.00	100.00	186.42	(86.42)
Equipment Repair	50.00	50.00	-	50.00
Buildings and Grounds		25.00	256.59	(231.59)
Dues and Subscriptions	86.00	86.00	249.50	(163.50)
Field Supplies		600.00	187.38	412.62
Advertising		-	127.25	(127.25)
Reference Books		-	10.35	(10.35)
Miscellaneous and Supplies	3,425.00			
Total Operating	5,450.00	2,950.00	2,832.71	117.29
Equipment				
Office Furniture		-	500.00	(500.00)
Field Equipment	500.00	500.00	-	500.00
Total Equipment	500.00	500.00	500.00	-
Total Expenditures	$29,178.00	$29,178.00	27,850.86	$1,327.14
Reverted June 30, 1961			$ 1,450.83	

Exhibit M

STATE BOARD OF STOCK COMMISSIONERS

Noxious Weed and Insect Pest Control Fund
Statement of Budgeted Revenue and Expenditures Compared with Actual

Fiscal year ended June 30, 1961

	Legislative Appropriation	Budget (Revised)	Actual Expenditures	(Over) or Under Budget
Revenue				
Appropriation	$47,380.00	$47,380.00	$47,380.00	-
Weed Spraying Fees	3,125.00	3,125.00	3,513.57	($ 388.57)
Miscellaneous Receipts		-	157.75	(157.75)
Total Revenue	$50,505.00	$50,505.00	51,051.32	(546.32)
Expenditures				
Salaries	$24,130.00	$24,130.00	21,166.17	2,963.83
Travel				
In-state	5,675.00	5,675.00	4,257.58	1,417.42
Operating				
Industrial Insurance	(	181.00	137.57	43.43
Retirement Payments	---(1,716.00	1,226.00	762.98	463.02
Personnel Assessments	(	219.00	170.32	48.68
Rental	231.00	194.00	291.25	(97.25)
Freight and Postage	770.00	770.00	395.87	374.13
Printing	185.00	185.00	128.61	56.39
Office Supplies		100.00	75.20	24.80
Heat		-	21.55	(21.55)
Power	75.00	75.00	6.00	69.00
Other Utilities		-	1.00	(1.00)
Telephone and Telegraph		-	3.63	(3.63)
Truck and Sprayer Operation	7,500.00	7,500.00	6,046.85	1,453.15
Vehicle Insurance	900.00	900.00	1,0 .52	(122.52)
Other Insurance	40.00	40.00	20.00	20.00
Equipment Repair	550.00	550.00	384.70	165.30
Contract Services		150.00	151.20	(1.20)
Dues and Subscriptions	33.00	70.00	58.65	11.35
Building and Grounds		140.00	94.20	45.80
Field Supplies		1,100.00	1,833.04	(733.04)
Laboratory Supplies		200.00	941.25	(741.25)
Spraying and Chemicals	5,500.00	5,500.00	5,425.96	74.04
Supplies (Unallocated)	1,600.00			
Laundry		-	105.00	(105.00)
Total Operating	19,100.00	19,100.00	18,077.35	1,022.65
Equipment				
Trucks		1,000.00	-	1,000.00
Field and Laboratory Equipment		600.00	971.99	(371.99)
Total Equipment	1,600.00	1,600.00	971.99	628.01
Total Expenditures	$50,505.00	$50,505.00	44,473.09	$6,031.91
Amount Reverted, June 30, 1961			$ 6,578.23	

Exhibit N

STATE BOARD OF STOCK COMMISSIONERS

Plant Industry Fund
Statement of Budgeted Revenue and Expenditures Compared with Actual

Fiscal year ended June 30, 1961

	Legislative Appropriation	Budget (Revised)	Actual Expenditures	(Over) or Under Budget
Revenue				
Appropriation	$194,834.00	$194,834.00	$194,834.00	
Agriculture Inspection Fees	3,500.00	3,500.00	1,732.29	$ 1,767.71
Nursery Certification Fees	2,000.00	2,000.00	2,611.00	(611.00)
Seed Certification Fees	800.00	800.00	867.49	(67.49)
Pest Control Operation License Fees	1,500.00	1,500.00	1,535.00	(35.00)
Insect Pest Survey - U.S.D.A.	3,500.00	3,500.00	3,062.50	437.50
Plant Certification Fees	450.00	450.00	-	450.00
Weighmaster License Fees		-	100.00	(100.00)
Sales of Weighmaster Books		-	198.00	(198.00)
Miscellaneous Receipts		-	121.92	(121.92)
Total Revenue	$206,584.00	$206,584.00	$205,062.20	1,521.80
Expenditures				
Salaries	$141,424.00	$141,424.00	136,544.08	4,879.92
Travel				
Out-of-state	2,175.00	2,175.00	2,023.12	151.88
In-state	19,750.00	19,750.00	17,211.90	2,538.10
Total Travel	21,925.00	21,925.00	19,235.02	2,689.98
Operating				
Industrial Insurance	1,059.00	1,059.00	888.89	170.11
Retirement Payments	6,622.00	6,622.00	6,296.59	325.41
Personnel Assessments	795.00	795.00	763.80	31.20
Rentals, Building and Equipment	490.00	490.00	672.70	(182.70)
Freight and Postage	760.00	760.00	419.47	340.53
Printing	1,655.00	1,655.00	1,272.09	382.91
Office Supplies	1,900.00	1,900.00	2,177.84	(277.84)
Heat	2,550.00	2,550.00	1,001. 7	1,548.03
Power	2,550.00	2,550.00	1,213.01	1,336.99
Water	240.00	240.00	16.25	223.75
Other Utilities		-	165.31	(165.31)
Telephone and Telegraph	3,200.00	3,200.00	3,651.99	(451.99)
Truck and Sprayer Operations	3,400.00	3,400.00	3,604.34	(204.34)
Auto Insurance	1,700.00	1,700.00	1,140.34	559.66
Other Insurance	150.00	150.00	841.26	(691.26)
Office Equipment Repair	200.00	200.00	377.67	(177.67)
Equipment Repair	200.00	200.00	359.74	(159.74)
Contract Services	300.00	300.00	543.90	(243.90)
Building And Grounds	300.00	300.00	1,439.00	(1,139.00)
Dues and Subscriptions	523.00	523.00	378.10	144.90
Field Supplies	900.00	900.00	1,505.52	(605.52)
Laboratory Supplies	700.00	700.00	765.86	(65.86)
Public Official Bonds	25.00	25.00	55.00	(30.00)
Federal Fees	700.00	700.00	526.42	173.58
Gas and Oil Samples		-	139.74	(139.74)
Seals and Tags		-	15.50	(15.50)
Refund		-	10.00	(10.00)

STATE BOARD OF STOCK COMMISSIONERS

Plant Industry Fund
Statement of Budgeted Revenue and Expenditures Compared with Actual

Fiscal year ended June 30, 1961

	Legislative Appropriation	Budget (Revised)	Actual Expenditures	(Over) or Under Budget
Miscellaneous		-	$ 29.40	($ 29.40)
Total Operating	$ 30,919.00	$ 30,919.00	30,271.70	647.30
Equipment				
Automobiles	2,375.00	2,375.00	2,124.17	250.83
Trucks	2,000.00	2,000.00	2,671.19	(671.19)
Office Furniture	621.00	621.00	837.16	(216.16)
Office Equipment	465.00	465.00	447.50	17.50
Field Equipment	6,755.00	6,755.00)	6,041.14	813.86
Laboratory Equipment	100.00	100.00)		
Total Equipment	12,316.00	12,316.00	12,121.16	194.84
Total Expenditures	$206,584.00	$206,584.00	198,171.96	$8,412.04
Amount Reverted, June 30, 1961			$ 6,830.24	

Exhibit O

STATE BOARD OF STOCK COMMISSIONERS

Stock Commission Laboratory Fund
Statement of Budgeted Revenue and Expenditures Compared with Actual

Fiscal year ended June 30, 1961

	Legislative Appropriation	Budget (Revised)	Actual Expenditures	(Over) or Under Budget
Revenue				
Appropriation	$33,279.00	$33,279.00	$33,279.00	-
Miscellaneous Receipts		-	22.31	($ 22.31)
Total Revenue	$33,279.00	$33,279.00	33,301.31	(22.31)
Expenditures				
Salaries	$27,688.00	$27,688.00	24,025.65	3,662.35
Operating				
Industrial Insurance	207.00	207.00	156.17	50.83
Retirement Payments	1,238.00	1,238.00	1,072.88	165.12
Personnel Assessments	174.00	174.00	142.54	31.46
Rental	1,562.00	1,562.00	987.53	574.47
Freight and Postage	300.00	300.00	157.23	142.77
Printing	55.00	55.00	170.76	(115.76)
Office Supplies	76.00	76.00	62.95	13.05
Water		-	56.90	(56.90)
Telephone and Telegraph	480.00	480.00	680.31	(200.31)
Equipment Repair	60.00	60.00	41.59	18.41
Laundry	40.00	40.00	79.25	(39.25)
Dues and Subscriptions	99.00	99.00	52.00	47.00
Laboratory Supplies	600.00	600.00	1,862.91	(1,262.91)
Feed for Laboratory Animals	50.00	50.00	9.60	40.40
Advertising		-	59.48	(59.48)
Reference Books		-	102.45	(102.45)
Total Operating	4,941.00	4,941.00	5,694.55	(753.55)
Equipment				
Laboratory Equipment	650.00	650.00	639.34	10.66
Total Expenditures	$33,279.00	$33,279.00	30,359.54	$2,919.46
Amount Reverted, June 30, 1961			$ 2,941.77	

Exhibit P

STATE BOARD OF STOCK COMMISSIONERS

Agriculture County Reimbursements
Statement of Revenue and Expenditures

Fiscal year ended June 30, 1961

Revenue		
County Agricultural Inspection Fees		
Clark County	$ 35.50	
Washoe County	862.96	$ 898.46
Weed Control Fees		
Washoe County		678.64
		$1,577.10
Expenditures		
Reimbursements to:		
Clark County	$ 35.50	
Washoe County	1,541.60	1,577.10
Balance, June 30, 1961		-

STATE BOARD OF STOCK COMMISSIONERS

Explanation of Deficit in Account at 9-1-51
Estray Escrow Account

Search of records available to this auditor disclosed an apparent overage in the account existing at 12-31-49			$ .90
Reconcilement of this overage prior to 12-31-49 was not attempted.			
Proceeds of sale of Estray No. 217, dated 3-13-50		$50.00	
Less: Maintenance expense paid 3-14-50 on Estray #217	$32.00		
Amount refunded to legal owner of Estray #217	30.00		
Total paid out, Estray #217		62.00	
Excess of disbursements over receipts on Estray Transaction No. 217			(12.00)
Net Deficit to Estray Account			$ 11.10

Note: Adjusting Journal Entry No. 2, June 30, 1961, provided for transfer of $11.10 to Estray Escrow Account from Stock Inspection Fund.

STATE OF NEVADA

NEVADA INDUSTRIAL COMMISSION

AUDIT REPORT

For the Period July 1, 1960 to June 30, 1961

REPORT NO. 7



LEGISLATIVE COUNSEL BUREAU

A. N. Jacobson, Legislative Auditor

CARSON CITY, NEVADA

October 10, 1961

STATE OF NEVADA
OFFICE OF THE
LEGISLATIVE AUDITOR
CARSON CITY, NEVADA

A. N. JACOBSON
LEGISLATIVE AUDITOR

November 1, 1961

Nevada Legislative Commission
Capitol Building
Carson City, Nevada

Gentlemen:

We submit herewith Audit Report No. 7 covering the audit of the Nevada Industrial Commission for the fiscal year ended June 30, 1961.

The audit was performed under authority extended by the Legislative Auditor in prior years. Since much of the work in connection with the audit had been performed prior to the formulation of the tentative "Instructions for Audit of State Agencies," the report has been prepared consistent with that of prior years.

Yours very truly,

A. N. JACOBSON, Legislative Auditor

W. Elmo DeWhitt
Chief Assistant

WED/la

SAM P. KAFOURY
RAY E. ARMSTRONG
LOWELL C. BERNARD

KAFOURY AND ARMSTRONG
PUBLIC ACCOUNTANTS
RENO, NEVADA

TELEPHONE
FAIRVIEW 2-9473

100 California Avenue

October 10, 1961

Nevada Industrial Commission,
Carson City,
Nevada.

Gentlemen:

Pursuant to the terms of our engagement, we have examined the accounts and records of the Nevada Industrial Commission for the fiscal year ended June 30, 1961.

Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests and analyses as we deemed necessary to satisfy ourselves as to the general accuracy of the records.

Attached to and forming a part of this report are the following exhibits and related schedules which reflect the results of the operations of the Commission for the fiscal year ended June 30, 1961 and its financial condition at that date:

Exhibit A	- Statement of Financial Condition, June 30, 1961.
Exhibit B	- Statement of Operations by Funds, For the Year Ended June 30, 1961.
Exhibit C	- Analysis of Surplus by Funds, June 30, 1961.
Exhibit D	- Statement of Receipts and Disbursements by Funds, For the Year Ended June 30, 1961.

Schedule No. 1 - Cash on Hand and on Deposit, June 30, 1961.

Schedule No. 2 - Bonds Owned, State Insurance Fund, June 30, 1961.

Schedule No. 3 - Bonds Owned, Accident Benefit Fund, June 30, 1961.

Schedule No. 4 - Bonds Owned, Occupational Diseases Fund, June 30, 1961.

Schedule No. 5 - Administrative and Safety Expenses, For the Year Ended June 30, 1961.

Schedule No. 6 - Miscellaneous Income, For the Year Ended June 30, 1961.

Schedule No. 7 - Investment Income, For the Year Ended June 30, 1961.

Schedule No. 8 - Rent and Expense Account, For the Year Ended June 30, 1961.

Our comments on these exhibits follow.

EXHIBIT A - STATEMENT OF FINANCIAL CONDITION

Cash on Hand and on Deposit - $872,621.06 (Schedule No. 1):

Cash deposited with the State Treasurer of Nevada and with the First National Bank of Nevada, Carson City Branch, was verified by direct correspondence with the depositories concerned. We reconciled the Commission's records of these accounts and found them properly stated. Petty cash held in the Carson City office was verified by actual count, while those funds held in branch offices were confirmed by certifications of their custodians.

To secure the Commission's funds on deposit with the First National Bank of Nevada, Carson City Branch, the bank has deposited with the State Treasurer of Nevada $260,000.00 par value U. S. Treasury Bonds, 2 1/2%, due November 15, 1961.

Earned Premiums Due - $833,659.01:

Premiums earned but unpaid as of June 30, 1961 were $833,659.01. Included in this amount are unreported premiums relative to the 1961 fiscal year - $787,707.34, unreported premiums of prior fiscal years - $23,000.00, and premiums reported but unpaid - $22,951.67. Unreported premiums have been estimated on a basis consistent with that applied in prior years.

Accounts Receivable - $228.72:

Miscellaneous receivables due the Commission totaled $228.72 as follows:

On returned checks	$180.75
On overpayment of rebate	47.97
Total	$228.72

We reviewed the Commission's control of contributors' checks returned unpaid by the bank and found proper substantiation for all transactions within the account.

Accrued Interest Receivable - $162,945.90:

Interest earned on investments to June 30, 1961 but collectible subsequent to that date was $162,945.90. Included in this sum is $242.50 for interest accrued on the secured note taken in the sale of the Commission's former headquarters building. All interest due during the year was collected with the exception of certain sums due from the Overton Water District. The sum of $7,200.00 due during the year on the February 1, 1960 issue of that District and the sum of $720.00 due June 1, 1961 on the December 1, 1954 issue were not collected. Future payments of principal and interest on the former issue are subject to an approved moratorium described later in this report.

Investments - $16,568,872.49:

Bonds owned which are carried at cost adjusted for annual amortization of premium and discount, and a secured note receivable comprise the Commission's investment portfolio.

The carrying value of the bonds owned was $16,524,103.50 at June 30, 1961. These investments, and the several transactions affecting them, are presented in detail in Schedules 2, 3, and 4. At year's end these securities were held for the Commission's account by the following agencies:

	Carrying Value of Bonds Held at June 30, 1961 (Schedules 2, 3 and 4)	Per Cent
State Treasurer of Nevada (Par Value $10,389,000.00)	$10,388,079.03	63%
Trust Department, First National Bank of Nevada (Par Value $6,161,000.00)	6,136,024.47	37%
Total	$16,524,103.50	100%

On May 2, 1961, the Commission granted to the Overton Water District a moratorium for a period of two years on all payments on its General Obligation Water Bonds, Series February 1, 1960, 4 1/2%. The par value of these bonds is $160,000.00 and they were originally payable as follows:

$4,000.00, February 1, 1962
$6,000.00, February 1, 1963 and annually thereafter through 1988.

Securities and matured interest coupons held by the State Treasurer of Nevada were verified by actual count. Those bonds held by the First National Bank of Nevada and its correspondents were confirmed by bank certification.

The Commission also holds a promissory note secured by a first trust deed on the old Nevada Industrial Commission property in Carson City. It bears interest at 6 1/2% per annum on the unpaid balance which was $44,768.99 at June 30, 1961. We confirmed this amount by direct correspondence with the debtor, Western Ventures, Inc.

Fixed Assets - $809,721.42:

Construction of the Commission's Las Vegas Branch Office was substantially completed in the year under review. Its accumulated cost to June 30, 1961 was $65,716.97, and the uncompleted contractual commitments were $4,505.08.

The Commission's Carson City offices are carried at cost less accumulated amortization as follows:

Total Cost, Land and Building	$778,041.77
Amortization Through June 30, 1961	34,039.32
Book Value	$744,002.45

Pursuant to a Commission resolution the cost of this building, including land, is being recovered through amortization charges against rental income extending over a forty year period.

Furniture and equipment, and automobiles are carried at the nominal value of $1.00 for each classification, as in prior years. The Commission maintains a detailed inventory record of these assets. We have examined this inventory, with appropriate attention to additions and retirements of the year under review, and have found it to be properly maintained.

The fixed asset valuation procedures outlined above reflect, in our opinion, properly conservative insurance practice with appropriate consideration for the liquidity of admitted assets.

Other Assets - $425.00:

An air travel deposit with United Airlines of $425.00 comprises the other assets of the Commission.

We examined the insurance policies in effect at June 30, 1961, and the coverage appears adequate. In conformity with the Commission's established practice, no provision has been made for prepaid premiums.

Current Liabilities - $852,220.72:

Cash advance premium deposits held by the Commission totaled $839,192.82. Other pledges posted by contributors in lieu of cash consisted of surety bonds of $77,550.00 and securities of $67,000.00.

We examined in detail all contributors' securities held in lieu of cash deposits. Surety bonds in lieu of cash and all cash deposits were verified by examination of employers' accounts selected through a stratified random sample. The employers' accounts advance deposit subsidiary record was found to be in agreement with the general ledger control.

The procedures employed by the Commission to supervise employers' accounts were reviewed and found to be satisfactory.

Employers' accounts were not confirmed by direct correspondence as this was not contemplated as within the scope of our engagement.

Unpaid operating expenses of $7,398.53 were verified by examination of vendors' invoices and subsequent payments thereof.

The liability on long outstanding checks was $160.35 as of June 30, 1961. Payment has been stopped on these checks which, if presented for payment, will be replaced by substitute checks drawn on the State Insurance Fund.

Contract retentions on the Las Vegas building totaled $5,469.02 at balance sheet date.

Deferred income of $14,397.73 represents premiums collected for the 1962 fiscal year prior to June 30, 1961.

Reserves - $11,570,312.00:

At their meeting of September 5, 1961, the Commissioners adopted the following reserves as of June 30, 1961:

For Pending Claims	$ 2,673,911.00
For Pensions	6,646,401.00
For Reopened Claims	200,000.00
For Catastrophe	500,000.00
For Fluctuation in Value Of Investments	550,000.00
For Stabilization of Rates	1,000,000.00
Total	$11,570,312.00

The reserves for pending claims and for pensions have been calculated by the Commission's claims department. These benefits reserves recognize the Commission's estimated remaining liabilities for claims originating prior to June 30, 1961 and not closed as of that date.

To provide for the re-opening of claims previously considered closed, the Commission has adopted a special $200,000.00 reserve. Analysis of claims reopened during the last two years has clearly indicated the need for such a reserve.

Other surplus reserves are unchanged from June 30, 1960.

Pursuant to the terms of our engagement, we assume no responsibility as to the adequacy of the reserves adopted by the Commission.

Surplus - $6,811,543.15:

An analysis by funds of the Commission's unappropriated or free surplus is presented in detail in Exhibit C. Ending surplus balances of each of the funds for the last two years are presented below:

	June 30, 1961	June 30, 1960	Increase or (Decrease)
State Insurance Fund	$3,986,001.13	$3,546,128.17	$439,872.96
Accident Benefit Fund	2,357,251.16	2,176,479.70	180,771.46
Occupational Diseases Fund	468,290.86	352,318.74	115,972.12
Totals	$6,811,543.15	$6,074,926.61	$736,616.54

This increase in surplus is primarily attributable to the very substantial net income of the current fiscal year as shown in Exhibit B.

EXHIBIT B - STATEMENT OF OPERATIONS BY FUNDS

Operations for the year under review resulted in a net income of $1,744,641.47. This is $667,328.22 greater than the net income of the preceding year, as noted in the brief comparative analysis presented below:

	Year Ended June 30, 1961	1960	Increase (Decrease)
Premiums Earned	$6,301,659	$5,653,631	$648,028
Benefits Expense	4,396,356	4,267,300	129,056
Excess of Premiums	$1,905,303	$1,386,331	$518,972
Administrative and Safety Expenses	746,735	686,107	60,628
Underwriting Gain	$1,158,568	$ 700,224	$458,344
Other Income and Expense (Net)	586,073	377,089	208,984
Net Income	$1,744,641	$1,077,313	$667,328

It will be noted that this increase in net income is primarily due to a continuing increase in premium income with relatively little increase in benefits expenses. Investment income also reflects a substantial increase. The Commission's investment program, under the guidance of Willis and Christy, Inc., its investment counsel, has materially improved the yield of the bond portfolio. The liquidity of the Commission's portfolio with emphasis on early maturities has, in our opinion, been given proper consideration.

The net rental income of $18,966.87 is presented in detail in Schedule No. 8. During the year under review all available office space was rented in the Commission's Carson City building. It should be noted that the Commission pays rental to itself for the space its offices occupy. This charge

to operations is necessary in order to reflect the building's operations at their actual level, as well as to provide sufficient funds to amortize the value of the Commission's investment in this plant. We note that this rental income represented a return of 2.5% on the amortized value of this investment as of June 30, 1961.

It has been the Commission's practice to use the relative benefits expense as a guide for apportioning to the various funds the premiums to be earned in the ensuing year. In view of the present condition of the several funds, we recommend that the percentages set forth below be adopted by the Commission for apportioning the earned premiums of the 1962 fiscal year:

	Full Coverage	Ex-Medical
State Insurance Fund	55%	92%
Accident Benefit Fund	40%	-
Occupational Diseases Fund	5%	8%
Totals	100%	100%

Schedule No. 5 presents an analysis of the administrative and safety department expenses during the current fiscal year. A comparative analysis of these expenses for the last two years is presented below:

	Year Ended June 30, 1961	1960	Increase (Decrease)
Administrative Expense	$607,701.69	$573,053.02	$34,648.67
Safety Expense	139,033.13	113,054.05	25,979.08
Totals	$746,734.82	$686,107.07	$60,627.75

The increase in administrative expense was primarily attributable to greater salary expense, professional actuarial services, and office rental charges; the latter being due to a full year's occupancy of the Commission's new Carson City office building.

The increase in safety costs was primarily attributable to the purchase of several cars for the use of the department's inspectors.

EXHIBIT C - ANALYSIS OF SURPLUS

Exhibit C analyzes in detail, the changes in the unappropriated surplus accounts during the current year. Most of the adjustments therein presented resulted from normal adjustments of estimated premiums and reserves of prior years.

Previous comment has been made relative to the Reserve for Reopened Claims.

The net premium rebate paid of $301,477.96, was the first rebate declared since the fiscal year ended June 30, 1958.

EXHIBIT D - STATEMENT OF RECEIPTS AND DISBURSEMENTS

Receipts of the period under review exceeded disbursements by $1,580,568.69. We present below a summary of this increase by funds:

State Insurance Funds	$1,056,430.50
Accident Benefit Fund	395,485.97
Occupational Diseases Fund	128,652.22
Total Increase	$1,580,568.69

Our examination included an extensive test of checks issued together with evidence in support thereof. We also reviewed all documentation in support of transactions in the Commission's bond portfolio. Appropriate approval by the Commissioners of all disbursements was noted. Authority for material administrative transactions was traced to minute order of the Commission.

GENERAL COMMENTS

1. During the early part of the year under review, the Commission was under severe pressure to reduce the general level of its premium income. To independently analyze its rate structure, the Commission employed the consulting actuarial firm of Coates, Herfurth and England. Acting on the results of this analysis, the Commission authorized and paid a rebate in excess

of $300,000.00, as previously noted. The actuaries also developed for the Commission an experience rating system for premium charges wherein an employer's rate may be increased or decreased within the limits of N.R.S. 616.380 to more equitably reflect his own safety record. These procedures provide for the recognition of an employer's accomplishments in accident prevention even though his industry as a whole may have a poor record. Likewise, an employer with a poor safety record may face a surcharge in addition to his usual class rate.

The present rebate structure is also designed to stimulate greater efforts toward accident prevention. That is, only employers with satisfactory loss experience in the preceding years are eligible for a rebate.

In our opinion, the enactment by the Commission of the new experience rating system together with the credit rebate program represents a substantial forward step in the equitable administration of the Nevada Industrial Insurance Acts.

2. N.R.S. 616.380 provides that the Commission's objective shall be "to prescribe and collect only such premiums as may be necessary to pay the obligations created by this chapter, administrative expenses, and to carry such reasonable reserves as may be prescribed by law or may be deemed necessary to meet such contingencies as may be reasonably expected." In evident recognition of the inordinately high underwriting gain of the year under review, the Commission adopted in September, 1961, a resolution proposing a rebate of approximately $700,000.00 to employers with good experience ratings in the 1961 fiscal year. Further, the Commissions actuary was directed to consider a "substantial over-all decrease in rates effective January 1, 1962." In the same resolution, the Commission directed a study of present theories for determining an adequate level of unappropriated or free surplus, and initiated studies of benefit changes which might be considered by the 1963 Legislative session.

3. The Commission adopted a late payment penalty during the year to partially defray the administrative costs incurred by the Commission in the supervision of delinquent accounts. This program has been designed to force consistently late paying accounts to bear the cost of their own supervision and, if possible, to reduce the frequency of late payments. The program has not been operative for a sufficient period to properly evaluate its results.

4. Payment of local compensation claims was begun during 1961 by the Las Vegas office of the Commission in an effort to minimize the delay in making prompt payments to beneficiaries in that area.

5. Our examination included a review and evaluation of Commission's internal financial controls. In our opinion, these controls are sufficiently comprehensive and adequately supervised.

6. The recommendation made by us in our report for the fiscal year ended June 30, 1960 relative to the engagement by the Commission of an independent actuary has been accepted, as previously noted in this report.

It is our opinion that the attached exhibits and related schedules reflect fairly the results of the operations of the Nevada Industrial Commission for the year ended June 30, 1961 and its financial condition at that date in accordance with generally accepted accounting principles consistently applied.

Respectfully submitted,

Arthur Andersen and Company

PUBLIC ACCOUNTANTS

NEVADA INDUSTRIAL COMMISSION
STATEMENT OF FINANCIAL CONDITION
JUNE 30, 1961

ASSETS	STATE INSURANCE FUND		ACCIDENT BENEFIT FUND		OCCUPATIONAL DISEASES FUND		T O T A L	
CURRENT ASSETS:								
Cash on Hand and on Deposit (Schedule No. 1)	$ 403,755.03		$ 397,034.47		$ 71,831.56		$ 872,621.06	
Earned Premiums Due	470,208.13		318,335.85		45,115.03		833,659.01	
Accounts Receivable	228.72		-		-		228.72	
Accrued Interest Receivable	117,148.72		38,834.16		6,963.02		162,945.90	
Total Current Assets		$ 991,340.60		$ 754,204.48		$123,909.61		$ 1,869,454.69
INVESTMENTS:								
Bonds Owned (Schedules Nos. 2, 3, and 4)	$12,734,082.84		$2,983,247.78		$806,772.88		$16,524,103.50	
Note Receivable, Secured by First Deed of Trust on Real Estate	44,768.99		-		-		44,768.99	
Total Investments		12,778,851.83		2,983,247.78		806,772.88		16,568,872.49
FIXED ASSETS:								
Land and Buildings:								
Carson City (At Cost Less Amortization)	$ 744,002.45		$ -		$ -		$ 744,002.45	
Las Vegas (Uncompleted Cost)	65,716.97		-		-		65,716.97	
Furniture and Equipment	1.00		-		-		1.00	
Automobiles	1.00		-		-		1.00	
Total Fixed Assets		809,721.42		-		-		809,721.42
OTHER ASSETS:								
Deposit - Service		425.00		-		-		425.00
Total Assets		$14,580,338.85		$3,737,452.26		$930,682.49		$19,248,473.60

KAFOURY AND ARMSTRONG
PUBLIC ACCOUNTANTS

NEVADA INDUSTRIAL COMMISSION
STATEMENT OF FINANCIAL CONDITION
JUNE 30, 1961

LIABILITIES, RESERVES AND SURPLUS	STATE INSURANCE FUND	ACCIDENT BENEFIT FUND	OCCUPATIONAL DISEASES FUND	TOTAL
CURRENT LIABILITIES:				
Advance Premiums	$ 839,192.82	$ -	$ -	$ 839,192.82
Accounts Payable	7,398.53	-	-	7,398.53
Liability for Long Outstanding Checks Cancelled	160.35	-	-	160.35
Contract Payable - Retainage	5,469.02	-	-	5,469.02
Total Current Liabilities	$ 852,220.72	$ -	$ -	$ 852,220.72
DEFERRED INCOME	8,520.00	5,109.10	768.63	14,397.73
RESERVES:				
For Pending Claims	$ 1,808,622.00	$ 795,392.00	$ 69,897.00	$ 2,673,911.00
For Pensions	6,345,575.00	-	300,826.00	6,646,401.00
For Reopened Claims	110,000.00	80,000.00	10,000.00	200,000.00
For Catastrophe	500,000.00	-	-	500,000.00
For Fluctuation in Value of Investments	439,400.00	99,700.00	10,900.00	550,000.00
For Stabilization of Rates	530,000.00	400,000.00	70,000.00	1,000,000.00
Total Reserves	9,733,597.00	1,375,092.00	461,623.00	11,570,312.00
SURPLUS (Exhibit C)	3,986,001.13	2,357,251.16	468,290.86	6,811,543.15
Total Liabilities, Reserves and Surplus	$14,580,338.85	$3,737,452.26	$930,682.49	$19,248,473.60

KAFOURY AND ARMSTRONG
PUBLIC ACCOUNTANTS

NEVADA INDUSTRIAL COMMISSION
STATEMENT OF OPERATIONS BY FUNDS
FOR THE YEAR ENDED JUNE 30, 1961

	STATE INSURANCE FUND	ACCIDENT BENEFIT FUND	OCCUPATIONAL DISEASES FUND	TOTAL
EARNED PREMIUMS:				
Reported	$3,126,092.99	$2,104,586.29	$283,272.13	$5,513,951.41
Estimated Additional	446,584.71	300,655.18	40,467.45	787,707.34
Total Earned Premiums	$3,572,677.70	$2,405,241.47	$323,739.58	$6,301,658.75
BENEFITS EXPENSES:				
Benefits Paid - Net	$ 861,318.73	$1,179,723.28	$ 36,405.84	$2,077,447.85
Estimated Pending Claims	1,295,747.00	675,481.00	28,900.00	2,000,128.00
Pensions Paid	12,398.98	-	2,000.00	14,398.98
Pensions Awarded and Unawarded	276,881.00	-	27,500.00	304,381.00
Total Benefits Expenses	$2,446,345.71	$1,855,204.28	$ 94,805.84	$4,396,355.83
Excess of Earned Premiums over Benefits Expenses	$1,126,331.99	$ 550,037.19	$228,933.74	$1,905,302.92
OPERATING EXPENSES:				
Administrative (Schedule No. 5)	344,566.86	232,142.05	30,992.78	607,701.69
Safety (Schedule No. 5)	78,831.78	53,110.66	7,090.69	139,033.13
Total Operating Expenses	$ 423,398.64	$ 285,252.71	$ 38,083.47	$ 746,734.82
Operating Profit	$ 702,933.35	$ 264,784.48	$190,850.27	$1,158,568.10
OTHER INCOME:				
Investment Income - Net (Schedule No. 7)	392,028.55	123,516.13	47,349.07	562,893.75
Miscellaneous Income (Schedule No. 6)	2,710.95	1,826.43	243.84	4,781.22
Rental Income - Net (Schedule No. 8)	18,966.87	-	-	18,966.87
Total Other Income	$ 413,706.37	$ 125,342.56	$ 47,592.91	$ 586,641.84
	$1,116,639.72	$ 390,127.04	$238,443.18	$1,745,209.94
OTHER EXPENSES:				
Bad Debts	322.32	217.16	28.99	568.47
Excess of Income over Expenses	$1,116,317.40	$ 389,909.88	$238,414.19	$1,744,641.47

NEVADA INDUSTRIAL COMMISSION
ANALYSIS OF SURPLUS BY FUNDS
JUNE 30, 1961

	STATE INSURANCE FUND	ACCIDENT BENEFIT FUND	OCCUPATIONAL DISEASES FUND	TOTAL
Balance, July 1, 1960	$3,546,128.17	$2,176,479.70	$352,318.74	$6,074,926.61
ADDITIONS:				
Advance Deposits Absorbed - Net	$ 1,966.97	$ -	$ -	$ 1,966.97
Adjustment for Long Outstanding Checks - Net	227.70	-	-	227.70
Adjustment for Under Estimate of Premiums due June 30, 1960	43,521.26	31,132.68	6,149.71	80,803.65
Adjustment for Reserves for Pending Claims for Years 1960 and Prior	143,768.83	-	7,578.21	151,347.04
Excess of Income over Expenses (Exhibit B)	1,116,317.40	389,909.88	238,414.19	1,744,641.47
Total Additions	$1,305,802.16	$ 421,042.56	$252,142.11	$1,978,986.83
DEDUCTIONS:				
Establish Reserve for Reopened Claims	$ 110,000.00	$ 80,000.00	$ 10,000.00	$ 200,000.00
Adjustment of Pension Reserves for Years 1960 and Prior	590,116.32	-	114,185.98	704,302.30
Adjustment of Reserve for Pending Claims for years 1960 and Prior	-	36,590.03	-	36,590.03
Premium Rebates Paid - Net	165,812.88	123,681.07	11,984.01	301,477.96
Total Deductions	$ 865,929.20	$ 240,271.10	$136,169.99	$1,242,370.29
Balance, June 30, 1961	$3,986,001.13	$2,357,251.16	$468,290.86	$6,811,543.15

NEVADA INDUSTRIAL COMMISSION
STATEMENT OF RECEIPTS AND DISBURSEMENTS BY FUNDS
FOR THE YEAR ENDED JUNE 30, 1961

	STATE INSURANCE FUND	ACCIDENT BENEFIT FUND	OCCUPATIONAL DISEASES FUND	TOTAL
RECEIPTS:				
Premiums Earned and Collected	$ 3,529,193.50	$2,384,867.75	$312,631.32	$ 6,226,692.57
Interest (Less Interest Purchased and Net Charge for Amortization of Bond Premium and Discount)	429,686.50	105,300.25	35,350.78	570,337.53
Building Rentals	75,300.42	-	-	75,300.42
Advance Premium Deposits (Net)	74,562.08	-	-	74,562.08
Payments Received on Sale of Property	4,229.62	-	-	4,229.62
Cancellation of Old Outstanding Checks	82.35	-	-	82.35
Miscellaneous Receipts	2,710.95	1,826.43	243.84	4,781.22
Gain on Sale of Bonds	-	9,281.06	15,303.48	24,584.54
Total Receipts	$ 4,115,765.42	$2,501,275.49	$363,529.42	$ 6,980,570.33
DISBURSEMENTS:				
Benefits Paid	$ 2,339,123.20	$1,694,144.31	$184,071.61	$ 4,217,339.12
Administrative and Safety Expenses	391,064.14	268,615.70	35,862.30	695,542.14
Furniture and Equipment	9,912.42	6,678.21	891.60	17,482.23
Automobiles	14,781.78	9,958.80	1,329.57	26,070.15
Loss on Sale of Bonds	32,663.59	-	-	32,663.59
Securities Custodian Fees and Cost	3,765.56	879.12	239.31	4,883.99
Investment Advisory Fees	7,848.39	1,832.31	498.80	10,179.50
Building Expenses	37,062.51	-	-	37,062.51
Building Construction - Carson	3,000.00	-	-	3,000.00
Building Construction - Las Vegas	54,300.45	-	-	54,300.45
Rebates	165,812.88	123,681.07	11,984.01	301,477.96
Total Disbursements	$ 3,059,334.92	$2,105,789.52	$234,877.20	$ 5,400,001.64
Excess of Receipts over Disbursements	$ 1,056,430.50	$ 395,485.97	$128,652.22	$ 1,580,568.69
Balance in Funds, July 1, 1960	12,081,407.37	2,984,796.28	749,952.22	15,816,155.87
Balance in Funds, June 30, 1961	$13,137,837.87	$3,380,282.25	$878,604.44	$17,396,724.56

NEVADA INDUSTRIAL COMMISSION
STATEMENT OF RECEIPTS AND DISBURSEMENTS BY FUNDS
FOR THE YEAR ENDED JUNE 30, 1961

	STATE INSURANCE FUND	ACCIDENT BENEFIT FUND	OCCUPATIONAL DISEASES FUND	TOTAL
REPRESENTED BY:				
Cash (Schedule No. 1)	$ 403,755.03	$ 397,034.47	$ 71,831.56	$ 872,621.06
Bonds Owned, Stated at Cost Less Amortized Premium and Discount (Schedules Nos. 2, 3 and 4)	12,734,082.84	2,983,247.78	806,772.88	16,524,103.50
Totals	$13,137,837.87	$3,380,282.25	$878,604.44	$17,396,724.56

NEVADA INDUSTRIAL COMMISSION
CASH ON HAND AND ON DEPOSIT
BONDS PLEDGED TO SECURE DEPOSITS IN BANK

CASH ON HAND AND ON DEPOSIT:		
State Treasurer of Nevada		$710,002.64
First National Bank of Nevada:		
Carson City Branch - General Account	$146,916.17	
Reno Main Office - Custodian Account	15,402.25	162,318.42
Petty Cash Funds:		
Carson City Office	$ 150.00	
Reno Office	50.00	
Las Vegas Office	100.00	300.00
Total Cash on Hand and on Deposit		$872,621.06
ALLOCATED TO FOLLOWING FUNDS:		
State Insurance Fund	$403,755.03	
Accident Benefit Fund	397,034.47	
Occupational Diseases Fund	71,831.56	
Total		$872,621.06
BONDS PLEDGED TO SECURE DEPOSIT IN FIRST NATIONAL BANK OF NEVADA, CARSON CITY BRANCH:		
U. S. Treasury Bonds, 2 1/2%, November 15, 1961		$260,000.00

NEVADA INDUSTRIAL COMMISSION
BONDS OWNED
STATE INSURANCE FUND
JUNE 30, 1961

TITLE OF ISSUE	RATE OF INTEREST	DATE OF MATURITY	BALANCE JUNE 30, 1960 PAR	BALANCE JUNE 30, 1960 BOOK VALUE	PURCHASES JULY 1, 1960 TO JUNE 30, 1961 PAR	PURCHASES JULY 1, 1960 TO JUNE 30, 1961 BOOK VALUE	REDEMPTIONS AND SALES JULY 1, 1960 TO JUNE 30, 1961 PAR	REDEMPTIONS AND SALES JULY 1, 1960 TO JUNE 30, 1961 BOOK VALUE	AMORTIZATION OF PREMIUM OR (DISCOUNT)	BALANCE JUNE 30, 1961 PAR	BALANCE JUNE 30, 1961 BOOK VALUE	BOND INTEREST EARNED THIS FISCAL YEAR
Atcheson, Topeka and Santa Fe Railway Company Adjustment Mortgage Bonds	4 %	1995	$ -	$ -	$ 110,000.00	$ 99,000.00	$ -	$ -	$ (133.17)	$ 110,000.00	$ 99,133.17	$ 1,637.77
Borough of Avalon, New Jersey General Refunding	3 %	1963	1,000.00	1,005.21	-	-	1,000.00	1,004.34	.87	-	-	
Borough of Avalon, New Jersey, General Refunding	3 %	1965	14,000.00	14,114.77	-	-	14,000.00	14,102.93	11.84	-	-	
Borough of Avalon, New Jersey, General Refunding	3 %	1966	24,000.00	24,230.51	-	-	24,000.00	24,210.50	20.01	-	-	
Borough of Avalon, New Jersey, General Refunding	3 %	1967	24,000.00	24,263.31	-	-	24,000.00	24,243.56	19.75	-	-	2,478.92
Borough of Avalon, New Jersey, General Refunding	3 %	1968	25,000.00	25,308.00	-	-	25,000.00	25,287.67	20.33	-	-	
Borough of Avalon, New Jersey, General Refunding	3 %	1969	9,000.00	9,122.86	-	-	9,000.00	9,116.83	6.03	-	-	
Borough of Avalon, New Jersey, General Refunding	3 %	1956-70	27,000.00	27,000.00	-	-	27,000.00	27,000.00	-	-	-	
Borough of Avalon, New Jersey, General Refunding	3 %	1956-71	27,000.00	27,000.00	-	-	27,000.00	27,000.00	-	-	-	
Chicago, Milwaukee, St. Paul and Pacific Equipment Trust Certificates	4 3/4%	1967	100,000.00	99,106.72	-	-	-	-	(126.11)	100,000.00	99,232.83	4,750.00
C.I.T. Financial Corporation Debentures	5 1/8%	1980	200,000.00	196,990.56	-	-	-	-	(154.00)	200,000.00	197,144.56	10,250.00
County of Clark, Educational District No. 1 (1942) - $2,000.00 Par Value Matures Annually	2 3/4%	1952-61	4,000.00	4,000.00	-	-	2,000.00	2,000.00	-	2,000.00	2,000.00	82.50
Clark County Education District No. 2,General Obligation Building, Series May 1, 1954 - $55,000.00 Par Value Matures Annually	3 1/2%	1957-66	330,000.00	330,000.00	-	-	55,000.00	55,000.00	-	275,000.00	275,000.00	11,229.16
Clark County Education District No. 2 - General Obligation Building, Series May 1, 1954	3 1/2%	1967	100,000.00	100,000.00	-	-	-	-	-	100,000.00	100,000.00	3,500.00
Clark County Education District No. 2 - General Obligation Building, Series May 1, 1954	3 1/2%	1968	110,000.00	110,000.00	-	-	-	-	-	110,000.00	110,000.00	3,850.00

KAFOURY AND ARMSTRONG
PUBLIC ACCOUNTANTS

NEVADA INDUSTRIAL COMMISSION
BONDS OWNED
STATE INSURANCE FUND
JUNE 30, 1961

TITLE OF ISSUE	RATE OF INTEREST	DATE OF MATURITY	BALANCE JUNE 30, 1960 PAR	BALANCE JUNE 30, 1960 BOOK VALUE	PURCHASED JULY 1, 1960 TO JUNE 30, 1961 PAR	PURCHASED JULY 1, 1960 TO JUNE 30, 1961 BOOK VALUE	REDEMPTIONS AND SALES JULY 1, 1960 TO JUNE 30, 1961 PAR	REDEMPTIONS AND SALES JULY 1, 1960 TO JUNE 30, 1961 BOOK VALUE	AMORTIZATION OF PREMIUM OR (DISCOUNT)	BALANCE JUNE 30, 1961 PAR	BALANCE JUNE 30, 1961 BOOK VALUE	BOND INTEREST EARNED THIS FISCAL YEAR
Clark County Education District No. 2 - General Obligation Building, Series May 1, 1954	3 1/2%	1969	$ 90,000.00	$ 90,000.00	$ -	$ -	$ -	$ -	$ -	$ 90,000.00	$ 90,000.00	$ 3,150.00
County of Clark Educational District No. 1 - General Obligation Building, Series April 1, 1955, $10,000.00 par value Matures Annually Commencing April 1, 1973	3 1/4%	1973-75	30,000.00	30,153.22	-	-	-	-	11.16	30,000.00	30,142.06	975.00
Clark County School District General Obligation Building, Series May 15, 1957 - $100,000.00 Par Value, Matures Annually Commencing May 15, 1973	5 %	1973-77	500,000.00	508,248.34	-	-	-	-	554.75	500,000.00	507,693.59	25,000.00
Clark County Airport - $15,000.00 Par Value, Matures Semi-Annually	3 %	1949-66	195,000.00	195,000.00	-	-	30,000.00	30,000.00	-	165,000.00	165,000.00	5,400.00
Clark County Hospital - $22,000.00 Par Value, Matures Annually	2 1/8%	1954-66	132,000.00	132,000.00	-	-	22,000.00	22,000.00	-	110,000.00	110,000.00	2,610.20
Commercial Credit Company Notes	4 3/4%	1979	-	-	100,000.00	99,000.00	-	-	(60.03)	100,000.00	99,060.03	4,433.33
Commercial Credit Company Notes	5 1/4%	1980	200,000.00	200,000.00	-	-	-	-	-	200,000.00	200,000.00	10,500.00
Consolidated Edison Company of New York First and Refunding Mortgage	5 1/4%	1989	200,000.00	202,978.92	-	-	-	-	101.27	200,000.00	202,877.65	10,500.00
Continental Can Company Debentures	4 5/8%	1985	-	-	100,000.00	100,875.00	-	-	24.32	100,000.00	100,850.68	3,159.92
Continental Oil Company Debentures	4 1/2%	1991	-	-	200,000.00	198,500.00	-	-	(7.50)	200,000.00	198,507.50	1,190.62
Deere and Company Subordinate Debentures	4 1/2%	1983	-	-	100,000.00	96,500.00	-	-	(78.80)	100,000.00	96,578.80	1,975.00
Douglas County School District, Douglas County, Nevada, General Obligation Building Bonds Series April 1, 1959-$26,000.00 Par Value Matures Annually Commencing 1971	3 3/4%	1971-72	52,000.00	51,878.75	-	-	-	-	(10.32)	52,000.00	51,889.07	1,950.00

KAFOURY AND ARMSTRONG
PUBLIC ACCOUNTANTS

NEVADA INDUSTRIAL COMMISSION
BONDS OWNED
STATE INSURANCE FUND
JUNE 30, 1961

TITLE OF ISSUE	RATE OF INTEREST	DATE OF MATURITY	BALANCE JUNE 30, 1960 PAR	BALANCE JUNE 30, 1960 BOOK VALUE	PURCHASES JULY 1, 1960 TO JUNE 30, 1961 PAR	PURCHASES JULY 1, 1960 TO JUNE 30, 1961 BOOK VALUE	REDEMPTIONS AND SALES JULY 1, 1960 TO JUNE 30, 1961 PAR	REDEMPTIONS AND SALES JULY 1, 1960 TO JUNE 30, 1961 BOOK VALUE	AMORTIZATION OF PREMIUM OR (DISCOUNT)	BALANCE JUNE 30, 1961 PAR	BALANCE JUNE 30, 1961 BOOK VALUE	BOND INTEREST EARNED THIS FISCAL YEAR
Douglas County School District, Douglas County Nevada, General Obligation Building Bonds Series April 1, 1959 - $26,000.00 Par Value Matures Annually Commencing 1973	3.9 %	1973-75	$ 78,000.00	$ 77,984.64	$ -	$ -	$ -	$ -	$ .31	$ 78,000.00	$ 77,984.33	$ 3,042.00
Douglas County School District, Douglas County, Nevada, General Obligation Building Bonds Series April 1, 1959 - $26,000.00 Par Value Matures Annually Commencing 1976	4 %	1976-79	104,000.00	104,000.00	-	-	-	-	-	104,000.00	104,000.00	4,160.00
Great Northern Railway Company General Mortgage Bonds	2 3/4%	1982	-	-	51,000.00	34,935.00	-	-	(373.60)	51,000.00	35,308.60	631.12
City of Elko, Municipal Office and Fire Department - $5,000.00 Par Value Matures Bi-Annually Commencing June 1, 1957	2 1/2%	1957-63	10,000.00	10,000.00	-	-	5,000.00	5,000.00	-	5,000.00	5,000.00	239.58
City of Ely General Obligation Water, Series of June 1, 1953 - $25,000.00 Par Value Matures Annually	3 %	1954-73	275,000.00	275,000.00	-	-	25,000.00	25,000.00	-	250,000.00	250,000.00	7,812.50
Federal Land Bank Consolidated Federal Farm Loan	5 1/8%	1970	200,000.00	201,912.72	-	-	-	-	190.48	200,000.00	201,722.24	10,677.04
Federal National Mortgage Association Debentures	4 5/8%	1970	200,000.00	200,000.00	-	-	-	-	-	200,000.00	200,000.00	9,224.31
Hudson County, New Jersey, Park	4 1/2%	1966	15,000.00	16,229.95	-	-	15,000.00	16,018.36	211.59	-	-	575.63
International Harvester Credit Corporation Debentures	4 3/4%	1981	-	-	200,000.00	200,000.00	-	-	-	200,000.00	200,000.00	7,402.07
City of Las Vegas Storm Sewer - Series of January 1, 1948 - $13,000.00 Par Value Matures Annually	2 1/2%	1950-68	104,000.00	104,000.00	-	-	13,000.00	13,000.00	-	91,000.00	91,000.00	2,437.50

KAFOURY AND ARMSTRONG
PUBLIC ACCOUNTANTS

NEVADA INDUSTRIAL COMMISSION
BONDS OWNED
STATE INSURANCE FUND
JUNE 30, 1961

TITLE OF ISSUE	RATE OF INTEREST	DATE OF MATURITY	BALANCE JUNE 30, 1960 PAR	BALANCE JUNE 30, 1960 BOOK VALUE	PURCHASES JULY 1, 1960 TO JUNE 30, 1961 PAR	PURCHASES JULY 1, 1960 TO JUNE 30, 1961 BOOK VALUE	REDEMPTIONS AND SALES JULY 1, 1960 TO JUNE 30, 1961 PAR	REDEMPTIONS AND SALES JULY 1, 1960 TO JUNE 30, 1961 BOOK VALUE	AMORTIZATION OF PREMIUM OR (DISCOUNT)	BALANCE JUNE 30, 1961 PAR	BALANCE JUNE 30, 1961 BOOK VALUE	BOND INTEREST EARNED THIS FISCAL YEAR
Metropolitan Water District of Southern California, Colorado River Waterworks Refunding	4 %	1974	$ 35,000.00	$ 39,284.58	$ -	$ -	$ 35,000.00	$ 39,001.31	$ 283.27	$ -	$ -	$ 1,193.89
Metropolitan Water District of Southern California, Colorado River Waterworks Refunding	4 %	1977	50,000.00	58,296.79	-	-	50,000.00	57,851.08	445.71	-	-	1,795.55
Metropolitan Water District of Southern California, Colorado River Waterworks Refunding	4 %	1982	10,000.00	11,811.92	-	-	10,000.00	11,737.74	74.18	-	-	341.10
Metropolitan Water District of Southern California, Colorado River Waterworks Refunding	4 %	1984	5,000.00	5,966.83	-	-	5,000.00	5,930.52	36.31	-	-	170.55
State of Nevada Agricultural Extension and Hatch Building - $10,000.00 Par Value Matures Annually to January 1971, $20,000.00 Par Value Matures Annually Thereafter	3 %	1956-75	180,000.00	180,000.00	-	-	10,000.00	10,000.00	-	170,000.00	170,000.00	5,250.00
State of Nevada Agricultural Extension and Hatch Building - $15,000.00 Par Value Matures Annually	3 %	1956-71	180,000.00	180,000.00	-	-	15,000.00	15,000.00	-	165,000.00	165,000.00	4,950.00
State of Nevada School Construction, Carson City Schools - $13,000.00 Par Value Matures Semi-Annually	3 %	1959-75	390,000.00	390,000.00	-	-	26,000.00	26,000.00	-	364,000.00	364,000.00	11,115.00
City of New York Water Supply	4 %	1980	100,000.00	116,884.94	-	-	100,000.00	116,626.98	257.96	-	-	1,277.78
Township of North Bergen, New Jersey, Refunding	3 3/4%	1960	10,000.00	10,043.94	-	-	10,000.00	10,000.00	43.94	-	-	156.25

KAFOURY AND ARMSTRONG
PUBLIC ACCOUNTANTS

NEVADA INDUSTRIAL COMMISSION
BONDS OWNED
STATE INSURANCE FUND
JUNE 30, 1961

TITLE OF ISSUE	RATE OF INTEREST	DATE OF MATURITY	BALANCE JUNE 30, 1960 PAR	BALANCE JUNE 30, 1960 BOOK VALUE	PURCHASES JULY 1, 1960 TO JUNE 30, 1961 PAR	PURCHASES JULY 1, 1960 TO JUNE 30, 1961 BOOK VALUE	REDEMPTIONS AND SALES JULY 1, 1960 TO JUNE 30, 1961 PAR	REDEMPTIONS AND SALES JULY 1, 1960 TO JUNE 30, 1961 BOOK VALUE	AMORTIZATION OF PREMIUM OR (DISCOUNT)	BALANCE JUNE 30, 1961 PAR	BALANCE JUNE 30, 1961 BOOK VALUE	BOND INTEREST EARNED THIS FISCAL YEAR
City of North Las Vegas General Obligation Sewer, Series of August 1, 1952 - $15,000.00 Par Value Matures Annually	3 %	1956-72	$ 195,000.00	$ 195,000.00	$ -	$ -	$ 15,000.00	$ 15,000.00	$ -	$ 180,000.00	$ 180,000.00	$ 5,437.50
Pacific Telephone and Telegraph Company Debentures	5 1/8%	1993	200,000.00	203,721.44	-	-	-	-	114.21	200,000.00	203,607.23	10,250.00
Reno School District No. 10 School - $135,000.00 Par Value Matures Annually	2 3/4%	1951-64	675,000.00	675,000.00	-	-	135,000.00	135,000.00	-	540,000.00	540,000.00	14,850.00
Reno School District No. 10 School	2 3/4%	1965	110,000.00	110,000.00	-	-	-	-	-	110,000.00	110,000.00	3,025.00
Reno School District, No. 10 School, Series of May 1, 1954	2 1/2%	1968	18,000.00	17,626.19	-	-	-	-	(44.76)	18,000.00	17,670.95	450.00
Reno School District, No. 10 School, Series of May 1, 1954	2 1/2%	1971	5,000.00	4,859.17	-	-	-	-	(12.36)	5,000.00	4,871.53	125.00
Sinclair Oil Corporation Convertible Subordinate Debentures	4 3/8%	1986	200,000.00	196,261.79	-	-	-	-	(141.51)	200,000.00	196,403.30	8,752.00
Southern Bell Telephone and Telegraph Co. Debenture	5 %	1997	-	-	200,000.00	205,134.00	-	-	96.60	200,000.00	205,037.40	5,333.33
Sparks School District No. 29 School, Series of September 15, 1947	3 %	1961	1,000.00	1,003.57	-	-	-	-	2.92	1,000.00	1,000.65	30.00
Sparks School District No. 29 School, Series of September 15, 1947 - $27,000.00 Par Value Matures Annually Beginning September 15, 1962	3 %	1962-64	81,000.00	81,502.20	-	-	-	-	164.08	81,000.00	81,338.12	2,430.00
Sparks School District No. 29 School, Series of September 15, 1947 - $28,000.00 Par Value Matures Annually Beginning September 15, 1965	3 %	1965-66	56,000.00	56,371.77	-	-	-	-	65.20	56,000.00	56,306.57	1,680.00

KAFOURY AND ARMSTRONG
PUBLIC ACCOUNTANTS

NEVADA INDUSTRIAL COMMISSION
BONDS OWNED
STATE INSURANCE FUND
JUNE 30, 1961

TITLE OF ISSUE	RATE OF INTEREST	DATE OF MATURITY	BALANCE JUNE 30, 1960 PAR	BALANCE JUNE 30, 1960 BOOK VALUE	PURCHASES JULY 1, 1960 TO JUNE 30, 1961 PAR	PURCHASES JULY 1, 1960 TO JUNE 30, 1961 BOOK VALUE	REDEMPTIONS AND SALES JULY 1, 1960 TO JUNE 30, 1961 PAR	REDEMPTIONS AND SALES JULY 1, 1960 TO JUNE 30, 1961 BOOK VALUE	AMORTIZATION OF PREMIUM OR (DISCOUNT)	BALANCE JUNE 30, 1961 PAR	BALANCE JUNE 30, 1961 BOOK VALUE	BOND INTEREST EARNED THIS FISCAL YEAR
Sparks School District No. 29 School, Series of September 15, 1952	2 3/4 %	1960	5,000.00	5,000.00	-	-	5,000.00	5,000.00	-	-	-	28.62
Sparks School District No. 29 School, Series of September 15, 1952	2 3/4 %	1961	6,000.00	6,000.00	-	-	-	-	-	6,000.00	6,000.00	165.00
Sparks School District No. 29 School, Series of September 15, 1952	2 3/4 %	1962	7,000.00	7,000.00	-	-	-	-	-	7,000.00	7,000.00	192.50
Sparks School District No. 29 School, Series of September 15, 1952	2 3/4 %	1963	8,000.00	8,000.00	-	-	-	-	-	8,000.00	8,000.00	220.00
Sparks School District No. 29 School, Series of September 15, 1952 - $10,000.00 Par Value Matures Annually Beginning September 15, 1964	2 3/4 %	1964-67	40,000.00	40,000.00	-	-	-	-	-	40,000.00	40,000.00	1,100.00
Sparks School District No. 29 School, Series of September 15, 1952	2 3/4 %	1968	18,000.00	18,000.00	-	-	-	-	-	18,000.00	18,000.00	495.00
Sparks School District No. 29 School, Series of September 15, 1952	2 3/4 %	1969	17,000.00	17,000.00	-	-	-	-	-	17,000.00	17,000.00	467.50
Sparks School District No. 29 School, Series of September 15, 1952 - $13,000.00 Par Value Matures Annually Beginning September 15, 1970	2 3/4 %	1970-71	26,000.00	26,000.00	-	-	-	-	-	26,000.00	26,000.00	715.00
Union Oil Company of California Debentures	4 7/8 %	1986	-	-	200,000.00	200,000.00	-	-	-	200,000.00	200,000.00	108.33
United States Treasury Notes	5 %	1964	225,000.00	225,000.00	-	-	-	-	-	225,000.00	225,000.00	11,250.00
United States Treasury Notes	4 7/8 %	1964	275,000.00	274,366.77	-	-	-	-	(144.73)	275,000.00	274,511.50	13,406.26
United States Treasury Notes	4 3/4 %	1964	200,000.00	203,915.79	-	-	-	-	1,010.53	200,000.00	202,905.26	9,500.00
United States Treasury Notes	4 5/8 %	1965	200,000.00	203,133.93	-	-	-	-	642.85	200,000.00	202,491.08	9,250.00

NEVADA INDUSTRIAL COMMISSION
BONDS OWNED
STATE INSURANCE FUND
JUNE 30, 1961

TITLE OF ISSUE	RATE OF INTEREST	DATE OF MATURITY	BALANCE JUNE 30, 1960 PAR	BALANCE JUNE 30, 1960 BOOK VALUE	PURCHASES JULY 1, 1960 TO JUNE 30, 1961 PAR	PURCHASES JULY 1, 1960 TO JUNE 30, 1961 BOOK VALUE	REDEMPTIONS AND SALES JULY 1, 1960 TO JUNE 30, 1961 PAR	REDEMPTIONS AND SALES JULY 1, 1960 TO JUNE 30, 1961 BOOK VALUE	AMORTIZATION OF PREMIUM OR (DISCOUNT)	BALANCE JUNE 30, 1961 PAR	BALANCE JUNE 30, 1961 BOOK VALUE	BOND INTEREST EARNED THIS FISCAL YEAR
United States Treasury Bonds	2 1/2%	1963-68	$ 100,000.00	$ 100,000.00	$ -	$ -	$ -	$ -	$ -	$ 100,000.00	$ 100,000.00	$ 2,500.00
United States Treasury Bonds	2 1/2%	1964-69	600,000.00	600,000.00	-	-	600,000.00	600,000.00	-	-	-	3,883.19
United States Treasury Bonds	2 1/2%	1964-69	800,000.00	791,506.78	-	-	-	-	(2,177.64)	800,000.00	793,684.42	20,000.00
United States Treasury Bonds	2 1/2%	1964-69	100,000.00	98,465.66	-	-	100,000.00	98,551.70	(86.04)	-	-	647.21
United States Treasury Bonds	2 1/2%	1965-70	1,000,000.00	1,000,000.00	-	-	-	-	-	1,000,000.00	1,000,000.00	25,000.00
United States Treasury Bonds	2 1/2%	1966-71	400,000.00	400,000.00	-	-	-	-	-	400,000.00	400,000.00	10,000.00
United States Treasury Bonds	2 1/2%	1966-71	600,000.00	589,136.88	-	-	-	-	(1,921.80)	600,000.00	591,058.68	15,000.00
United States Treasury Bonds	2 1/2%	1967-72	300,000.00	300,000.00	-	-	-	-	-	300,000.00	300,000.00	7,500.00
United States Treasury Bonds	4 %	1980	-	-	200,000.00	204,250.00	-	-	83.88	200,000.00	204,166.12	2,999.97
United States Treasury Bonds	3 1/2%	1990	-	-	100,000.00	100,000.00	-	-	-	100,000.00	100,000.00	2,596.46
United States Treasury Bonds	3 1/2%	1998	-	-	600,000.00	600,000.00	-	-	-	600,000.00	600,000.00	15,578.82
County of Washoe General Obligation Hospital, Series July 1, 1955	2 3/4%	1970	10,000.00	9,944.44	-	-	-	-	(5.52)	10,000.00	9,949.96	275.00
County of Washoe General Obligation Hospital, Series July 1, 1955	2 3/4%	1972	10,000.00	9,933.40	-	-	-	-	(5.52)	10,000.00	9,938.92	275.00
County of Washoe, General Obligation Hospital, Series July 1, 1955	2 3/4%	1973	5,000.00	4,963.84	-	-	-	-	(2.76)	5,000.00	4,966.60	137.50
County of Washoe General Obligation Hospital, Series July 1, 1955	2 3/4%	1974-75	30,000.00	29,758.64	-	-	-	-	(16.56)	30,000.00	29,775.20	825.00
County of Washoe, City of Reno, Municipal Recreation Center Bonds Series of January 1, 1959 - $27,000.00 Par Value Matures Annually Commencing January 1, 1969	3 1/2%	1969-79	297,000.00	297,000.00	-	-	-	-	-	297,000.00	297,000.00	10,395.00

KAFOURY AND ARMSTRONG
PUBLIC ACCOUNTANTS

NEVADA INDUSTRIAL COMMISSION
BONDS OWNED
STATE INSURANCE FUND
JUNE 30, 1961

TITLE OF ISSUE	RATE OF INTEREST	DATE OF MATURITY	BALANCE JUNE 30, 1960 PAR	BALANCE JUNE 30, 1960 BOOK VALUE	PURCHASES JULY 1, 1960 TO JUNE 30, 1961 PAR	PURCHASES JULY 1, 1960 TO JUNE 30, 1961 BOOK VALUE	REDEMPTIONS AND SALES JULY 1, 1960 TO JUNE 30, 1961 PAR	REDEMPTIONS AND SALES JULY 1, 1960 TO JUNE 30, 1961 BOOK VALUE	AMORTIZATION OF PREMIUM OR (DISCOUNT)	BALANCE JUNE 30, 1961 PAR	BALANCE JUNE 30, 1961 BOOK VALUE	BOND INTEREST EARNED THIS FISCAL YEAR
White Pine County, General Obligation High School Building, Series of April 1, 1954 - $27,000.00 Par Value Matures April 1, 1972 and April 1, 1974, $7,000.00 Par Value Matures April 1, 1973	3 %	1972-74	$ 61,000.00	$ 61,000.00	$ -	$ -	$ -	$ -	$ -	$ 61,000.00	$ 61,000.00	$ 1,830.00
Yerington High School District No. 1 General Obligation Building, Series of January 1, 1952, $10,000.00 Par Value Matures Annually through 1971, $15,000.00 Par Value Matures January 1, 1972	2 3/4%	1954-72	125,000.00	125,000.00	-	-	10,000.00	10,000.00	-	115,000.00	115,000.00	3,300.00
Youngstown Sheet and Tube Co., First Mortgage Sinking Fund Bonds	4 1/2%	10/1/90	-	-	200,000.00	196,750.00	-	-	(97.47)	200,000.00	196,847.47	6,387.50
Total			$11,346,000.00	$11,375,289.74	$2,361,000.00	$2,334,944.00	$1,444,000.00	$1,475,683.52	$(1,105.85)	$12,263,000.00	$12,235,656.07	$409,376.01
CATASTROPHE FUND:												
Asaociates Investment Company Debentures	5 1/8%	1979	$ 200,000.00	$ 199,037.80	$ -	$ -	$ -	$ -	$ (50.42)	$ 200,000.00	$ 199,088.22	$ 10,250.00
Federal National Mortgage Association Debentures	5 1/8%	1972	200,000.00	199,276.05	-	-	-	-	(62.50)	200,000.00	199,338.55	10,250.00
United States Treasury Bonds	2 1/2%	1963-68	100,000.00	100,000.00	-	-	-	-	-	100,000.00	100,000.00	2,500.00
Total			$ 500,000.00	$ 498,313.85	$ -	$ -	$ -	$ -	$ (112.92)	$ 500,000.00	$ 498,426.77	$ 23,000.00
Total State Insurance Fund			$11,846,000.00	$11,873,603.59	$2,361,000.00	$2,334,944.00	$1,444,000.00	$1,475,683.52	$(1,218.77)	$12,763,000.00	$12,734,082.84	$432,376.01

KAFOURY AND ARMSTRONG
PUBLIC ACCOUNTANTS

NEVADA INDUSTRIAL COMMISSION
BONDS OWNED
ACCIDENT BENEFIT FUND
JUNE 30, 1961

TITLE OF ISSUE	RATE OF INTEREST	DATE OF MATURITY	BALANCE JUNE 30, 1960 PAR	BALANCE JUNE 30, 1960 BOOK VALUE	PURCHASES JULY 1, 1960 TO JUNE 30, 1961 PAR	PURCHASES JULY 1, 1960 TO JUNE 30, 1961 COST VALUE	REDEMPTIONS AND SALES JULY 1, 1960 TO JUNE 30, 1961 PAR	REDEMPTIONS AND SALES JULY 1, 1960 TO JUNE 30, 1961 BOOK VALUE	AMORTIZATION OF PREMIUM OR (DISCOUNT)	BALANCE JUNE 30, 1961 PAR	BALANCE JUNE 30, 1961 BOOK VALUE	BOND INTEREST EARNED THIS FISCAL YEAR
Atlantic Coast Line Railroad Equipment Trust Certificates - Series L	4 5/8 %	1969	$ -	$ -	$100,000.00	$ 98,734.12	$ -	$ -	$(140.64)	$ 100,000.00	$ 98,874.76	$ 4,368.76
Beneficial Finance Company Debentures	4 7/8 %	1981	-	-	100,000.00	99,040.00	-	-	(29.58)	100,000.00	99,069.58	2,221.33
County of Clark, Overton Water District General Obligation Water, Series December 1, 1954 - $2,000.00 Par Value Matures Annually	3 %	1957-84	50,000.00	50,000.00	-	-	2,000.00	2,000.00	-	48,000.00	48,000.00	1,465.00
County of Clark, Overton Water District General Obligation Water Series February 1, 1960	4 1/2 %	1962	4,000.00	4,000.00	-	-	-	-	-	4,000.00	4,000.00	180.00
County of Clark, Overton Water District General Obligation Water Series February 1, 1960 - $6,000.00 Par Value Matures Annually Commencing February 1, 1963	4 1/2 %	1963-88	156,000.00	156,000.00	-	-	-	-	-	156,000.00	156,000.00	7,020.00
Duquesne Light Company Sinking Fund Debentures	5 %	2010	200,000.00	202,483.32	-	-	-	-	50.00	200,000.00	202,433.32	10,000.00
The B. F. Goodrich Company Sinking Fund Debentures	4 5/8 %	1985	-	-	200,000.00	200,000.00	-	-	-	200,000.00	200,000.00	5,602.39
Household Finance Corporation Debentures	4 7/8 %	1981	-	-	200,000.00	200,000.00	-	-	-	200,000.00	200,000.00	6,724.10
County of Nye, Toiyabe School District General Obligation School Building, $5,000.00 Par Value Matures Annually Commencing May 1, 1972	3 3/4 %	1972-75	20,000.00	20,689.80	-	-	-	-	51.60	20,000.00	20,638.20	750.00
Pacific Gas and Electric Company, First and Refunding Mortgage	5 %	1991	200,000.00	200,000.00	-	-	-	-	-	200,000.00	200,000.00	10,000.00
Quebec Hydroelectric Commission	5 %	1984	200,000.00	200,000.00	-	-	-	-	-	200,000.00	200,000.00	10,000.00
Reno School District No. 10 School	2 3/4 %	1965	25,000.00	25,000.00	-	-	-	-	-	25,000.00	25,000.00	687.50
Reno School District No. 10 School $135,000.00 Par Value Matures Annually Commencing July 1, 1966	2 3/4 %	1966-68	405,000.00	405,000.00	-	-	-	-	-	405,000.00	405,000.00	11,137.50

NEVADA INDUSTRIAL COMMISSION
BONDS OWNED
ACCIDENT BENEFIT FUND
JUNE 30, 1961

TITLE OF ISSUE	RATE OF INTEREST	DATE OF MATURITY	BALANCE JUNE 30, 1960 PAR	BALANCE JUNE 30, 1960 BOOK VALUE	PURCHASES JULY 1, 1960 TO JUNE 30, 1961 PAR	PURCHASES JULY 1, 1960 TO JUNE 30, 1961 COST VALUE	REDEMPTIONS AND SALES JULY 1, 1960 TO JUNE 30, 1961 PAR	REDEMPTIONS AND SALES JULY 1, 1960 TO JUNE 30, 1961 BOOK VALUE	AMORTIZATION OF PREMIUM OR (DISCOUNT)	BALANCE JUNE 30, 1961 PAR	BALANCE JUNE 30, 1961 BOOK VALUE	BOND INTEREST EARNED THIS FISCAL YEAR
Reno School District No. 10 School	2 3/4 %	1969	70,000.00	70,000.00	-	-	-	-	-	70,000.00	70,000.00	1,925.00
County of Washoe City of Reno, Municipal Recreation Center Bonds, Series of January 1, 1959	3 1/2 %	1961	14,000.00	14,000.00	-	-	14,000.00	14,000.00	-	-	-	245.00
County of Washoe, City of Reno, Municipal Recreation Center Bonds, Series of January 1, 1959	3 1/2 %	1962-68	189,000.00	189,000.00	-	-	-	-	-	189,000.00	189,000.00	6,615.00
City and County of San Francisco, Spring Valley	4 1/2 %	1970	5,000.00	5,448.40	-	-	5,000.00	5,405.83	42.57	-	-	191.85
City and County of San Francisco, Hetch Hetchy	4 1/2 %	1972	5,000.00	5,533.69	-	-	5,000.00	5,492.22	41.47	-	-	191.85
City and County of San Francisco, Hetch Hetchy	4 1/2 %	1977	5,000.00	5,727.95	-	-	5,000.00	5,688.66	39.29	-	-	191.85
United States Treasury Notes	4 7/8 %	1963	300,000.00	300,276.83	-	-	200,000.00	200,164.03	47.87	100,000.00	100,064.93	8,585.13
United States Treasury Bonds	2 1/2 %	1963-68	200,000.00	200,000.00	-	-	200,000.00	200,000.00	-	-	-	1,294.49
United States Treasury Bonds	2 1/2 %	1964-69	100,000.00	98,465.66	-	-	100,000.00	98,551.70	(86.04)	-	-	647.26
United States Treasury Bonds	3 1/2 %	1990	-	-	100,000.00	100,000.00	-	-	-	100,000.00	100,000.00	2,596.47
United States Treasury Bonds	3 1/2 %	1998	-	-	200,000.00	200,000.00	-	-	-	200,000.00	200,000.00	5,192.98
Total			$2,148,000.00	$2,151,625.65	$900,000.00	$897,774.12	$531,000.00	$531,302.44	$ 16.54	$2,517,000.00	$2,518,080.79	$ 97,833.35
EXCLUDED EMPLOYMENT:												
United States Treasury Notes	4 7/8 %	1963	$ 300,000.00	$ 300,237.30	$ -	$ -	$ -	$ -	$ 70.31	$ 300,000.00	$ 300,166.99	$ 14,625.00
United States Treasury Bonds	2 1/2 %	1963-68	100,000.00	100,000.00	-	-	-	-	-	100,000.00	100,000.00	2,500.00
County of Washoe, Consolidated School District No. 3, General Obligation, Building, Series May 1, 1954 - $5,000.00 Par Value Matures Annually	3 %	1957-74	70,000.00	70,000.00	-	-	5,000.00	5,000.00	-	65,000.00	65,000.00	2,075.00
Total			$ 470,000.00	$ 470,237.30	$ -	$ -	$ 5,000.00	$ 5,000.00	$ 70.31	$ 465,000.00	$ 465,166.99	$ 19,200.00
Total Accident Benefit Fund			$2,618,000.00	$2,621,862.95	$900,000.00	$897,774.12	$536,000.00	$536,302.44	$ 86.85	$2,982,000.00	$2,983,247.78	$117,033.35

KAFOURY AND ARMSTRONG
PUBLIC ACCOUNTANTS

NEVADA INDUSTRIAL COMMISSION
BONDS OWNED
OCCUPATIONAL DISEASES FUND
JUNE 30, 1961

TITLE OF ISSUE	RATE OF INTEREST	DATE OF MATURITY	BALANCE JUNE 30, 1960 PAR	BALANCE JUNE 30, 1960 BOOK VALUE	PURCHASES JULY 1, 1960 TO JUNE 30, 1961 PAR	PURCHASES JULY 1, 1960 TO JUNE 30, 1961 COST VALUE	REDEMPTIONS AND SALES JULY 1, 1960 TO JUNE 30, 1961 PAR	REDEMPTIONS AND SALES JULY 1, 1960 TO JUNE 30, 1961 BOOK VALUE	AMORTIZATION OF PREMIUM OR (DISCOUNT)	BALANCE JUNE 30, 1961 PAR	BALANCE JUNE 30, 1961 BOOK VALUE	BOND INTEREST EARNED THIS FISCAL YEAR
American Telephone and Telegraph Debentures	4 3/4 %	1992	$ -	$ -	$200,000.00	$203,312.00	$ -	$ -	$ 81.78	$200,000.00	$203,230.22	$ 6,240.96
Clark County Education District No. 2 - General Obligation Building, Series May 1, 1954	3 1/2 %	1969	20,000.00	20,000.00	-	-	-	-	-	20,000.00	20,000.00	700.00
Clark County Education District No. 2 - General Obligation Building, Series May 1, 1954	3 1/2 %	1970	110,000.00	110,000.00	-	-	-	-	-	110,000.00	110,000.00	3,850.00
Clark County Education District No. 2 - General Obligation Building, Series May 1, 1954	3 1/2 %	1971	20,000.00	20,000.00	-	-	-	-	-	20,000.00	20,000.00	700.00
Georgia Power Company First Mortgage	5 3/4 %	1989	161,000.00	163,255.53	-	-	161,000.00	163,227.60	27.93	-	-	3,240.14
City of Lovelock Sewer Improvement - $5,000.00 Par Value Matures Annually	3 1/2 %	1959-61	10,000.00	10,030.90	-	-	5,000.00	5,000.00	25.77	5,000.00	5,005.13	218.75
New England Telephone and Telegraph Company Debentures	5 3/4 %	1994	200,000.00	203,722.82	-	-	200,000.00	203,628.42	94.40	-	-	9,934.67
U. S. Steel Corporation, Sinking Fund Debentures	4 1/2 %	1986	-	-	300,000.00	297,750.00	-	-	(18.82)	300,000.00	297,768.82	2,003.12
United States Treasury Notes	3 5/8 %	1962	100,000.00	99,286.59	-	-	-	-	(439.02)	100,000.00	99,725.61	3,625.00
United States Treasury Notes	4 5/8 %	1965	50,000.00	51,312.50	-	-	-	-	269.40	50,000.00	51,043.10	2,312.50
Total Occupational Diseases Fund			$671,000.00	$677,608.34	$500,000.00	$501,062.00	$366,000.00	$371,856.02	$ 41.44	$805,000.00	$806,772.88	$32,825.14

KAFOURY AND ARMSTRONG
PUBLIC ACCOUNTANTS

NEVADA INDUSTRIAL COMMISSION
SAFETY AND ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED JUNE 30, 19[illegible]

	SAFETY EXPENSE (NOTE 1)	ADMINISTRATIVE EXPENSE	TOTAL
SALARIES:			
Commissioners	$ -	$ 33,885.48	$ 33,885.48
Attorney and Physician	-	19,200.00	19,200.00
Traveling Auditors	-	76,594.10	76,594.10
Claims Investigation	-	101,941.04	101,941.04
Safety	77,426.18	-	77,426.18
All Others	-	161,321.61	161,321.61
Total Salaries	$ 77,426.18	$392,942.23	$470,368.41
TRANSPORTATION:			
Commissioners	$ -	$ 3,151.90	$ 3,151.90
Traveling Auditors	-	5,719.98	5,719.98
Claims Investigation	-	1,770.65	1,770.65
Safety	10,612.01	-	10,612.01
All Others	-	1,930.86	1,930.86
Total Transportation	$ 10,612.01	$ 12,573.39	$ 23,185.40
HOTEL, MEALS, ETC.:			
Commissioners	$ -	$ 3,135.87	$ 3,135.87
Traveling Auditors	-	5,633.79	5,633.79
Claims Investigation	-	1,376.02	1,376.02
Safety	3,814.52	-	3,814.52
All Others	-	1,324.73	1,324.73
Total Hotel, Meals, Etc.	$ 3,814.52	$ 11,470.41	$ 15,284.93
OFFICE EXPENSES:			
Office Rentals and Utilities	$ 8,798.09	$ 44,523.68	$ 53,321.77
Tenants' Building Expenses	427.66	2,164.24	2,591.90
Postage, Express, Telephone and Telegraph	3,841.10	20,513.18	24,354.28
Printing and Stationery	1,137.24	16,978.43	18,115.67
Supplies and Other Expense	1,876.93	9,498.41	11,375.34
Furniture and Equipment Rentals	-	28,284.01	28,284.01
Total Office Expenses	$ 16,081.02	$121,961.95	$138,042.97
PERSONNEL COSTS:			
Personnel Department Costs	$ 422.11	$ 2,407.27	$ 2,829.38
Contribution to Public Employees' Retirement Fund	3,813.23	17,704.28	21,517.51
Industrial Insurance	505.85	2,569.16	3,075.01
Total Personnel Costs	$ 4,741.19	$ 22,680.71	$ 27,421.90

NEVADA INDUSTRIAL COMMISSION
SAFETY AND ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED JUNE 30, 1961

	SAFETY EXPENSE (NOTE 1)	ADMINISTRATIVE EXPENSE	TOTAL
GENERAL EXPENSES:			
Actuarial Fees	$ -	$ 7,500.00	$ 7,500.00
Audit and Other Professional Accounting Services	1,692.03	8,562.69	10,254.72
Rejected Claims Cost	-	1,366.39	1,366.39
Dues and Subscriptions	944.50	1,357.46	2,301.96
General Insurance	584.27	2,956.74	3,541.01
Miscellaneous	1,750.91	2,163.84	3,914.75
Total General Expense	$ 4,971.71	$ 23,907.12	$ 28,878.83
Total Direct Expense	$117,646.63	$585,535.81	$703,182.44
CAPITAL OUTLAY:			
Office Furniture and Equipment	$ 1,270.75	$ 16,211.48	$ 17,482.23
Automobiles	20,115.75	5,954.40	26,070.15
Total Capital Outlay	$ 21,386.50	$ 22,165.88	$ 43,552.38
	$139,033.13	$607,701.69	$746,734.82
ALLOCATED TO (NOTE 2):			
State Insurance Fund	$ 78,831.78	$344,566.86	$423,398.64
Accident Benefit Fund	53,110.66	232,142.05	285,252.71
Occupational Diseases Fund	7,090.69	30,992.78	38,083.47
	$139,033.13	$607,701.69	$746,734.82

NOTE 1:
Expenses directly allocable to Safety Expense or to Administrative Expense have been so allocated. All other costs have been allocated in the same ratio as Safety Salaries bear to Administrative Salaries.

NOTE 2:
The total Administrative and Safety Expenses have been allocated to each fund in proportion to the premium income for the fiscal year ended June 30, 1961.

NEVADA INDUSTRIAL COMMISSION
MISCELLANEOUS INCOME
FOR THE YEAR ENDED JUNE 30, 1961

Bad Debts Recovered	$ 19.40	
Delinquent Penalties	4,264.68	
Miscellaneous Income	497.14	
Total Miscellaneous Income		$4,781.22
ALLOCATED TO:		
State Insurance Fund	$2,710.95	
Accident Benefit Fund	1,826.43	
Occupational Diseases Fund	243.84	$4,781.22

NOTE:
Miscellaneous income has been allocated to each fund in proportion to the premium income for the fiscal year ended June 30, 1961.

NEVADA INDUSTRIAL COMMISSION
INVESTMENT INCOME
FOR THE YEAR ENDED JUNE 30, 1961

	STATE INSURANCE FUND	ACCIDENT BENEFIT FUND	OCCUPATIONAL DISEASES FUND	TOTAL
SECURITIES INCOME:				
Interest Earned	$432,376.01	$117,033.35	$32,825.14	$582,234.50
Less: Premium or (Discount) Amortized (Schedules 2, 3, and 4)	(1,218.77)	86.85	41.44	(1,090.48)
Net Bond Interest Earned	$433,594.78	$116,946.50	$32,783.70	$583,324.98
LESS:				
Net Losses on Sales of Bonds	$ 32,663.59	(9,281.06)	(15,303.48)	8,079.05
Custodian Fees and Costs	3,765.56	879.12	239.31	4,883.99
Investment Advisory Fees	7,848.39	1,832.31	498.80	10,179.50
Total Deductions or (Additions)	$ 44,277.54	$ (6,569.63)	$(14,565.37)	$ 23,142.54
Net Income from Securities	$389,317.24	$123,516.13	$47,349.07	$560,182.44
Interest Earned on First Trust Deed	2,711.31	-	-	2,711.31
Net Investment Income	$392,028.55	$123,516.13	$47,349.07	$562,893.75

NOTE:
Custodian and Investment Advisory Fees have been allocated to the several funds in the ratio that the par value of bonds owned by each fund at balance sheet date bears to the total par value of bonds owned.

NEVADA INDUSTRIAL COMMISSION
RENT AND EXPENSE ACCOUNT
FOR THE YEAR ENDED JUNE 30, 1961

REVENUES:			
Rental Income - Nevada Industrial Commission	$40,626.00		
Others	34,667.25	$75,293.25	
Miscellaneous Income		7.17	
Total Revenues			$75,300.42
EXPENSES:			
Building Superintendence		$ 5,660.00	
Janitorial Salaries		14,124.24	
Contribution to Retirement Fund		950.87	
Industrial Insurance		129.17	
Personnel Assessments		158.56	
Utilities		9,599.29	
Insurance		558.62	
Repairs and Maintenance		3,123.62	
Building Improvements		1,237.38	
Building Supplies		644.83	
Janitorial Supplies		695.93	
Amortization of Property Cost		19,451.04	
Total Expenses			56,333.55
Net Rental Income			$18,966.87

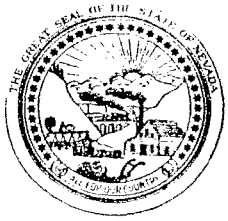
STATE OF NEVADA

STATE BOARD OF OPTOMETRY

AUDIT REPORT

For the Period July 1, 1960, to June 30, 1961

REPORT NO. 8



LEGISLATIVE COUNSEL BUREAU

A. N. Jacobson, Legislative Auditor

CARSON CITY, NEVADA

September 28, 1961

STATE OF NEVADA
OFFICE OF THE
LEGISLATIVE AUDITOR
CARSON CITY, NEVADA

A. N. JACOBSON
LEGISLATIVE AUDITOR

September 28, 1961

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 State Board of Optometry for the fiscal year ended June 30, 1961, and have prepared therefrom the following exhibits:

Statement of Financial Condition, June 30, 1961 - Exhibit A
Statement of Revenues and Expenditures for fiscal year 1960-1961 - Exhibit B

FUNCTIONS OF AGENCY

Chapter 636, Nevada Revised Statutes, establishes the Nevada State Board of Optometry and defines its composition, powers and duties. NRS 636.030 creates the Board, and NRS 636.110 authorizes its fund. The function of the Nevada State Board of Optometry is to establish and enforce standards for the practice of the profession of optometry which will be adequate to safeguard the public health and welfare; to determine the fitness of applicants by examining same, and to license those who prove competent.

NRS Chapter 636 defines the fiscal procedures required of the Board and its Secretary.

SCOPE OF EXAMINATION

General

Our examination included test checks and a survey of the accounting records, together with supporting documents, to the extent which, in our opinion, was sufficient to satisfy ourselves that the system being utilized to account for the financial transactions of the Board was inadequate. It was necessary to reconstruct the entire record for the period under review in order to produce the information uniformly required of all state agencies for budgeting and reporting purposes, as set out in Exhibits A and B.

Lack of source documents has tempered the quality of our reconstructed record in some measure; however, we believe the resulting information as detailed in this report to be in substantial conformity with the facts.

The items available for examination originate during March and April of 1960, with a transfer of funds aggregating $1,235.85 from the Nevada State Board of Optometry, 404 Maryland Parkway, Las Vegas, Nevada. Records indicate these funds were deposited in the South Virginia Street Branch of the First National Bank of Nevada to the credit of

the Board, and initiated the commercial checking account currently in use. It was necessary for us to reconstruct the books of account from this point, despite the fact that some transactions predate the audit year.

We wish to note that the Las Vegas office may have been contrary to NRS 636.100(1) which requires the Board to establish and maintain permanent office in Reno.

Internal Control Evaluation

In the opinion of the auditors, there is virtually no procedure to provide good final control at the time of this examination. We have included in the section of this report entitled "Suggested Changes" recommendations for a system and procedure simple enough to be sensible for a small number of transactions, yet adequate to provide both control and a sound basis for future analysis and evaluation.

The system of recording licensees appears satisfactory and, if faithfully maintained, will provide a continuing record. License receipts deposited in the bank during the year under examination exceed the total developed by analysing licenses issued. This imbalance suggests the possibility of error in either the listing of licensees or the distribution of receipts to the category. We could not determine the exact difference due to the condition of the records.

We also wish to point out that checks drawn on the Board's bank account require only one signature, which we consider to be very poor business practice.

In addition to the foregoing the Legislative Auditor is charged by NRS 218.810 to examine and comment on:

Efficiency of Subordinate Employees

The condition of the books of account compels us to report the urgent need for an adequate record and an increased effort on the part of employees to set down therein the facts and figures to reflect transactions as they occur.

Duplication of Work with Other Departments

Our examination disclosed no areas of parallel effort.

Status and Condition of Funds

Cash balance, July 1, 1960	$1,327.99
Receipts 7/1/60 - 6/30/61	571.00
Total funds available	1,898.99
Disbursements 7/1/60 - 6/30/61	1,103.28
Balance on hand 6/30/61	$ 795.71

The above summary indicates a serious deterioration of condition, a decline of 40% in cash in a twelve-month period. Causes can be only unrealistic fees or excessive expenses - possibly a combination of both factors.

Expense of Operation

Operations of the Nevada State Board of Optometry for the fiscal year ended June 30, 1961, may be summarized and compared with the prior year:

	Fiscal year ended June 30	
	1960	1961
Revenue (Less refunds)	$ 890.00	$ 486.00
Expenditures	629.87	1,018.28
Excess of revenue over expenditures	260.13	(532.28)
Cash balance - Beginning	1,067.86	1,327.99
Cash balance - Ending	$1,327.99	$ 795.71

Comparison of expenditures of $1,018.28 for the fiscal year ended June 30, 1961, with the authorized expenditures in the General Authorization Act, Chapter 262, Statutes of Nevada, which authorized an expenditure of $145.00, reveals an unauthorized expenditure of $873.28. This Board failed to submit a budgetary request for the year and failed to ask for augmentation by the Director of the Budget of its authorized expenditures in accordance with statutory procedures and the State Administrative Manual.

Leases

Our examination discloses no rental arrangment of any type.

Casualty Insurance

Our examination discloses no casualty insurance in force.

Bonding

The Secretary is covered for $1,000.00 with a position bond, Phoenix Assurance Policy No. 80979, effective April 1, 1961, expiring April 4, 1964.

Breaches of Trust and Duty

The audit program of the Legislative Counsel Bureau is designed to assist state officers to obtain effective government by including in our reports situations which do not conform to statute or good business practice. Further, we are charged by statute to report such situations.

Our examination disclosed the following items which appear to violate statute or regulation, or which, in our opinion, are contrary to good business practice.

1. Travel expenses - Notwithstanding the provisions of NRS 636.075, members' compensation and travel, it appears that NRS 281.160, traveling expenses and subsistence allowances of state officers and employees, might prevail and that Board members and employees are subject to the requirements set forth therein and in related portions of the State Administrative Manual (Section 0600). Travel is presently paid on a basis of actual expense.

2. Records and inventory - NRS 636.105 reads in part as follows:

> 1. The secretary shall accurately make and keep, in behalf of the board, the following records:
> (a) A record of all meetings and proceedings.
> (b) A record of all prosecutions and violations of this chapter.
> (c) A record of all examinations of applicants.
> (d) A register of all licensees.

2. The secretary shall accurately make and keep, in behalf of the board, an inventory of all property of the board and of the state in its possession.

It is the opinion of the auditors that present handling does not fully comply with all provisions of this section. We did not examine records relative to subsections 1 (b) and 1(c). The other records examined revealed a need for more complete and accurate recording.

Good business practice demands an accurate understandable record. We consider the condition of the records not in accordance with the requisites of efficient business management.

Many checks have been drawn for which no supporting voucher is on file. Many "vouchers" on file are bits and slips of scratch paper on which wholly inadequate jottings appear. Our examination shows that these practices continue into the months following the period covered by this report. However, we did find extensive notes on check stubs to support the expenditures.

Suggested Changes

Recommendations for changes in procedures and compliance with statute have been made in other sections of this report. However, we wish to summarize them at this point together with other suggestions:

1. We recommend that moneys of the Board be placed on deposit with the State Treasurer to the end that the expenditures of the Board be subject to claims preaudit procedures for protection of the Board. The procedures thus required would insure adequate supporting evidence for each expenditure. This would not require a change in statute and could be put into effect immediately.

2. We recommend compliance with the state's budget procedures to the end that the State Board of Optometry receive legislative authority for expenditure of its funds as do other professional and vocational boards and other agencies of the state. The Board had received legislative authority for expenditure of $145.00, based on prior years' authorization, as no budget was submitted for the year under examination. In addition, we recommend that any category transfers or augmentations be approved by the Director of the Budget in accordance with established procedures.

3. The accounting records must be revised to provide information in accordance with general record-keeping procedures of the state:

a. Cash receipts - A columnar cash receipts register should be maintained to record all income from whatever source as it is received. Entries must be in sufficient detail to permit determination as to who remitted the money and for what purpose.

b. Cash disbursements - This record must record each check or warrant drawn and reflect the purpose of the expenditure in columnar entry under expense headings in accordance with the approved classification of Section 6500, State Administrative Manual.

c. Cash reconciliation - The cash on deposit should be reconciled monthly with the records maintained under paragraphs a and b above.

d. The record of licenses issued should be periodically reconciled to the monthly totals developed in the cash receipts register.

We are assisting the Board to place these records and procedures into operation.

4. We recommend amendment to NRS 636.075 to eliminate the possible conflict in travel reimbursement with the general travel provisions of NRS 281.160.

STATEMENT OF FINANCIAL CONDITION - EXHIBIT A

The balance on deposit with the First National Bank of Nevada at June 30, 1961, in amount of $795.71 was reconciled to a certificate furnished directly by the depository.

Property consists of one item - a filing cabinet - and is carried at the nominal value usual for agencies of the State of Nevada.

Our examination revealed no liabilities.

Surplus was decreased by $532.28 to a balance of $796.71 at June 30, 1961.

STATEMENT OF REVENUES AND EXPENDITURES - EXHIBIT B

Exhibit B reflects in detail the revenues and expenditures of the Nevada State Board of Optometry. We particularly call your attention to the comparatively large deficit for the year ended June 30, 1961. Continued deficit spending at this rate would place the Board in precarious financial position.

The 1961 Legislature authorized an increase in all fees charged by the Board. The deficit expenditure of the past year would seem to indicate the necessity for an increase to the maximum allowable. The Board, at its July 1961 meeting, raised fees to the above maximum, which will provide approximately $600.00 additional per year and will produce total income nearly equal to anticipated expense.

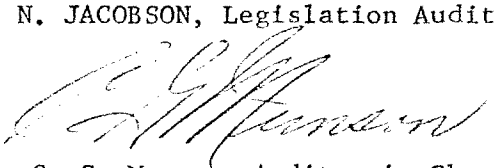
OPINION

We have examined the Statement of Financial Condition of the Nevada State Board of Optometry as of June 30, 1961, and the Statement of Revenues and Expenditures for the year then ended. Our examination was made in accordance with generally accepted auditing and accounting standards and in accordance with the powers and duties in NRS 218.770, and included such tests and procedures as we considered necessary in the circumstances.

In our opinion, the accompanying Statement of Financial Condition and Statement of Revenues and Expenditures present fairly the position of the Nevada State Board of Optometry as of June 30, 1961, and the result of its operations for the year then ended, in conformity with generally accepted accounting principles, applied on a basis consistent with practices usually followed in departments of the State of Nevada.

Yours very truly,

A. N. JACOBSON, Legislation Auditor

By 

C. G. Munson, Auditor in Charge

CGM/jkh

Exhibit A

NEVADA STATE BOARD OF OPTOMETRY

Statement of Financial Condition

June 30, 1961

Assets		
Cash		
First National Bank of Nevada		
South Virginia Branch - Checking Account	$ 795.71	
Property		
Office Furniture	1.00	$ 796.71
Liabilities & Surplus		
Surplus		$ 796.71

Exhibit B

NEVADA STATE BOARD OF OPTOMETRY

Statement of Revenues and Expenditures

for the fiscal year 1960-1961

Revenues		
Licenses	$ 536.00	
Unclassified income	35.00	
Gross revenue	571.00	
Less refunds	85.00	$ 486.00
Expenditures		
Secretary's compensation	120.00	
Board members' compensation	210.00	
Travel - Out of State	36.50	
Travel - In State	109.10	
Freight and Postage	33.13	
Printing	33.36	
Office supplies	81.47	
Telephone and telegraph	23.27	
Stenographic expense	184.25	
Examination expense	8.00	
Dues and subscriptions	15.00	
Position bond	12.50	
Other Disbursements		
Food and tip	2.50	
Unexplained - no voucher, Dr. Samuel Davis, Payee	15.00	
Unexplained - no voucher, Dr. Myers, Payee	71.21	
Unexplained - no voucher, Dr. Myers, Payee	62.99	1,018.28
Expenditures exceed revenues		($ 532.28)

STATE OF NEVADA

STATE BOARD OF MEDICAL EXAMINERS

AUDIT REPORT

For the Period July 1, 1960 to June 30, 1961

REPORT NO. 9

LEGISLATIVE COUNSEL BUREAU

A. N. Jacobson, Legislative Auditor

CARSON CITY, NEVADA

December 4, 1961

STATE OF NEVADA
OFFICE OF THE
LEGISLATIVE AUDITOR
CARSON CITY, NEVADA

A. N. JACOBSON
LEGISLATIVE AUDITOR

December 4, 1961

Nevada Legislative Commission
Capitol Building
Carson City, Nevada

Gentlemen:

We submit herewith Audit Report No. 9 covering the audit of the Nevada State Board of Medical Examiners for the fiscal year ended June 30, 1961.

The audit was performed under authority extended by the Legislative Auditor in prior years. Since much of the work in connection with this audit had been performed prior to the formulation of the tentative "Instructions for Audit of State Agencies," the report has been prepared consistent with those reports submitted by this firm of public accountants.

Yours very truly,

A. N. JACOBSON, Legislative Auditor
W. Elmo DeWhitt
W. Elmo DeWhitt
Chief Assistant

la

SAM P. KAFOURY
RAY E. ARMSTRONG
LOWELL C. BERNARD

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

TELEPHONE
FAIRVIEW 2-9471

November 20, 1961

Nevada State Board of Medical Examiners
506 Humboldt Street
Reno, Nevada

Gentlemen:

Pursuant to your request we have audited the accounts and records of the Nevada State Board of Medical Examiners for the fiscal year ended June 30, 1961. Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests and analyses 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, 1961 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 REVENUES AND EXPENDITURES

Exhibit A presents on a cash basis the operations of the year under review. Receipts of $12,658.31 exceeded disbursements of $10,943.70 by $1,714.61. The cash balance of the Board was thereby increased from $20,026.60 at July 1, 1960 to $21,741.21 at June 30, 1961.

BALANCE SHEET

Cash on deposit with the State Treasurer of Nevada, $425.63, was

verified by direct correspondence. Deposits with commercial banks of $21,402.88 were also confirmed directly with the depositories concerned and are presented below in detail:

Commercial Account, First National Bank of Nevada, Non-interest bearing	$ 2,587.53
Savings Account, First National Bank of Nevada, Interest rate 3%	9,747.85
Savings Account, Nevada Bank of Commerce, Interest rate 3%	9,067.50
Total	$21,402.88

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 were reviewed in detail. No inventory has been maintained of furniture and fixtures purchased prior to July 1, 1960. We are advised by the Nevada State Purchasing Department that the current inventory survey being made by that department will include the fixed assets of the Board. Services of the department were not utilized in acquiring the assets purchased during the current fiscal year. Administrative personnel of the Board have subsequently been familiarized with the requirements of the State Purchasing Act.

At June 30, 1961, the Board held in trust the sum of $87.30 in withheld employees' income taxes. This sum was subsequently cleared during our examination.

By action of the Board, a reserve for legal expenses of $15,000.00 was appropriated from surplus during 1961. This reserve recognizes the Board's responsibility to maintain funds adequate to conclude any legal proceedings to which it may become a party. This responsibility originates in N.R.S. 630.110 which provides in part "Expenses shall be paid from the fees received by the

board under the provisions of this chapter, and no part of the salaries or expenses of the board shall be paid out of the general fund of the state treasury."

Unappropriated surplus at June 30, 1961 was $6,742.21 and is analyzed as follows:

Balance, July 1, 1960		$20,026.60
Add: Net excess of revenues over expenditures (Exhibit A)	$1,714.61	
Establishment of nominal value for fixed assets	1.00	1,715.61
		$21,742.21
Deduct: Provision for Establishment of Reserve for Legal Expenses		15,000.00
Balance, June 30, 1961		$ 6,742.21

GENERAL COMMENTS

1. Officers and personnel of the Board responsible for cash are not covered by surety bonds in their capacities as agents of the Board. It is a general practice that all personnel dealing directly with state monies should be bonded. Further, we would suggest that consideration be given to requiring a second signature on any checks issued by the Board.

2. During the year the Board's business offices were moved to Reno in order to provide more adequate administration of its affairs. The Board presently shares quarters and personnel with several non-profit medical groups including the Public Assistance Medical Care Program, The Nevada State Medical Association, and the Washoe County Medical Society. The availability of full time medically oriented administrative personnel has substantially improved the clerical practices of the Board.

3. Although the Board maintains three bank accounts in its own name, as indicated in this report, we note no statuatory authority for such accounts. N.R.S. 226.110-1 requires that all monies of the state not expressly required by law to be received and kept by some other person are to be received and kept by the state treasurer. If it is the Board's desire that its funds be kept in its own accounts, we recommend that interested members of the medical profession sponsor legislation to authorize such accounts.

State monies deposited in commercial banks are required by law to be secured by a pledge of bank assets valued at not less than 110% of the amount on deposit. The security afforded the deposits of the Board does not comply with these requirements. If the present independent bank accounts are to be continued, savings accounts should be converted to time certificates of deposits and the banks concerned should be required to make the pledge of assets noted above.

4. Interest earned on the Board's savings accounts during the year under review has been credited to the Board's funds rather than to the state general fund as required by statute. This interest totaled $352.31.

5. In view of the effect the citations of Nevada Revised Statutes as noted above would have upon the operations of the Board, we recommend that your legal counsel review their applicability in the instances noted in the foregoing.

6. As a part of our report, we did not prepare a comparative statement of receipts and disbursements for the current and prior year since we were unable to reconcile the prior year's financial statements.

7. Inasmuch as the Board's budget for the current year contained no allocation as to specific items, we have not commented on the actual results of operations as compared to the budgeted operations.

In our opinion the attached financial statements present fairly the results of the operations of the Nevada State Board of Medical Examiners for the fiscal year ended June 30, 1961 and its financial position at that date in accordance with generally accepted cash basis accounting principles consistently applied.

Respectfully submitted,

Kafoury Armstrong and Bernard

PUBLIC ACCOUNTANTS

NEVADA STATE BOARD OF MEDICAL EXAMINERS
STATEMENT OF RECEIPTS AND DISBURSEMENTS
JUNE 30, 1961

RECEIPTS:		
Annual Registration Fees	$5,120.00	
Permits and Endorsements	250.00	
Reciprocity Fees	6,725.00	
Examination Fees	200.00	
Renewal of Temporary Permits	11.00	
Interest on Savings Accounts	352.31	
Total Receipts		$12,658.31
DISBURSEMENTS:		
Salaries	$4,185.00	
Rent	902.50	
Postage	166.19	
Printing	242.57	
Office Supplies	246.26	
Telephone and Telegraph	384.83	
Insurance	192.83	
Dues and Subscriptions	289.35	
Legal and Audit	1,168.50	
Investigations	424.05	
Miscellaneous Expense	34.42	
Travel Expense	1,758.90	
Meeting Expense	357.75	
Office Furniture	590.55	
Total Disbursements		10,943.70
Excess of Receipts Over Disbursements		$ 1,714.61
Cash Balance, July 1, 1960		20,026.60
Cash Balance, June 30, 1961		$21,741.21
REPRESENTED BY:		
Cash in Bank, First National Bank of Nevada	$2,587.53	
Savings Account, First National Bank of Nevada	9,747.85	
Savings Account, Nevada Bank of Commerce	9,067.50	
Cash on Deposit, State Treasurer of Nevada	425.63	$21,828.51
Less: Funds Held in Trust, Employees Withholding		87.30
		$21.741.21

NEVADA STATE BOARD OF MEDICAL EXAMINERS
BALANCE SHEET
JUNE 30, 1961

ASSETS

CURRENT ASSETS:			
Cash on Deposit, State Treasurer of Nevada		$ 425.63	
Cash in Banks:			
Commercial Account, First National Bank of Nevada	$2,587.53		
Savings Account, First National Bank of Nevada	9,747.85		
Savings Account, Nevada Bank of Commerce	9,067.50	21,402.88	
Total Current Assets			$21,828.51
FIXED ASSETS (Nominal Value Only)			1.00
Total Assets			$21,829.51

LIABILITIES AND SURPLUS

CURRENT LIABILITIES:			
Employees Withholding Taxes			$ 87.30
SURPLUS:			
Legal Reserve		$15,000.00	
Unappropriated Reserve		6,742.21	
Total Surplus			21,742.21
Total Liabilities and Surplus			$21,829.51

STATE OF NEVADA

STATE BAR OF NEVADA

AUDIT REPORT

For the Period July 1, 1960, to June 30, 1961

REPORT NO. 10

LEGISLATIVE COUNSEL BUREAU

A. N. Jacobson, Legislative Auditor

CARSON CITY, NEVADA

September 29, 1961

STATE OF NEVADA
OFFICE OF THE
LEGISLATIVE AUDITOR
CARSON CITY, NEVADA

A. N. JACOBSON
LEGISLATIVE AUDITOR

September 29, 1961

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 State Bar of Nevada for the fiscal year ended June 30, 1961, and have prepared therefrom the following exhibits:

Statement of Financial Condition, June 30, 1961 - Exhibit A
Statement of Revenues and Expenditures for the fiscal year ended June 30, 1961 - Exhibit B

FUNCTIONS OF AGENCY

NRS 7.270 to 7.600, inclusive, establishes the State Bar of Nevada and defines its composition, powers and duties. NRS 7.290 creates the corporation. We find no specific authority in the statutes for a State Bar of Nevada fund; however, several sections refer to funds, fees, charges, etc. which seem to imply intent to establish a fund and specific authority is provided for disbursements from such a fund. The State Bar of Nevada is charged by law with the examination of applicants, and recommendation of those qualified to the Supreme Court for admission to practice law. In addition, the Board of Governors of the State Bar of Nevada may, with the approval of the Supreme Court, formulate rules of professional conduct, act to advance the science of jurisprudence, and further the administration of justice. The Board may also act to disbar or discipline members for cause.

SCOPE OF EXAMINATION

General

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.

Contrary to the provisions of Section 1 of Article IX of the Constitution of the State of Nevada, the books of account have been maintained on a calendar year basis.

The statutes are silent on a significant number of administrative and operational functions; e.g., the place or places where funds may be deposited, the publication of the Bar Journal, bonding limitations.

Internal Control Evaluation

In the opinion of the auditors, methods being followed are adequate to record the total receipts and disbursements; however, the section of this report entitled "Suggested Changes" contains proposals for a record system which will more nearly

conform to accepted procedures. If the Board adopts these recommendations, the resulting record will provide proper current information, better control factors, and, in addition, will permit satisfactory evaluation and analysis in future years.

The accompanying financial statements are not completely accurate as to expense classification because of a change in the object category of expenditure distribution on January 1, 1961; and because prior periods have been reported on a calendar year basis, we cannot make comparisons with prior years. If uniformity and adequate records are begun now, future activities can be properly compared.

Books and Records

Existing records are a cash receipts book with columnar distribution of source of revenue; a cash disbursements book with columnar distribution of expenditure by object; a check book, duplicate deposit record and bank reconcilations; and chronological files of paid invoices. The auditors believe these to be adequate, if modified in conformity with Item 5 under the section of this report entitled "Suggested Changes."

Fidelity Bonds and Casualty Insurance

Our examination disclosed no casualty insurance in force.

A position bond in the amount of $5,000.00 covers the treasurer. This is Hartford Policy No. 2923964, effective June 19, 1961, for a term of one year.

Leases

Our examination disclosed no leases in force although the Board does occupy Room 304 in the Clay Peters Building, apparently as a tenant at will on a month-to-month basis. The Department of Buildings and Grounds has no record of approving this rental.

In addition to the foregoing, Section 218.810, Nevada Revised Statutes, specifically charges the Legislative Auditor with the responsibility to examine:

Efficiency of Subordinate Employees

No departures from courtesy, efficiency and competent conduct of the affairs of the State Bar of Nevada were observed during the course of our examination.

Duplication of Work with other Departments

The audit examination indicates no duplication of the work of other departments.

Status and Condition of Funds

Precise analyses and comparisons are precluded by the change from a calendar to a fiscal reporting period. Valid evaluation is further complicated by mid-year alteration of expense object classifications and by the absence of budget, appropriation, and work program figures for comparison with actual receipts and expenditures.

We therefore refrain from drawing conclusions based on inadequate information, and rely on Exhibit A to reflect current conditions and Exhibit B to show the result of operations for the twelve months ended June 30, 1961.

Non-Compliance with Statutes or Good Business Practice

The audit program of the Legislative Counsel Bureau is designed to assist state

officers to attain effective government, by including in reports items which fail to conform to law, regulation, or good business practice. The auditors are charged by statute to report such situations.

The Board of Governors of the State Bar of Nevada through NRS 7.450 has the "power to make appropriations and disbursements from the funds of the state bar to pay all necessary expenses for effectuating the purposes of NRS 7.270 to 7.600. . ." However, it would appear that several other sections of statutes apply to the Bar's activities in the same manner as applied to all state agencies unless specifically exempted.

We do wish to point out that expenditures have been approved or authorized by the Board of Governors in accordance with NRS 7.450. The cited items below include those where the general law probably prevails over NRS 7.450.

Our examination disclosed the following items which appear to violate statute or regulation, or which, in our opinion, are contrary to good business practice. The legality of each of the following items should be determined by appropriate legal authority or the statutes amended to the end that the State Bar of Nevada fully comply with the statutes:

1. Travel expenses - Board members and employees alike appear to be in violation of various provisions of NRS 281.160 pertaining to "Traveling expenses and subsistence allowances of state officers and employees." Despite the provisions of NRS 7.450 "to pay all necessary expenses" etc., it appears that NRS 281.160 "Traveling expenses and subsistence allowances for state officers and employees" might prevail, and that both board members and employees are subject to the provisions therein and to related portions of the State Administrative Manual.

The examination indicates that board members have received a per diem fee of $10.00 while attending board meetings plus a one-way mileage allowance of 15¢ per mile. These rates are, in the aggregate, below the rates permitted state officers and employees by statute and regulation. It is the opinion of the auditors, however, that the manner of reporting and claiming reimbursement for such expenses should conform to State Administrative Manual requirements (Section 0600) and NRS 281.160.

It has been noted that the members of the Board of Governors has not claimed any travel expense during the latter part of the year.

2. Per diem - NRS 7.450 says in part "but no member of the board shall receive any other compensation than his necessary expenses connected with the performance of his duties as a member of the board." Board members residing in the city where meetings have been held have filed for and have received payments described "Per diem attendance Board of Governors meeting at (place) on (date) $10.00." The auditors consider this practice a probable violation of statute.

3. Publication of State Bar Journal - The auditors can find no authority in the law for the State Bar of Nevada to publish the Bar Journal. This comment is made in full recognition of the fact that such publications are common and the result may be salutary. We do question the legality of both receipt and disbursement of funds without statutory authority covering the activity and suggest that specific authorization for this purlication with revenue from sale of advertising and subscriptions be provided by amended statute.

4. Officers - NRS 7.500 states that (1) "The officers of the state bar shall be a president, two vice presidents, a secretary and a treasurer." We have been told that the same individual presently serves as both secretary and treasurer, which may or may not be in conflict with the statute.

The auditors believe internal control would be measurably improved with two officers - one secretary and one treasurer - each performing the usual functions of his respective office.

5. Budget - The State Bar of Nevada has not been included in the Executive Budget program administered by the Director of the Budget or the General Authorization Act of the Legislature. Chapter 5000 in the State Administrative Manual says in part "Not later than June 1 of each year the governor shall require each agency to submit to him, through the budget director, a work program for the ensuing fiscal year." It is the opinion of the auditors that the State Bar of Nevada should conform to the same fiscal policies and procedures as do all agencies, and various provisions in the State Budget Act, NRS 353.150 through 353.245 appear to support this opinion.

6. Personnel - Employees of the State Bar of Nevada have not been employed as part of the state's civil service system. NRS 284.015(4), 284.020, and 284.150 seem to indicate they should be, and that the provisions of Chapter 284 of NRS are applicable to the State Bar. Since no time records for employees are maintained, we also raise a question concerning the application of Chapter 286 of NRS - the Public Employees Retirement Act. The compensation of the Executive Secretary, Bar Journal Editor, and Bar Journal Editor, and Bar Journal Business Manager are designated "salary" at various places in the record. If this terminology is in conformity with the facts, the auditors believe these payments to employees should be subject also to federal withholding schedules and regulations. It appears that the subject of status and remuneration of employees should be studied and uncertainties resolved.

7. Public Relations - the auditors find no specific authority in the law for the State Bar of Nevada to engage in public relations efforts in a concerted and formal campaign.

The Wilson Advdrtising Agency was engaged on a retainer fee. Their activity seems to have been diverse - preparing copy and arranging releases for publication, negotiating with photographers, printers etc. and perfecting plans for various publicity and public relations efforts.

Mr. John S. Field appears to have collaborated in a considerable number of publicity and convention plans. We are informed that he is the public relations officer of the State Bar of Nevada, and is expected to function in such capacities.

The employment of and payments to the Thomas C. Wilson Advertising Agency, as well as payment of fees for, and reimbursement of expenses incurred in, public relations work to John S. Field appear to be outside the scope of the powers and duties set forth in NRS 7.270 through 7.600.

A review of the paid vouchers for public relations reveals some expenditures contrary to public policy. Although some of such expenditures were approved by the Board of Governors in connection with bringing a future annual convention of the American Bar Association to Nevada, the auditors suggest that authority for such expenditures should be provided specifically by law.

8. Underwriting Bar Convention - The auditors question both the propriety of using public funds to underwrite certain types of expenses of a convention. According to the record, $837.69 was paid from State Bar funds to cover a total deficit resulting from an excess of disbursements over revenues in connection with the Bar Convention at Winnemucca which was held late in 1960. The method of underwriting does not differentiate between certain types of expenses which have a question of propriety.

Suggested Changes

Recommendations for changes in procedures and compliance with statute have been made in other sections of this report. However, we wish to summarize them at this point, together with other suggestions:

1. We recommend compliance with the state's fiscal year of July 1 through June 30.

2. We suggest your obtaining clarification of powers and duties which are not now specifically covered by statute, such as the place or places where funds may be deposited, the publication of the Bar Journal, fidelity bonding limits, public relations activities, etc.

3. We recommend changing the accounting records to reflect expenditures in conformity with the State Administrative Manual, Chapter 6500. This will facilitate preparation of the budget and will provide uniform recording for future evaluation. It should be noted that special conditions may require additional expense classification but the general pattern set forth in the Manual will be most effective. Specific suggestions have been given to the Secretary.

4. We recommend the establishment of a membership record in a form adequate to provide year-to-year continuity. The audit staff will be glad to assist the State Bar in development of such a record.

5. The auditors urge the use of a receipt in triplicate for payment for advertising space in the Bar Journal; the original to the advertiser, duplicate attached to the funds paid over by the business manager to the Treasurer, and the third retained in the book as a permanent record copy.

6. We suggest that NRS 7.450 be amended to eliminate what appears to be a conflict with NRS 281.160 relative to travel and subsistence allowance.

7. We recommend compliance with the State's budget procedures to the end that the State Bar of Nevada receives legislative authority for expenditure of its funds as do other professional and vocational boards and other agencies of the State.

8. We recommend that the offices of secretary and treasurer be filled in the manner which appears to be set forth by statute, or that NRS 7.500(1) be amended to clearly reflect the current practice.

9. We believe that the question of employment of the secretary, Bar Journal editor and business manager should be clarified in the statutes so as to exclude them from the classified service of the Personnel Act.

10. We believe specific authority should be sought to permit the use of funds for convention expenses and public information programs.

11. The Board has no record of property owned, nor is there an inventory in the office of the Director of Purchasing, who is charged with controlling such property. We suggest that a property inventory be prepared and maintained in the Board's files.

STATEMENT OF FINANCIAL CONDITION - EXHIBIT A

The State Bar of Nevada had $18,762.15 in banks at June 30, 1961, as reflected in Exhibit A. Accounts were verified by direct correspondence with the depositories.

Since the law does not specify acceptable places of deposit, the board is plac-

ing money in various accounts at its discretion. The funds are secured only by Federal Depositor's Insurance in amount of $10,000.00 on each account.

Property is shown at the nominal $1.00 value which is the usual practice in statements of departments, agencies, and commissions of the State of Nevada. We were unable to verify the property inventory due to lack of adequate inventory records which by statute should be maintained by the Department of Purchasing.

No liabilities appeared in the course of the examination, which applied to the year ended June 30, 1961.

Surplus decreased $5,372.74 during the year under examination, to a total of $18,863.15.

STATEMENT OF REVENUES AND EXPENDITURES - EXHIBIT B

Operating expenditures exceeded revenues by $5,372.74 during the year ended June 30, 1961, as detailed in Exhibit B. We wish to again point out that no legislative authority through the General Authorization Act exists for any of these expend itures, nor has a budget request been submitted to provide a basis for the Legislature to authorize expenditures.

Due to all previous statements having been prepared on a calendar year basis, we are unable to compare revenues and expenditures with prior years.

OPINION

We have examined the Statement of Financial Condition of the State Bar of Nevada as of June 30, 1961, 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 in accordance with the powers and duties set forth in NRS 218.770, and included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying Statement of Financial Condition and Statement of Revenues and Expenditures present fairly the position of the State Bar of Nevada as of June 30, 1961, and the result of its operation for the year then ended, in conformity with generally accepted accounting principles, applied on a basis consistent with practices usually followed in departments and agencies of the State of Nevada.

Yours very truly,

A. N. JACOBSON, Legislative Auditor

By C. G. Munson
C. G. Munson, Auditor in Charge

CGM/jkh

Exhibit A

STATE BAR OF NEVADA

Statement of Financial Condition

June 30, 1961

Assets		
Cash		
Commercial account		
First National Bank of Nevada, First and Virginia Branch - Reno	$5,739.00	
Savings account		
Nevada Bank of Commerce - Account #12595	2,122.83	
Savings account		
Union Federal Savings & Loan Association, Account #11099	10,900.32	$18,762.15
Property		
Furniture and office equipment		1.00
		$18,763.15
Liabilities & Surplus		
Surplus		
Surplus		$18,763.15

Exhibit B

STATE BAR OF NEVADA

Statement of Revenues and Expenditures

for the fiscal year 1960-1961

Revenues		
Dues - Active members	$19,056.50	
Dues - Inactive members	216.00	
Applications	2,750.00	
Miscellaneous income	390.66	
Interest earned	511.26	
Bar Journal subscriptions	388.00	
Bar Journal advertising space	1,100.00	$24,412.42
Expenditures		
Salary of Executive Secretary-Treasurer	6,108.00	
Stenographic expense	2,412.50	
Office supplies and expense	1,526.10	
Admission and examination expense	2,035.36	
Governors meeting expense	4,062.46	
Public relations expense	7,076.82	
Miscellaneous expense	4,040.51	
Bar Journal publication expense	2,173.23	
Dues refunded	350.00	29,784.98
Excess of Expenditures over Revenues		($ 5,372.56)
Cash balance - July 1, 1960		24,134.71
Cash balance - June 30, 1961		$18,762.15

NOTE: Examination of the financial statements for the 1960 calendar year reveals an excess of receipts over disbursements.

STATE OF NEVADA

DEPARTMENT OF BUILDINGS AND GROUNDS

AUDIT REPORT

For the Period July 1, 1959 to June 30, 1961

REPORT NO. 11

LEGISLATIVE COUNSEL BUREAU

A. N. Jacobson, Legislative Auditor

CARSON CITY, NEVADA

November 24, 1961

STATE OF NEVADA
OFFICE OF THE
LEGISLATIVE AUDITOR
CARSON CITY, NEVADA

A. N. JACOBSON
LEGISLATIVE AUDITOR

November 24, 1961

evada Legislative Commission
apitol Building
arson City, Nevada

entlemen:

In accordance with the requirements of Section 218.770, Nevada Revised Statutes, we ve examined the accounts and records of the State Department of Buildings and Grounds or the fiscal years ended June 30, 1960 and 1961, and have prepared therefrom the following exhibits and related schedules:

Statement of Budgeted Revenues and Expenditures Compared with Actual:

Carson City Administrative Fund	
For the fiscal year ended June 30, 1960	Exhibit A-1
For the fiscal year ended June 30, 1961	Exhibit A-2
Carson City Rents Fund	
For the fiscal year ended June 30, 1960	Exhibit B-1
For the fiscal year ended June 30, 1961	Exhibit B-2
Carson City Capital Improvements Fund	
For the fiscal year ended June 30, 1960	Exhibit C-1
For the fiscal year ended June 30, 1961	Exhibit C-2
Las Vegas Administrative Fund	
For the fiscal year ended June 30, 1960	Exhibit D-1
For the fiscal year ended June 30, 1961	Exhibit D-2
Las Vegas Capital Improvements Fund	
For the fiscal year ended June 30, 1961	Exhibit E
Central Mailing Room Fund	
For the fiscal year ended June 30, 1960	Exhibit F-1
For the fiscal year ended June 20, 1961	Exhibit F-2
Telephone Fund	
For the fiscal year ended June 30, 1960	Exhibit G-1
For the fiscal year ended June 30, 1961	Exhibit G-2
Lost City Museum	
For the fiscal year ended June 30, 1960	Exhibit H-1
For the fiscal year ended June 30, 1961	Exhibit H-2
Reno Administrative Fund	
For the fiscal year ended June 30, 1960	Exhibit I-1
For the fiscal year ended June 30, 1961	Exhibit I-2
Reno Capital Improvements Fund	
For the fiscal year ended June 30, 1960	Exhibit J

Statement of Revenues and Expenditures:

Mailing Room Revolving Fund	
For the fiscal years ended June 30, 1960 and 1961	Exhibit K
Telephone Revolving Fund	
For the fiscal years ended June 30, 1960 and 1961	Exhibit L
Governor's Mansion Furnishing	
For the period March 30, 1959 through June 30, 1961	Exhibit M

Capitol Building Repairs	
For the period April 6, 1959 through June 30, 1961	Exhibit N
Capitol Grounds Tree Trimming and Spraying	
For the period April 6, 1959 through June 30, 1961	Exhibit O
State Office Building Basement Remodeling	
For the period April 6, 1959 through June 30, 1961	Exhibit P
Lost City Museum Capital Improvements	
For the fiscal year ended June 30, 1960	Exhibit Q
Vending Machine Fund	
For the fiscal years ended June 30, 1960 and 1961	Exhibit R
Cigarette Fund	
For the fiscal years ended June 30, 1960 and 1961	Exhibit S

FUNCTION OF AGENCY

The Superintendent of the State Department of Buildings and Grounds is charged by statute with the following powers and duties:

1. To keep designated property clean and orderly.

2. Take fire protection and suppression measures.

3. Make provision for maintenance of the state's water system.

4. Provide water meters to measure water purchased.

5. Provide lawn sprinkling systems.

6. Arrange for the installation of a central switchboard.

7. Investigate the feasibility and economies attainable with the installation of a central power meter within the Capitol complex.

8. To purchase, use and maintain such supplies and equipment as are necessary for the care, maintenance and preservation of the buildings and grounds under his supervision.

9. To install or remove and control vending machines and vending stands in the buildings under his supervision.

In addition, the Superintendent is authorized to:

a. Accept rent money from agencies not supported by legislative appropriation; such receipts to be deposited to the credit of the general fund.

b. Lease offices outside state buildings, whenever sufficient space for officers and employees cannot be provided within state buildings.

SCOPE OF EXAMINATION

General

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 did examine every claim, contract and lease of this Department.

In addition, our examination was made to determine whether the Department is carrying out:

1. Only those activities or programs authorized by the Legislature in an efficient and duly prescribed manner.

2. That expenditures were made only in the furtherance of authorized activities and in accordance with the requirements of applicable laws and regulations.

3. That the Department collects and accounts properly for all revenues and receipts arising from its activities.

4. That the assets of the Department or in its custody are adequately safeguarded, controlled and utilized in an efficient manner.

We have observed during the course of our audit, and at other times, the appearance f cleanliness and order maintained in the properties entrusted to the supervision of the epartment. Although the outward appearance has seemingly been improved, we have encountred some complaints as to cleanliness of restrooms and offices. The Department supervisry personnel assure us that they periodically inspect restrooms to see that they are aintained in a cleanly state and are adequately supplied. Complaints relative to offices ost frequently are in connection with dusting.

We have noted, in our movements through various state buildings, what appears to be resolute attempt to provide fire prevention measures necessary and feasible to reduce ne fire hazards in buildings under the Department's control.

nternal Control Evaluation and Records

We found no weakness in internal control. The Department operates almost exclusively rom appropriated funds on deposit with the State Treasurer. Disbursements can be made aly on preaudited claims.

The only cash received by the Department is from rentals for use of state properties, eceipts from sale of fuel oil, telephone and postage charges, and collections from vendng machines. All cash is deposited in the State Treasury. Disbursements for vending achine supplies are made by preaudited state claims.

Records of the Department were found adequate under the present accounting system.

Section 218.810, Nevada Revised Statutes, sets forth certain duties which the Legisative Auditor shall report upon in the examination of each state department or agency:

fficiency of Subordinate Employees

We did not make a study of individual employee efficiency; however, from a general bservation during our contacts with various departments, it appears that some dissatisaction with the janitorial services is heard.

plication of Work

We found no indication during our examination of duplication between work done by the partment of Buildings and Grounds and other departments and agencies of the State.

atus and Condition of Funds and Operating Expense

(A) Carson City Administrative Fund

The Carson City Administrative Fund was established for the purposes of execut-

ing the Department's responsibilities in Carson City for care of buildings and grounds. The Department's operations thereunder may be summarized as follows:

	Appropriation	Revised Budget	Actual	(Over) or Under Budget
		Fiscal Year 1959-1960		
Revenues				
Appropriation 1959-60	$246,010.00	$246,010.00	$246,010.00	
Revenues, other	4,000.00	4,000.00	4,554.86	($ 554.86)
Transfers		7,119.00	11,109.00	(3,990.00)
Total Revenues	$250,010.00	$257,129.00	261,673.86	(4,544.86)
Expenditures				
Salaries	$120,929.00	$128,048.00	125,504.10	2,543.90
Travel	800.00	800.00	522.86	277.14
Operating	120,906.00	86,471.00	92,174.82	(5,703.82)
Equipment	7,375.00	7,375.00	7,150.38	224.62
Transfers to other funds		34,435.00	34,435.00	
Total reduction to fund	$250,010.00	$257,129.00	259,787.16	(2,658.16)
Amount reverted June 30, 1960			$ 1,886.70	$1,886.70
		Fiscal Year 1960-1961		
Revenues				
Appropriation 1960-61	$290,838.00	$290,838.00	$290,838.00	
Revenues, other	4,000.00	4,000.00	2,867.71	$1,132.29
Total revenues	$294,838.00	$294,838.00	293,705.71	1,132.29
Expenditures				
Salaries	$134,132.00	$134,132.00	133,729.56	402.44
Travel	800.00	800.00	574.10	225.90
Operating	99,160.00	99,160.00	97,596.42	1,563.58
Equipment	3,810.00	3,810.00	3,386.31	423.69
Transfers to other funds:				
Rents	33,936.00	33,936.00	33,936.00	
Capital improvements	23,000.00	23,000.00	23,000.00	
Total reductions to funds	$294,838.00	$294,838.00	292,222.39	2,615.61
Amount reverted June 30, 1961			$ 1,483.32	$1,483.32

The transfers to other funds in both years represent amounts reflected as transfers from other funds in the Carson City Rents Fund and Carson City Capital Improvements Fund. The auditors see no practical purpose for the Budget office establishing these funds.

We also call your attention to the expenditures in the fiscal year 1959-1960 of more than that authorized.

(B) Carson City Rents Fund

The financial activities of the Carson City Rents Funds are summarized as follows:

	Revised Budget	Actual	(Over) or Under Budget
	Fiscal Year 1959-1960		
Revenues			
Transfer from Carson City Administrative Fund	$28,135.00	$28,135.00	

	Revised Budget	Actual	(Over) or Under Budget
Expenditures			
Rental of office space	$28,135.00	$ 9,987.76	$19,047.24
Transfer to Carson City Administrative Fund		3,990.00	(3,990.00)
Total reduction to fund	$28,135.00	13,077.76	15,057.24
Amount reverted June 30, 1960		$15,057.24	$15,057.24
	Fiscal Year 1960-1961		
Revenues			
Transfer from Carson City Administrative Fund	$33,936.00	$33,936.00	
Expenditures			
Rental of office space	$33,936.00	32,924.00	$ 1,012.00
Amount reverted June 30, 1961		$ 1,012.00	$ 1,012.00

(C) Carson City Capital Improvement Fund

The financial transactions of the Carson City Capital Improvement Fund are summarized as follows:

	Revised Budget	Actual	(Over) or Under Budget
	Fiscal Year 1959-1960		
Revenues			
Transfer from Carson City Administrative Fund	$ 6,300.00	$ 6,300.00	
Other revenues		480.00	($ 480.00)
Total revenues	$ 6,300.00	$ 6,780.00	(480.00)
Expenditures			
Various capital improvements	$ 6,300.00	$ 6,780.00	480.00
Amount reverted June 30, 1960		none	none
	Fiscal Year 1960-1961		
Revenues			
Transfers from Carson City Administrative Fund	$23,000.00	$23,000.00	
Expenditures			
Various capital improvements	$23,000.00	23,000.00	
Amount reverted June 30, 1961		none	none

As we previously stated, we see no logical reason for this fund to have been separated from the appropriated fund by the Office of the Director of the Budget.

(D) Las Vegas Administrative Fund

The Las Vegas Administrative Fund was established to provide for the operation of state buildings and care of grounds in Las Vegas. The financial operations thereof are summarized as follows:

	Appropriation	Revised Budget	Actual	(Over) or Under Budget
		Fiscal Year 1959-1960		
Revenues				
Appropriation	$50,180.00	$50,180.00	$50,180.00	

	Appropriation	Revised Budget	Actual	(Over) or Under Budget
Reimbursement for telephone service	$ 7,500.00	$ 7,500.00	$ 9,358.95	($1,858.95)
Employees salary increase		1,872.00	1,872.00	
Total revenue	$57,680.00	$59,552.00	61,410.95	(1,858.95)
Expenditures				
Salaries	$21,426.00	$23,298.00	$22,300.76	$ 997.24
Operating	28,229.00	28,229.00	27,355.03	873.97
Equipment	2,675.00	2,675.00	2,221.51	453.49
Transferred to Las Vegas Capital Improvement Fund	5,350.00	5,350.00	5,350.00	
Total reduction to fund	$57,680.00	$59,552.00	57,227.30	2,324.70
Amount reverted June 30, 1960			$ 4,183.65	$4,183.65
		Fiscal Year 1960-1961		
Revenues				
Appropriation	$42,096.00	$42,096.00	$42,096.00	
Reimbursement for telephone service	10,000.00	10,000.00	11,871.52	($1,871.52)
Other revenues			509.03	(509.03)
Total revenue	$52,096.00	$52,096.00	54,476.55	(2,380.55)
Expenditures				
Salaries	$22,767.00	$22,767.00	21,614.51	1,152.49
Operating	29,229.00	29,229.00	26,668.67	2,560.33
Equipment	100.00	100.00	39.56	60.44
Total reduction to fund	$52,096.00	$52,096.00	48,322.74	3,773.26
Amount reverted June 30, 1961			$ 6,153.81	$6,153.81

Claim examination revealed a contract signed by a Senior PBX Operator, whom we believe lacks authority to sign such documents. Actual expenditures deviate widely from budget justification as revealed in the detailed Exhibits D-1 and 2.

(E) The Las Vegas Capital Improvement Fund

The Las Vegas Improvement Fund was created by transfer from the Las Vegas Administrative Fund for the fiscal year 1959-1960. Its financial transactions in summary were:

	Revised Budget	Actual	(Over) or Under Budget
Revenues			
Transfer from Las Vegas Administrative Fund	$ 5,350.00	$ 5,350.00	
Expenditures			
Capital improvements	$ 5,350.00	$ 3,625.44	$1,724.56
Amount reverted June 30, 1960		$ 1,724.56	$1,724.56

We find no necessity for this amount to have been transferred from the original appropriation account and separately accounted for under procedures of the Office of the Director of the Budget.

(F) Central Mailing Room

The operations of the Central Mailing Room in Carson City for the past two years under examination are reflected in summary:

	Appropriation	Revised Budget	Actual	(Over) or Under Budget
		Fiscal Year 1959-1960		
Revenues				
Appropriation	$11,100.00	$11,100.00	$11,100.00	
Transferred from Mailing Room Revolving Fund			4,000.00	($4,000.00)
Total to account for	$11,100.00	$11,100.00	15,100.00	(4,000.00)
Expenditures				
Salaries		$ 5,300.00	$ 9,341.12	($4,041.12)
Operating		300.00	980.72	(680.72)
Equipment		1,500.00	734.54	765.46
Transferred to Mailing Room Revolving Fund		4,000.00	4,000.00	
Total reduction to fund	$11,100.00	$11,100.00	$15,056.38	(3,956.38)
Balance not reverted June 30, 1960			$ 43.62	$ 43.62
		Fiscal Year 1960-1961		
Balance - Not reverted June 30, 1960			$ 43.62	($ 43.62)
Revenue				
Appropriation	$14,020.00	$14,020.00	$14,020.00	
Total to account for	$14,020.00	$14,020.00	14,063.62	(43.62)
Expenditures				
Salaries	$11,861.00	$11,861.00	$10,930.00	$ 931.00
Operating	1,759.00	1,759.00	1,130.31	628.69
Equipment	400.00	400.00		400.00
Total expenditures	$14,020.00	$14,020.00	12,060.31	1,959.69
Amount reverted June 30, 1961			$ 2,003.31	$2,003.31

The above analysis appears to reflect a substantial reversion of funds for the two years operation. We call your attention, however, to the cash overdraft for the two years of $7,299.82 in the Mailing Room Revolving Fund (See Section K below), leaving a net cash deficit for this operation of $5,296.51 at June 30, 1961; however, the amount is more than covered by amounts due, postage in the postage meter, and deposits at the U.S. Post Office. We have found no statutory authorization for establishment of the revolving fund, and its use confuses the status of the appropriated fund. We question whether depositing reimbursements to a revolving fund meets the intent of the statute. Also, we question the incurring of a fund cash deficit through a revolving fund as meeting budgetary and fiscal procedures.

NRS 331.105 establishes the central mailing room and provides that funds shall be provided by direct legislative appropriation and that funds received from the use of the services by agencies or departments not wholly or in part supported by appropriation from the general fund, shall be deposited in the general fund of the state treasury. We find no provision in the above cited section for authority to bill agencies and departments for postage used, nor do we find authority for a separate revolving fund for purchase of postage and reimbursement thereof. We believe such authority should be established by statute with a specific sum available for purchase of postage and with authority to claim reimbursement therefor from agencies and departments for postage used by each. We believe that any use charge to agencies not supported in whole or in part by the general fund should be deposited to the general fund.

The question has been raised as to procedure used to secure the issuance of warrants which increase the cash deficit of the Mail Room Revolving Fund. We understand that it is customary for the State Controller to issue warrants against any revolving fund regardless of its balance as it is assumed the fund will be reimbursed by receivables due thereto.

Since this is not a statutory revolving fund, we believe that such procedure is in violation of good business procedure and statute. We question this practice by the Controller and believe that it should be discontinued except by specific statutory authority.

(C) Telephone Fund

The Telephone Fund apparently should reflect the financial transactions for operation of the telephone service furnished to state offices through a central system; however, under the present accounting, it is necessary to analyze both the Telephone Fund and the Telephone Revolving Fund. The fund was created through legislative appropriation and we find no other statutory provision for its existence of operational guidance.

Operation of the Telephone Fund is summarized:

	Appropriation	Revised Budget	Actual	(Over) or Under Budget
		Fiscal Year 1959-1960		
Revenues				
Appropriation	$22,652.00	$22,652.00	$22,652.00	
Employees salary increase		504.00	504.00	
Total revenue	$22,652.00	$23,156.00	23,156.00	
Expenditures				
Salaries	$ 9,973.00	$10,477.00	10,093.08	$ 383.92
Operating	12,219.00	12,219.00	11,356.96	862.04
Equipment	460.00	460.00	274.30	185.70
Total expenditures	$22,652.00	$23,156.00	21,724.34	1,431.66
Amount reverted June 30, 1960			$ 1,431.66	$1,431.66
		Fiscal Year 1960-1961		
Revenues				
Appropriation	$30,414.00	$30,414.00	$30,414.00	
Expenditures				
Salaries	$12,156.00	$12,156.00	12,035.24	$ 120.76
Operating	18,258.00	18,258.00	14,145.96	4,112.04
Total expenditures	$30,414.00	$30,414.00	26,181.20	4,232.80
Amount reverted June 30, 1961			$ 4,232.80	$4,232.80

It would appear from the above that the telephone fund was well operated; however, the above does not reflect operations through the Telephone Revolving Fund (See Section L below) for which we can find no statutory authorization.

Combining the operation of the two funds to reflect the correct operations for each fiscal year, the following results:

	Budget	Actual	(Over) or Under Budget
	Fiscal Year 1959-1960		
Revenue	$23,156.00	$85,225.90	($62,069.90)
Expenditures	$23,156.00	81,062.27	($57,906.27)
Amount to revert June 30, 1960		$ 4,163.63	
Actual reversion June 30, 1960		1,431.66	
Amount not reverted (Held in Telephone Revolving Fund)		$ 2,731.97	

	Budget	Actual	(Over) or Under Budget
	Fiscal Year 1960-1961		
evenue	$30,414.00	$103,037.00	($72,623.00)
xpenditures	30,414.00	101,067.61	(70,653.61)
Amount to revert June 30, 1961		1,969.39	
Actual reversion June 30, 1961		4,232.80	
Amount over-reverted		($ 2,263.41)	

The net difference in reversion in the two years ended amounts to $468.56 which is till held in the Telephone Revolving Fund. We question the existence of the Telephone evolving Fund without statutory authority therefor, and also question the practice of non-eversion of funds through its use.

In addition, the use of these two funds does not readily reveal the cost of the resent telephone service paid to Bell of Nevada. We summarize telephone equipment cost nly:

	Appropriated or Authorized Expenditure	Actual Expenditure	Extra Cost
959-1960			
elephone Fund (Central switchboard)	$10,974.00	$10,333.11	
elephone Revolving Fund (Instruments)		22,970.76	
	$10,974.00	$33,303.87	$22,329.87
960-1961			
elephone Fund (Central switchboard)	$16,992.00	$12,583.83	
elephone Revolving Fund (Instruments)		40,552.57	
	$16,992.00	$53,136.40	$36,144.40

Although the above comparison does not reflect the appropriated and authorized expend-ures from agencies and departments for instrument rental, which fitures are not available, he comparison does reflect the actual total cost and a 37.32 percent increase therein etween the two periods.

(H) Lost City Museum Administrative Fund

Operations of the Lost City Museum for the two years ended are reflected in summary:

	Appropriation	Revised Budget	Actual	(Over) or Under Budget
		Fiscal Year 1959-1960		
venues				
Appropriation	$11,895.00	$11,895.00	$11,895.00	
Refund			8.59	($ 8.59)
Total revenue	$11,895.00	$11,895.00	11,903.59	(8.59)
penditures				
Salaries	$ 6,000.00	$ 6,000.00	5,930.00	70.00
Operating	3,500.00	3,500.00	3,474.89	25.11
Equipment	595.00	595.00	437.70	157.30

	Appropriation	Revised Budget	Actual	(Over) or Under Budget
Transfer to Lost City Museum Capital Improvement Fund	$ 1,800.00	$ 1,800.00	$ 1,800.00	
Total reduction to fund	$11,895.00	$11,895.00	11,642.59	252.41
Amount reverted June 30, 1960			$ 261.00	$ 261.00
		Fiscal Year 1960-1961		
Revenues				
Appropriation	$10,485.00	$10,485.00	$10,485.00	
Expenditures				
Salaries	$ 6,000.00	$ 6,000.00	$ 5,960.16	$ 39.84
Travel	100.00	100.00	87.40	12.60
Operating	3,585.00	3,585.00	3,483.72	101.28
Equipment	800.00	800.00	502.41	297.59
Total expenditures	$10,485.00	$10,485.00	10,033.69	451.31
Amount reverted June 30, 1961			$ 451.31	$ 451.31

Chapter 250, Section 32, Statutes of Nevada 1960 did not authorize the Department of Buildings and Grounds to expend this fund. The authority was extended by administrative action.

A close family relationship appears to exist between the curator, an employee, and some suppliers and independent contractors. Although no infraction of law appears to exist, we believe good business practice indicates a wider diversification of procurement when available.

We find no statutory authority for the operation of the Lost City Museum in the Depar ment of Buildings and Grounds except for the appropriation made thereto. We believe that this matter should be clarified by enactment of statute to provide authority for operation and place such responsibility in an appropriate department.

(I) Reno Administrative Fund was established to cover costs of operation of state buildings in Reno. Summary of financial operations of the fund for the two years is:

	Appropriation	Revised Budget	Actual	(Over) or Under Budget
		Fiscal Year 1959-1960		
Revenues				
Appropriation	$47,718.00	$47,718.00	$47,718.00	
Employees salary increase		1,776.00	1,776.00	
Refund			36.86	($ 36.86)
Total revenue	$47,718.00	$49,494.00	49,530.86	(36.86)
Expenditures				
Salaries	$17,348.00	$19,124.00	16,091.68	3,032.32
Operating	19,670.00	19,670.00	19,110.47	559.53
Equipment	700.00	700.00	136.79	563.21
Transfer to Reno Capital Improvement Fund	10,000.00	10,000.00	10,000.00	
Total reduction to fund	$47,718.00	$49,494.00	45,338.94	4,155.06
Amount reverted June 30, 1960			$ 4,191.92	$4,191.92

	Appropriation	Revised Budget	Actual	(Over) or Under Budget
		Fiscal Year 1960-1961		
Revenues				
Appropriation	$54,486.00	$54,486.00	$54,486.00	
Refund			23.41	($ 23.41)
Total revenue	$54,486.00	$54,486.00	54,509.41	(23.41)
Expenditures				
Salaries	$26,087.00	$19,091.00	16,700.00	2,391.00
Travel	96.00	96.00	40.00	56.00
Operating	27,953.00	34,949.00	27,990.41	6,958.59
Equipment	350.00	350.00		350.00
Total expenditures	$54,486.00	$54,486.00	44,730.41	9,755.59
Amount reverted June 30, 1961			$ 9,779.00	$9,779.00

(J) Reno Capital Improvements Fund

The Reno Capital Improvements Fund was created by transfer from the Reno Administrative Fund. We have not been able to disclose any logical basis for Budget Office setting up the separate fund, which appears to be a fairly consistent accounting practice throughout the accounting for state funds. Fiscal operation for the year 1959-1960, during which the fund existed, is summarized:

	Budget	Actual	(Over) or Under Budget
Revenues			
Transfer from Buildings and Grounds Reno Administrative Fund	$10,000.00	$10,000.00	
Expenditures			
Capital improvements	$10,000.00	8,176.54	$1,823.46
Amount reverted June 30, 1960		$ 1,823.46	$1,823.46

Reference to Schedule J setting forth the details of the above expenditures reflects little adherence to the justification for the appropriation as reflected in the budget request.

(K) Mailing Room Revolving Fund

We can find no authority at law for the establishment of the Mailing Room Revolving Fund, as we previously stated in (F) above. We reiterate our question as to this revolving correctly meeting the requirements of both budgetary and fiscal procedures.

NRS 331.105(2) reads: "Any other agency not supported in whole or in part by legislative appropriation from the general fund may use the central mailing facilities by paying the cost as determined by the superintendent, such monies shall be deposited in the general fund." Receipts from such sources are deposited in the above-titled fund.

Under the above statutory provisions, the Department of Buildings and Grounds charges the Gaming Commission, a general fund agency, for postage plus 10% for departmental costs. We recommend that the Superintendent of Buildings and Grounds review the use of the central mailing room facilities and determine a proper administrative charge with adequate billing therefor.

We particularly direct your attention to the cash overdraft balances reflected in the following summarization of the fund's operations:

	Fiscal Year Ended 1960	1961
Revenues		
Transferred from Buildings and Grounds Mailing Room Administrative Fund	$ 4,000.00	
Reimbursements from state agencies for postal service	24,857.78	$32,727.74
Total revenue	28,857.78	32,727.74
Expenditures		
Cost of postal services	29,705.98	34,945.00
Reimbursement to other funds for deposits made in error	10.52	223.84
Reimbursement to Mailing Room Administrative Fund	4,000.00	
Total reductions to fund	33,716.50	35,168.84
Excess of reduction to fund over revenue	(4,858.72)	(2,441.10)
Cash balance at beginning of period		(4,858.72)
Cash balance at end of period	($ 4,858.72)	($ 7,299.82)

To further evaluate the Mailing Room Revolving Fund operation, the postage in the postal meter, postal deposits and accounts receivable must be considered. Their effect is summarized:

Cash balance June 30, 1961 (See above)	($7,299.92)
Due from departments and agencies	6,217.66
Postage balance in meter	2,659.37
Deposits at U.S. Post Office	
Bulk mail permit #15	175.14
Postage due	38.18
Education Bulletin	26.21
Vocational Reflector	40.82
Equity balance of fund at June 30, 1961	$1,854.76

Since this fund is not a statutorily approved fund and should have been operated as part of the Mail Room Fund, and service costs should have been deposited to the General Fund, it should also have reverted to the General Fund in the state treasury as of June 30 1961.

This situation further points out the need for creation of a revolving fund as suggested in Section (F) above.

(L) Telephone Revolving Fund

As stated in Section (G) above, we can find no statutory authority for the Telephone Revolving Fund. The use of this fund has allowed a net retention of unexpended balance of $468.56 which would have reverted if the financial transactions herein had been included in the Telephone Fund. Transactions for the period under examination are summarized:

	Fiscal Year Ended June 30 1960	1961
Revenues		
Reimbursement for telephone service	$51,736.79	$60,039.17
Transferred from Telephone Fund	10,333.11	12,583.83
	62,069.90	72,623.00
Expenditures		
Operating	59,330.91	74,886.41
Reimbursement for deposit error	7.02	
Total expenditures	59,337.93	74,886.41
Excess of revenues over expenditures	2,731.97	(2,263.41)
Balance at beginning of period		2,731.97
Balance at end of period	$ 2,731.97	$ 468.56

(M) Governor's Mansion Furnishings

The Governor's Mansion Furnishings Fund was created by Chapter 320, Statutes of Nevada 1959. Section 2 thereof reads, "To purchase and install furniture, furnishings and tableware for the Governor's Mansion. Any unexpended moneys after completion of such purchases and installation shall revert immediately to the general fund." The words "revert immediately" would appear to indicate that any unexpended balance after completion of authorized purchases over a reasonable period of time would revert to the General Fund. The act became effective upon passage and approval March 30, 1959. At June 30, 1961, twenty-eight months after creation of the fund, the remaining balance has not been reverted.

Financial transactions of this fund from March 30, 1959, to June 30, 1961, are summarized:

Revenues	
Appropriation	$29,518.00
Reimbursement for painting costs charged in error	4,576.56
Total revenue	34,094.56
Expenditures	
Furnishings and erroneously charged painting cost	33,351.46
Balance, June 30, 1961	$ 743.10

(N) Capitol Building Repair

The act (Statutes of Nevada 1950, Chapter 447, page 780) appropriating funds for Capitol Building Repair was approved April 6, 1959. As of June 30, 1961, it appears that the purpose for which the fund was created has been partially fulfilled.

We summarize the transactions of the fund:

Revenue	
Appropriation	$22,000.00
Expenditures	
Repairs	15,310.83
Balance, June 30, 1961	$ 6,689.17

(O) Capitol Grounds Tree Trimming and Spraying

The legislature appropriated through Chapter 447, Statutes of Nevada 1959, page 780, for tree trimming and sparying on the Capitol grounds. The funds were expended except for 2.41 in the fiscal year 1959-1960. The act did not provide for reversion of the unexpended balance which is still on the accounts as of June 30, 1961. We recommend that the 1963 Legislature pass an act reverting this balance.

Financial transactions may be summarized as:

Revenues	
Appropriation	$ 5,000.00
Expenditures	
Tree trimming and spraying	4,997.59
Balance June 30, 1960, and 1961	$ 2.41

(P) State Office Building Basement Remodeling

The act appropriating money to this fund was approved April 6, 1959. It appears that as of June 30, 1961, the purpose for which this money was appropriated through Chapter 447,

Section 3, Statutes of Nevada 1959, page 780, has been accomplished and the balance should revert to the general fund. No reversion clause is a part of this act. We recommend that the 1963 Legislature pass an act reverting the balance.

The financial transactions of this fund were:

Revenues	
Appropriation	$15,000.00
Expenditures	
Remodeling expenses	13,395.00
Balance June 30, 1961	$ 1,605.00

(Q) Lost City Capital Improvements

We can find no statutory authority for the establishment of this fund by the Office of the Director of the Budget by transfer from the appropriation to the Lost City Museum Fund, nor can we determine a logical accounting basis for this procedure.

A summary of operations for the fiscal year 1959-1960, in which the fund was used, reveals:

Revenue	
Transfer from Lost City Museum Administrative Fund	$ 1,800.00
Expenditures	
Capital improvements	1,333.45
Amount reverted June 30, 1960	$ 466.55

(R) Vending Machine Fund

The Vending Machine Fund was established by statute to provide for the operation of the various vending machines throughout the state buildings. Moneys collected are for the purpose of purchasing supplies for stocking the machines and machine maintenance.

Transactions in summary were:

	Fiscal Year Ended June 30	
	1960	1961
Balance at beginning of period	$216.97	$ 203.58
Vending machine receipts	375.36	1,163.76
	592.33	1,367.34
Expenditures - Supplies	388.75	1,108.15
Balance at end of period	$203.58	$ 259.19

(S) Cigarette Fund

The Cigarette Fund was created from cigarette sales vending machines. The fund has been inactive and we recommend transfer of the balance of $523.87 to the Vending Machine Fund.

Breaches of Trust and Duty

The audit program of the Legislative Counsel Bureau is designed to assist, in a helpful manner, state officers to obtain effective government by including in our reports situations which do not conform to statute or good business practice. Further, we are charged by statute with reporting on such situations.

Our examination disclosed the following items which appear to violate statute or reg-

ıtion or which, in our opinion, are contrary to good business practice:

1. Personnel - The Superintendent has employed in the non-classified service more ın the allowable personnel in accordance with NRS 284.140(3) which provides: "At the scretion of the elective officer or head of each department, agency or institution, one puty and one chief assistant in such department, agency or institution." Examination the payroll reveals four employees, in addition to the Superintendent in the unclassi-ed service.

In addition, payroll examination revealed the hiring of a groundsman, and payments other positions as follows, for which no provision had been made in the budget although e positions were approved by administrative procedure:

Utility Worker I	$331.00
Storekeeper	331.00
Senior Switchboard Operators	927.00

2. Purchasing - Numerous cases of by-passing the State Department of Purchasing and e State Purchasing Act by making direct purchases from vendors was revealed by claim amination. It is expected that all violations will cease with completion of the ware-use of the Department of Purchasing in which supplies can be adequately stocked for the partment of Building and Grounds.

3. Purchasing - The Department paid claims to the Department of Purchasing in one scal period (prior to June 30) for materials to be received at some future date in the xt fiscal period in an apparent effort to prevent reversion of funds for the prison eenhouse construction. The Department of Purchasing is a party to this procedure by eparing advance billings for such materials not yet delivered. This action was justi-ed by the department on the grounds that the delay in receiving plans from the State anning Board made it impossible to secure the materials prior to June 30 reversion. We lieve such procedure contrary to budget procedures.

4. Budget - The Department's accounts reflect excessive deviation of actual expendi-res from budget allocations contrary to the budget request for appropriation. We recog-ze the difficulty in budgeting for unforeseen maintenance costs, but believe every fort should be made to estimate such costs and to do maintenance in accordance therewith.

5. Central Mailing Room - NRS 331.105(2) provides that departments or agencies not pported in whole or in part by legislative appropriation from the general fund in the ate treasury may use the central mailing room facilities if they pay the cost of such e as determined by the Superintendent. This section further provides that moneys col-cted for such use shall be deposited in the General Fund in the state treasury. This ction of the statute further provides that the assessment shall be a prorata share of all ministrative costs. The Gaming Commission, a General Fund agency, is being charged the st of postage used plus 10% for its prorata share without regard to the prorata of actual st.

6. Reversion of balance, Governor's Mansion Furnishings Fund - Section 2 of Chapter), Statutes of Nevada 1959, provides for immediate reversion of the remaining balance of e fund after completion of purchase and installation of the authorized furniture, furn-ıings and tableware. It appears that this balance should have been reverted some time).

7. Coffee purchases - State-appropriated funds have been used for purchase of cof-e consumed by state employees. The coffee is intended as a fringe benefit for prisoners ed by the Department in maintenance work, but the coffee is accessible to and partially ısumed by employees.

8. Gasoline purchases - A credit card purchase of gasoline placed in a vehicle with a California registration was justified as being a test vehicle loaned the Department by Department of Purchasing. We question the advisability of such practice.

9. Gasoline purchases - On August 22, 1960, gasoline in the amount of 59.7 gallons was charged to "Pickup No. 472." Credit cards do not reflect that gas was reportedly placed in barrels and used to operate generators during the Donner fire, which created a power failure.

10. Employees' meals - Various departmental employees taking prisoners working for the Department in Carson City to lunch and/or dinner are charging their personal meals, as well as that of the prisoners, to the State. We question the legality of this charge for the employee, as we can find no legal authority therefor. However, we do not question the practical need for such practice.

11. Prison labor - An informal, verbal agreement exists between the Department of Buildings and Grounds and the Prison Board, allowing for the prisoners to receive two meals per day, free coffee, and $15.00 per month wages. We believe such agreements should be reduced to writing as a good managerial practice.

12. Biennial report - The Superintendent of Buildings and Grounds complied with NRS 331.050 requiring the filing of a biennial report to the Governor by the filing of a brief summary letter under date of December 21, 1960, for the fiscal year ended June 30, 1960.

13. Furniture repair - Review of claims reveals two claims in amount of $250.00 each for the recovering of one chair on each claim for the Governor's office. Such expenditure may be allowed by NRS 331.090(1). As far as we could determine, no other office has been extended recovering repair of furniture through use of this section, and we believe such repairs should be part of each agency's budgeted expenditures. The Department does refinish furniture for various departments as part of their services.

14. Claims charged to wrong fund - Claims examination has revealed various claims charged to the wrong fund; for instance, a claim for cleaning of the boiler in the Nevada State Building, Reno, has been charged against the Carson City Administrative Fund instead of the Reno Administrative Fund. Although this does not affect the balance of reversion to the General Fund, it does reflect erroneous operational costs at the various cities. Claims should be correctly charged against operations and adequate budget provision should be made for such anticipated expenditures.

15. Unsigned claims - Claims examination revealed claims which were not signed by the vendor, which is contrary to the State Administrative Manual, Section 6040.

16. Charges for fuel oil - The Carson City Rents Fund reflected collections for fuel oil charged to occupants of various state-owned buildings. We find no authority in the statutes for such charges and collections. We believe that the rents collected should be sufficient to cover such costs.

17. Janitorial contracts - We have examined all janitorial contracts, including the calls for and bids submitted on which the contracts were based, for the years under examination and for the current operating year 1961-1962. In connection therewith, we wish to disclose the following:

a. Payment for contractual services - We find that a contract has been drawn betwee an independent contractor, Western Building Maintenance, Inc., and the Department of Build ings and Grounds for janitorial services to be paid for by the Department of Health, Department of Agriculture, and Department of Motor Vehicles. We find no provision in the statutes providing for the Department of Buildings and Grounds to charge any other department for janitorial services or through a contract naming the other department to pay for

uch services except through rent for space in state-owned buildings. However, the audi-ors believe that such charges should be paid by the department receiving the services.

NRS 331.090 provides that the Superintendent of Buildings is authorized to receive ents from various departments and agencies not supported by appropriations from the Gen-ral Fund. Such moneys shall be deposited in the General Fund in the State Treasury. It ould appear that where state offices in state-owned buildings are furnished through the epartment, rents may be charged, but no provision exists for contractual janitorial serv-ces to be charged to the renting agency. NRS 321.110 authorized the Department of Build-ngs and Grounds to lease and equip office rooms outside of state buildings whenever the pace cannot be provided within such state buildings. Again, there is no provision for ontractual janitorial services to be charged to the department for which such space is urnished.

It appears that the Department of Buildings and Grounds has no statutory authority to equire any department or agency to pay for its janitorial services (except the Nevada ndustrial Commission Building otherwise provided for by law) and that such services are he financial responsibility of the Department of Buildings and Grounds and that such harges could be paid only from the Department's funds.

The contract between the Department of Buildings and Grounds and Western Maintenance o., Inc., was for the period July 1, 1960, to June 30, 1961. Paragraph 4 thereof reads The parties hereto mutually agree that, at the Principal's election, the within Agreement ay be extended for successive one-year periods, upon the same terms and conditions, upon rincipal giving Contractor Thirty (30) Days prior notice to said effect."

On June 23, 1961, new bids were opened from three contractors (Western Building Main-enance, Inc., did not bid) based upon the exclusion of services for the Department of otor Vehicles, Reno. All bids were rejected and the Department of Buildings and Grounds ontinued the janitorial services with Western Building Maintenance, Inc.

On June 27, 1961, a letter extended the contract with Western Building Maintenance, nc.; however, we find no deletion therefrom of the Department of Motor Vehicle's building n Reno. Present payments under this contract would appear to be lower than the lowest cceptable bid in the opinion of the Superintendent of the Department.

Another question regarding said contract is the amount of the original award. The riginal copy of the bid reads as follows:

Proposition I	$236.78
Proposition II	258.09
Proposition III	286.99
Alternate I	521.35
Alternate II	731.36

In the margin alongside of Proposition I has been pencilled in $241.00 and opposite lternate I, the amount of $526.36. The pencilled figures were used as the correct amount n the contract. We question the legal authority of anyone to change a bid or to award ontracts not in conformance with the actual bid figures. The Superintendent of Buildings nd Grounds states that the difference results from inclusion of a correction which should ave been made by a change order.

Some other contracts executed for janitorial services for rental properties are with:

Mrs. Leona Molino for Fallon office, Welfare Department.
Mrs. Lydia Mangum for Ely office, Welfare Department.

We believe this entire matter should be clarified by legislative action.

b. Janitorial contracts executed by Department of Motor Vehicles - For the 1961-1962 fiscal year we find that the Department of Motor Vehicles has executed negotiated contracts with Marc R. Peters, Dba Washoe Building Maintenance, Reno, and with Hugh L. Ward, Dba Hugo's Custodial Service, Las Vegas. It appears that the Department of Motor Vehicles has no statutory authority for executing contracts for custodial service of state buildings as such authority appears to be vested solely in the Department of Buildings and Grounds. In years prior to 1961-1962, the contracts for such services were executed by the latter-named department.

c. Several departments are hiring their own janitors as departmental employees. In the case of the Highway Department, the Department of Buildings and Grounds is statutorily charged with the maintenance of the building. This procedure appears to place both departments in violation of statute.

18. Examination of employee time records revealed that no daily time records of actual hours on the job are maintained. Adjustment of any discrepancies is arbitrarily arrived at by the department head.

Record of annual leave, sick leave and accrued compensatory time is maintained on a form prescribed by the Personnel Department, showing accrued annual leave and sick leave offset by annual leave and sick leave used to arrive at a net accumulative figure.

Several employees had drawn annual leave in excess of accrued amounts.

Suggested changes

Although suggestions and recommendations have been made in other sections of this report, we restate them for emphasis and clarity along with other suggestions:

1. Creation of funds - We recommend that funds be established only in accordance with legislative authority, discontinuing the practice of using unauthorized improvement, rent and revolving funds.

We further recommend that the existing non-authorized funds at July 1, 1961, be combined with the authorized fund to reflect correct operations; specifically, the combining of the Postal Revolving Fund with the Central Mailing Room Fund and the Telephone Revolving Fund with the Telephone Fund.

2. Mailing room charges - We recommend the Superintendent of the Department of Buildings and Grounds review the mailroom operation to insure correct billing in accordance with statute to the using agencies.

3. Postal revolving fund - We recommend that a postal revolving fund be established by statute on the imprest system to purchase postage and to receive reimbursement for postage only used by each participating department or agency.

4. Lost City Museum - We believe operation of the Lost City Museum and responsibility for its operation should be charged to an appropriate department by specific statutory authority in lieu of the present indefinite authority granted to expend appropriated funds.

5. Cigarette Fund - We recommend transfer of the balance of $523.87 to the Vending Machine Fund.

6. Purchasing - We recommend strict compliance with the State Purchasing Act.

7. Meals for employees guarding prisoners - We recommend that the Department be given authority to furnish meals to state employees required to guard prisoners during the period when prisoners are being furnished meals.

8. Furniture repairs - We recommend the words "furniture and" be clarified in NRS 31.080(1) so that each agency or department will be required to budget for major repairs uch as reupholstery.

9. Charge for rented space and janitorial services therefor - We recommend that NRS 11.110 be amended to provide authority of requiring non-general fund agencies to pay for he rental of space under lease and the janitorial maintenance thereof.

10. Reversions - We recommend reversion of the following balances at June 30, 1961:

Telephone Revolving Fund	
Mail Revolving Fund	
Governor's Mansion Furnishings	$743.10
Capitol Ground Tree Trimming and Spraying	2.41

11. Gasoline purchases - We recommend tighter control of gasoline purchases for quipment assigned to the Department.

12. Clarification of NRS 331.110 - "Equip office rooms outside of state buildings" his statute should be clarified as to the meaning of the word "equip" as numerous requests rom agencies have been received for equipped office space, which the agencies interpret o mean complete furnishing ready to operate.

FINANCIAL STATEMENTS

The financial statements, Exhibits A-1 through S, reflect in detail the operations of he various funds. We believe the detail and our comments under "Status and Condition of unds and Operating Expense" to be self-explanatory.

OPINION

We have examined the financial transactions of the various funds of the State Department of Buildings and Grounds for the fiscal years ended June 30, 1960, and June 30, 1961, nd the related statements of revenues and expenditures for the years then ended. Our examination was made in accordance with generally-accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as ve considered necessary in the circumstances.

In our opinion, the accompanying statements of revenues and expenditures present fairly the financial position of the various funds of the State Department of Buildings and Grounds as of June 30, 1960, and June 30, 1961, and the results of its operations for the ears then ended in conformity with generally-accepted accounting principles applied on a asis consistent with that of the preceding years.

Very truly yours,

A. N. JACOBSON, Legislative Auditor

By
Remo Albertini, Auditor in Charge

tA/jkh

DEPARTMENT OF BUILDINGS AND GROUNDS

Statement of Budgeted Revenues and Expenditures Compared with Actual

Carson City Administrative Fund - No. 174-1

For the Fiscal Year Ended June 30, 1960

	Budget	Actual	(Over) or Under Budget
Revenues			
Appropriation, Statutes of Nevada 1959, page 702	$246,010.00	$246,010.00	
Sale of fuel oil	4,000.00	3,613.12	$ 386.88
Sale of truck	-	194.00	(194.00)
Refunds of chlorine cylinder deposits	-	280.00	(280.00)
Miscellaneous Reimbursements	-	467.74	(467.74)
Deferred from Employees Salary Increase Fund	7,119.00	7,119.00	-
Transferred from Buildings and Grounds, Carson City Rents Fund	-	3,990.00	(3,990.00)
Total revenues	$257,129.00	261,673.86	(4,544.86)
Expenditures			
Salaries	$128,048.00	125,504.10	2,543.90
Travel:			
Subsistence, in-state	200.00	352.86	(152.86)
Mileage	150.00	-	150.00
Public conveyance	450.00	170.00	280.00
Total travel	800.00	522.86	277.14
Operating:			
Advertising	-	46.50	(46.50)
Conservation work, prisoners	-	193.75	(193.75)
Contract services	-	3,111.45	(3,111.45)
Freight and postage	475.00	96.19	378.81
Insurance:			
Automobile	130.00	305.25	(175.25)
Truck	130.00	-	130.00
Other	130.00	-	130.00
Industrial insurance	932.00	999.95	(67.95)
Retirement contributions	6,651.00	5,629.86	1,021.14
Personnel administration assessment	1,306.00	1,362.83	(56.83)
Buildings maintenance	19,392.00	29,270.85	(9,878.85)
Grounds maintenance	-	473.62	(473.62)
Meals for prisoners	-	3,583.74	(3,583.74)
Printing	775.00	301.47	473.53
Equipment rental	-	255.00	(255.00)
Repairs, office equipment	-	50.44	(50.44)
Repairs, other equipment	-	85.71	(85.71)
Statutes	-	26.00	(26.00)
Street assessment, 1954 principal and interest	-	177.19	(177.19)
Supplies, janitorial	5,500.00	3,595.41	1,904.59
Supplies, office	350.00	694.72	(344.72)
Telephone and telegraph	213.00	392.73	(179.73)
Truck operation expense	560.00	1,291.53	(731.53)
Miscellaneous	6,727.00	-	6,727.00

Exhibit A-1
(Continued)

	Budget	Actual	(Over) or Under Budget
Operating (Cont'd.):			
Utilities:			
Heat	$ 21,200.00	$ 11,212.05	9,987.95
Power	21,400.00	17,522.21	3,877.79
Water	600.00	10,814.13	(10,214.13)
Other	-	200.50	(200.50)
Yearly demurrage, CO^2 cylinders	-	14.00	(14.00)
Non-classified disbursements charged to this fund in error - amounts subsequently reimbursed from proper funds	-	467.74	(467.74)
Total operating expense	86,471.00	92,174.82	(5,703.82)
Equipment:			
Automobile	2,500.00	2,448.14	51.86
Station wagon	-	400.00	(400.00)
Office equipment and furniture	1,505.00	1,872.64	(367.64)
Oil pump, tank, burner, floor mac, vacuum, mowers	2,300.00	1,184.62	1,115.38
Light fixtures	-	291.89	778.11
Hardware equipment (tools)	-	114.59	(114.59)
Water heaters	-	127.86	(127.86)
Allmite staging plank	-	42.82	(42.82)
Folding chairs	-	244.30	(244.30)
Soap dispenser	-	21.00	(21.00)
Gas range (used)	-	25.00	(25.00)
Air conditioner	-	377.52	(377.52)
Total equipment	7,375.00	7,150.38	224.62
Transfers to other funds:			
Buildings and grounds, Carson City Rents Fund	28,135.00	28,135.00	-
Buildings and grounds, Carson City Capital Improvements	6,300.00	6,300.00	-
Total transfers out	34,435.00	34,435.00	-
Total reductions to fund	$257,129.00	259,787.16	(2,658.16)
Amount reverted June 30, 1960		$ 1,886.70	$ 1,886.70

Exhibit A-2

DEPARTMENT OF BUILDINGS AND GROUNDS

Statement of Budgeted Revenues and Expenditures Compared with Actual

Carson City Administrative Fund - No. 174-1

For the Fiscal Year Ended June 30, 1961

	Budget	Actual	(Over) or Under Budget
Revenues			
Appropriation, Statutes of Nevada 1960, page 446	$290,838.00	$290,838.00	-
Sale of fuel oil	4,000.00	2,770.37	$ 1,229.63
Board of examiners allocation from emergency fund	-	95.00	(95.00)
Nevada Industrial Commission refund	-	2.34	(2.34)
Total revenues	$294,838.00	293,705.71	1,132.29
Expenditures			
Salaries	$134,132.00	133,729.56	402.44
Travel:			
In-state	800.00	574.10	225.90
Operating:			
Industrial insurance	1,012.00	992.99	19.01
Retirement insurance	6,593.00	6,423.85	169.15
Personnel assessment	957.00	864.86	92.14
Rentals	-	25.25	(25.25)
Equipment rental	-	162.75	(162.75)
Freight and postage	430.00	99.07	330.93
Printing	(	10.20	
Printing (forms)	--(	42.10	
Printing (stationery)	(175.00	21.05	101.65
Office supplies	-	185.54	(185.54)
Utilities:			
Heat	22,800.00	15,009.90	7,790.10
Power	18,000.00	22,096.45	(4,096.45)
Water	9,270.00	13,953.04	(4,683.04)
Carson City Sewage Assessment	6,000.00	-	6,000.00
Other	-	180.00	(180.00)
Telephone rental	-	173.69	(173.69)
Telephone - tolls and telegraph	433.00	179.80	253.20
Truck operation - gas, oil, lube and repairs	600.00	1,461.55	(861.55)
Auto insurance	390.00	331.15	58.85
Office equipment - repair	(15,000.00	258.00	
Equipment repair	(-	603.27	14,138.73
Contract service	-	5,081.91	(5,081.91)
Janitorial supplies	6,000.00	3,544.02	2,455.98
Building maintenance	-	20,462.97	(20,462.97)
Grounds maintenance	1,000.00	886.58	113.42
Conservation work - prisoners	(-	497.25	
Meals for prisoners	(3,500.00	2,691.50	311.25
Miscellaneous	7,000.00	447.43	6,552.57
Reimbursement (Ed Kruse)	-	10.00	(10.00)
Moving offices	-	300.25	(300.25)
Lease of Virginia & Truckee Water	-	600.00	(600.00)

Exhibit A-2
(Continued)

	Budget	Actual	(Over) or Under Budget
Total operating expense	$ 99,160.00	$ 97,596.42	$ 1,563.58
Equipment:			
Linen fire hose	-	62.25	(62.25)
Air conditioners	2,000.00	1,975.95	24.05
Saw	-	24.95	(24.95)
Vacuum cleaners	610.00	501.89	108.11
Fluorescent light fixtures	1,000.00	552.27	447.73
Delco motor	-	17.63	(17.63)
Adding machine	-	251.37	(251.37)
Ladders and tools	100.00	-	100.00
Miscellaneous	100.00	-	100.00
Total equipment	3,810.00	3,386.31	423.69
Transfers to other funds:			
Buildings and grounds Carson City Rents Fund	33,936.00	33,936.00	-
Buildings and grounds Carson City Capital Improvements Fund	23,000.00	23,000.00	-
Total transfers out	56,936.00	56,936.00	-
Total reduction to fund	$294,838.00	292,222.39	2,615.61
Amount reverted June 30, 1961		$ 1,483.32	$ 1,483.32

Exhibit B-1

DEPARTMENT OF BUILDINGS AND GROUNDS

Statement of Budgeted Revenues and Expenditures Compared with Actual

Carson City Rents Fund

For the Fiscal Year Ended June 30, 1960

	Budget	Actual	(Over) or Under Budget
Revenues			
Transferred from Department of Buildings and Grounds - Carson City Administrative Fund	$28,135.00	$28,135.00	-
Total to account for	$28,135.00	28,135.00	
Expenditures			
For rental of office space:	$28,135.00		
C. R. Davenport		(780.00	
Farretto Brothers		--(5,009.24	
Nevada Industrial Commission		(3,298.52	
Total expenditures	28,135.00	9,087.76	$19,047.24
Transfer to Buildings and Grounds - Carson City Administrative Fund	-	3,990.00	(3,990.00)
Total reduction to fund	$28,135.00	13,077.76	
Amount reverted June 30, 1960		$15,057.24	$15,057.24

Exhibit B-2

DEPARTMENT OF BUILDINGS AND GROUNDS

Statement of Budgeted Revenues and Expenditures Compared with Actual

Carson City Rents Fund

For the Fiscal Year Ended June 30, 1961

	Budget	Actual	(Over) or Under Budget
Revenues			
Transferred from Buildings and Grounds - Carson City Administrative Fund	$33,936.00	$33,936.00	-
Total to account for	$33,936.00	33,936.00	
Expenditures			
For rental of office space:	$33,936.00		
Frank Humphrey		(25,500.00	
Donald A. Sada		(900.00	
Nevada Industrial Commission		(5,144.00	
Robert C. Fry		(1,380.00	
Total reduction to fund	$33,936.00	32,924.00	1,012.00
Amount reverted June 30, 1961		$ 1,012.00	$1,012.00

Exhibit C-1

DEPARTMENT OF BUILDINGS AND GROUNDS

Statement of Budgeted Revenues and Expenditures Compared with Actual

Carson City Capital Improvements Fund

For the Fiscal Year Ended June 30, 1960

	Budget	Actual	(Over) or Under Budget
Revenues			
Transfer from Department of Buildings and Grounds - Carson City Administrative Fund	$6,300.00	$6,300.00	-
Miscellaneous reimbursement		480.00	($ 480.00)
Total to account for	$6,300.00	6,780.00	(480.00)
Expenditures			
Freight and express	-	17.82	(17.82)
Carpeting, Governor's office	3,000.00	1,803.36	1,196.64
Paperhanging, Governor's office		(303.00	
Wallpaper, Governor's office	3,300.00	--(286.80	1,748.20
Draperies, Governor's office		(962.00	
Installation of fence, Governor's mansion	-	243.19	(243.19)
Patio, Governor's mansion	-	580.00	(580.00)
Partition and counter - Labor Commission office	-	1,376.49	(1,376.49)
Wiring at Printing Office Metal Building	-	241.70	(241.70)
Electrical fixtures, Controller's office	-	485.64	(485.64)
Other unclassified charges reimbursed from appropriate funds	-	480.00	(480.00)
Total reduction to fund	$6,300.00	$6,780.00	($ 480.00)
Amount reverted June 30, 1960		-	-

Exhibit C-2

DEPARTMENT OF BUILDINGS AND GROUNDS

Statement of Budgeted Revenues and Expenditures Compared with Actual

Carson City Capital Improvements Fund

For the Fiscal Year Ended June 30, 1961

	Budget	Actual	(Over) or Under Budget
Revenues			
Transferred from Department of Buildings and Grounds Carson City Administrative Fund	$23,000.00	$23,000.00	-
Expenditures			
Rugs for Senate and Assembly	$14,000.00	12,423.86*	$1,576.14
Storm doors and windows, Governor's mansion	4,000.00	2,054.07	1,945.93
Greenhouse at prison	5,000.00	5,118.56	(118.56)
Department of Conservation and Natural Resources: Installation of partitioning	-	46.85	(46.85)
State Planning Board:			
Wiring for airconditioning	-	47.29	(47.29)
Relocating office fixtures	-	364.98	(364.98)
Governor's mansion: Plants	-	325.00	(325.00)
Ways and Means Committee Room	-	1,439.16	(1,439.16)
Supreme Court: Circuit and wiring for airconditioners	-	864.12	(864.12)
Heroes' Memorial Building: Electrical installation	-	241.11	(241.11)
Excavation of sidewalks	-	75.00	(75.00)
Total reduction to fund	$23,000.00	$23,000.00	-
Amount reverted June 30, 1961		-	-

* In addition, the following rooms were carpeted: Stairways, balconies, cloakrooms in the legislative chambers and rooms 45, 32, 57, 43, 50, 51, 52, 54, 56, 41, 42 and the Ways and Means Committee room.

DEPARTMENT OF BUILDINGS AND GROUNDS

Statement of Budgeted Revenues and Expenditures Compared with Actual

Las Vegas Administrative Fund - No. 170-1

For the Fiscal Year Ended June 30, 1960

	Budget	Actual	(Over) or Under Budget
Revenues			
Appropriation, Statutes of Nevada 1959, page 702	$50,180.00	$50,180.00	-
Reimbursement for telephone service	7,500.00	9,358.95	($1,858.95)
Employees' salary increase fund	1,872.00	1,872.00	-
Total revenue	$59,552.00	$61,410.95	(1,858.95)
Expenditures			
Salaries	$23,298.00	22,300.76	997.24
Operating:			
Advertising	-	61.20	(61.20)
Contracted service	-	622.60	(622.60)
Freight and postage	112.00	114.28	(2.28)
Industrial insurance	175.00	168.00	7.00
Maintenance:			
Building	-	5,627.35	(5,627.35)
Grounds	-	48.47	(48.47)
Post office box rental	-	36.00	(36.00)
Printing:	-	2.48	(2.48)
Stationery	50.00	-	50.00
Other	150.00	-	150.00
Rental, equipment	-	769.04	(769.04)
Retirement contributions	1,100.00	1,102.19	(2.19)
Personnel administration assessment	216.00	-	216.00
Supplies, janitorial and office	4,161.00	1,452.76	2,708.24
Telephone and telegraph	7,610.00	9,405.37	(1,795.37)
Truck operating expense	325.00	348.82	(23.82)
Utilities:			
Heat		835.43	
Power	9,000.00	(6,307.26	1,403.53
Water		--(251.28	
Other		(202.50	
Insurance, truck	130.00	-	130.00
Repairs	5,100.00	-	5,100.00
Miscellaneous	100.00	-	100.00
Equipment:			
Chrysler compressor	-	1,450.00	(1,450.00)
Hardware tools	50.00	9.36	40.64
Typewriter	-	211.50	(211.50)
Adding machine	-	193.00	(193.00)
Clock	-	9.25	(9.25)
Rotary mower	175.00	348.40	(173.40)
Light fixture	300.00	-	300.00
Airconditioner	1,500.00	-	1,500.00
Floor machine	350.00	-	350.00

Exhibit D-1
(Continued)

	Budget	Actual	(Over) or Under Budget
Equipment (Cont'd.)			
Vacuum cleaner	$ 300.00	-	$ 300.00
Transferred out:			
Buildings and grounds - Las Vegas Capital Improvements Fund	5,350.00	$ 5,350.00	-
Total reduction to fund	$59,552.00	57,227.30	2,324.70
Amount reverted June 30, 1960		$ 4,183.65	$5,183.65

Exhibit D-2

DEPARTMENT OF BUILDINGS AND GROUNDS

Statement of Budgeted Revenues and Expenditures Compared with Actual

Las Vegas Administrative Fund - No. 170-1

For the Fiscal Year Ended June 30, 1961

	Budget	Actual	(Over) or Under Budget
Revenues			
Appropriation, Statutes of Nevada, Section 15, Chapter 250	$42,096.00	$42,096.00	-
Nevada Industrial Commission refund	-	15.03	($ 15.03)
Budget allocation from emergency fund	-	494.00	(494.00)
Telephone deposits and miscellaneous reimbursements	10,000.00	11,871.52	(1,871.52)
Total revenues	$52,096.00	54,476.55	(2,380.55)
Expenditures			
Salaries	$22,767.00	21,614.51	1,152.49
Operating:			
Industrial insurance	171.00	168.00	3.00
Retirement payments	1,077.00	922.30	154.70
Personnel assessments	180.00	171.43	8.57
Freight and postage	120.00	158.07	(38.07)
Printing:	100.00	15.30	84.70
Forms	-	59.60	(59.60)
Utilities:	10,000.00		
Heat		(685.93	
Power		(5,657.94	
Water		(258.54	2,525.99
Other		(871.60	
Telephone rentals	10,000.00	6,591.18	3,408.82
Tolls and telegraphs	-	4,633.80	(4,633.80)
Truck operation	300.00	257.37	42.63
Insurance, truck	130.00	-	130.00
Office equipment repair	3,651.00	(69.35	
Equipment repair		(81.28	3,500.37
Contract services	-	486.15	(486.15)
Janitorial supplies	3,500.00	2,705.21	794.79

Exhibit D-2
(Continued)

	Budget	Actual	(Over) or Under Budget
Operating (Cont'd.):			
Building maintenance	-	$ 2,744.08	($2,744.08)
Grounds maintenance	-	104.80	(104.80)
Office supplies	-	26.74	(26.74)
Equipment			
Tools	$ 100.00	-	100.00
Secretarial posture chair	-	-	39.56
Total reduction to fund	$52,096.00	48,322.74	3,773.26
Amount reverted, June 30, 1961		$ 6,153.81	$6,153.81

Exhibit E

DEPARTMENT OF BUILDINGS AND GROUNDS

Statement of Budgeted Revenues and
Expenditures Compared with Actual

Las Vegas Capital Improvement Fund - No. 18901

For the Fiscal Year Ended June 30, 1960

	Budget	Actual	(Over) or Under Budget
evenues			
Transferred from Buildings and Grounds - Las Vegas Administrative Fund	$5,350.00	$5,350.00	-
xpenditures			
Sidewalk at state office building	-	150.00	($ 150.00)
Surety bond	-	76.40	(76.40)
Roof repair - state office building	3,800.00	2,203.04	1,596.96
Metal doors	900.00	-	900.00
Parking lot work	650.00	-	650.00
Part payment on remodeling of Motor Vehicles Department	-	1,196.00	1,196.00
Total reduction to fund	$5,350.00	3,625.44	1,724.56
Amount reverted June 30, 1960		$1,724.56	$1,724.56

DEPARTMENT OF BUILDINGS AND GROUNDS

Statement of Budgeted Revenues and Expenditures Compared with Actual

Central Mailing Room - No. 264-1

For the Fiscal Year Ended June 30, 1960

	Budget	Actual	(Over) or Under Budget
Revenues			
Appropriation, Statutes of Nevada 1959, page 573	$11,100.00	$11,100.00	-
Transferred from Buildings and Grounds Mailing Room Revolving Fund	-	4,000.00	($4,000.00)
Total revenues	$11,100.00	15,100.00	(4,000.00)
Expenditures			
Salaries	$ 5,300.00	9,341.12	(4,041.12)
Operating:			
Printing (envelopes)	45.00	96.88	(51.88)
Truck operation:			
Maintenance and operation	25.00	-	25.00
Gasoline and oil	100.00	-	100.00
Insurance - truck	130.00	-	130.00
Contract service (machine inspection)	-	72.56	(72.56)
Equipment rental	-	144.00	(144.00)
Mail permit	-	100.00	(100.00)
Office equipment repair	-	15.70	(15.70)
Office supplies	-	104.15	(104.15)
Retirement contributions	-	447.43	(447.43
Equipment:			
Trucks	50.00	50.00	-
Manual typewriter	210.00	195.00	15.00
Adding machines	260.00	260.00	-
Steno desks	150.00	-	150.00
Steno chairs	50.00	-	50.00
Tables	75.00	-	75.00
Stamp machines, scales, etc.	540.00	-	540.00
File cabinets	65.00	80.71	(15.71)
Miscellaneous	100.00	-	100.00
Desk	-	148.83	(148.83)
Transferred to Buildings and Grounds Mailing Room Revolving Fund	4,000.00	4,000.00	-
Total reduction to fund	$11,100.00	15,056.38	(3,956.38
Balance, June 30, 1960		$43.62	$43.62

Exhibit F-2

DEPARTMENT OF BUILDINGS AND GROUNDS

Statement of Budgeted Revenues and Expenditures Compared with Actual

Central Mailing Room

For the Fiscal Year Ended June 30, 1961

	Budget	Actual	(Over) or Under Budget
venues			
Appropriation, Statutes of Nevada 1960, page 446	$14,020.00	$14,020.00	-
Balance unreverted June 30, 1960	-	43.62	($ 43.62)
Total revenues	$14,020.00	14,063.62	(43.62)
penditures			
Salaries	$11,861.00	10,930.00	931.00
Operating:			
Industrial insurance	94.00	65.77	28.23
Retirement expense	586.00	506.74	79.26
Personnel assessments	108.00	102.37	5.63
Printing	61.00	69.50	(8.50)
Office supplies	400.00	106.37	293.63
Truck operation	150.00	48.85	101.15
Office equipment repairs		(1.15	
Equipment repair	200.00	(1.00	197.85
Contract services	-	72.56	(72.56)
Equipment rental	-	156.00	(156.00)
Telephone and telegraph	30.00	-	30.00
Insurance	130.00	-	130.00
Equipment:			
Pickup top for mail truck	400.00	-	400.00
Total reduction to fund	$14,020.00	12,060.31	1,959.69
Amount reverted June 30, 1961		$ 2,003.31	$2,003.31

Exhibit G-1

DEPARTMENT OF BUILDINGS AND GROUNDS

Statement of Budgeted Revenues and Expenditures Compared with Actual

Telephone Fund

For the Fiscal Year Ended June 30, 1960

	Budget	Actual	(Over) or Under Budget
Revenues			
Appropriation, Statutes of Nevada 1959, page 702	$22,652.00	$22,652.00	-
Employees' salary increase fund	504.00	504.00	-
Total revenues	$23,156.00	23,156.00	-
Expenditures:			
Salaries	$10,477.00	10,093.08	$ 383.92
Operating:			
Postage	25.00	-	25.00
Printing - toll tickets, directories	450.00	523.00	(73.00)
Telephone main board rental	10,974.00	10,333.11*	640.89
Industrial insurance premium	80.00	-	80.00
Retirement contributions	550.00	500.85	49.15
Personnel administration assessment	108.00	-	108.00
Office supplies	32.00	-	32.00
Equipment:			
Steno desks	125.00)		
Steno chairs	37.50)		
Lounge	120.00)	274.30	185.70
Table	30.00)		
File cabinets	70.00)		
Miscellaneous	77.50)		
Total reduction to fund	$23,156.00	21,724.34	1,431.66
Amount reverted June 30, 1960		$ 1,431.66	$1,431.66

* This item was paid from above fund to the Telephone Revolving Fund and disbursed in payment to the telephone company from the revolving fund.

Exhibit G-2

DEPARTMENT OF BUILDINGS AND GROUNDS

Statement of Budgeted Revenues and Expenditures Compared with Actual

Telephone Fund

For the Fiscal Year Ended June 30, 1961

	Budget	Actual	(Over) or Under Budget
:venues			
Appropriation, Statutes of Nevada 1960, Section 15, Chapter 250	$30,414.00	$30,414.00	-
:penditures			
Salaries	$12,156.00	12,035.24	$ 129.76
Operating:			
Industrial insurance	92.00	74.25	17.75
Retirement expense	619.00	508.49	110.51
Personnel assessments	120.00	118.17	1.83
Printing	295.00	707.15	(412.15)
Office supplies	100.00	154.07	(54.07)
Telephone rental	16,992.00	12,583.83*	4,408.17
Postage	40.00	-	40.00
Total reduction to fund	$30,414.00	26,181.20	4,232.80
Amount reverted June 30, 1961		$ 4,232.80	$4,232.80

Transfer to Telephone Revolving Fund

DEPARTMENT OF BUILDINGS AND GROUNDS

Statement of Budgeted Revenues and Expenditures Compared with Actual

Lost City Museum Administrative Fund

For the Fiscal Year Ended June 30, 1960

	Budget	Actual	(Over) or Under Budget
Revenues			
Appropriation, Statutes of Nevada 1959, page 85	$11,895.00	$11,895.00	-
Refund of industrial insurance	-	8.59	($ 8.59)
Total revenues	$11,895.00	11,903.59	(8.59)
Expenditures			
Salaries:			
Curator of the museum	$ 5,000.00	5,000.00	-
Assistant curator and clerical help	1,000.00	930.00	70.00
Operating:	3,500.00		
Building maintenance		(780.53	
Grounds maintenance		(1,185.43	
Industrial insurance		(48.00	
Janitorial supplies		(99.05	
Office supplies and expense		(26.82	
Postage and freight		(51.47	
Printing		(391.05	
Rent equipment		(14.00	25.11
Retirement contricution		(291.21	
Telephone and telegraph		(133.95	
Utilities:		(	
Heat		(75.00	
Power		(320.38	
Water		(28.00	
Garbage removal		(30.00	
Equipment:	595.00		
Electric heater		(19.95	
Typewriter table		(23.95	157.30
Showcase		(227.00	
Water cooler		(166.80	
Transferred to Lost City Museum Capital Improvement Fund	1,800.00	1,800.00	-
Total reduction to fund	$11,895.00	11,642.59	252.41
Amount reverted June 30, 1960		$ 261.00	$ 261.00

Exhibit H-2

DEPARTMENT OF BUILDINGS AND GROUNDS

Statement of Budgeted Revenues and Expenditures Compared with Actual

Lost City Museum Administrative Fund

For the Fiscal Year Ended June 30, 1961

	Budget	Actual	(Over) or Under Budget
Revenues			
Appropriation, Statutes of Nevada 1960, page 447	$10,485.00	$10,485.00	-
Expenditures			
Salaries	$ 6,000.00	5,960.16	39.84
Travel:			
In-state	100.00	87.40	12.60
Operating:			
Industrial insurance	45.00	48.00	(3.00)
Retirement payments	306.00	278.63	27.37
Freight and postage	440.00	42.80	397.20
Fuel		(235.00	
Electric	400.00	--(270.68	(257.55)
Water		(151.87	
Telephone:	100.00	(48.00	(11.75)
Tolls & telegraphs		(63.75	
Janitorial supplies	722.00	(310.34	294.90
Office supplies		(116.76	
Building maintenance		(1,724.87	
Equipment repair	500.00	--(42.18	(1,384.89)
Grounds maintenance		(117.84	
Miscellaneous	72.00	33.00	39.00
Contract service	1,000.00	-	1,000.00
Equipment:			
Electric fan	-	24.95	(24.95)
Camera	150.00	139.36	10.64
Folding chair	-	7.95	(7.95)
Electric heater	-	18.95	(18.95)
Secretarial chair	70.00	150.94	(80.94)
File	-	75.07	(75.07)
Secretarial chair	-	39.29	(39.29)
Vacuum cleaner	75.00	45.90	29.10
Showcase	168.00	-	168.00
Steno desk	165.00	-	165.00
File cabinets	172.00	-	172.00
Total reduction to fund	$10,485.00	10,033.69	451.31
Amount reverted June 30, 1961		$ 451.31	$ 451.31

Exhibit I-1

DEPARTMENT OF BUILDINGS AND GROUNDS

Statement of Budgeted Revenues and Expenditures Compared with Actual

Reno Administrative Fund - No. 185-1

For the Fiscal Year Ended June 30, 1960

	Budget	Actual	(Over) or Under Budget
Revenues			
Appropriation, Statutes of Nevada 1959, page 702	$47,718.00	$47,718.00	-
Employees' salary increase	1,776.00	1,776.00	-
Refund of N.I.C. premium	-	36.86	($ 36.86)
Total revenues	$49,494.00	$49,530.86	(36.86)
Expenditures			
Salaries	19,124.00	16,091.68	3,032.32
Operating:			
Contract service	-	300.00	(300.00)
Advertising	-	62.30	(62.30)
Freight and postage	80.00	6.42	73.58
Industrial insurance	150.00	168.00	(18.00)
Retirement contributions	900.00	816.25	83.75
Personnel assessments	180.00	-	180.00
Building maintenance	10,000.00	10,803.82	(803.82)
Grounds maintenance	-	2.25	(2.25)
Ownership report - title search	-	75.00	(75.00)
Printing	-	3.10	(3.10)
Supplies - janitorial	4,840.00	962.05	3,877.95
Utilities:	3,520.00		
Heat		(1,816.40	
Power		(3,450.50	(2,391.28)
Water		(349.38	
Other		(295.00	
Equipment:			
Floor Mac - vacuum cleaner	600.00	-	600.00
Miscellaneous	100.00	-	100.00
Sump pump	-	136.79	(136.79)
Transfer to Buildings and Grounds - Reno Capital Improvement Fund	10,000.00	10,000.00	-
Total reduction to fund	$49,494.00	45,338.94	4,155.06
Amount reverted June 30, 1960		$ 4,191.92	$4,191.92

Exhibit I-2

DEPARTMENT OF BUILDINGS AND GROUNDS

Statement of Budgeted Revenues and Expenditures Compared with Actual

Reno Administrative Fund

For the Fiscal Year Ended June 30, 1961

	Budget	Actual	(Over) or Under Budget
evenues			
Appropriation, Statutes of Nevada 1960, page 446	$54,486.00	$54,486.00	-
Premium refund, Nevada Industrial Commission	-	23.41	($ 23.41)
Total revenues	$54,486.00	54,509.41	(23.41)
xpenditures			
Salaries	$19,091.00	$16,700.00	2,391.00
Travel:			
In-state	96.00	40.00	56.00
Operating:			
Industrial insurance	1,280.00	(168.00	
Retirement payments		--(775.25	194.96
Personnel assessment		(141.79	
Freight and postage	70.00	31.83	38.17
Printing	-	5.80	(5.80)
Heat	6,000.00	(1,947.61	
Power		--(3,510.93	340.00
Water		(201.46	
Other utilities	540.00	469.50	70.50
Equipment repair	-	14.00	(14.00)
Contract services	-	5,812.46	(5,812.46)
Janitorial supplies	3,000.00	3,151.39	(151.39)
Building maintenance and repairs	23,581.00	11,755.89	11,825.11
Unallocated	478.00	-	478.00
Ground maintenance	-	4.50	(4.50)
Equipment:			
Ladders and janitorial equipment	350.00	-	350.00
Total reduction to fund	$54,486.00	$44,730.41	9,755.59
Amount reverted June 30, 1961		$ 9,779.00	$ 9,779.00

Exhibit J

DEPARTMENT OF BUILDINGS AND GROUNDS

Statement of Budgeted Revenues and Expenditures Compared with Actual

Reno Capital Improvements Fund

For the Fiscal Year Ended June 30, 1960

	Budget	Actual	(Over) or Under Budget
Revenues			
Transfer from Buildings and Grounds - Reno Administrative Fund	$10,000.00	$10,000.00	-
Expenditures			
Window replacement	1,000.00	-	1,000.00
Replace roof	5,000.00	-	5,000.00
Repair steps and all exterior walls	4,000.00	-	4,000.00
Pipe railings for steps at State Building	-	380.00	(380.00)
Roof repair, State Building	-	550.00	(550.00)
Patch and repair plaster, State Building	-	311.94	(311.94)
Repair to ceilings and door	-	518.50	(518.50)
75% progress payment of architectural fee	-	750.00	(750.00)
85% progress payment on painting contract	-	5,666.10	(5,666.10)
Total reduction to fund	$10,000.00	8,176.54	1,823.46
Amount reverted June 30, 1960		$ 1,823.46	$1,823.46

Exhibit K

DEPARTMENT OF BUILDINGS AND GROUNDS

Statement of Revenues and Expenditures

Mailing Room Revolving Fund - No. 26531

For the Fiscal Years Ended June 30, 1960 and 1961

	Fiscal Year Ended June 30	
	1960	1961
evenues		
Transferred from Buildings and Grounds - Mailing Room Administrative Fund	$ 4,000.00	
Reimbursement from State Agencies for Postal Service	24,857.78	32,727.74
Total revenue	28,857.78	32,727.74
xpenditures		
Cost of operating postal service	29,705.98	
Postage meter		34,000.00
Bulk mail permit		920.00
Postage due		25.00
Reimbursement to other funds for deposit made in error	10.52	223.84
Total expenditures	29,716.50	35,168.84
Excess of expenditures over revenues	(852.72)	(2,441.10)
Reimbursement to Mailing Room Administrative Fund for original working cash	4,000.00	
Excess of expenditures and transfers over revenues	(4,852.72)	(2,441.10)
Balance - Beginning of period	-	(4,858.72)
Balance - End of period	(4,858.72)	(7,299.82)

Schedule L

DEPARTMENT OF BUILDINGS AND GROUNDS

Statement of Revenues and Expenditures

Telephone Revolving Fund

For the Fiscal Years Ended June 30, 1960 and 1961

	Fiscal Year Ended June 30	
	1960	1961
Revenues		
Reimbursed from State Agencies for telephone service	$ 51,736.79	$ 60,039.17
Interfund transfer reimbursement for switchboard rental	10,333.11	12,583.83
Total revenue	62,069.90	72,623.00
Expenditures		
Operating:		
Service and equipment	20,698.11	39,593.47
Toll charges	26,027.04	34,333.84
Switchboard rental	10,333.11	
Other charges - Additional prorated monthly service and installation costs	2,272.65	959.10
Reimbursement for deposit error to this fund	7.02	
Total expenditures	59,337.93	74,886.41
Excess of revenue over expenditures	2,731.97	(2,263.41)
Balance - Beginning of period	-	2,731.97
Balance - End of period	$ 2,731.97	$ 468.56

Exhibit M

DEPARTMENT OF BUILDINGS AND GROUNDS
Governor's Mansion Furnishings

Statement of Revenues and Expenditures

March 30, 1959 through June 30, 1961

Revenue		
Creation of fund pursuant to provisions of Chapter 320, Statutes of Nevada 1958-1959, page 483		$29,518.00
Reimbursement from 174-1 for painting costs paid by this fund		4,576.56
		$34,094.56
Expenditures		
Operating:		
Installation of Masonite	$ 364.00	
Renovate dining room and inside stairway	188.70	
Portable electric ice box	228.80	
Renovate bathrooms and replace plumbing and fixtures	643.10	
Pouring concrete	93.50	
Lighting fixtures	565.69	
24-place sterling silverware setting	982.80	
Bamboo furniture	112.50	
Materials and supplies used in renovating	74.77	
Vacuum cleaner	209.85	
Re-cover dining room chairs	642.20	
Draperies, lamps, curtains and shades	5,329.65	
Decorator service	200.00	
Piano	3,116.88	
Wall tile installed	207.00	
Water filtration filter	611.01	
Desk cellarette, plaque and furnishings	3,990.36	
Kitchen equipment and renovation of kitchen	2,028.24	
Bedroom furniture and linens	2,521.32	
Chinaware, crystalware and tableware	3,265.94	
Carpeting	3,148.59	
Oil painting	250.00	
Unclassified expense erroneously charged to this fund for which reimbursement was made from the proper fund	4,576.56	
Total expenditures		33,351.46
Balance, June 30, 1961		$ 743.10

Exhibit N

DEPARTMENT OF BUILDINGS AND GROUNDS
Capitol Building Repair

Statement of Revenue and Expenditures

April 6, 1959, through June 30, 1961

Revenue		
Fund created pursuant to provisions of Chapter 447, Statutes of Nevada 1959, page 780		$22,000.00
Expenditures		
Advertising (notices to contractors)	$ 106.90	
Repairs on exterior of building	1,940.82	
Painting exterior	8,900.00	
Repairs to Capitol Annex	2,288.40	
Repairs to roof, gutters and sheet metal work	798.00	
Electrical maintenance	932.28	
Materials and supplies	344.43	
Total expenditures		15,310.83
Balance, June 30, 1961		$ 6,689.17

Exhibit O

DEPARTMENT OF BUILDINGS AND GROUNDS
Capitol Grounds: Tree Trimming and Spraying

Statement of Revenue and Expenditures

For the Fiscal Year Ended June 30, 1960

Revenue		
Creation of fund pursuant to provisions of Section 4, Chapter 447, Statutes of Nevada 1959, page 780		$ 5,000.00
Expenditures		
Pruning and trimming trees	$3,240.00	
Spraying elm trees	1,480.00	
Cavity work and tracings	260.50	
Grounds maintenance	17.09	
Total expenditures		4,997.59
Balance, June 30, 1960		$ 2.41

Exhibit P

DEPARTMENT OF BUILDINGS AND GROUNDS
State Office Building Basement Remodeling

Statement of Revenue and Expenditures

April 6, 1959 through June 30, 1961

evenues		
Appropriation, Statutes of Nevada 1959, page 780		$15,000.00
xpenditures		
Concrete and labor for floor	$1,265.00	
Metal stands for transformers	50.00	
Moving transformers	131.00	
Tile flooring in IBM room, basement hall and two landings	2,813.45	
Install partitions	4,849.22	
Electrical service fixtures and outlets	3,909.87	
Sink and cabinets	53.31	
Revamping duct work for heating and cooling system	73.50	
Materials and supplies	60.65	
Draperies	189.00	
Total expenditures		13,395.00
Balance, June 30, 1961		$ 1,605.00

Exhibit Q

DEPARTMENT OF BUILDINGS AND GROUNDS
Lost City Museum Capital Improvements

Statement of Revenue and Expenditures

For the Fiscal Year Ended June 30, 1960

evenues		
Transferred from funds appropriated per Chapter 383, Statutes of Nevada 1959, page 585		$ 1,800.00
xpenditures		
Installation of drinking fountain	$ 257.05	
Fence yard and re-roof garage and restrooms	676.40	
Silicone and waterproof exterior	400.00	
Total capital improvements		1,333.45
Amount reverted, June 30, 1960		$ 466.55

Exhibit R

DEPARTMENT OF BUILDINGS AND GROUNDS
Vending Machine Fund

Statement of Revenue and Expenditures

For the Years Ended June 30, 1960 and 1961

	Fiscal Year ended June 30	
	1960	1961
Revenues		
Balance, beginning of period	$ 216.97	$ 203.58
Vending machine receipts	375.36	1,163.76
Total revenue	592.33	1,367.34
Expenditures		
Vending machine supplied	388.75	1,108.15
Balance, end of period	$ 203.58	$ 259.19

Exhibit S

DEPARTMENT OF BUILDINGS AND GROUNDS
Cigarette Fund

Statement of Revenue and Expenditures

For the Years Ended June 30, 1960 and 1961

Balance, June 30, 1959, 1960 and 1961	$ 523.87

STATE OF NEVADA

PUBLIC SERVICE COMMISSION
HEARING ACCOUNT

AUDIT REPORT

For the Period June 6, 1961, to November 11, 1961

REPORT NO. 12



LEGISLATIVE COUNSEL BUREAU

A. N. Jacobson, Legislative Auditor

CARSON CITY, NEVADA

November 7, 1961

STATE OF NEVADA
OFFICE OF THE
LEGISLATIVE AUDITOR
CARSON CITY, NEVADA

A. N. JACOBSON
LEGISLATIVE AUDITOR

November 7, 1961

Nevada Legislative Commission
Capitol Building
Carson City, Nevada

Gentlemen:

Pursuant to a request from the Chairman of the Public Service Commission of Nevada, we have examined the accounts and records of the Public Service Commission Hearing Account for the period June 6, 1961 to November 11, 1961, inclusive, and have prepared therefrom the following exhibits and related schedules:

Statement of Financial Condition, Public Service Commission Hearing Account at November 7, 1961	- Exhibit A
Statement of Receipts and Expenditures, Public Service Commission Hearing Account, for the period June 6, 1961 to November 7, 1961, inclusive	- Exhibit B
Schedule of Deposits in Trust, Public Service Commission Hearing Account, at November 7, 1961	- Schedule 1

PURPOSE OF ACCOUNT

This account was established without statutory authority as a means of handling cash deposits received from applicants and petitioners who have requested a hearing.

The Commission, by rules and regulations, has required the posting of such bonds to defray various expenses incurred as a result of the hearing. After all hearing costs have been paid, any remaining balance of the deposit is returned to the party posting the same.

The Public Service Commission Chairman advised the auditor that in future hearing matters initiated by parties other than the Commission itself, the applicant or petitioner shall directly bear all expenses resulting from such hearing. If this policy is consistently pursued, cash deposits will be unnecessary and it is possible that this account could be terminated as soon as the current matters pending for hearing have been processed and disposition made of the deposits on hand.

Previously, the cash deposits had been placed in a bank account maintained in Minden, Nevada. On June 14, 1961, $2,062.16 was transferred from the bank account to the State Treasury and credited to the newly-created Public Service Commission Hearing Account. A balance of $45.10 was left in the bank account to cover an outstanding check in that amount of money. Later, the Public Service Commission issued a stop payment order against the outstanding check, the balance of $45.10 was then transferred to the "Hearing Account" in the State Treasury on October 5, 1961, and the bank account was closed.

All moneys in this account are presently on deposit with the State Treasurer.

SCOPE OF EXAMINATION

General

Our examination was made in accordance with generally accepted auditing standards. It included detailed 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.

Internal Control Evaluation

In view of the small number of transactions involved in this account, it appears that cash deposits presently are being controlled satisfactorily. However, if the activity in this account should increase in the future, it is our feeling that more stringent control measures certainly should be placed in operation.

Status and Condition of Funds

An audit performed June 5, 1961, by the Legislative Auditor disclosed a cash shortage in this account amounting to $2,568.00 at that date.

As pointed out in our report of June 9, 1961, this shortage was a result of misapplied funds by the former Secretary of the Public Service Commission. The individual responsible for the shortage made full restitution on June 7, 1961, furnishing a check totalling $2,823.01 which was deposited in this account. The difference between the actual shortage and the repayment amounting to $255.01 was refunded to the individual on June 12, 1961.

The balance in this account on November 7, 1961, is $1,928.64, compared to the balance of $606.23 on June 5, 1961.

Receipts to this account during the period examined, including the restoration of the cash deficit and the amount of the stop payment check, was $4,174.91. Total expenditures amounted to $2,852.50, an increase to the account of $1,322.41.

An analysis of the deposits held in trust in the "Hearing Account" on November 7, 1961, indicates that certain deposits have been held for considerable time and that the hearings for which the moneys were pledged have been consummated for some time. Balances in the following accounts pertain to completed matters and should be returned to the persons posting the same, if their whereabouts are known, or otherwise transferred to the General Fund in the State Treasury.

Depositor	Balance
Western Enterprises	$ 10.00
Las Vegas Skyride	20.00
Edward Christmas	10.00
O.K. Trailer Sales	.38
Henderson Telephone Company	.01
Dawn Trailaway	45.10
Total	$ 85.49

Also, there is $186.70 in this account which cannot be identified as to ownership. Further effort should be made to determine the identity of this money. If proper disposition cannot be made of this sum, the entire amount should be transferred to the General Fund.

The remainder of the deposits apply to active matters still pending.

Suggested Changes

Changes, as recommended hereunder, should be effected in order to achieve compliance with statutory provisions and to clarify certain areas o procedure:

1. Action should be taken to have legislation enacted which would authorize the Public Service Commission Hearing Account and define its purpose and procedures; or, if the new policy of the Commission requiring the petitioners and applicants to provide their own reporters and to pay hearing expenses directly should prove this account to be unnecessary, it is recommended that the account be terminated when the present deposits are paid out.

2. In some cases, it was noted that deposits are receipted in the name of a firm or business enterprise and the deposit balances are refunded by warrants drawn in favor of the individual proprietors, and the reverse was found to be true.

We suggest that claims for refunds of deposit balances be made in the exact name of the firm or individual posting the same as shown in the records of the Public Service Commission.

3. As mentioned in another section of this report, deposit balances pertaining to completed hearings, or that cannot be identified, should be returned to the parties from whom they were received, or, if such is not possible, transferred to the General Fund in the State Treasury.

4. Under the heading of "Internal Control" written earlier in this report, we discussed the apparent adequacy of the control of the few cash transactions made through this account. We also pointed out that in the event this account should continue to exist and the transactions should increase in number, the present system of internal control undoubtedly would be unsatisfactory.

If this account becomes more active in the future, we would suggest a more elaborate system of recording accounting information, fixed responsibilities and periodic review of deposit balances.

OPINION

We have examined the Statement of Financial Condition of the Public Service Commission Hearing Account as of Nobember 7, 1961, and the related Statement of Receipts and Expenditures for the period June 6, 1961 to November 7, 1961, inclusive. Our examination was made in accordance with generally accepted auditing standards and in accordance with the powers and duties defined in NRS 218.770, and accordingly included such tests of the accounting records and such auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying Statement of Financial Condition and Statement of Receipts and Expenditures present fairly the financial position of the Public Service Commission Hearing Account as of November 7, 1961, and the results of its operation for the period June 6, 1961, to November 7, 1961, inclusive, in conformity with generally accepted accounting principles applied on a basis consistent with practices usually followed in departments of the State of Nevada.

Yours very truly,

A. N. JACOBSON, Legislative Auditor

By
Gordon N. Pratt, Auditor in Charge

GNP/jkh

Exhibit A

PUBLIC SERVICE COMMISSION
HEARING ACCOUNT

Statement of Financial Condition

November 7, 1961

Assets	
Cash in State Treasury	$1,928.64
Liabilities	
Deposits in Trust	$1,928.64

Exhibit B

PUBLIC SERVICE COMMISSION
HEARING ACCOUNT

Statement of Receipts and Expenditures

June 6, 1961 - November 7, 1961

		Combined Total	Bank Account	State Treasury
Balance, June 6, 1961		$ 606.23	$ 606.23	
Receipts:				
Repayment, Cash Shortage (Net)		2,568.00	2,568.00	
Stop-Payment of Ck. #473		45.10	45.10	
Deposits Posted		1,561.81		$1,561.81
Transfer from Bank to State Treasury			(2,107.26)	2,107.26
Total Funds Available		$4,781.14	1,112.07	3,669.07
Expenditures:				
Reporter fees		623.92	136.50	487.42
Reimbursements to:				
Public Service Commission Administration Fund	(1)	150.45	150.45	
Highway Fund	(2)	615.82	615.82	
Deposit Refunds		1,462.31	209.30	1,253.01
Total Expenditures		2,852.50	1,112.07	1,740.43
Balance, November 7, 1961		$1,928.64	-	$1,928.64

(1) Expenses of Hearing Account previously paid from Administrative Fund.

(2) Balance of 1959 Motor Carrier Fund.

Schedule 1

PUBLIC SERVICE COMMISSION
HEARING ACCOUNT

Schedule of Deposits in Trust

November 7, 1961

Depositor	Amount
Western Enterprises	$ 10.00
Las Vegas Skyride	20.00
Edward Christmas	10.00
O.K. Trailer Sales	.38
Revert Water Company	250.00
Trailer Estates	161.75
Gem State Utilities	250.00
Jane Sutton	250.00
Alamo Airways	144.70
Unidentified Deposits	186.70
Maria Pieretti	350.00
Clay Hendrix	250.00
Henderson Telephone Company	.01
Dawn Trailaway	45.10
Total Deposits in Trust	$1,928.64

STATE OF NEVADA

SECRETARY OF STATE

AUDIT REPORT

For the Period May 1, 1960, to June 30, 1961

REPORT NO. 13

LEGISLATIVE COUNSEL BUREAU

A. N. Jacobson, Legislative Auditor

CARSON CITY, NEVADA

January 12, 1962

STATE OF NEVADA
OFFICE OF THE
LEGISLATIVE AUDITOR
CARSON CITY, NEVADA

A. N. JACOBSON
LEGISLATIVE AUDITOR

January 12, 1962

Nevada Legislative Commission
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 Secretary of State for the period May 1, 1960, to June 30, 1961, and have prepared therefrom the following exhibits and related schedules:

Statement of Revenue and Expenditures Compared with Appropriation, Secretary of State, Administrative Fund, for the fiscal year ended June 30, 1961	- Exhibit A
Statement of Revenue and Expenditures, Special Election Law Fund, for the fiscal year ended June 30, 1961	- Exhibit B
Summary of Revenue Available for transfer to the State Treasury, for the period May 1, 1960, to June 30, 1961	- Exhibit C
Statement of Financial Condition, Collections Clearing Account, June 30, 1961	- Exhibit D
Summary of Nomination Fees Available for transfer to the State Treasury, for the period May 1, 1960, to June 30, 1961	- Exhibit E
Statement of Revenue and Expenditures, Nomination Fees Fund, for the fiscal year ended June 30, 1961	- Exhibit F

FUNCTION OF OFFICE

The Office of Secretary of State was created in the Constitution of the State of Nevada, and his duties are generally defined in Article V, Section 20, thereof:

> The Secretary of State shall keep a true record of the Official Acts of the Legislative and Executive Departments of the Government, and shall when required, lay the same and all matters relative thereto, before either branch of the Legislature.

Chapter 225, Nevada Revised Statutes, further details the duties of the Office. In addition thereto, various statutes add to the duties and authorize collection of various fees and moneys for recording, photocopying, certifications, etc.

From observation during the course of examination, it appears that these duties are being carried out and authorized fees collected when applicable.

SCOPE OF AUDIT

General

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.

Internal Control Evaluation

All receipts are recorded by cash register and summarized by total register readings whenever collections have been sufficient to require deposit. Each collection rung up is supported by a billing form; however, cancelled bills, deducted from the cash register totals, do not always show the reason for cancellation and cross reference to corrected bill, where applicable. We believe that each cancelled bill should be properly notated as to the reason for cancellation and cross referenced to any corrected bill.

Overpayments are recorded through the cash register and summary procedure. Refunds are made by check bearing one signature only. No check register is maintained but check numbers are recorded by number group against the total of overpayments reflected on the summary of receipts. We do not believe this is normally good procedure, although it does permit determination of the amount to be transferred from the Secretary's bank account to the State Treasurer. The accounts and records are maintained by single-entry cash basis which detracts from the dependability thereof. The system should be improved upon the Legislative Auditor's promulgation of a system of accounting as required of him in NRS 218.800.

Efficiency of Subordinate Employees

During the course of our examination, we observed no evidence of improper work habits on the part of the officials or employees of this office. Each employee appeared well-versed in his or her particular area of responsibility and performed the required duties in an efficient manner.

Many of the individuals presently employed have worked in this office for a number of years. The knowledge and experience gained by these employees from long service has contributed much to the effective administration of this department.

Duplication of Work with Other Departments

During the course of our examination, we observed no duplication of work with other departments which might be eliminated.

Status and Condition of Funds

Bank Account - Clearing

The Secretary of State has established an account in the Carson City Branch, First National Bank of Nevada, for the purpose of depositing all fees, other than nomination fees, that he is charged by law to collect, and the subsequent remitting of the net revenue to the State Treasury for credit to the General Fund.

During the period May 1, 1960, to June 30, 1961, fee collections deposited in this account were $510,538.09. Additional receipts amounting to $3,050.90 had not been deposited on June 30, 1961, and were on hand in the office of the Secretary of State.

In the same period, transfers of $467,705.57, including the balance of $22,723.73 in the account on May 1, 1960, were made to the State Treasury. Also, checks representing refunds of overpayments were written in the sum of $1,577.04, and returned checks not redeposited on June 30, 1961, amounted to $62.50.

The balance remaining in this account on June 30, 1961, was $63,916.71.

Bank Account - Nomination Fees

Another account exists in the same bank which is used to clear the nomination fees received by the Secretary of State.

This account carried a balance of $300.00 on May 1, 1960, and collection amounting to $900.00 were deposited therein between May 1, 1960, and June 30, 1961. The total balance of $1,200.00 was transferred to the Nomination Fee Fund in the State Treasury on July 20, 1960. During the fiscal year ended June 30, 1961, the nomination fees were districuted among all the various counties in the state in accordance with NRS 294.150(2). There were no balances remaining in the nomination fee accounts in the bank or the State Treasury on June 30, 1961.

Special Election Law Fund

The Secretary of State was appropriated $2,500.00 from the General Fund pursuant to the provisions of Section 1, Chapter 258, Statutes of Nevada 1960, relative to the revision of election laws. The Special Election Law Fund had a balance of $985.34 unexpended at June 30, 1961.

Expense of Operating Department

Expenses of operation of this office are reflected for the fiscal year ended June 30, 1961, in Exhibit A.

The following table summarizes by budget category the administration costs as compared to the appropriation:

Category	Appropriation	Expenditures	Under Budget
Salaries	$59,762.00	$58,422.74	$1,339.26
Travel	1,000.00	1,000.00	
Operating	22,462.00	19,992.73	2,469.27
Equipment	3,947.00	3,206.06	740.94
Total	$87,171.00	$82,621.53	$4,549.47

An analysis of the above figures shows that the appropriations to the major budget categories were not overexpended and that $4,549.47 of the total appropriation was reverted to the General Fund on June 30, 1961.

Breaches of trust and duty

The audit program of the Legislative Counsel Bureau is designed to assist, in a helpful manner, state officers to obtain effective government by including in our reports situations which do not conform to statute or good business practice. Further, we are charged by statute with reporting on such situations.

Our examination disclosed the following cases which appear to violate statute or regulation, or which, in our opinion, are contrary to good business practice.

1. Leave Records

a. In reviewing leave records pertaining to the officials and employees of this office, it was found that both the annual and sick leave accumulated by the Secretary of State himself was in excess of the maximum allowed by NRS 284.350 and NRS 284.355.

Although the provisions of NRS 284.350(3) prohibits the payment to an elected state officer for accumulated annual leave upon termination of his service, apparently such officer is subject to the other provisions of the Personnel Act relative to the accrual and taking of annual and sick leave. In view of this, it is our contention that the official leave record pertaining to this officer should not reflect an accumulation of annual or sick leave which would be in excess of the maximum provided by law.

NRS 284.350(1) states that "all employees in the public service, whether in the classified or unclassified service, shall be entitled to annual leave with pay of 1¼ working days for each month of service, which may be cumulative from year to year not to exceed 30 working days." Our interpretation of this provision is that at any time during the year an employee's leave accrual exceeds the maximum limitation, the excessive leave credit shall be forfeited. However, the Personnel Commission has ruled that "vacaction credit may be accumulated not to exceed thirty working days at the beginning of any calendar year. Amounts in excess of thirty working days at the beginning of any calendar year shall be forfeited." There appears to be a conflict between the Commission ruling and the governing statute which should be resolved in favor of the statute. The Legislature probably should be requested to clarify this situation.

b. An employee in this office was permitted to take seventeen and one-half (17½) days of sick leave in excess of the amount accrued. This employee resigned from state service on August 31, 1960, without any apparent action having been taken to remedy the employee's sick leave deficit. The individual had two (2) days of accumulated annual leave on the date of termination which appeared to be offset against the sick leave deficit. The auditors have been informed that this time was made up by work at home during two month's annual leave without pay. However, the records do not indicate such.

c. Another person, engaged as a seasonal employee, worked the months of July and August, 1960, accruing two and one-half (2½) days of annual leave. In August 1960, this individual was allowed to take three (3) days of annual leave which was one-half day more than the amount accrued, and which is contrary to the provisions of NRS 284.350(4) prescribing the taking of annual leave by employees only after having been in state employment for the first six months. Further, Section 8.02 of the Rules for State Personnel Administration states "On the first day of the month next following the completion of six months of continuous service, each full time officer or employee in the public service shall be credited with seven and one-half days annual leave," and "Vacation leave shall not be granted in excess of vacation credit earned by service prior to the starting date of leave."

Section 4.02(h), which was in effect during the period of this audit, defines continuous service as "employment in the public service without break or interruption." This person was again employed on a seasonal basis June 5, 1961, and was credited immediately with the accrued leave earnings from the previous period of employment in the prior year.

It would appear from the definition applied to the term "continuous service" and the provisions of Section 8.02 of the Rules for State Personnel Administration as set forth in the preceding paragraphs that this seasonal employee did not satisfy the requirements necessary to be eligible for the earning of annual leave credits, was not qualified

to take annual leave, and was not entitled to annual leave accrual carry-overs from one period of employment to another.

2. Official Bond of Secretary of State - Various sections of the statutes seem to be in conflict relative to the depositary of the official bond of the Secretary of State. The Secretary of State has filed his bond in his office in conformity with NRS 282.270(4) which provides for the filing of all bonds and completed financial statements of state officials and irrigation district officials with the Secretary of State. NRS 280.090(1) directs that the official bond of the Secretary of State be filed and recorded in the office of the County Clerk of Ormsby County, and, according to NRS 225.040(2), the bond of the Secretary of State shall be deposited with the State Controller.

Suggested Changes

We suggest the following changes to be effected in order to clarify and remedy situations which appeared, in our opinion, to be inadequate, uncertain or contrary to statutory requirements:

1. Bills that are cancelled in this office should have noted thereon the reason for the cancellation and a cross reference to the corrected billing if applicable.

2. Checks written on the bank accounts to make refunds or transmit money to the State Treasury require only one signature. We consider this practice to be contrary to fundamental procedures for internal control and suggest that the signatures of at least two authorized persons be required on all checks drawn on the bank accounts.

3. Inasmuch as the bank account used for the deposit of nomination fees is not continuously active and, as a matter of fact, is quite often idle for months, it is suggested that this bank account be terminated and that nomination fees collected by the Secretary of State be deposited in the State Treasury or cleared through the collections account in the bank.

4. Action should be taken to cancel all refund checks on the collections clearing account which have been outstanding for a period in excess of six months and that an equivalent sum of money be transferred to the State Treasury and credited to the General Fund. Also, positive steps should be taken to redeposit all returned checks in the possession of the Secretary of State or, otherwise, collect thereon.

5. Rules and regulation promulgated by the Department of Personnel and any statutory provisions applicable thereto should be observed.

6. The various conflicts in the Nevada Revised Statutes relative to the filing of the official bond of the Secretary of State should be resolved through legislative action.

STATEMENT OF REVENUE AND EXPENDITURES COMPARED WITH APPROPRIATION

This statement presents the detailed operations of the administrative fund and a basis for comparison to the appropriation. As previously pointed out, strict compliance with the major categories of the budget was maintained during the period under examination.

STATEMENT OF REVENUE AND EXPENDITURES, SPECIAL ELECTION LAW FUND

The information reflected in this statement describes the activity in this fund for the fiscal year ended June 30, 1961.

SUMMARY OF REVENUE AVAILABLE FOR TRANSFER TO THE STATE TREASURY

This exhibit shows a detailed analysis of the various fees collected by the Secretary of State and the disposition of these revenues.

STATEMENT OF FINANCIAL CONDITION, COLLECTIONS CLEARING ACCOUNT

Cash in the bank on June 30, 1961, amounted to $63,916.71 which was reconciled to a confirmation furnished by the Carson City Branch, First National Bank of Nevada.

Cash receipts of $3,050.90 had not been deposited in the bank and were on hand in the Secretary of State's office on June 30, 1961.

Returned checks awaiting redeposit in the sum of $244.50 were in the possession of the Secretary of State.

All cash and items representing cash in this account are due the General Fund in the State Treasury.

SUMMARY OF NOMINATION FEES AVAILABLE FOR TRANSFER TO THE STATE TREASURY AND STATEMENT OF REVENUES AND EXPENDITURES, NOMINATION FEES FUND

Nomination fees collected and the final distribution thereof to the counties are reflected on these statements.

OPINION

We have examined the various statements of the several funds and accounts of the Office of the Secretary of State for the dates and periods indicated. Our examination was made in accordance with generally accepted auditing standards and in accordance with the powers and duties defined in NRS 218.770, 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 financial statements present fairly the financial position of the funds of the Office of the Secretary of State as of June 30, 1961, and the results of their operations for the year then ended, in conformity with accounting principles applied on a basis consistent with that of the preceding year.

Very truly yours,

A. N. JACOBSON, Legislative Auditor

By Gordon N. Pratt

Gordon N. Pratt, Auditor in Charge

GNP/jkh

Exhibit A

SECRETARY OF STATE

Statement of Revenue and Expenditures
Compared with Appropriation

Administrative Fund

For the Fiscal Year Ended June 30, 1961

	Appropriation	Actual Revenue and Expenditures	(Over) or Under Appropriation
Appropriation			
Pursuant to the provisions of Section 4, Chapter 250, Statutes of Nevada, 1960, page 445	$87,171.00	$87,171.00	
Expended			
Salaries	$59,762.00	$58,422.74	$1,339.26
Travel			
Out of state	550.00	707.40	(157.40)
In state	450.00	292.60	157.40
Total travel	1,000.00	1,000.00	-
Operating expense			
Industrial insurance	449.00	419.85	29.15
Retirement payments	2,857.00	2,815.00	42.00
Personnel assessments	306.00	292.17	13.83
Freight and postage	1,925.00	2,049.55	(124.55)
Printing	8,700.00	6,388.20	2,311.80
Office supplies	2,000.00	3,788.55	(1,788.55)
Telephone and telegraph	1,000.00	540.65	459.35
Photostat supplies	2,100.00	2,146.51	(46.51)
Publish delinquent corporation list	2,250.00	1,344.00	906.00
Election expense	750.00	92.25	657.75
Dues - N.A.S. State	100.00	100.00	
Nevada Revised Statutes supplements	25.00	16.00	9.00
Total operating	22,462.00	19,992.73	2,469.27
Equipment			
Typewriters and adding machine	1,779.00	1,692.98	86.02
Other furniture or equipment	1,335.00	801.15	533.85
File cases	333.00	299.67	33.33
File index cabinets	500.00	412.26	87.74
Total equipment	3,947.00	3,206.06	740.94
Total expenditures	$87,171.00	82,621.53	$4,549.47
Amount reverted		4,549.47	
		$87,171.00	

Exhibit B

SECRETARY OF STATE

Statement of Revenue and Expenditures

Special Election Law Fund

For the Fiscal Year Ended June 30, 1961

Appropriation		
Created pursuant to the provisions of Section 1, Chapter 258, Statutes of Nevada, Page 464		$2,500.00
Expended		
Travel		
In state	$ 370.56	
Operating expense		
Printing election rules and regulations	125.00	
Contract services	1,000.00	
Clerical work	19.10	1,514.66
Balance - June 30, 1961		$ 985.34

SECRETARY OF STATE

Summary of Revenue Available for
Transfer to the State Treasurer

For the Period May 1, 1960, to June 30, 1961

	Deposited to Bank Account	Add: Cash on Hand June 30, 1961	Deduct: Returned Checks*	Deduct: Overpayments Refunded	Available for Transfer to State Treasurer	Percentage
Articles of incorporation filing fee	$210,696.00	$ 100.00	$ 25.00		$210,771.00	41.40
Amendments to articles of incorporation	57,020.00	110.00			57,130.00	11.20
Certification fees	43,514.90	230.00	15.00		43,729.90	8.55
List of officers filing fees	131,827.00	2,492.50	22.50		134,297.00	25.90
Dissolution filing fees	3,680.00	40.00			3,720.00	.72
Photocopying fees	9,878.35	78.40			9,956.75	1.94
Sales of statutes	35,571.80				35,571.80	6.99
Miscellaneous fees and charges	16,773.00				16,773.00	3.30
Overpayments	1,577.04			$1,577.04		
Totals	$510,538.09	$3,050.90	$ 62.50	$1,577.04	$511,949.45	100.00
Cash and checks not transferred at end of prior period			182.00		22,723.73	
Total to account for			244.50		534,673.18	
Transferred to State Treasurer					467,705.57	
Balances returned checks on hand and cash in banks for transfer			$244.50		$ 66,967.61	

* Checks returned to June 30, 1961, which have not been cleared as of that date

Exhibit D

SECRETARY OF STATE

Statement of Financial Condition

Collections Clearing Account

June 30, 1961

Assets	
Cash in Carson City Branch, First National Bank of Nevada	$63,916.71
Cash on hand in office	3,050.90
Returned checks, not redeposited	244.50
Total Assets	$67,212.11
Liabilities	
Due to State Treasury	$67,212.11

Exhibit E

SECRETARY OF STATE

Summary of Nomination Fees Available
for Transfer to State Treasurer

For the Period May 1, 1960, to June 30, 1961

Balance on hand - April 30, 1960	$ 300.00
Receipts	900.00
Total	1,200.00
Transferred to State Treasurer	1,200.00
Balance on hand - June 30, 1961	

Exhibit F

SECRETARY OF STATE

Statement of Revenue and Expenditures

Nomination Fees Fund

For the Fiscal Year Ending June 30, 1961

Revenue:		
Transfer from bank account		$1,200.00
Expenditures:		
Distribution to counties:		
Churchill County	$ 40.57	
Clark County	420.53	
Douglas County	19.66	
Elko County	61.85	
Esmeralda County	4.69	
Eureka County	6.92	
Humboldt County	27.95	
Lander County	11.88	
Lincoln County	18.65	
Lyon County	32.95	
Mineral County	36.79	
Nye County	24.29	
Ormsby County	40.73	
Pershing County	19.92	
Storey County	5.46	
Washoe County	371.02	
White Pine County	56.14	
Total expenditures		1,200.00
Balance, end of period		-

STATE OF NEVADA

DEPARTMENT OF MOTOR VEHICLES

LAS VEGAS OFFICE

AUDIT REPORT

For the Period November 22, 1961 to February 23, 1962

REPORT NO. 14

LEGISLATIVE COUNSEL BUREAU

A. N. Jacobson, Legislative Auditor

CARSON CITY, NEVADA

March 22, 1962

STATE OF NEVADA
OFFICE OF THE
LEGISLATIVE AUDITOR
CARSON CITY, NEVADA

A. N. JACOBSON
LEGISLATIVE AUDITOR

March 22, 1962

vada Legislative Commission
pitol Building
rson City, Nevada

ntlemen:

In accordance with information received relative to a shortage in the accounts the Department of Motor Vehicles at Las Vegas, Nevada, we have examined the cords and accounts of the Department in connection therewith.

PROCEDURE AT TIME OF SHORTAGE

The Las Vegas office of the Department of Motor Vehicles processed license ansfers and the payment therefore in the following manner, beginning November 22, 51:

1. Each clerk at a window processed Form 1 transfers, which were unnum- red documents.

2. Each clerk had $50.00 cash change fund at the window.

3. Each clerk assigned plates and decals as needed.

4. At 3:00 p.m. or thereabout each day, cash was closed off and a daily ck-out sheet prepared, listing decals and cash count (no number accounta- ity could be checked for transfers which did not require issuance of license decal). Cash count was made by either Fausto Vargas or Helen Wright, who empted to check out any cash overage or shortage based on the documents sub- ted with the cash.

The above procedure leaves no audit trail for transfers not requiring issuance plates or decal if the transfer slip was disposed of or removed from the lding.

Procedure to prevent future possible losses were instituted on March 8, 1962. se procedures appear to be adequate for internal control of cash for the Las as office of the Department.

ALLEGED SHORTAGE

After the discharge of (Mrs.) Connie Sorenson on February 23, 1962, her husband ught to the Las Vegas Office of the Department of Motor Vehicles, the following nsfers:

Name	License Validation		
	No.	Dated	Amount
Frey, W. M.	C19668	12/11/61	$ 12.00
Loveland, O. C.	C2552	1/30/62	25.70
Coon, C. R. or H.	C19718	12/15/61	21.00
Sliwerski, I. M. or L.	C7728	2/9/62	16.69
Maynard, V.	C72374	-	15.01
Badder, R. R.	C10711	-	12.00
Cartelli, J.	C51407	1/17/62	10.53
Hogan, A. or M.	C41850	2/2/62	26.41
Cast, J. A.	C13624	2/2/62	10.32
Christensen, Vern J. or Paul J.	CT3642	1/12/62	23.33
			$172.99

The above registration transfers have been checked to the daily cash check-outs and to the IBM cards of the Carson City office without finding any trace of the recording of the cash or the transaction.

In addition to the above transactions, the following transactions were covered by part of the documents required for a completed transaction:

Name	License No.
Baltsas, Tounis A. or Androul, Iadakis X.	C61894
Blair, William C., Jr.	C58907

An unsuccessful effort was made to verify the date, amount, and type of transaction involved by telephone call to the licensee, while the auditor was in the Las Vegas office on March 8, 1962. On March 16, 1962, a letter was received from the Las Vegas office of the Department of Motor Vehicles stating they had been unable to locate these two licensees by personal contact.

FACTS RE CONNIE SORENSON

Employment History:

Employed 5/22/61
Leave of Absence 8/10 - 9/22/61 Inclusive - Illness
Discharged 2/23/62
Unpaid leave: Terminal 8 3/4 days per Las Vegas record
7 1/2 days verified by Carson City
Compensatory time: Has taken 1/2 hour in excess of time earned.
Retirement refund: Applied for.
Address: Unknown.
Parents: William J., Sr., and Bernice Hutchinson
1722 Princeton
North Las Vegas, Nevada
Telephone: MI 2-4752

OPINION

In our opinion, the accounts of the Department of Motor Vehicles are definitely short $172.99. The accounts may be short an undeterminable additional amount, based

upon the other transactions listed above and upon unknown and untraceable transactions for which there is no method of disclosure. The documents and cash covering the transactions were handled by Connie Sorenson.

Very truly yours,

A. N. JACOBSON, Legislative Auditor

By W. Elmo DeWhitt

W. Elmo DeWhitt, Auditor-in-Charge

WED/la

STATE OF NEVADA

DEPARTMENT OF INSURANCE

AUDIT REPORT

For the Period July 1, 1960, to June 30, 1961

REPORT NO. 15

LEGISLATIVE COUNSEL BUREAU

A. N. Jacobson, Legislative Auditor

CARSON CITY, NEVADA

February 5, 1962



A. N. JACOBSON
LEGISLATIVE AUDITOR

February 5, 1962

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 Department of Insurance, for the fiscal year ended June 30, 1961, and have prepared therefrom the following exhibits:

Statement of Financial Condition, June 30, 1961	Exhibit A
Statement of Revenues and Expenditures Compared with Appropriation, Administrative Fund for the Fiscal Year Ended June 30, 1961	Exhibit B
Summary of Available Revenues for the Fiscal Year Ended June 30, 1961	Exhibit C
Statement of Receipts and Disbursements, Unclaimed Funds Account, for the Fiscal Year Ended June 30, 1961	Exhibit D
Statement of Receipts and Disbursements, Publications Account, for the Fiscal Year Ended June 30, 1961	Exhibit E
Securities Deposited with the State Treasurer	Exhibit F

FUNCTIONS OF THE AGENCY

Chapter 680, Nevada Revised Statutes, creates the Department of Insurance and the position of Commissioner of Insurance and defines the appointment, qualifications, compensation and the powers and duties of the Commissioner of Insurance. The functions of the Department include: (1) promulgating reasonable rules and regulations deemed necessary to effect fair and equitable insurance practices within the State of Nevada; (2) licensing the various insurance companies doing business with the state, along with their agents, brokers and solicitors; and (3) collecting taxes based on premium collections within the State of Nevada.

SCOPE OF EXAMINATION

General

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 such text-checks and analyses of the accounting records and other sup-

porting documents to the extent which, in our opinion, were adequate to satisfy ourselves of the general accuracy of the records.

The Department of Insurance in Las Vegas was not examined. The Carson City office appears to tightly control all activities of the Las Vegas office, and no licenses, except certain renewals, are issued from that office. All collections appear to be directly transmitted to the Carson City Branch, First National Bank, Insurance Account, by depositing said collections in the Las Vegas branch of the bank. There no bank account for Las Vegas, and therefore no checks are issued from that office.

Internal Control Evaluation

Nearly all receipts are in the form of drafts, and therefore internal control does not require elaborate procedures. The normal processing procedure for license applications appears to be adequate, as it provides controls which can limit most mistakes. The normal procedure eliminates possibility of any one individual completing all postings of any one transaction; but in slack periods one person may complete all phases of the licensing, which is reviewed by another. We, however, recommend that the normal procedure be followed at all times regardless of the workload of the office.

Cash transactions concerning licensing and examining are few in number and represent an insignificant amount compared to the overall receipts of the agency. A receipt is apparently written for each such amount collected.

We understand that certain other cash transactions are not recorded in the period subsequent to this audit, apparently due to the small amounts involved and the nature of the transactions, as discussed in the section entitled "Breaches of Trust and Duty"; however, all such transactions were apparently receipted in the period under audit. These unrecorded items should be accounted for, we believe, and provision made in the budget therefor. All transactions concerning departmental matters should be accounted for, budgeted, and expended as provided by law - through the administrative fund.

The Department maintains that adequate control of any of its cash transactions is inherent because of the number of personnel present in the Department, the small cash amounts involved, and the "foolishness" of anyone stealing a dollar or a few stamps.

The accounts and records are maintained on the single entry basis, which limits the dependability thereof. The system should be improved when the Legislative Auditor promulgates the system of accounting required of him by statute.

We found that the signature of only one person is required on refund checks. Persons signing the checks are bonded for $50,000.00 or more, and therefore due to the small number of personnel, two signatures on a refund check seems impractical. However, we do wish to point out that good procedure would require two signatures.

Efficiency of Subordinate Employees

During the course of our examination, we observed no evidence of improper work habits on the part of officials or employees of the Department of Insurance. We believe that the work program set up for each employee and maintained up to date by such employee is an important contributing factor to the high degree of efficiency observed. Supervisory personnel appear to have high perceptive abilities.

Duplication of Work with Other Departments

During the course of our examination, we observed no unnecessary duplication of

effort with that of any other departments.

Books and Records Maintained

The Department maintains many records for regulatory and indexing purposes which do not contribute to accounting control, and therefore such records were not intensively reviewed. Records which have direct bearing on accounting procedures include:

(1) A Journal in which receipts are posted numerically. Refund checks are also posted in the Journal, and charged against receipts. Receipts are extended to include certain classifications convenient to the Department in order to compile necessary statistics, and to classify as to nature of receipt.

(2) A checkbook for each of the three bank accounts - 1. Insurance Account
2. Publications Account
3. Unclaimed Funds Account

It appears that none of these bank accounts are authorized at law, and that (1) the Insurance Account should be placed in the name of the State Treasurer; (2) the Publications Account should be placed in the Treasury, and claims drawn in accordance with law and existing procedures; (3) the Unclaimed Funds Account should be replaced by a trust fund in the State Treasury.

Status and Condition of Funds

The Insurance Commissioner maintains bank accounts such as those maintained by his predecessor, the State Controller as ex officio Insurance Commissioner - in the Carson City Branch, First National Bank of Nevada. The bank accounts are maintained for the purpose of depositing all fees, receipts, and assessments attributable to the Department of Insurance by law, and the subsequent remittance of the net revenue to the State Treasury for credit to the General Fund of the state or as indicated. There appears to be no statutory authority for any of the bank accounts.

a. Insurance Account - The Insurance Account is the clearing account for all revenues collected, for eventual credit to the General Fund. During the period July 1, 1960, to June 30, 1961, deposits representing fees, taxes, licenses, and other charges were $1,138,912.00. In the same period, transfers of $1,134,374.08 were made to the State Treasury, and checks representing refunds in the amount of $3,165.74 for overpayments were issued. The balance on June 30, 1960, was $3,945.10, and the balance remaining in this account as of June 30, 1961, was $5,317.28.

b. Publications Account - Receipts into this account represent money paid by the various insurance companies for the legally required publication of annual statements in Nevada periodicals. An insurance company may designate the publication in which the statement will appear, but if it does not so designate, the Department of Insurance will divide such undesignated publishings among the Nevada newspapers on a prorata basis. This account carried a balance of $325.58 on June 30, 1960. Collections amounted to $11,720.00, of which $11,560.00 was disbursed during the year. A balance of $485.58 remained in the account as of June 30, 1961.

c. Unclaimed Funds Account - This account operates as a trust account for receipt of unclaimed insurance recoveries which the insurance company has retained for seven years. Seventy-five percent of the amount received is immediately transferred to the State Treasury and the remaining twenty-five percent may remain in this account for an additional seven years in accordance with NRS 690.260.

This account carried a balance of $878.20 on June 30, 1960. Receipts from insurance companies totalled $2,829.06, of which $100.00 was disbursed to newspapers for advertising, and $2,631.32 to the State Treasury. A balance of $966.94 remained in

the account as of June 30, 1961.

The expenses of operating this Department are reflected for the fiscal year ended June 30, 1961, in Exhibit B.

The following summarizes by budget category the administration costs as compared to the appropriation. An analysis shows that the budget was under-expended by $2,145.00. An additional amount of $982.91 was reverted, however, due to the fact that some of the miscellaneous sales fees were credited to the Administrative Fund, making the total reversion $3,127.91 on June 30, 1961. The percentage figures indicate the percentages of the actual expenditures compared to the total net revenue collected by the agency in the amount of $1,135,746.26.

Expense of Operating the Department

Category	Appropriation	Actual Expenditure	Under Budget	% of Expenditure to Total Revenue Collected
Salaries	$55,936.00	$54,106.64	$1,829.36	4.76
Travel	4,250.00	3,957.68	292.32	.35
Operating	13,296.00	13,277.22	18.78	1.17
Equipment	400.00	395.46	4.54	.03
	$73,882.00	$71,737.00	$2,145.00	6.31

Breaches of Trust and Duty

The audit program of the Legislative Counsel Bureau is designed to assist state officers and employees to obtain effective and efficient government by including in audit reports situations which do not conform to statute or to good business practice. Further, the auditors are charged by statute to report such situations.

Our examination disclosed the following items which appear to violate statute or regulation, or which seem to be contrary to good business practice:

1. Unrecorded Cash Receipts - There are sums of cash held in a safe of the Department for which the Department contends no accounting is required. These funds appear to represent various activities, including but not limited to receipts from insurance companies and other entities for "lists" of agents compiled by various categories. The personnel of the Department apparently prepare these "lists" on their own time and sell them to the subscribers at various rates, depending upon the service rendered. The revenues thus derived are reported to be used to purchase the supplies necessary for preparation of such material. Although this does not appear to be contrary to law, the auditors were unable to verify that such lists were prepared on the employees' own time, due to lack of adequate time records. The auditors also object to personal cash being kept in a state office safe. The Department has indicated agreement, and has instituted the necessary procedures to comply.

Also, funds that are apparently personal are retained in the safe, subject to withdrawal at any time by anyone who says he or she placed the funds there.

We believe that the above transactions and any other similar activities appear to be contrary to good business practices and certainly appear to be contrary to the public interest. We believe that all money transactions occurring in or within the jurisdiction of the Department of Insurance are state transactions and all revenues or moneys derived therefrom are state moneys and should therefore be deposited in the State Treasury.

2. Stamp Fund and Unrecorded Sales - A stamp fund is maintained, apparently not separate from these other transactions. Identification card sales which are not authorized by statute are reportedly placed in this fund for the purpose of purchasing stamps.

Personal stamps are purchased from this fund. Other moneys are apparently retained here for such things as coffee, office parties, etc. The Department indicates it has removed such funds, and will institute procedures to control. No formal accounting or records seem to be maintained for any of these funds or moneys.

3. Excessive bank balances - the following schedule is presented for analysis and comment:

Department of Insurance
Balances per bank statements during selected parts of fiscal year 1960-61
for Insurance Account

Date	Balance	Date	Balance	Date	Balance
2-21	$ 42,237.35	3-7	$160,839.92	3-23	$36,820.22
2-23	483.00	3-9	385,817.44	3-30	36,606.56
2-27	102,869.90	3-10	471,571.78	3-31	49,741.92
3-2	513,154.87	3-15	471,350.40	4-3	13,423.64
3-3	410,435.33	3-16	86,939.12	4-14	22,582.62
3-3	571,100.51	3-20	86,895.46	4-17	22,665.62
		3-21	122,574.56		

A review of the above schedule indicates that the bank account has balances considerably above the $10,000.00 insured maximum provided for bank accounts under the Federal Insurance Deposit Corporation insurance. For a period of about two months of the year, these funds are not covered by the same protection as that of the State Treasurer, which requires security of 110% from depository banks.

The Department policy regarding the above bank account is to clear the balance of a preceding month after the first deposit of the subsequent month. The Department is then assured that it will have sufficient funds for any necessary refunds. In addition to the above usual procedures, the Department will, during its busy period (the time covered by the above schedule) make numerous transfers to the State Treasurer in order to reduce the balance. As indicated, the efforts fail to reduce the amount to a satisfactory balance.

We maintain the above procedure is improper for the following reasons:

1. Such a procedure is not authorized by law.

2. The bank account is not authorized by law.

3. The balance is allowed to remain over $10,000.00 for considerable periods.

4. It is poor business practice to allow such sums to remain uninsured for any lengthy period of time.

5. Actual fiscal revenues are not reflected on the State Controller's records.

The following is offered as a suggestion which may be used in lieu of the above procedure:

All revenues received from all sources should be deposited directly to the State Treasury. A suspense account may be used for these deposits, from which refunds may be made by claim for any overpayment of taxes or fees. The residue in the suspense account should then be transferred to the revenue account, leaving no balance in the suspense account. Plans are now in progress to deposit all funds in the State Treasury.

4. Holding Payee Checks for Unreasonable Time - During the course of the audit, we found that the Department may hold checks received in payment of taxes, licenses, or other fees for a considerable time, sometimes for a duration of weeks. We believe this to be inconsistent with good business practice and suggest that a system of depositing all checks upon receipt be adopted. An actual cash receipts journal may be necessary to account for funds held in suspense.

5. Leave Records - In reviewing leave records pertaining to the officials and employees of this office, it was found that annual leave accumulated by the Insurance Commissioner was in excess of the maximum allowed by NRS 284.350.

NRS 284.350(1) states that "all employees in the public service, whether in the classified or unclassified service, shall be entitled to annual leave with pay of 1¼ working days for each month os service, which may be cumulative from year to year not to exceed 30 working days." Our interpretation of this provision is that if at any time during the year an employee's leave accrual exceeds the maximum limitation, the excessive leave shall be forfeited. However, the personnel Commission has ruled that "vacation credit may be accumulated not to exceed thirty working days at the beginning of any calendar year. Amounts in excess of thirty working days at the beginning of any calendar year shall be forfeited." There appears to be conflict between the Commission ruling and the governing statute which should be resolved.

Suggested Changes

This section provides a review of all suggestions presented in this report, together with any other suggestions the auditor feels are worthy of note. We believe the following changes should be effected in order to clarify and remedy situations which, in our opinion, appeared to be inadequate, undertain or contrary to statutory requirements.

(1) We recommend that all revenues be immediately deposited to the State Treasury. Provision should be made in the budget request for all activities which the department feels are necessary. Refunds necessary should be drawn as outlined in the section entitled "Breaches of Trust or Duty." The Department has instituted, subsequent to the audit period, procedures to comply with this recommendation.

(2) Undeposited Receipts - The manner in which many companies tender fees and taxes has produced a unique system of recording revenues. Some checks are held by the Department for extended periods for completion of certain requirements. It is our recommendation that all revenues be deposited in the State Treasury as soon as received. We believe that the recording process explained in the next suggestion will solve the problem of determining when all the fees are received.

(3) Verification of Revenues - Revenues cannot be verified other than by tabulation of the receipt documents. It is our belief that a good accounting system would provide other means of verifying revenues. The Department contends, however, that due to the licensing procedures necessary, it would involve excessive bookkeeping to provide such a method. We believe a receipts journal, listing remitter and the total amount received, and then classifying the receipt, would provide the necessary information without any extra bookkeeping. It would be unnecessary to list the receipt documents. We recommend that these documents be filed numerically for further reference and verification. The Department indicates that it agrees with these recommendations.

(4) Receipt Form Control - Certain receipts were found missing from the file; however, we are satisfied that the receipts were misfiled, as the bank statements and the listing of receipts in the journal are in agreement. We do recommend, however, that a control be initiated to insure that all receipts are filed properly and completely.

(5) Revenues Deposited to State General Fund - We believe that all revenues, regardless of source, should be deposited in the General Fund in the State Treasury. Dur-

int the year under audit, some fees were credited to the Administrative Fund. We have been informed that the practice has not been resumed in subsequent periods.

(6) Unclaimed Trust Bank Account - We believe that the bank account used for this trust fund is not authorized by law. The law which the Commissioner apparently used as authorization to create the account is quoted, in part, below:

> NRS 190.260 Special Trust Fund, administration. Upon receipt of any unclaimed funds from life insurance companies by the commissioner, he shall pay forthwith three-fourths of the amount thereof into the general fund of the state for the use of the state. The remaining one-fourth shall be administered by him as a special trust fund for the purposes of NRS 690.180 to 690.300 inclusive, and deposited in the manner provided by law for the deposit of such funds. . . (Underscoring supplied.)

We further believe that the Unclaimed Funds Trust Fund should be deposited with the State Treasurer. This recommendation does not appear to conflict with the normal administration of this account. The only difference is that claims against it must be submitted through the normal process, as are claims upon other funds in the State Treasury.

(8) We recommend that annual leave regulations, as provided by law, be observed.

(9) Authority for Bank Accounts - It appears that no authority exists for any of the bank accounts maintained by the Department. We suggest that such accounts be transferred to the State Treasury, and plans to make deposits to the State Treasury are being prepared.

Statement of Financial Condition - Exhibit A

Exhibit A presents the assets which were held by the Department of Insurance as of June 30, 1961, and the liabilities there against.

The cash in the various bank accounts was reconciled to the bank statements at June 30, 1961, and confirmed by direct correspondence with the First National Bank of Nevada, Carson City Branch.

Bonds of Henderson School District in amount of $2,000.00 represent a portion of the Unclaimed Funds Account. The Commissioner of Insurance obtained authorization from former Governor Russell and former Director of the Budget, C. A. Carlson, to purchase these bonds with some of the surplus of this account. The bonds are in the safekeeping of the State Treasurer.

The amount due the State Treasury at June 30, 1961, represents revenues not transferred to the State General Fund as of that date.

Amounts held for payments to publishers represent money held with which to pay publishers for publishing the insurance companies' annual report. These funds were collected from the companies.

The contingent liability represents funds held in the Unclaimed Funds Account. These funds are held by the Department for seven years and may be claimed at any time during that period.

Statement of Revenues and Expenditures Compared with the Appropriation - Exhibit B

This statement presents, in comparative form, the budget request from which the appropriation was made; the actual expenditures by categories, the difference between

the actual and budgeted amounts; and, for comparative purposes, the percentage for each category based on the total appropriated sum for each actual expenditure.

Summary of Available Revenues - Exhibit C

In this statement, the gross revenues represented as deposits totaling $1,138,912.00 are shown, refunds of $3,165.74 are deducted to show the net revenues of $1,135,746.26 available for transfer to the Treasury. The actual transfers of $1,134,374.08 are shown as deducted from that which was available for transfer to the Treasurer, leaving a balance of $1,374.18 of current revenues not transferred. The balance represents funds on hand of $5,317.28, which equals the funds available not transferred this year of $1,374.18 and the balance remaining June 30, 1960, of $3,945.10.

The percentage figures are based upon total revenues available for transfer.

Statement of Receipts and Disbursements - Unclaimed Funds Account - Exhibit D

Exhibit D reflects the amount of $2,820.06 as unclaimed receipts which the insurance companies have held for seven years and transferred to the State Trust Fund. The transfers of $2,631.32 to the State Treasury represent amounts due the Treasury according to law. $100.00 was expended for advertising these unclaimed amounts according to law.

Statement of Receipts and Disbursements Publication Account - Exhibit E

This statement shows the receipts from insurance companies of $11,720.00 which the Commissioner holds as a "trust" to insure payment to publishers for placing statements in Nevada newspapers. Upon proof of publication, a check is written to the publisher for payment. Such payments were $11,560.00 during the fiscal year. The balance at June 30, 1961, was $485.58.

Securities Deposited with the State Treasurer - Exhibit F

Exhibit F shows the total securities on deposit with the State Treasurer. Most of the figures are totals, representing a number of various securities deposited by each company. These figures are verified by the Legislative Auditor's State Treasury Money Count of June 30, 1961. Insurance companies not listed should have on file with the Department of Insurance certificates from other states certifying that said company has on deposit in said state such an amount of security. The Department either decides that the securities satisfy this state's requirements and accepts the certificate in lieu of a deposit in the State of Nevada Treasury, or requires supplemental deposit in this state or some other state. These certificates are on file dith the Department of Insurance.

OPINION

We have examined the various statements of the several accounts and funds of the Department of Insurance for the dates and periods indicated thereon. Our examination was made in accordance with generally accepted auditing standards and in accordance with the powers and duties defined in NRS 218.770; 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 financial statements present fairly the financial position of the funds of the Department of Insurance as of June 30, 1961; and the results of their operations for the year then ended, in conformity with accounting

principles applied on a consistent basis.

Yours very truly,

A. N. JACOBSON, Legislative Auditor

By Paul M Stanley

Paul M. Stanley, Auditor in Charge

PMS/jkh

Exhibit A

DEPARTMENT OF INSURANCE

Statement of Financial Condition

June 30, 1961

Assets

Cash in First National Bank of Nevada, Carson City Branch, Insurance Account	$5,317.28
Cash in First National Bank of Nevada, Carson City Branch, Unclaimed Funds Account	966.94
Cash in First National Bank of Nevada, Carson City Branch, Publications Account	485.58
Bonds - Henderson School District - 4%	2,000.00
Total Assets	$8,769.80

Liabilities

Amounts due State Treasury June 30, 1961	$5,317.28
Amounts held for payments to publishers	485.58
Contingent liability - Unclaimed Funds Account	2,966.94
	$8,769.80

NOTE: It appears that there may have been some state funds not taken into account by this statement. However, the amount is apparently insignificant and undeterminable as the Department does not consider these as state funds.

Exhibit B

DEPARTMENT OF INSURANCE

Statement of Revenues and Expenditures
Compared with Appropriation

Administrative Fund

For the Fiscal Year Ended June 30, 1961

	Appropriation	Actual Revenue & Expenditures	(Over) or Under Appropriation	% of Total Approp.
Appropriation - pursuant to provisions of Sec. 45, Chapter 250, Statutes of Nevada 1960, page 448	$73,882.00	$73,882.00		100.00
Expenditures:				
Salaries	$55,936.00	54,106.64	$1,829.36	73.23
Travel:				
Out of State	1,500.00	1,811.94	(311.94)	2.45
In State	2,750.00	2,145.74	604.26	2.90
Total Travel	4,250.00	3,957.68	292.32	5.35
Operating:				
Industrial Insurance	402.00	356.31	45.69	.48
Retirement Payments	2,513.00	2,399.65	113.35	3.25
Personnel Assessments	306.00	193.06	112.94	.26
Freight and Postage	1,960.00	1,836.28	123.72	2.49
Printing	2,500.00	3,680.42	(1,180.42)	4.99
Office Supplies	2,500.00	1,096.81	1,403.19	1.48
Telephone & Telegraph	1,615.00	1,420.96	194.04	1.92
Insurance	300.00	289.20	10.80	.39
Office Equipment Repair	175.00	380.56	(205.56)	.52
Dues & Subscriptions	925.00	1,058.34	(133.34)	1.43
Court Recorder		498.00	(498.00)	.67
Miscellaneous	100.00	67.63	32.37	.09
Total Operating	13,296.00	13,277.22	18.78	17.97
Equipment:				
Office Furniture	300.00	395.46	(95.46)	.54
Other	100.00		100.00	
Total Equipment	400.00	395.46	4.54	.54
Total Expenditures	$73,882.00	71,737.00	$2,145.00	97.09
Balance		2,145.00		2.91
Add: Erroneously credited:				
Licenses and Fees		282.50		
Postage, Code, List Charges		700.41		
Amount Reverted		$3,127.91		

Exhibit C

DEPARTMENT OF INSURANCE

Summary of Available Revenues

For the Fiscal Year Ended June 30, 1961

Source of Revenue	Deposits to Bank Account	Refunds	Available Transfer to the Treasury	% of Total Revenue
License Fees	$ 129,603.00	$1,843.00	$ 127,760.00	11.25
Other Fees	9,624.50	12.00	9,612.50	.85
Examination Fees	7,800.00	140.00	7,660.00	.67
Fines	16,696.95	-	16,696.95	1.46
S. T. Premium Tax	9,601.46	-	9,601.46	.85
Premium Tax	964,690.28	1,139.74	963,550.54	84.84
Miscellaneous Fees	895.81	31.00	864.81	.08
Total	$1,138,912.00	$3,165.74	1,135,746.26	100.00
Actual Transfers to State Treasury			1,134,374.08	99.88
Balance of Current Year's Revenue not Transferred			1,372.18	.12
Beginning balance June 30, 1960			3,945.10	
Balance, June 30, 1961			$ 5,317.28	

Exhibit D

DEPARTMENT OF INSURANCE

Statement of Receipts and Disbursements

Unclaimed Funds Account

For the fiscal year ended June 30, 1961

Balance, July 1, 1960		$ 878.20
Receipts:		
Received from Insurance Companies		2,820.06
Total Available Amount		3,698.26
Disbursements:		
Transfers to the State Treasury	$2,631.32	
Payment for Advertising	100.00	2,731.32
Balance, June 30, 1961		$ 966.94

Exhibit E

DEPARTMENT OF INSURANCE

Statement of Receipts and Disbursements

Publication Account

For the Fiscal Year Ended June 30, 1961

Balance, July 1, 1960	$ 325.58
Receipts:	
Received from Insurance Companies	11,720.00
Total Available Amount	12,045.58
Disbursements:	
Payments for publication of Company Statements	11,560.00
Balance, June 30, 1961	$ 485.58

Exhibit F

DEPARTMENT OF INSURANCE

Securities Deposited with State Treasurer

June 30, 1961

Great Basin Insurance Company	$ 350,000.00
Pioneer Title Insurance Company	50,000.00
First Pacific Life Insurance Company	*
Transwestern Life Insurance Company	200,000.00
California State Automobile Association	145,000.00
Nevada Title Insurance Company	50,000.00
Universe Insurance Company	200,000.00
Western Savings & Loan Company, Salt Lake City, Utah	30,000.00
Exchange Casualty & Insurance Company	9,500.00
	$1,034,500.00

* First Pacific Life Insurance Company has on deposit 20,115 shares of no par common stock in Central States Life Insurance Company, Houston, Texas.

STATE OF NEVADA

STATE BOARD OF PHYSICAL THERAPY EXAMINERS

AUDIT REPORT

For the Period July 1, 1960 to June 30, 1961

REPORT NO. 16

LEGISLATIVE COUNSEL BUREAU

A. N. Jacobson, Legislative Auditor

CARSON CITY, NEVADA

February 28, 1962

STATE OF NEVADA
OFFICE OF THE
LEGISLATIVE AUDITOR
CARSON CITY, NEVADA

A. N. JACOBSON
LEGISLATIVE AUDITOR

February 28, 1962

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 State Board of Physical Therapy Examiners for the fiscal year ended June 30, 1961, and have prepared therefrom the following exhibit:

Combined Statement of Revenue and Expenditures, and Fund Equity - Exhibit A

FUNCTION OF THE AGENCY

The State Board of Physical Therapy Examiners is created by NRS 640.030, which defines the appointment, qualifications, terms, and powers and duties of the members of the Board; stipulates how the Board will conduct the registration of applicants to engage in the practice of physical therapy; provides grounds for refusal, revocation and suspension of registration; and further provides restrictions and penalties for certain violations.

The Board exists primarily to register and examine applicants for the practice of physical therapy within the State of Nevada.

SCOPE OF THE EXAMINATION

General

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 such test checks and analysis 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.

Internal Control Evaluation

Internal control includes those factors which lead to efficient operation of the department and those factors which tend to increase accuracy in record maintenance. From the agove description, it is evident that the recording and depositing of receipts is properly classified as an internal control function. The auditor discovered that receipts, including cash, may be retained for many months before transmission is made to the State Treasury. The above practice is clearly a very poor fiscal practice and

is in direct conflict with law, which is quoted below:

> NRS 353.250 State Officers, departments to pay receipts into state treasury monthly; penalty.
>
> 1. Every state officer, department or commission which receives or which may receive any moneys of the State of Nevada or for its use and benefit shall pay into the state treasury on the 1st Monday of each month all moneys received by such officer, department or commission during the previous calendar month, together with a complete itemized statement covering all financial transactions during the month.
>
> 2. Every officer, head of any department or commissioner failing to comply with the provisions of this section shall be guilty of a misdemeanor in office.

We strongly recommend that the good business practice of promptly depositing all receipts be observed and that the above law be viewed in the light of its seriousness.

Duplication of Work with Other Departments

During the course of our examination, we observed no duplication of work with that of other departments which might be eliminated.

Books and Records Maintained

Records include a book of receipts listed by the names of applicants, and a columnar designation as to the type of receipt. Expenditures are also listed by name of Recipient. Correspondence records are maintained, and copies of all treasury receipts and state claims are filed.

Status and Condition of Funds

The State Board of Physical Therapy Examiners maintains its fund in the State Treasury. The opening balance June 30, 1961, was $370.56; fees of $265.00 were received; and expenditures were $240.06, leaving an ending balance June 30, 1961, of $395.50, indicating that receipts exceeded expenditures by $24.94 for the fiscal period then ended.

Breaches of Trust and Duty

The audit program of the Legislative Counsel Bureau is designed to assist, in a helpful manner, state officials to attain effective and efficient government by including in our report situations which do not conform to statute or good business practice.

Our examination disclosed the following cases which appear to violate statute, regulation, or which in our opinion appear to be contrary to good business practice.

1. Budget Preparation - NRS 353.210 requires every state agency, board, etc., to submit for legislative approval an estimate of expenditures on a fiscal year basis. The Board of Physical Therapy Examiners is required to submit for approval an estimate of all revenues which it might receive as well as the expenditures it may find necessary to make during such period.

For the period under audit, no budget was submitted for approval. A revised budget, however, was set up by the Director of the Budget at the agency's request.

2. Depositing of Receipts - Good business practice dictates that cash or items representing cash must be accounted for and deposited in a timely manner. The auditor observed that several months may elapse before such items are deposited. We recommend that all receipts be deposited promptly.

3. Claims Submitted Improperly - Examination of the correspondence records reveals that some claims are submitted improperly. A case in point: The state does not pay Federal Transportation Excise Tax. However, claims are repeatedly executed for reimbursement for travel which includes such tax. We recommend that attention be drawn to the claims requirements, and that they be submitted properly. It appears that considerable time is consumed in correcting such errors both on the part of the Board Secretary and Budget Office personnel.

Suggested Changes

A brief review of suggestions presented elsewhere in this report is provided in this section with other suggestions the auditor considers noteworthy. We believe the following changes would clarify and remedy situations which, in our opinion, appear to be inadequate, uncertain or contrary to statutory requirements or good business practice.

1. We recommend that receipts be deposited at least monthly, as required by law.

2. We recommend that the books of the Board be continually balanced with the Controller.

3. The Board should prepare a budget for authorization of expenditure by the Legislature.

4. Claims should be submitted properly to lessen work and provide better service.

COMBINED BUDGET, AUTHORIZATION AND FUND EQUITY STATEMENT

This single statement provides information pertaining to the expenditure authorization of $172.00, the Revised Budget of $400.00, and the actual expenditures from the fund of $240.06. The cash balance of $395.50 on deposit in the State Treasury also represents the Fund Equity.

OPINION

We have examined the Combined Statement of Revenue and Expenditures and Fund Equity of the State Board of Physical Therapy Examiners as of June 30, 1961. Our examination was made in accordance with generally accepted autiting standards and accordingly included such tests of the records as we considered necessary in the circumstances.

In our opinion, the accompanying statement presents fairly the financial position of the State Board of Physical Therapy Examiners as of June 30, 1961, and the results of its operations for the year then ended, in conformity with generally accepted accounting principles.

Yours very truly,

A. N. JACOBSON, Legislative Auditor

By Paul M. Stanley

Paul M. Stanley, Auditor-in-Charge

PMS/jkh

Exhibit A

STATE BOARD OF PHYSICAL THERAPY EXAMINERS

Combined Statement of Revenues and Expenditures and Fund Equity

June 30, 1961

	Authorization	Revised Budget	Actual
Revenues:			
Applications Fees			$160.00
Renewal Fees			105.00
	$172.00	$398.61	$265.00
Expenditures:			
Travel		$333.61	187.20
Examination Service		25.00	37.50
Office Supplies and Postage		40.00	15.36
	$172.00	$398.61	$240.06
Revenues Received in Excess of Disbursements			24.94
Beginning Balance			370.56
Fund Equity and Balance, June 30, 1961			$395.50

STATE OF NEVADA

DEPARTMENT OF MOTOR VEHICLES

AUDIT REPORT

For the period July 1959 to March 19, 1962

REPORT NO. 17

LEGISLATIVE COUNSEL BUREAU

A. N. Jacobson, Legislative Auditor

CARSON CITY, NEVADA

April 11, 1962

LEGISLATIVE AUDITOR
CARSON CITY, NEVADA

A. N. JACOBSON
LEGISLATIVE AUDITOR

April 11, 1962

Nevada Legislative Commission
Capitol Building
Carson City, Nevada

Gentlemen:

In accordance with information received relative to a shortage in licensing revenue and errors in truck licensing fees in the Department of Motor Vehicles and in accordance with Section 218.770 of the Nevada Revised Statutes, we have started an examination of the revenue of the Department. Our examination disclosed two types of revenue, i.e. sale of tires and sale of photocopies of accident reports, which were not being properly reported through the Highway Patrol Division of the Department.

Further, examination disclosed a "petty cash" fund into which moneys from these two sources were being deposited and from which expenditures were made. This fund was in the possession and control of the Director of the Patrol.

ACCOUNTING FOR PETTY CASH

A reconstruction of the accounting for the petty cash is as follows:

Receipts (as extracted from the note book of Robert Stenovich)		
July, 1959 On hand		$ 44.00
August - Tires	$32.00	
October 16, 1960 - Tires	36.00	
February 18, 1960 - Tires	51.00	
March 23, 1961 - Tires	39.00	
May 25, 1961 - Tires	51.00	
July 12, 1961 - Tires	6.00	
July 29, 1961 - Tires	69.00	
August 11, 1961 - Tires	21.00	
November 15, 1961 - Tires	57.00	
December 14, 1961 - Pete, misc.	65.00	
December 20, 1961 - Tires	36.00	
January 10, 1962 - Pete, misc.	75.00	
February 15, 1962 - Pete, misc.	60.00	
Total receipts per book		598.00
Additional receipts not listed in book		
June 25, 1961 - John Koras, Union Oil dealer - Tires		69.00
Total to account for		$711.00
Expenditures per list supplied by Robert Stenovich, but not recorded in any records (Schedule included herein)		662.25
Balance		$ 48.75

Several discrepancies appear in the recording of receipts of money.

SALE OF TIRES

The Department of Purchasing is charged by statute with the disposition of the state's personal property in NRS 333.220, as follows:

> (2) The director (of purchasing) shall have authority to transfer tools, implements, machinery or other equipment in the possession of any using agency, when such equipment is not necessary for the use of such agency, to such other agency or agencies as may have need therefor.
>
> (4) The rules of the director (of purchasing) shall prescribe the procedure by which supplies, materials and equipment may be condemned and disposed of, by sale or otherwise, when of no further use to the state. Such rules shall provide that no property shall be sold otherwise than to the highest bidder after every effort has been made to secure at least three competitive bids and that no condemned property of an appraised value over $500 shall be sold except through notice published in a newspaper circulated in the area in which the sale is made.

Examination of the disposal of tires revealed that no revenue had been deposited in the State Highway Fund from this source after July 1960. Further examination revealed that tires from Highway Patrol cars in Southern Nevada were turned in to Sullins Tire and Rubber Company, 1728 North Fifth Street, North Las Vegas. The records of the Patrol indicated a credit on the books of the tire company of $84.00. This we confirmed by direct telephone conversation with Mr. Sullins. On March 28, 1962, the Director of the Budget recommended the credit be converted to check and be deposited with the State Treasurer. One sale of tires to John Koras, Union Oil dealer, on June 25, 1961, was reported to us in amount of $51.00, the proceeds of which were placed in the "Petty Cash" fund.

In the Reno area, it was determined that Highway Patrol tires were picked up at the Lawton Checking Station by Reno Vulcanizing Works. This company has made all payments, since July 1960, directly to Robert Stenovich, personally, instead of to the State of Nevada as follows:

Check No.	Date	Amount	Payee	Entered in Note book	Cancellation Date	Endorsed
6008	10-14-60	$36.00	Robert Stenovich	10-16-60	11-14-60	Robert Stenovich (carries bank stamp indicating cashed at 1st Nat'l Bank of Nevada, Carson City Branch)
6405	2-14-61	51.00	Robert Stenovich	2-18-61	3-16-61	1. Robert Stenovich 2. Washoe S Super Mkt. #4
6514	3-18-61	39.00	Robert Stenovich	3-23-61	3-28-61	1. Robert Stenovich 2. Senator Club

Check No.	Date	Amount	Payee	Entered in Note book	Cancellation Date	Endorsed
5705	5-22-61	$51.00	Robert Stenovich	5-25-61	6-5-61	Robert F. Stenovich (carries bank stamp indicating check cashed at 1st Nat'l Bank of Nevada, Carson City Branch)
5877	7-10-61	6.00	Robert Stenovich	7-12-61	7-25-61	Robert Stenovich (carries bank stamp indicating check cashed at 1st Nat'l Bank of Nevada, Carson City Branch)
5899	7-25-61	69.00	Robert Stenovich	7-29-61	9-5-61	Robert Stenovich (carries bank stamp indicating check cashed at 1st Nat'l Bank of Nevada, Carson City Branch)
5937	8-8-61	21.00	Robert Stenovich	8-11-61	9-5-61	Robert Stenovich (carries bank stamp indicating cashed at 1st Nat'l Bank of Nevada, Carson City Branch)
6363	11-13-61	57.00	Robert Stenovich	11-15-61	12-5-61	Robert Stenovich (cheek does not carry bank cashier's stamp. However, it appears to have been cashed at 1st Nat'l Bank of Nevada, Carson City Branch.
6473	12-18-61	36.00	Robert Stenovich	1-20-62	2-8-62	Robert Stenovich (carries bank stamp indicating check cashed at 1st Nat'l Bank, Carson City Branch
	Total	$366.00				

All of the above receipts have been traced to entries in the personal notebook of obert Stenovich as part of the funds to be accounted for.

However, the auditors wish to point out what appears to be obvious violation of tatute or good business practice.

1. Sale of state property contrary to NRS 333.220(2)(4) cited above.

2. Receipt of funds of the state in the personal name of an employee and the employee cashing the checks received in his own name.

3. Failure to deposit funds in the State Treasury as required by NRS 353.250.

4. Failure to account for funds monthly as required by NRS 353.250.

NRS 353.250 reads as follows:

> 1. Every state officer, department or commission which receives or which may receive any moneys of the State of Nevada or for its use and benefit shall pay into the state treasury on the 1st Monday of each month all moneys received by such officer, department or commission during the previous calendar month, together with a complete itemized statement covering all financial transactions during the month.

2. Every officer, head of any department or commissioner failing to comply with the provisions of this section shall be guilty of a misdemeanor in office.

PHOTOCOPY RECEIPTS

Revenue from the sale of photocopies of accident reports has been examined and irregularity found in the accounting therefor. In the Las Vegas office photocopies are furnished to local persons and firms at fifty cents per page.

During the period of audit, the collections were not formally receipted for by the person on the Highway Patrol desk. Checks are forwarded to Carson City and are intermingled with Carson City receipts and become unidentifiable as to point of origin. Cash receipts are placed in a bag in a locked drawer and accumulated over a long period of time without monthly accountability under NRS 353.250 (cited above) as required of all state officers and departments.

On March 19, 1962, the bag contained $173.55, per the count of the auditor. No record of any kind exists to reflect source of the receipts or any disposition of the funds. By affidavits of the Sergeant in charge of the Las Vegas office and the Senior Field Agent, both of whom have access to the cash, two expenditures were reported: (1) Flowers for the funeral of Patrolman McGuire, and (2) purchase of six coffee cups. Both purchases and the use of these funds for any purchases whatsoever appear to be in violation of NRS 481.063.

NRS 481.063 reads as follows:

1. The director (of the Department of Motor Vehicles) is authorized to charge and collect reasonable fees from persons making use of the files and records of the department or its various divisions for any private purpose.
2. All moneys so collected shall be delivered to the state treasurer for deposit to the credit of the state highway fund.

By affidavits obtained from the Sergeant and Senior Field Agent, copies of which are attached and made a part hereof, the auditors have determined the cash from this source has been turned over to Robert Stenovich on three occasions in amounts ranging from $75.00 to $125.00. These funds have been traced to the "petty cash fund." A comparison of entries and amounts indicates several discrepancies:

Information per Affidavits		Entry in Personal Notebook of Robert Stenovich	
Date	Amount	Date	Amount
8-16-61 In Carson City	$75.00-$125.00	12-14-61	$65.00
10-13-61 In Las Vegas	$75.00-$125.00	1-10-62	75.00
1-15-62 In Carson City	$75.00-$125.00	2-15-62	60.00

The dates according to the affidavits were "on or about" the date given. We call particular attention to the variation in dates and amounts. None of the receipts from this source and as reflected above have been accounted for under NRS 353.250 nor under NRS 481.063 (both cited above).

Of the total sum to be accounted for from the Las Vegas office, it has been established by the attached affidavits that two small gifts to the Highway Patrol were included. The affidavits do not set forth the amount of said gifts, but the affiants informed the Legislative Counsel and Legislative Auditor that to the best of their recol-

ection the gifts were for $5.00 and $10.00. The auditors wish to point out that the)epartment of Motor Vehicles and none of its divisions has statutory authority to accept ;ifts. If such money is accepted under color of office without authority of law, it ıust be accounted for and deposited in the State Treasury. This gift money should be)aid to the State General Fund.

It therefore appears that the following violations of statute or good business prac-ice occurred in handling of these funds:

1. No formal receipts were issued to persons paying money to the Las Vegas office 'f the Department.

2. No record was maintained reflecting the said receipts.

3. No record was maintained reflecting the disposal of the funds.

4. The purchases were made without authority at law.

5. Moneys were not deposited in the State Treasury for credit of the State Highway 'und in accordance with NRS 481.063.

6. Moneys were not accounted for monthly in accordance with NRS 353.250.

EXPENDITURES

The auditors have been furnished with a list of purported expenditures, and the aud-tors have examined invoices which were reported to cover some of the expenditures. All nvoices reviewed have been compared with state claims for the period and appear not to ave been paid in any other manner. Some of the paid invoices furnished appear highly rregular or they are duplicates or carry dates making them questionable support of ex-enditure. No written, chronologically-maintained record appears to exist to reflect the xpenditures.

Some of the expenditures made appear to violate the State Purchasing Act, all of the xpenditures appear to circumvent the State Budget Act, they appear to violate certain rovisions in NRS 353.090 pertaining to the approval of expenditures by the State Board f Examiners, and they appear to violate the provisions of Section 21 of Article V of the onstitution of the State of Nevada. Some of the purchases are for items which could not ave passed review of the State Board of Examiners.

Reported expenditures were as follows:

tem	Date	Vendor	Purpose	Amount	Billed to
1	8-15-59	Sprouse-Reitz Co.	Photo frames	$ 6.00	?
2	9-10-59	?	Training ammo.	40.00	?
3	12-10-59	Joe Norvell	Safety award plaque	3.50	?
4	6-13-60	Tallman Lumber Co.	Powder, primer	35.00	John Duarte, Nevada State Patrol
5	6-15-60	?	Coffee Maker	22.00	?
6	2-18-61	Micro Sight Co.	Gun Sights and mounting	14.00	John Duarte
7	3-9-61	Lew L. Gourley	Engraving certificates	15.00	Nevada Highway Patrol
8	4-30-61	Color Picture Service	Photos (Gift to Patrolman's widow)	12.00	Nevada Highway Patrol

Item	Date	Vendor	Purpose	Amount	Billed to
9	5-7-61	?	Coffee maker (Las Vegas)	$ 20.00	?
10	6-15-61	Lew L. Gourley	16 mm moving picture camera	35.00	Nevada Highway Patrol
11	7-10-61	Berger's Newstand	24 copies Flying Magazines (Patrol article)	12.00	Hiway Patrol
12	7-14-61	The Supply Sergeant, El Monte, Calif.	Ammo boxes, cord, gas cans	60.00	Nevada State Highway Patrol
13	8-12-61	Tallman Lumber Co., Inc.	Shell casing cleaner	20.00	John Duarte, Nevada State Highway Patrol
14	8-15-61	George F. Cake Co.	Safety badges (school patrol)	25.00	Supt. Robert Stenovich, Nevada State Highway Patrol
15	8-29-61	Color Picture Service	Camera lens	20.00	State Highway Patrol
16	9-11-61	Treasure Shop	Cards	1.93	-
17	9-12-61	?	Candy for Patrolman's wife	3.57	(cash register throwout tape)
18	9-15-61	?	Clock (Las Vegas)	13.00	?
19	10-28-61	Bosch & Son Jewelers	Chains for whistles	36.00	John Duarte
20	12-14-61	?	Baby gift	3.00	?
21	12-15-61	?	Records, P.A. system	18.00	?
22	12-18-61	?	Paint for signs (coffee shop)	7.25	?
23	12-31-61	Riverside Hotel	Traffic safety meeting	30.00	Nevada Highway Patrol
24	2-7-62	Color Picture Serv.	4x5 Speed graphic camera	168.00	Nevada Highway Patrol
25	3-7-62	David Clarke Company	Sound protectors	12.00	John Duarte
26	3-15-62	Lew L. Gourley	30 - 8x10 glossy enlargements	30.00	Nevada Highway Patrol
			Total reported	$662.25	

The auditors have examined an invoice handwritten on notebook paper reading:

Mar. 27, 1962

Received of Bob Stenovich the Sum of $38.00 Cash at sands hotel Las Vegas in full payment for

One Coffee Maker
One Elec. Wall Clock
One Bulova Wrist Watch

Glen E. Bodell

Credit due Bob Stenovich on Bulova Watch $5.00

It appears that the coffee maker and wall clock are included in the above schedule as items 9 and 18. The auditors wish to point out that any purchase made from Glen E. Bodell is probably in violation of the conflict of interest statutes as Mr. Bodell is a member of the Private Detective Licensing Board. The auditors also wish to point out the irregularity of dates and no accounting for the wrist watch.

The Director of the Budget in a memorandum dated April 2, 1962, took exception to the allowance of the following items and required reimbursement therefor which was made on March 26, 1962:

Item No.		Amount
5		$ 22.00
8		12.00
9		20.00
16		1.93
17		3.57
20		3.00
21		18.00
23		30.00
26		30.00
	Total	$140.50

The auditors take exception to the entire schedule of expenditures. The funds were not available for any expenditure and all expenditures appear to be contrary to statutes as enumerated above. The auditors recommend that all the expenditures be reimbursed and deposited to the State Highway Fund as required by law.

CASH TO BE DEPOSITED

The total cash required to be deposited to account for all moneys cannot accurately be determined due to the discrepancy in the photocopy funds. However, on the basis of amounts determined, the following partial accountability for deposit can be reflected:

Cash balance July, 1959	$ 44.00
Cash received through February 15, 1962	667.00
	711.00
Amount deposited in the State Treasury March 26, 1962, on Treasurer's Receipt No. 2882	222.32
To be accounted for and deposited	$488.68

The Director of the Budget assumed in his Memorandum of April 2, 1962, that the beginning balance was all state funds. The auditors have taken the same position as the Department of Motor Vehicles has no statutory authority to accept any moneys other than state moneys.

As to the discrepancy between the photocopy receipts established by affidavit to have been turned over to Robert Stenovich amounting to something between $225.00 and $375.00 and the amount recorded by him as having been received of only $200.00, the auditors have been unable to find any additional record of receipts or deposits to any fund which might account for the difference.

The auditors recommend that full restitution be made to the State Highway Fund and the General Fund.

OPINION

We have examined the accounts of the Highway Patrol Division of the Department of Motor Vehicles for the "petty cash" fund for the period July 1959 to March 19, 1962; and, in our opinion, the above report states fairly the entries in the accounts of the Highway Patrol relative to revenues from the sale of tires and photocopies through the

"petty cash" fund for the period.

Yours very truly,

A. N. JACOBSON, Legislative Auditor

W. Elmo DeWhitt

W. Elmo DeWhitt
Auditor in Charge

WED/jkh

Att.

COPY

County of Clark)
)
State of Nevada)

AFFIDAVIT

Harold K. Peterson, being first duly sworn, deposes and says:

That he is a male citizen of the United States over the age of 21 years, and a resident of Las Vegas, Nevada.

That he is employed by the State of Nevada as a sergeant with the Nevada Highway Patrol, a division of the Department of Motor vehicles.

That from time to time the Las Vegas office of the Nevada Highway Patrol provides and sells copies of motor vehicle accident reports to private persons, and collects fees therefor at the rate of 50¢ per page.

That such collections in the form of cash are held in a sack in a locked desk in the Las Vegas office of the Nevada Highway Patrol.

That on two occasions small sums of money were received by mail in the Las Vegas office as donations to the Nevada Highway Patrol in appreciation of assistance received on Nevada Highways, and such sums were intermingled in the aforesaid sack in the Las Vegas office of the Nevada Highway Patrol.

That he, the affiant, in the absence of Mr. Taylor Combs, a senior field agent with the Nevada Highway Patrol, has sold copies of motor vehicle accident reports to private persons; and collected money therefor.

That, on occasion, receipts for such fees are given to the private persons purchasing the aforesaid copies of motor vehicle accident reports, but copies of such receipts are not prepared or retained in the Las Vegas office.

That from time to time, such collections in the form of checks are transmitted by mail to the Carson City office of the Nevada Highway Patrol.

That on one occasion some of the cash was expended for the purchase of six coffee cups, with the permission of Mr. Robert Stenovich, Director, Nevada Highway Patrol.

That on one occasion some of the cash was expended for the purchase of flowers

for the funeral of Mr. Robert A. McGuire, former member of the Nevada Highway Patrol, said expenditure being made at the direction of Mr. Robert F. Stenovich, Director, Nevada Highway Patrol.

That on or about August 16, 1961, and on or about January 15, 1962, at Carson City, Nevada, the affiant gave to Mr. Robert F. Stenovich, Director, Nevada Highway Patrol, sums of money ranging between $75.00 and $125.00 on each occasion, the said sums being part of the fees collected in Las Vegas from the sale of copies of motor vehicle accident reports.

That on or about October 13, 1961, at Las Vegas, Nevada, he, the affiant, gave to the aforesaid Mr. Stenovich, a sum of money ranging between $75.00 and $125.00, the said sum being part of the fees collected in Las Vegas from the sale of motor vehicle accident reports.

That he, the affiant, obtained no receipts from Mr. Stenovich on any of the three aforementioned occasions.

That the sum of $173.55 was in the aforementioned sack on Monday, March 19, 1962.

That this affidavit is made freely and voluntarily.

(Signed) HAROLD K. PETERSON

Subscribed and sworn to before me
this 27th day of March, 1962.
(Signed) A. N. JACOBSON
Notary public in and for the County
of Storey, State of Nevada, acting
in the County of Clark.

COPY

County of Clark)
) ss
State of Nevada)

AFFIDAVIT

Taylor Combs, being first duly sworn, deposes and says:

That he is a male citizen of the United States over the age of 21 years, and a resident of Las Vegas, Nevada.

That he is employed by the State of Nevada as a senior field agent with the Nevada Highway Patrol, a division of the Department of Motor Vehicles.

That motor vehicle accident reports are filed in the Las Vegas office of the Nevada Highway Patrol.

That from time to time, he, the affiant, provided and sold copies of the aforesaid motor vehicle accident reports to private persons, and collected fees therefor at the rate of 50¢ per page.

That such collections in the form of cash are held in a sack in a locked desk in the Las Vegas office of the Nevada Highway Patrol.

That on occasion, receipts for such fees are given to the private persons purchasing the aforesaid copies of motor vehicle accident reports, but copies of such receipts are not prepared or retained in the Las Vegas office.

That from time to time, such collections in the form of checks are transmitted by mail to the Carson City office of the Nevada Highway Patrol.

That on one occasion some of the cash was expended for the purchase of six coffee cups.

That on one occasion some of the cash was expended for the purchase of flowers for the funeral of Mr. Robert A. McGuire, former member of the Nevada Highway Patrol.

That he, the affiant, had been informed by Mr. Harold K. Peterson that on certain dates at Carson City and Las Vegas, sums of money had been turned over to Mr. Robert F. Stenovich, Director, Nevada Highway Patrol, the said sums being part of the fees

collected in Las Vegas from the sale of copies of motor vehicle accident reports.

That this affidavit is made freely and voluntarily.

(Signed) TAYLOR COMBS

Subscribed and sworn to before me
this 27th day of March, 1962.
(Signed) A. N. JACOBSON
Notary public in and for the County
of Storey, State of Nevada, acting
in the county of Clark.

STATE OF NEVADA

CALIFORNIA-NEVADA INTERSTATE COMPACT COMMISSION

AUDIT REPORT

For the Fiscal Year Ended June 30, 1961

REPORT NUMBER 18

LEGISLATIVE COUNSEL BUREAU

A. N. Jacobson, Legislative Auditor

CARSON CITY, NEVADA

March 15, 1962

STATE OF NEVADA
OFFICE OF THE
LEGISLATIVE AUDITOR
CARSON CITY, NEVADA

A. N. JACOBSON
LEGISLATIVE AUDITOR

March 15, 1962

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 California-Nevada Interstate Compact Commission for the fiscal year ended June 30, 1961, and have prepared therefrom the following exhibit:

Statement of Revenue and Expenditure Compared with the Budget for the Fiscal Year Ended June 30, 1961 - Exhibit A

FUNCTION OF AGENCY

The California-Nevada Interstate Compact Commission was created by the enactment of Sections 538.270 to 538.410, Nevada Revised Statutes. The Commission is to cooperate with a similar commission representing the State of California in formulating and submitting to the legislatures of both states and the Congress of the United States for their approval an interstate compact relative to the use of the waters of Lake Tahoe and the Truckee, Carson and Walker Rivers and their tributaries, and other related matters.

NRS 538.290(2) provides that the commissioners must represent the following interests: Walker River Irrigation District, Carson River water users above the Lahontan Reservoir, Truckee-Carson Irrigation District, Washoe County Water Conservation District, Sierra Pacific Power Company, and the Lake Tahoe area in Nevada.

SCOPE OF EXAMINATION

General

We made a detailed examination of every transaction of the Commission to satisfy ourselves as to the general accuracy of the records.

Internal Control Evaluation

No money is collected by the Commission so its internal control procedures pertain only to disbursements. All records appear adequate except for time records covering salary of the commissioners. Each commissioner submits a statement showing the dates worked but which does not reflect the hours the services were performed during that date.

Books and Records

The books and records of original entry are adequate for the operation.

Duplication of Work with Other Departments

The auditors saw no evidence of any duplication of work of other departments.

Status and Condition of Fund

Exhibit A reflects a reversion of $197.69 to the General Fund of the State at June 30, 1961. However, unpaid obligations at June 30, not including June bills, amounted to $168.23, which were paid during the 1961-1962 fiscal year.

We call your attention to the legal services amounting to $10,450.00 or 50 percent of total actual expenditures. Payments were made on a monthly retainer basis under the separate contracts which covered the entire year under examination. Payments were made on a retainer fee basis of $950.00 per month to James W. Johnson, Jr. Mr. Johnson was to attend all meetings of the commission and perform such other services as requested by the Commission. The retainer fee paid Mr. Johnson exceeds the amount paid for full time deputy attorneys general.

Breaches of Trust and Duty

The audit program of the Legislative Counsel Bureau is designed to assist, in a helpful manner, state officials to attain effective and efficient government by including in our report situations which do not conform to statute or good business practice.

NRS 538.320 provides in part that:

> 1. Commissioners who are not in the regular employ of the State of Nevada shall receive a perdiem allowance of $15.00 for time actually spent on the work of the commission, and reimbursement for board, lodging and traveling expenses incurred while away from their respective places of abode at the legal statutory rate, except when a commissioner is employed by the commission to render special, technical or professional services, in which event. . . .

The commissioners have interpreted the per diem allowance for services to permit payment for a full day's services for each day worked regardless of the hours worked in that day. On this assumption, no time records showing hours worked to permit a proration for less than a full day's time have been submitted. This appears to be contrary to all personnel pay practices of the State. The commissioners have been paid for the following full days on this basis:

Meeting Dates		Commissioners				
Nevada California Compact Commission	Joint California Nevada Commission	George DeVore	Edward Peckham	Phil Hiibel	Norman Brown	Norman Hall
						5-20-60
		6-24-60				
		6-29-60				
		6-30-60		6-30-60		6-30-60
		7-1-60				
7-6-60		7-6-60	7-6-60	7-6-60		7-6-60
					7-7-60	
		7-8-60	7-8-60	7-8-60	7-8-60	

	7-11-60	7-11-60	7-11-60	7-11-60	7-11-60	7-11-60
		7-12-60		7-12-60		
		7-13-60				
					7-18-60	
		7-20-60				
		7-21-60				
				7-27-60		
				7-28-60		
				8-1-60		
8-3-60		8-3-60	8-3-60	8-3-60	8-3-60	8-3-60
		8-4-60		8-4-60		
		8-11-60		8-11-60		
		8-12-60		8-12-60		
		8-15-60	8-15-60	8-15-60	8-15-60	
						8-17-60
8-19-60		8-19-60	8-19-60	8-19-60	8-19-60	
		8-22-60		8-22-60		
	8-23-60	8-23-60	8-23-60	8-23-60	8-23-60	8-23-60
		8-24-60		8-24-60		
		8-29-60				
		8-31-60				
		9-6-60		9-6-60		
		9-7-60				
		9-8-60		9-8-60		
		9-15-60				
9-16-60		9-16-60	9-16-60	9-16-60	9-16-60	9-16-60
		9-19-60				
		9-20-60				
		9-21-60	9-21-60	9-21-60		9-21-60
	9-22-60	9-22-60	9-22-60	9-22-60		9-22-60
	9-23-60	9-23-60	9-23-60	9-23-60		9-23-60
		9-29-60				
		10-3-60				
		10-5-60				
		10-11-60		10-11-60	10-11-60	
				10-12-60		
				10-14-60		
		10-17-60				
		10-18-60				
		10-19-60		10-19-60		
		10-20-60		10-20-60		
		10-21-60				
		10-27-60				
11-1-60		11-1-60			11-1-60	11-1-60
		11-2-60				11-2-60
	11-3-60	11-3-60	11-3-60	11-3-60	11-3-60	11-3-60
	11-4-60	11-4-60	11-4-60	11-4-60	11-4-60	11-4-60
		11-12-60				
		11-14-60		11-14-60		
		11-15-60		11-15-60		
		11-21-60				
		11-22-60				
		12-1-60				
		12-3-60				
		12-5-60				
		12-6-60		12-6-60		
		12-7-60				

		12-8-60				
		12-12-60				
12-13-60		12-13-60	12-13-60	12-13-60	12-13-60	
		12-15-60				
12-16-60			12-16-60	12-16-60	12-16-60	
	12-19-60	12-19-60	12-19-60	12-19-60		
	12-20-60	12-20-60	12-20-60	12-20-60		
			1-5-61			
		1-9-61			1-9-61	
		1-11-61		1-11-61		
		1-12-61	1-12-61	1-12-61		
		1-20-61				
		1-23-61				
		1-24-61				
		1-25-61		1-25-61		
		1-26-61	1-26-61	1-26-61		
		2-2-61				
		2-3-61				
		2-8-61		2-8-61		
				2-9-61		
		2-13-61				
		2-14-61				
		2-20-61				
		2-22-61		2-22-61		
2-23-61		2-23-61		2-23-61		
	2-27-61	2-27-61		2-27-61		
	2-28-61	2-28-61		2-28-61		
		3-1-61				
		3-2-61				
		3-8-61		3-8-61		
		3-9-61	3-9-61	3-9-61	3-9-61	
					3-10-61	
					3-12-61	
		3-16-61				
		3-17-61		3-17-61		
				3-18-61		
		3-21-61				
				3-23-61		
				3-27-61		
		4-4-61				
		4-5-61				
		4-6-61				
4-10-61			4-10-61			
				4-1 -61		
		4-12-61				
	4-17-61	4-17-61	4-17-61		4-17-61	
	4-18-61	4-18-61	4-18-61			
		4-25-61				
4-27-61		4-27-61	4-27-61		4-27-61	
			5-11-61			
			5-16-61			
5-18-61						
	5-25-61		5-25-61			
Total Days 11	13	95	28	55	20	15
		$1,425.00	$420.00	$825.00	$300.00	$225.00

Suggested Changes

We recommend clarification of the pay procedures for payment to the commissioners to determine whether the payments made for a full day's service when in fact less than eight hours is served meets the provision of NRS 538.320 and any other statutes covering the pay of state officers.

STATEMENT OF REVENUES AND EXPENDITURES
COMPARED WITH BUDGET - EXHIBIT A

Exhibit A sets forth in detail the revenues and expenditures of the Nevada-California Interstate Compact Commission.

OPINION

We have examined the Statement of Revenues and Expenditures Compared with the Budget of the California-Nevada Compact 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 records as we considered necessary in the circumstances.

In our opinion, the accompanying statement presents fairly the financial position of the California-Nevada Compact Commission at June 30, 1961, and the results of its operations for the year then ended, in conformity with generally accepted accounting principles.

Yours very truly,

A. N. JACOBSON, Legislative Auditor

By: W. Elmo DeWhitt

W. Elmo DeWhitt, Auditor in Charge

WED/jkh

Exhibit A

CALIFORNIA-NEVADA INTERSTATE COMPACT COMMISSION

Statement of Revenues and Expenditures Compared with the Budget

For the Fiscal Year Ended June 30, 1961

	Legislative Intent	Work Program	Transfers Within Fund To (From)	Net Work Program	Actual Revenue & Expenses
Revenues:					
Appropriation, Chapter 250, Section 48, Statutes of Nevada 1960	$14,800.00	$14,800.00		$14,800.00	$14,800.00
Emergency Appropriation, Chapter 93, Section 2, Statutes of Nevada 1961	6,000.00	6,000.00		6,000.00	6,000.00
	$20,800.00	$20,800.00		$20,800.00	20,800.00
Expenditures:					
Salaries	$ 4,400.00	$ 4,500.00	$825.00	$ 5,325.00	3,195.00
Travel:					
Out of State	4,500.00	1,750.00	(100.00)	1,650.00	675.52
In State	1,000.00	1,000.00		1,000.00	1,699.17
Total Travel	5,500.00	2,750.00	(100.00)	2,650.00	2,374.69
Operating:					
Industrial Insurance		78.00		18.00	21.77
Building Space Rental					40.00
Freight and Postage	70.00	70.00		70.00	
Printing	500.00	500.00		500.00	8.10
Office Supplies	180.00	180.00		180.00	69.10
Telephone & Telegraph	400.00	382.00		382.00	181.55
Reporting & Transcripts	350.00	350.00		350.00	365.10
Engineering Services	3,000.00	11,650.00		11,650.00	3,125.00
Legal Services					10,450.00
Reimburse Calif. Staff Costs					750.00
Subscriptions					22.00
Emergency Appropriation	6,000.00				
Unallocated Transfer			(325.00)	(325.00)	
Total Operating	10,500.00	13,150.00	(325.00)	12,825.00	15,032.62
Equipment:					
Office Furniture	400.00	400.00	(400.00)		
Total Expenditures	$20,800.00	$20,800.00	-	$20,800.00	20,602.31
Amount Reverted					197.69
Obligations incurred prior to June 1, 1961, but not paid until following fiscal year					
General Claims				$ 123.23	
Salary of Commissioners					
George DeVore				30.00	
Phil Hiibel				15.00	168.23
Correct Reversion					$ 29.46

STATE OF NEVADA

DEPARTMENT OF PURCHASING

AUDIT REPORT

For the Period July 1, 1960, to June 30, 1961

REPORT NO. 19

LEGISLATIVE COUNSEL BUREAU

A. N. JACOBSON, Legislative Auditor

CARSON CITY, NEVADA

March 15, 1962

STATE OF NEVADA
OFFICE OF THE
LEGISLATIVE AUDITOR
CARSON CITY, NEVADA

A. N. JACOBSON
LEGISLATIVE AUDITOR

March 15, 1962

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 State Department of Purchsing for the fiscal year ended June 30, 1961, and have prepared therefrom the following exhibits and schedules:

Comparative Statement of Financial Condition, State Department of Purchasing, Revolving Fund, June 30, 1960 and June 30, 1961 - Exhibit A

Comparative Statement of Financial Condition, State Department of Purchasing, Surplus Property Division Revolving Fund, June 30, 1960, and June 30, 1961 - Exhibit B

Consolidated Statement of Financial Condition, State Department of Purchasing, Revolving Fund and Surplus Property Division Revolving Fund, June 30, 1961 - Exhibit C

Comparative Statement of Income and Expense, State Department of Purchasing, Revolving Fund, for the Fiscal Years Ended June 30, 1960, and June 30, 1961 - Exhibit D

Comparative Statement of Income and Expense, State Department of Purchasing, Surplus Property Division Revolving Fund, for the Fiscal Years Ended June 30, 1960, and June 30, 1961 - Exhibit E

Consolidated Statement of Income and Expense, State Department of Purchasing, Revolving Fund and Surplus Property Division Revolving Fund, for the Fiscal Year ended June 30, 1961 - Exhibit F

Statement of Budgeted Revenues and Expenditures Compared to Actual, State Department of Purchasing, Using and Administrative Account, for the Fiscal Year Ended June 30, 1961 - Exhibit G

Statement of Budgeted Revenues and Expenditures Compared to Actual, State Department of Purchasing, Surplus Property Division, Using and Administrative Account, for the Fiscal Year ended June 30, 1961 - Exhibit H

Statement of Budgeted Revenue and Expenditures Compared to Actual, State Department of Purchasing, State Property Inventory Administrative Fund, for the Fiscal Year ended June 30, 1961 - Exhibit I

Statement of Financial Condition, State Department of Purchasing, Governor's Automobile Fund, June 30, 1961 - Exhibit J

Analysis of Fund Equity, State Department of Purchasing, Revolving Fund, for the Fiscal Year Ended June 30, 1961 - Schedule 1

Statement of Change in Working Capital, State Department of Purchasing, Revolving Fund, for the Fiscal Year Ended June 30, 1961 - Schedule 2

Analysis of Fund Equity, State Department of Purchasing, Surplus Property Division Revolving Fund, for the Fiscal Year Ended June 30, 1961 - Schedule 3

Statement of Change in Working Capital, State Department of Purchasing, Surplus Property Division Revolving Fund, for the Fiscal Year Ended June 30, 1961 - Schedule 4

FUNCTION OF AGENCY

The Department of Purchasing was created and its duties defined under Chapter 333, Nevada Revised Statutes. In general, the Department's duties are:

> 333.150. . .1. . . .to purchase or contract for all supplies, materials and equipment needed by any and all using agencies, unless otherwise provided by law.
>
> 333.160. . .1. The director shall have authority to decide whether and to what extent the needs of any using agency shall be supplied:
> (a) From stores of comodities on hand;
> (b) By transfer of surplus items or stocks from other using agencies;
> (c) By delivery under contract;
> (d) By open market purchases through the director; or
> (e) Directly by the using agencies:
> but he shall have thorough discussion on such matters with authorized representatives of each using agency.
>
> 333.200. . .1. The director shall cause to be maintained perpetual inventory records of all supplies and materials stored centrally or by the using agencies.
>
> 333.210. . .1. . . .The director shall be responsible for developing and executing a progressive program of establishing standards.
>
> 333.220. . .1. The director shall:
> (a) Provide for classification of the fixed properties and movable equipment of the state in the possession of the using agencies.
> (b) Establish or cause to be established an adequate identification scheme for all such property and equipment.
> (c) Cause adequate records of such equipment and property to be maintained.

2. The director shall have authority to transfer tools, implements, machinery or other equipment in the possession of any using agency, when such equipment is not necessary for the use of such agency, to such other agency or agencies as may have need therefor. . . .

4. The rules of the director shall prescribe the procedure by which supplies, materials and equipment may be condemned and disposed of, by sale or otherwise when of no further use to the state. . . .

333.470. . .1. Counties, municipalities, irrigation districts and school districts in the State of Nevada may obtain supplies, materials and equipment on a voluntary basis through the facilities of the state department of purchasing.

333.490. . .1. The director is authorized and directed to do all things necessary to secure, warehouse and distribute throughout the state federal donable surplus property to tax-supported or non-profit schools and other health and educational institutions, to civil defense organizations, and to such other institutions or activities as may now be or hereafter become eligible under federal law to acquire such property. . . .

SCOPE OF EXAMINATION

General

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.

In addition, our examination was made to determine whether the Department is carrying out:

1. Only those activities or programs authorized by the Legislature in an efficient and duly prescribed manner.

2. That expenditures were made only in furtherance of authorized activities and in accordance with the requirements of applicable laws and regulations.

3. That the Department collects and accounts for all revenues and receipts arising from its activities.

4. That the assets of the Department or in its custody are adequately safeguarded, controlled and utilized in an efficient manner.

Internal Control Evaluation and Books and Records

The general principle fundamental to a system of internal control is that no one person in an organization shall be in complete control of any important part of the business transactions. When this principle is properly applied, records and procedures are arranged so that the routine of authorization and recording is not assigned to one individual.

The functional cycle of this Department is organized so that the authorization,

initiation and approval of the purchase and sales transactions are separate from the recording of the accounting information. This preliminary subdivision is a good practice, as it sets the work of accounting apart from that of operation. However, it is our opinion that the organization of the accounting office does not afford adequate internal checks on the recordation of the financial data.

A. Cash, Accounts Receivable, Accounts Payable and Unearned Income - At present, there are two individuals employed in the accounting office. One is an accountant who is responsible for maintaining the accounts and records of the Department of Purshasing, and the other, an account clerk, is responsible for the bookkeeping of the Surplus Property Division, excepting the control of the general ledger. The accountant posts to the general ledger of the Department of Purchasing and the Surplus Property Division. In addition to accounting for the cash transactions in the records, both of these employees handle the cash receipts. It is obvious that each of these employees is involved in the control of the cash transactions to an extent which creates a condition invalidating the system of internal control.

The Hadley Bookkeeping System employed in the accounting office permits simultaneous recording to the journals and subsidiary accounts receivable and payable ledgers, and, as a result, eliminates the additional time required for separate journalizing and posting. Nevertheless, it must be recognized that such a system is inherently weak in that is does not provide independent recording to the journals and ledgers, and, therefore, cannot be satisfactorily relied upon to prove clerical work or to impose certain safeguards. We do not wish to take exception to this system since it is used as a practical device to accomplish a dual function with minimum time expended and without the need for additional employees. Also, we are advised that the Department is in the process of converting a part of their accounting system to machine methods, which will require some modification of the present system and may develop some automatic internal checks.

While we do not fault the Hadley System in its value as a time-saving tool to this agency, we do feel that its natural weak control measures are intensified by centralizing the accounting functions under the control of one individual in each of the two divisions.

In order to strengthen the system, we urge that a reassignment of accounting work be considered. The present program of delegating the control of each division's financial transactions to a given employee should be discontinued and replaced with an arrangement whereby the accounting employees work in conjunction on the books of both divisions. For an example, one individual could enter the sale transaction and the charge to the customer's account, while the other could record the subsequent payment and credit the customer.

In surveying the procedures for depositing cash receipts in the State Treasury, it was found that an <u>average</u> of less than three deposits per month were being made by the Surplus Property Division. This indicates that in some cases checks were being held in the accounting office for two to three weeks before being deposited in the State Treasury.

In our opinion, time elapsing between receipt and deposit of remittances is excessive and contrary to effective internal control. Although the provisions of NRS 353.250 require monthly deposits of receipts in the State Treasury by state officers, in view of the the volume of cash receipts involved in this Department, we feel that a policy of making scheduled deposits at least on a weekly basis should be adopted and faithfully pursued.

Deposits to the Department of Purchasing Revolving Fund are made with greater

regularity.

The accounts receivable subsidiary ledger is reconciled monthly to the controlling account in the general ledger; however, reconciliation of unpaid invoices to individual account balances is effected less frequently. At the conclusion date of this audit, the unpaid invoices appearing in the Department of Purchasing accounts with the Nevada State Department of Highways and the University of Nevada could not be reconciled to the respective balances due from these agencies. The Department's accountant was in the process of analysing these two accounts, and upon completion of the examination and the review of the results by this audit staff, necessary adjustments will be made to balance the accounts to a reconcilable figure.

A monthly aging of the individual accounts would clearly show their current status and produce necessary information for follow-up of delinquent unpaid transactions so that any disputed or questionable items could be settled before considerable time had elapsed. Some invoices, especially in the Surplus Property Division accounts receivable, have remained unpaid for several months, which indicates that a more forceful and consistent follow-up program should be initiated.

Accounts receivable set-up for the end of the year transactions have been maintained on cards separate from those used to record the regular business. We consider posting all transactions of a given using agency to one card of group of cards a better arrangement which would facilitate tracing transactions through the records.

The register of end-of-year invoices which supports the entries in the "Unearned Income" account should be considered a permanent record such as the accounts of the subsidiary ledgers and maintained as such.

B. Inventory - Our evaluation of internal control procedures governing the merchandise inventory belonging to the State and stored in the Department warehouse was restricted to an examination and review of the perpetual inventory subsidiary records and an analysis of the inventory account in the general ledger. Due to inadequate storage facilities, we did not physically count or inspect the merchandise in the warehouse.

We were advised that an actual physical inventory of this state property had not been accomplished on June 30, 1961, and for some time prior to that date. A slight discrepancy is normally anticipated in the inventory between the value as reflected through the perpetual inventory records and the actual value of the merchandise on hand which is determined by physical count. It is imperative that this difference be determined periodically by an actual physical count of the inventory so that merchandise losses can be controlled to a minimum, and, also, so that values reflected in the financial reports and books of account are accurately stated. We suggest a physical inventory of merchandise on hand be taken at least once a year at the close of the fiscal year on June 30.

Inventory of federal donable surplus property on hand in the custody of the Surplus Property Division was taken in July, 1961, by Department personnel. A physical inspection of certain items of donable property selected at random was undertaken by our audit staff with the following results:

1. Some of the designated property was difficult to identify and locate. It is understood that this condition will be rectified with the completion of the new warehouse, which will provide improved storage facilities.

2. Our physical count of many of the items did not agree with the quantities recorded as on hand in the perpetual inventory cards, or with the

amounts listed on the inventory sheets prepared at the physical inventory in July 1961, although no additions or dispositions of such property was evidenced in the records since the date of last inventory.

3. Identical property was stored in more than one bin location, but no record could be found to readily indicate that such property was separately stored.

4. A considerable portion of the property was not tagged with proper identification.

5. Our test-check revealed that some items had been on hand in excess of twelve months, during which time the various using agencies had no requirements for such property.

Federal regulations prescribe that property held for twelve months without any orders having been received therefor should be listed for referral to other states. If other states do not indicate a need for the listed property, then the items within this category should be set aside pending disposition instructions from federal officials.

It appeared that this policy has not been fully complied with, inasmuch as some items of this nature were found stored in regular bins which indicated that the property had not been listed for redistribution to other states and not stored separately from the available current items. The Director has stated that every effort is being exerted to comply with the federal regulation.

This procedure for eliminating unnecessary stock is a good practice, and should be thoroughly implemented as it helps to control property losses and provides storage space for more useful items.

The above findings clearly demonstrate the need for improving procedures, tightening controls, and closer administrative attention.

Ten Warehouse Issue Sheets were found to be missing from the files for the fiscal period ended June 30, 1961. These documents form the basis for determining what donable property has been distributed, and to which using agency, so that subsequent billings can be made to the receiving agencies. The mishandling of these "issue sheets" suggests that some agencies may have received donable property for which billings were not rendered and the distribution not permanently recorded. Control over Warehouse Issue Slips has been improved with the installation of a register which includes the name of the agency, its representative, date and Warehouse Issue Sheet number.

C. Auction Procedure - Procedures employed by the Department in disposing of state property when of no further use to the state were reviewed with Department officials. Some excess equipment is sold by sealed bid, but the majority of this property is sold by auction.

The auction process, in our estimation, is weak in applying internal control. We understand that as a particular piece of equipment is sold, the amount of the bid is entered on the prepared bid confirmation sheet by the Director of Purchasing, who who conducts the auction. The bid sheet is then given to the successful bidder, who in turn presents the sheet and makes payment to the Department employee acting as

cashier. There appears to be no controlling mechanism which would prevent the successful bidder from altering the bid amount recorded on the sheet to a lesser amount while the bid confirmation is in his possession, and then making payment to the cashier based on the forged figure. In order to curb any such situation, a method should be developed that would completely eliminate the handling of bid confirmation sheets by the bidders and would insure that these documents remain in the custody of the Department. Perhaps an employee of the Department could operate as a messenger between the person conducting the auction and the cashier so that the bid confirmation could be delivered directly to the cashier.

The auditors have been advised that the Director of Purchasing keeps the auction proceeds, amounting to thousands of dollars, in his possession after the conclusion of an auction conducted on Saturdays and turns over the same to the Department accounting office the following Monday for preparation of the deposit in the State Treasury. A method providing some protection to the Director would be the making of an inter-branch deposit of this money to the Reno bank immediately after the auction for credit to the State Treasurer's account in the Carson City Branch.

Books and Records

A separate and independent set of the following books and financial records are maintained for both the Department of Purchasing and the Surplus Property Division:

1. General Ledger containing real, nominal and equity accounts. Postings to the accounts are made summarily each month.

2. Sales and Receipts Journal and Purchases and Disbursements Journal contain the detailed record of the daily transactions. Entries in these journals are summarized and transferred to the general ledger monthly.

3. Cash book is primarily a supplemental record that provides the agency with current unexpended cash balances.

4. Accounts Receivable Subsidiary Ledger contains customers' accounts and transactions are posted thereto in detail. An Accounts Receivable account in the general ledger controls the subsidiary ledger.

5. Accounts Payable Subsidiary Ledger contains the accounts with the vendors and operates in a manner similar to the Accounts Recivable Subsidiary Ledger. An exception is that a zero balance is normally maintained in the Accounts Payable account since the payables are usually set up at the time vendors' payments are processed and the credits are liquidated at the same moment. There may be some question as to the value of this subsidiary ledger in view of its mechanics; however, the Department personnel feel that it provides necessary information concerning the amount of business being transacted with individual vendors.

6. Register of End of Year Billings is the record in which all year-end billings are entered in detail and supports the general ledger account "Unearned Income from Year-End Billings." It is maintained in non-permanent looseleaf fashion. This register is utilized only in the accounting for the Department of Purchasing Revolving Fund.

7. Journal Vouchers are used to record original opening, closing, adjusting and unusual entries. These vouchers are the basis for posting to the general ledger.

8. Repeating Journal Vouchers perform the same function as the Journal Voucher, except they pertain to accounting information of a recurring nature, such as monthly inventory valuations.

9. Perpetual Inventory is the supporting record to the general ledger "Merchandise Inventory Account." The Perpetual Inventory is comprised of an individual record for each type or classification of merchandise on hand in the warehouse.

10. Other auxiliary records such as purchase orders, warehouse issue sheets, invoices, claims, deposit slips and financial statements are also maintained and filed.

Efficiency of Subordinate Employees

During the course of this examination, we observed no evidence of below-standard performance on the part of any individual employee. However, it is the auditors' belief that the general objectives and purposes of this Department could be achieved to a higher degree of effectiveness by employing additional personnel in certain areas.

Efforts to produce an inventory of all state property in the possession of the using agencies as required by NRS 333.220 appear to have been restricted, due to lack of sufficient personnel.

The Director of Purchasing presently delivers supplies to using agencies, maintains the perpetual inventory records and performs other duties that probably should be delegated to subordinates.

Many of the problems mentioned in regard to internal control might be remedied if the present staff were enlarged.

Duplication of Work with Other Departments

The work of the Department of Purchasing is not subject to duplication in other departments and agencies except as to maintenance of inventory records. The Department of Purchasing is charged by statute with this responsibility, and since it has not yet achieved satisfactory inventory control of furniture, fixtures and equipment, some departments are maintaining their own records, some of which should probably still be maintained after complete records are established by the Department of Purchasing.

Status and Condition of Funds

A. Department of Purchasing Revolving Fund - Under the provisions of NRS 333.120, a revolving fund was created and authorized for:

> (a) The use of the director in purchasing supplies, materials and equipment; and
> (b) The payment of necessary expensed incurred in carrying out the provisions of this chapter.

The phraseology of subsection (b) quoted above has reference to the entire NRS Chapter 333, commonly known as the "State Purchasing Act." In view of this, it seems apparent that the financial operations of the Department of Purchasing, including its divisions and auxiliary functions, were to be transacted through this one fund. How-

ever, in fact, there are two revolving type funds and one fully appropriated fund presently in continuous use by this department. The co-called revolving funds are further divided into "using" accounts and "administrative" accounts.

The revolving fund as established by law was originally created by an appropriation of $40,000.00 by the 1951 Legislature. Subsequent legislative appropriations increased the fund to $70,000.00 in 1953, $200,000.00 in 1955, $300,000.00 in 1957, and finally to its present sum of $500,000.00 in 1960.

In addition to the total appropriation from the General Fund of $500,000.00, the Department of Purchasing Revolving Fund on June 30, 1961, had an accumulated profit (or an excess of revenue over expenditures) of $225,412.24.

A strict interpretation of the wording in NRS 333.120 pertaining to the creation of a revolving fund would imply that such a fund was to operate under the usual and accepted conditions of a true revolving fund; that is to say, reimbursements to the fund should equal the expenditures and the resulting fund balance would be maintained at the total amount of the appropriation.

The Department of Purchasing Revolving Fund operates so that reimbursements from using agencies usually include an administrative charge to cover the Department's cost of administration and handling. An element of profit is normally involved in this charge so that anticipated expenses will be adequately recovered.

This method resembles more closely a "working capital fund" which theoretically is self-supporting, and for that reason necessarily operates with a margin of profit or loss.

Inasmuch as the actual administrative and handling expenses cannot be predetermined, it is impossible to establish the administrative charge at a standard rate that will cover the direct costs of the merchandise and also provide exactly the necessary revenue to offset the departmental overhead, which would be the true nature of a revolving fund operation. In order for this agency to comply with the revolving fund concept, a highly technical and cumbersome costing system would be necessary to recover only the actual costs of administration and handling. If NRS 333.120 were amended to provide for a "working capital fund" rather than a revolving fund, this situation would be easily corrected.

The net profit realized during the fiscal period ended June 30, 1961, represented 0.84 percent of net sales. This percentage figure appears to be nominal, but when applying this rate to net sales of nearly $4,000,000.00, the amount of profit is considerable. In the preceding year, the ratio of net profit to sales was 1.07 percent, which was based on an administrative charge of generally 4 percent of the cost of the merchandise. On approximately July 1, 1960, this charge was reduced to 3 percent, which accounts for the lower net profit percentage in 1960-61. It should be noted that this rate is not a fixed percentage applied to all sales. In some cases, there is no additional charge for overhead as, for an example, in the sales of proprietary items, while sales of merchandise withdrawn from warehouse storage may include an override of 5 percent of cost. In view of the provisions of NRS 333.450(2), which states in part that ". . .the total amount of the administrative and handling charges shall not exceed the total savings effected by reason of the purchase through the state department of purchasing," it appears that administrative charges cannot be levied on sales of proprietary items that can be purchased directly from a vendor by the using agency at the same price that the Department of Purchasing would have to pay to obtain the items. This has been the Department's policy in assessing their charges, and as a result it seems that certain agencies are paying more than their share of the overhead expense of the Department of Purchasing in order to absorb the

costs of administering transactions of other agencies which carry no service charges. During fiscal year 1960-61, approximately 24 percent - or $930,218.99 - of all purchases made in behalf of using agencies by this Department were billed to requesting agencies without overhead costs being attached thereto. In the previous fiscal period, administrative charges were not collected on approximately 42 percent - or $1,680,040.06 - of the total purchases for using agencies. We are informed that a large portion of the transactions involving no overhead charges are with the University of Nevada. The following analysis reflects our calculations of the foregoing figures:

	Fiscal Year 1959-60	Fiscal Year 1960-61
Sales (Exhibit D)	$4,146,383.16	$3,982,557.73
Deduct: Gross Profit (Exhibit D)	94,859.35	88,903.07
Cost of Goods Sold (Exhibit D)	4,051,523.81	3,893,654.66
Less: Cost of sales made: with admin. charges applied at 4%: (94,859.35) / (.04)	2,371,483.75	
3%: (88,903.07) / .03		2,963,435.67
Cost of sales made without administrative charge	$1,680,040.06	$ 930,218.99
Percentage of no administrative charge sales to cost of goods sold	41.46%	23.89%

The above figures pertaining to cost of sales made with or without administrative charges were calculated on the given rate in effect during the two years ilustrated. Since the rate does vary in actual application, these figures are merely approximations representing the conditions as closely as possible.

If NRS 333.450(2) could be changed by legislative action to allow the Director to assess a uniform percentage basis charge on all sales, but limiting the total amount of such administrative and handling charges to the total savings effected by reason of purchasing through the Department of Purchasing, then it is apparent that the overhead expense of this Department could be more equitably distributed among the many using agencies. If a uniform percentage rate had been attached to ever sale transacted in fiscal year 1960-61, the rate could have been reduced from 3 percent to 1.5 percent and still produced a gross profit of $58,404.82, which would have adequately covered the administrative and handling expenses of that year amounting to $55,506.14. By acquiring authority to levy service charges on all sales, the Director could determine with more accuracy the gross profit required to defray his overhead and establish a realistic rate which would practically eliminate the operating net profit realized by this Department each year and thereby yield additional savings to using agencies.

As previously pointed out, the total fund equity on June 30, 1961, amounted to $725,412.24, consisting of a General Fund appropriation of $500,000.00 and accumulated earnings of $225,412.24. This represents an increase of $231,615.02 over the fund equity of $493,797.22 on June 30, 1960.

An analysis of the Comparative Statement of Financial Condition (Exhibit A) pertaining to this fund indicates an increase to unappropriated income of $31,615.02; however, net profits from operations during fiscal year 1960-61 amounted to $33,438.87 as reflected in the Comparative Statement of Income and Expense (Exhibit D). This difference of $1,823.85 was the result of effecting adjustments to the unappropriated income account in order to allocate certain items of income and expense to the fiscal

periods in which they occurred. The Analysis of Fund Equity (Schedule 1) and Statement of Change in Working Capital (Schedule 2) appended hereto reflect this situation in detail. The balance of the increase to the fund equity during the period under examination resulted from an additional appropriation of $200,000.00 from the General Fund.

It is our belief that the accumulated profits of $225,412.24 have provided this Department with added working capital far in excess of a reasonable margin and beyond the requirements of the Department. Total combined profits accrued by the two revenue-producing divisions of the Department amount to $277,093.20, and was achieved by incorporating the earnings of the Surplus Property Division Revolving Fund in the sum of $51,680.96 to the earnings in this fund. This point will be discussed further in the section of this report relative to the Surplus Property Division Revolving Fund.

Based on the administrative expenses of the Department of Purchasing Revolving Fund during the audit period amounting to $55,506.14, the cumulative profits could sustain the operations of the Department for a period of four years without any administrative charges being assessed to the using agencies.

Some consideration probably should be given to the possible elimination of the excess profit by dropping the administrative charge for as long a period as necessary to reduce these earnings. An alternative perhaps would be for the Legislature to authorize this Department to retain the surplus, and to increase the amount of the revolving fund, as set by statute, to a sum which would include the legislative appropriation and the surplus. This concept would give statutory recognition to the present net worth of this fund, and would afford the working capital that may become necessary to enlarge the merchandise inventory when the new warehouse commences operation.

Revenue from sales decreased by $163,825.43 during fiscal year 1960-61 compared to the preceding fiscal period; however, the percentage of gross profit reflected only a slight decline due to a decrease in the cost of goods sold of $157,869.15. Department personnel attribute this decrease in sales and cost of sales chiefly to the sale of a large quantity of heavy equipment to the Department of Highways during the prior year. Another factor believed to have some bearing on this reduction was the lower contract prices obtained in the 1960-61 fiscal year on the purchase of tires, tubes, batteries, gas and oil. As discussed previously, the administrative charge was reduced from 4 percent to 3 percent about July 1, 1960, which accounted for a small decrease in the amount of gross profit.

Administrative expenses for the period ended June 30, 1961, totaled $55,506.14, which was an increase of $4,872.60 over the expenses of the preceding period amounting to $50,633.54. Expenditures were within the major budget categories; however, we noted that the Department budgeted in 1960-61 for a station wagon which was not purchased, and instead, several items of office equipment were purchased in a total sum far exceeding the amount authorized to be expended for such equipment.

Net profits from operations during fiscal year 1960-61 were $33,438.87. Compared to net profits of the previous fiscal year of $44,328.46, this represents a reduction of $10,889.59, which resulted from a lower rate of administrative charge and increased operating costs.

B. Surplus Property Division Revolving Fund - This fund has no statutory authority; therefore, it is our opinion that the Legislature, in authorizing the functions of this activity, intended for the financial affairs of the Surplus Property Division to be transacted through the Department of Purchasing Revolving Fund.

Operations of this Division are technically quite different from those of the

Department of Purchasing in that this Division is engaged in the distribution, not in actual sales, of federal donable surplus property to the various institutions and activities which are eligible to receive such property under federal law. The only costs incurred by the Surplus Property Division in acquiring this federal surplus property are the actual transportation and handling costs; however, other expenses are brought about incidental to the administration of the overall program, such as reconditioning of defective items, screening, and general administrative expenses. Recovery of these various costs is the basis on which eligible activities are charged for the property that they receive. Since the programs of the Department of Purchasing and the Surplus Property Division are directed at distinctively separate areas of participation, it may be desiragle to maintain the funds and records of one function apart from those of the other. Nevertheless, the Director of Purchasing should take appropriate action to either abide with the statutes and consolidate this fund with the Department of Purchasing Revolving Fund or have legal provision made for this fund. In any event, an accurate system of costing should be established so that overlapping expenses between the state and federal programs can be properly allocated and applied.

It has come to our attention during the course of this audit that salaries of personnel performing duties involving both activities are charged directly to their assigned division, and other expenses that are applicable to both the Department of Purchasing and the Surplus Property Division, such as warehouse rent, postage, office supplies and travel, are allocated between the programs haphazardly. Unless expenses are correctly reflected in each of these activities, it is impossible to determine an administrative charge that is fair and reasonable to all the agencies and institutions involved.

Insofar as we can ascertain, there has been no appropriation from the General Fund to support the Surplus Property Division Revolving Fund since the Division was established under the Department of Purchasing. The fund equity, amounting to $51,710.56 on June 30, 1961, was comprised entirely of accumulated profits realized from operations. Our remarks relative to the excessive surplus in the Department of Purchasing Revolving Fund can be equally applied to the surplus existing in this fund.

The fund equity increased by $5,439.36 during the period ended June 30, 1961. This increase is represented by net profits of $5,210.16 and net adjustments of $229.20 to the unappropriated surplus account during fiscal year 1960-61. Schedules 3 and 4, attached to this report, reflect the changes in fund equity and working capital.

We consider net profits to be superfluous and suggest the margin be curtailed through a closer cost analysis. The following table illustrates the resulting financial position of this fund had the handling charges assessed to the receiving activities been reduced by 7.5 percent during fiscal year 1960-61 which might have been achieved through a closer relationship of costs incurred to charges applied:

	Income and Expense, 1960-61			
	Actual	Percent of Revenue	Example	Percent of Revenue
Handling charges	$56,806.82	100.0	$52,546.31	100.0
Cost of Sales	15,402.98	27.1	15,402.98	29.3
Gross Profit	41,403.84	72.9	37,143.33	70.7
Administrative expense	36,193.68	63.7	36,193.68	68.9
Net Profit	$ 5,210.16	9.2	$ 949.65	1.8

We recognize that in our computations, we have the advantage of the known costs of administration, whereas the Director must estimate these costs and regulate the handling charges accordingly. However, the Director has over-estimated the administrative

expense for the past several years by a substantial margin; consequently, the handling charges were set higher than required, creating the large profits.

Administrative expenses of $36,193.68 for the fiscal year ended June 30, 1961, reflected an increase of $4,211.12 over the costs of administration of $31,982.56 in curred in the preceding fiscal period. Total expenditures were completely within the original total legislative authorization; however, two budget revisions, including an approved augmentation, were necessary during the period examined in order to confine the salary category within budgetary limitations. Difficulty in holding salary expenditures to the original budget apparently was the result of personnel position reassignments during the year and the necessity for additional funds to provide for employee reclassification advancements resulting from the general survey of the personnel classification plan conducted by the Department of Personnel.

The Statement of Budgeted Revenues and Expenditures Compared to Actual (Exhibit H) shows in detail the differences between the original legislative authorization and the working budget.

C. State Property Inventory Administrative Fund - This fund has been established by virtue of periodic legislative appropriations from the General Fund in order to support and further the program of classifying fixed properties and moveable equipment of the state in possession of using agencies and establishing adequate inventory records of such equipment and property.

Statutory requirement for an inventory of state property was prescribed in NRS 333.220 with the origin of the State Department of Purchasing on July 1, 1951. Such a program was not actually implemented, however, until July 1, 1957. Since its inception in 1957, this function has received legislative appropriations from the General Fund totalling $21,629.00 through fiscal year 1960-61, of which sum $19,501.98 has been expended.

Under the provisions of NRS 333.120(1)(b) pertaining to the payment of expenses incurred in carrying out the provisions of NRS Chapter 333 from the Department of Purchasing Revolving Fund, it appears that expenses in connection with this inventory project could have been defrayed through the Revolving Fund accumulated surplus, thus alleviating the General Fund of any extra burden. The Legislature appropriated $6,529.00 to continue this function during fiscal year 1960-61. In the same period, expenditures amounted to $6,333.23, which left a balance of $195.77 reverting to the General Fund.

Some inventory activity was undertaken in Southern Nevada which accounted for $904.00 being expended in the "travel" category for the first time. The traveling expense was the principal cause of the total expenditures for fiscal year 1960-61 increasing by $1,235.28 over the total expenditures of the previous fiscal period of $5,097.95.

D. Governor's Automovile Fund - In accordance with the provisions of Section 1, Chapter 314, Statutes of Nevada 1961, the State Department of Purchasing was appropriated $5,000.00 from the General Fund for the purchase of a new motor vehicle for the official use of the Governor of Nevada.

This appropriation was effective April 6, 1961, and, as of June 30, 1961, such purchase had not been accomplished and there were no disbursements from this fund. Request for purchase was made on August 18, 1961.

Casualty Insurance

The State Department of Purchasing was carrying automobile insurance covered under two separate policies as of June 30, 1961. Both policies were written on a calendar year basis from January 1 to December 31, 1961.

One policy covers new automobiles purchased for using agencies while in storage at the warehouse in Reno. The limits of liability under this policy are $5,000.00, covering fire, lightning and transportation, and $5,000.00 covering theft. There is an additional $100.00 deductible collision insurance provision covering the moving of the new vehicles from the storage area to the point of destination.

The other policy covering automobiles and trucks of the Department of Purchasing and Surplus Property Division provides for comprehensive, $100.00 deductible collision, $50/100,000.00 bodily injury and $10,000.00 property damage insurance.

Both policies are carried with the Glens Falls Insurance Company through the J.V. Corica General Agency.

The insurance on the merchandise inventory maintained in the warehouse is placed by the State Board of Finance. We have been informed that such insurance has been secured covering losses by fire only.

Leases

We found no leases or contracts in effect obligating this department as of June 30, 1961, other than equipment maintenance agreements usually written for a period of one year covering the repair and maintenance of particular equipment in certain participating state agencies.

We were advised that the warehouse facilities located in Reno are rented on a month-to-month basis and that there is no contract in force.

Bonding

The official bond of the Director in the sum of $20,000.00 is on file in the office of the Secretary of State as required by NRS 333.080.

Possible Non-Compliance with Statute or Good Business Procedure

The audit program of the Legislative Counsel Bureau is designed to assist, in a helpful manner, state officers to obtain effective government by including in our reports situations which do not conform to statutes or good business practice. Further, we are charged by statute with reporting on such situations.

Our examination disclosed the following items which appear to violate statute or regulation or which, in our opinion, are contrary to good business practice:

1. We noted a personal check drawn by the Director in the amount of $30.00 deposited in the State Treasury to the credit of the Department of Purchasing Revolving Fund together with other checks and cash which represented proceeds from auction sales. When questioned in regard to this matter, the Director explained that during the course of the auction, the cashier ran short of change so the Director wrote this personal check in order to make change to one particular purchaser who later during the same auction purchased another vehicle and used the Director's personal check as part payment of the bid price on the second vehicle.

In view of the circumstances, it would appear that the decision of the Director was practical and the expeditious method of handling such a situation; however, we strongly advise against the commingling of private funds of state officials with public funds belonging to the state.

2. For several years, this Department has been involved, for the convenience of using agencies, in a device which permits budgeted appropriations and authorizations

to be expended to the maximum prior to the end of the fiscal year. This practice is referred to by the Department and various using agencies as the "year end billing procedure." The general mechanics of this operation are set forth below:

(a) As the end of a fiscal year approaches, the Director notifies using agencies that requisitions for supplies and equipment to be purchased from available funds of the given fiscal period must be submitted to his office by a specified deadline, usually the early part of June.

(b) Upon receipt of such requisition, the normal purchasing procedures are set in motion.

(c) Because of the average time lapse of 30 to 60 days between requisition and delivery dates, the majority of the supplies and equipment are not received and transactions consummated until after July 1 of the following fiscal year. If usual methods were employed of invoicing using agencies after their acknowledgment of receipt of the property, obviously payment of these invoices would be made from budgeted funds of the following fiscal period. Consequently, in order to allow the agencies to expend their current fiscal funds, this Department, approximately during the first two or three weeks in June, prepares and issues invoices to using agencies covering most of the purchase orders on file which have not been completed. In some cases, prices entered on these invoices are based on firm bids from vendors, and in other cases, the invoice prices are estimated.

(d) After the using agencies receive the invoices, they prepare claims in payment of such invoices and the claims are then processed in the usual manner, prior to the end of the fiscal year.

(e) State warrants based on the agency claims are received by the Department of Purchasing and the agencies are given credit against the year-end invoices.

(f) Such transactions involve the receipt of revenue by the Department of Purchasing for which there is no offsetting cost of sales since the vendors are not paid until later when the merchandise has been delivered and the purchase order completed. To avoid a distortion of net profits, the Department credits this revenue to the "unearned income" account in their books and thereby defers such revenue to the next fiscal period.

The above procedure clearly demonstrates how budgeted funds often are expended at the conclusion of any given fiscal year beyond the immediate requirements of the agencies in order to avoid substantial reversions of appropriated funds to the respective funds from which the budgeted moneys were derived.

In the past, payments to the Department of Purchasing by using agencies prior to the completion of transactions and receipt of the merchandise had created an additional circumvention of ordinary budget procedures when certain transactions were cancelled for a variety of reasons or vendors' prices were less than anticipated. In situations this nature, the Department of Purchasing would issue a credit memo to the agency concerned which would provide the agency with additional buying power during the ensuing fiscal year exceeding the amount authorized by the Legislature. We are advised that this Department has instituted a policy of refunding overpayments to the using agencies and the Director of the Budget requires such payments to be credited to the "unencumbered reserve" in the agency administrative funds, which restricts this money from current operations.

In view of various statutory provisions and administrative rulings, it appears that the entire "year-end billing" process is operating without legal authorization:

(a) The definition of the term "claim" as set forth in Section 6016 of the State Administrative Manual is "the document presented to the board of examiners requesting payment to an employee or vendor for services rendered or goods delivered."

(b) NRS 333.460 also provides that "Upon the receipt of such supplies, materials, and equipment, or expense from the revolving fund, each state officer, department, institution, board, commission or agency concerned shall prepare a voucher payable to the state department of purchasing for the share of such expenditure chargeable to each state officer, department. . . The state controller shall issue his warrant in payment thereof in favor of the state department of purchasing. . ."

Careful consideration of the foregoing regulation of the Board of Examiners regarding claims and NRS 333.460 relative to payments for supplies, materials and equipment purchased through the Department of Purchasing indicates that these provisions may have been violated through the process of "year-end billings."

It is possible that the provisions of NRS 197.160 pertaining to the fraudulent presentation of claims to public officers may apply in these situations where agency officials certify and present claims in payment of services which they have not yet received.

This practice has become so prevalent among various state agencies that its use has spread to advance billing and paying during the course of an operating fiscal period in order to expend quarterly allotments and avoid the transfer of unexpended allotment balances to reserves.

On June 30, 1961, the balance in the "unearned income" account reflecting the total amount of year-end transactions for fiscal year 1960-61 was $287,716.61.

A continuation of this procedure might tend to jeopardize all of the various state officials involved.

3. We found evidence in records of this Department that reflects deficit spending by certain using agencies. For an example, one agency purchased a motor vehicle in the latter part of the 1959-60 fiscal year for a total cost of $2,451.28. The vehicle was not received until July 1960 (a subsequent fiscal period); however, a payment in the amount of $2,000.00 was made on June 14, 1960, based on a year-end billing. The balance due on this purchase was paid out of 1960-61 funds on July 25, 1960, in the amount of $451.28. Splitting the payments indicates that an insufficient balance remained in the agency's administrative fund to cover the full price of the vehicle.

We know of other cases of using agencies requisitioning commodities or equipment costing in excess of funds provided or available and meeting these costs by an arrangement with the Department of Purchasing for partial payments from funds of a subsequent appropriation or authorization.

We feel that any such arrangement is contrary to the provisions of NRS 353.260, which prohibits deficiency spending.

4. The Department of Purchasing ordinarily withholds 3 percent of auction proceeds to cover their overhead expenses resulting from the auction and remits the remain-

ing balances to the respective agencies. Although there is no statutory authority for this procedure, the Director feels that this is the practical method in recovering costs incurred by the Department and bases his decision on the provisions of NRS 333.220(4), which given him the authority to prescribe the procedure for disposing of supplies and equipment when it is of no further use to the state. There is no question that this Department is entitled to the recovery of their costs in this connection, but, in our opinion, specific authority should be included in the State Purchasing Act to provide for the withholding of a percentage of auction proceeds to defray expenses. This is especially significant in view of the provisions of NRS 333.467 and NRS 333.468 relative to the acceptance of bids on surplus equipment of the Department of Highways and the deposit of such sale receipts in the State Highway Fund.

5. The Director may authorize local purchasing by using agencies within certain limitations and under emergency conditions as prescribed in NRS 333.390 and sections 2781.5 and 2817(E) of the State Administrative Manual. The cited statute limits the monetary value of individual emergency purchase authorizations to a maximum of $500.00.

In reviewing the emergency purchase authorization records, numerous questionable transactions were noted, a few of which are listed below:

(a) Space heaters purchased in the month of August in the sum of $523.00.

(b) Purchase of salt in August to be spread on slippery roads during winter conditions.

(c) Purchase of a used electromagnet for $1,350.00.

(d) A special map was purchased at a cost of $2,470.00.

(e) Washing and drying machines costing $422.75.

(f) Various other articles such as air coolers, lawn mowers, paint, printer's ink, etc.

(g) Purchase of audio-visual equipment in the sum of $2,400.00 was approved for emergency local purchase with the notation that the agency had misdirected their requisition to the vendor rather than the Department of Purchasing.

It is apparent that the Director has been authorizing local purchases of a non-urgent nature and beyond the price restriction set by law. In fact, it appeared that many transactions had been approved for local purchase subsequent to the actual purchase indicating that using agencies had violated certain provisions of the State Purchasing Act and such transactions required approval by the Director in order to justify these claims for acceptance by the Director of the Budget and the Board of Examiners.

In addition, NRS 333.390(4) states that "using agencies receiving such orders shall report each month in writing to the director their accounts and expenditures under such authorization, accompanied with proper evidence that competition has been secured to the extent practicable." The Director has not required agency compliance with these provisions as no such reports were on file.

6. The Director has permitted using agencies to purchase directly from vendors certain commodities and equipment under the authority of NRS 333.160 (1)(e). Such purchases have been limited by the Director, pursuant to sections 2815.1 and 2815.2 of the State Administrative Manual, to amounts not exceeding $100.00 in the case of commodity purchases and $25.00 for purchases of equipment. He has further restricted these purchases by administrative ruling set forth in section 2817 of S.A.M. Subsection (b) of this rule does not allow direct purchasing of materials and supplies "reg-

ularly warehoused by the purchasing department or which should be requested under quarterly or other periodic requisitions, except in case of emergency. . ." Direct purchase transactions are examined by the Director of the Budget and are not subject to review by the Director of purchasing; thus, regulatory controls concerning such purchases cannot be exercised by the Department of Purchasing.

The auditors, in reviewing records of other agencies, have found numerous transactions which are contrary to the rulings of the Department, such as direct purchases beyond maximum limitations; of items that are regularly warehoused; and merchandise in continuous demand which is purchased directly from month to month.

It is our opinion that the permitting of direct purchases by using agencies, except in unusual circumstances, is not a good business practice. This procedure has proven difficult to control and has not provided the taxpayers of this state with the greatest possible economy. We have been advised by the Director that the direct purchase policy will be discontinued, except under unusual conditions, upon completion of the new warehouse.

7. The provisions of NRS 333.220 prescribe that the Director shall "(a) Provide for the classification of the fixed properties and movable equipment of the state in the possession of the using agencies. (b) Establish or cause to be established an adequate identification scheme for all such property and equipment. (c) Cause adequate records of such equipment and property to be maintained."

As mentioned in a previous section of this report, the program of state property inventory was not commenced until July 1, 1957. As of June 30, 1961, the money and efforts expended in this connection during the preceding four years were almost totally ineffective. Although the one employee assigned to this function has earnestly attempted to complete the task, the job has proven to be entirely too broad for a one-man operation.

In our estimation, the program should have been undertaken in 1951 with the enactment of its governing statutes and financially supported through the Department of Purchasing Revolving Fund. Subsequent to July 1, 1961, the Director employed additional personnel in this field and expects to establish a system of inventory control of state property in the near future.

8. NRS 333.440 provides that:

> 1. On the recommendation of the director, the governor may prescribe for the providing of materials, supplies and equipment by a central purchasing agency in any department or agency.
> 2. Such department purchasing agencies shall operate under procedures and standards prescribed by the director or his designated agent and subject to his supervision and control.

A central purchasing agency was established at the University of Nevada with limits of $200.00 for regular purchases and $500.00 for laboratory purchases. Numerous purchasing malpractices have occurred under these arrangements; for instance, a few of the many exceptions noted are:

(a) Over limits set by Department of Purchasing:

3-11-60	Order 801	Feed	$1,036.00
3-14-60	820	Books	275.40
3-30-60	1188	Feed	589.80

(b) Direct purchases not under Department of Purchasing contract:

3-23-60	1069	Tire	$ 35.00

3-31-60	1204	Tire	$ 37.50

(c) No record or indication that bids or telephone quotations were solicited from firms other than vendor:

3-24-60	1086	Sporting Goods	$172.25
3-24-60	1097	Sporting Goods	69.90

(d) Purchase orders issued without specifying description of items, quantity and price, which appears contrary to NRS 333.440(2).

Another purchasing practice of interest is the University of Nevada's purchase of typewriters. During the period February 21, 1957, to February 15, 1961, the University purchased over 285 typewriters, of which 91 were traded in within the same period. Trade-ins were possibly justified by the small difference between trade-in allowance and replacement cost. However, the practice has been discontinued by action of the typewriter dealer since their representative was not authorized to make such allowance, according to information furnished.

The auditors believed that the Department of Purchasing should more closely control this agency purchasing arrangement with the University of Nevada. Some improvement will result from central warehousing but not all of the undesirable practices will be eliminated thereby.

The Department of Purchasing should probably carry the personnel of any purchasing agency on its payroll. Although such personnel theoretically must abide by rules, regulations and instructions of the Director of Purchasing, the pressures from administrators of the agencies paying salaries could place persons in a position of being fired or violating procedures to retain their positions. The auditors believe even the possibility of such should be removed by placing the personnel under the Department of Purchasing.

The purchasing program was established to create a central responsibility to be financed by a service charge to the departments and agencies. In this particular situation with the University of Nevada, there is no overriding service charge being made on direct purchases as the University is contacting, taking delivery from, and directly paying vendors from their revolving bank account.

The auditors have been informed that the agency agreement between the Department of Purchasing and the University is on a trial basis, and that the Director of Purchasing and the Business Manager of the University were requested by a committee of the 1961 Legislature to report a workable plan to the 1963 Legislature.

9. Purchases for Artemisia Women's Dormitory Association and Manzanita Hall Association, University of Nevada - The funds of these associations are handled by the University of Nevada Business Office as "agency" funds. These funds are private funds, and any purchases involving such funds should not be processed through the State Department of Purchasing.

10. Camera and projector equipment purchases - The auditors examined the purchases of cameras and projector equipment between the dates of February 21, 1957, and September 17, 1960, and note that purchase orders were issued as follows:

Department of Agriculture	5
University of Nevada	31
Department of Health	7
Department of Education	2

Planning Board	1
Highway Department	2
Nevada Tax Commission	5
Fish and Game Commission	4
Department of Motor Vehicles	2
Department of Conservation & Natural Resources	1
Inspector of Mines	3
Real Estate Commission	2
Department of Buildings and Grounds	1

The auditors suggest that a pool of such equipment in the Department of Purchasing for loan to agencies might reduce expenditures for such items.

11. Stores records are not being maintained completely in accordance with NRS 333.200(3) in that the minimum and maximum quantities that should be kept in stock at any one time are not shown.

12. Our examination of the personnel and leave records of the various officers and employees of this Department revealed the following situations which appear to be in conflict with certain statutory provisions:

(a) On June 30, 1961, the leave records of five individuals reflected annual leave credit accruals in excess of the maximum allowed by NRS 284.350(1) which provides that "all employees in the public service, whether in the classified or unclassified service, shall be entitled to annual leave with pay of 1¼ working days for each month of service, which may be cumulative from year to year not to exceed 30 working days." Our interpretation of this provision is that at any given time during the year an employee's leave accrual exceeds the maximum limitation, the excessive leave credit shall be forfeited. However, the Personnel Commission has ruled that "vacation credit may be accumulated not to exceed thirty working days at the beginning of any calendar year. Amounts in excess of thirty working days at the beginning of any calendar year shall be forfeited." There appears to be a conflict between the Personnel Commission ruling and the governing statute which should be resolved in favor of the statute until legislative clarification can be obtained.

(b) Records pertaining to two employees indicated accumulated sick leave credited in excess of the maximum limits of 90 days on June 30, 1961.

(c) A few instances of miscalculated balances appearing on the leave records were noted. These discrepancies were corrected by the auditors.

(d) Several individuals have been given pro-rated annual and sick leave credit for less than a full calendar month of service in the month of their initial employment. This practice is inconsistent with sections 8.02 and 8.03 of the Rules for State Personnel Administration and NRS 284.350 and 284.355.

(e) One employee was allowed to take 2¼ days of annual leave prior to his completion of six months of service, which is contrary to the provisions of NRS 284.350(4).

(f) Another individual employed on June 19, 1960, and terminated August 26, 1960, accrued 2½ days of annual leave during that period. The records indicate that this same employee was re-employed on a seasonal basis June 20, 1961. Leave credits accrued in his initial period of employment were carried forward and added to 3 more days of annual leave credit from June 20, 1961, to August 31, 1961, the date of his last separation. During the month of August 1961, this person was permitted to take 4¼ days of annual leave and 3 days of leave without pay.

Section 8.02 of the Rules for State Personnel Administration states "On the first day of the month next following the completion of six months of continuous service,

each full time officer or employee in the public service shall be credited with seven and one-half days annual leave." Section 4.02(h), which was in effect during the period of audit, defines continuous service as "employment in the public service without break or interruption."

It would appear from the definition applied to the term "continuous service" and the provisions of section 8.02 of the Rules for State Personnel Administration as set forth in the preceding paragraph that this seasonal employee did not satisfy the requirements necessary to be eligible for the earning of annual leave credits and should not have been permitted to take annual leave.

13. The Surplus Property Division's accounts receivable with the Nevada Youth Training Center includes an unpaid invoice in the sum of $450.00 covering the distribution of a 1948 Dodge Power Wagon to that institution in August of 1954.

A follow-up letter was transmitted to the Nevada Youth Training Center March 9, 1959, advising them that this transaction, Invoice No. 30, had not been settled and that another transaction involving a 1950 Oldsmobile was still outstanding in the amount of $232.64, on Invoice No. 766.

The Superintendent of the Nevada Youth Training Center acted on the invoice pertaining to the Oldsmobile, and, as a result, the 1961 Legislature appropriated $232.64 to the Surplus Property Division in payment of Invoice No. 766. However, Invoice No. 30 remains unpaid, and apparently no action has been taken by the Nevada Youth Training Center to liquidate this obligation.

We recommend that the Director of Purchasing write off the balance on Invoice No. 30 in accordance with federal procedures.

Suggested Changes and Recommendations

We suggest that the following recommendations or changes be effected in order to clarify and remedy situations which appeared, in our opinion, to be inadequate, uncertain or contrary to statutory requirements:

1. The system of internal control should be strengthened by implementing the following measures:

a. Cash

(1) Reassigning duties within the accounting section to promote and attain joint maintenance of accounting records by employees within this section. An effective program would tend to make the work of each employee dependent upon that of the other.

(2) Depositing collections to the State Treasury more rapidly.

(3) Following up the status of unpaid invoices to keep customer accounts on a current basis.

b. Merchandise Inventory

(1) Performing a physical inventory annually of the merchandise stored centrally in the warehouse. The perpetual inventory should be maintained currently and confirmed and adjusted with the results of the physical inventory.

The failure of this Department to perform a physical inventory during fiscal year 1960-61 is probably a violation of NRS 333.200(2)(f) which provides for the Director to "supervise the taking of annual inventories."

(2) Closer administrative supervision over the control of stored federal donable surplus property.

c. Auction sales

(1) Depositing sales receipts from auctions immediately in the bank.

(2) Providing for the transmission of information pertaining to bid prices between the person in charge of the auction and the cashier, without the assistance of the successful bidder.

2. We feel that the inability of this Department to attain maximum efficiency in some operational areas and their noncompliance with certain statutory provisions have resulted from a lack of personnel.

Routine duties that have been assumed by the Director should be delegated to subordinates, such as delivery of supplies and maintenance of perpetual inventory records.

The employment of additional people should be considered to the extent that certain deficient phases of the program, such as the lack of an adequate state property inventory, inability of accounting personnel to perform certain essential functions, improper control of warehoused merchandise and reported delays in supplying the needs of the using agencies, could be improved to an effective level.

3. The Surplus Property Division Revolving Fund has no statutory authorization. Action should be taken to acquire legal recognition of this fund through legislative amendment, or combine the fund with the Department of Purchasing Revolving Fund.

4. Inasmuch as the mechanics of the Department of Purchasing Revolving Fund are characteristic of those of a "working capital" fund, the Director should request the Legislature to redesignate this fund as a "working capital fund" in NRS 333.120(1), subject to a limitation as to the total amount that can accumulate in such fund, with the further provision that when the accumulated sum exceeds the maximum allowed, the Director must reduce the service charges in order to absorb the excess amount.

5. The profits that have been produced during the past ten years in the Department of Purchasing Revolving Fund and Surplus Property Division Revolving Fund either should be returned to the participating agencies by means of administrative charge adjustments or a request should be made to the Legislature to appropriate such profits to the Department and Division, respectively, as additional working capital.

6. We suggest that the Legislature be requested to amend NRS 333.450(2) in such a manner as to provide for the assessment of an administrative charge on <u>all</u> sales based on a uniform percentage of cost. This would permit the Department of Purchasing to recover their operating expenses from using agencies on an equal basis.

Further, we recommend that the Director establish a system of allocating costs accurately between the Department of Purchasing and Surplus Property Division and that the administrative charges, bases on estimated operating costs, be applied on a more exact and realistic figure. Revenue provided from service charges based on accurate standards will produce marginal profits and prevent net earnings from becoming extreme.

7. The Director should request the Legislature to include a specific provision in the State Purchasing Act authorizing the Department of Purchasing to withhold a percentage of sale receipts from auctions to defray their overhead costs incidental to such auction.

The provisions of NRS 333.467 and 333.468 should be clarified relative to the payment of sale proceeds from auctions of Department of Highways surplus property.

8. The "year-end billing" practice should be discontinued since such a procedure may violate the provisions of NRS 333.460 and appears contrary to rulings of the Board of Examiners.

9. Contrary to the provisions of NRS 353.260, prohibiting deficiency spending, some using agencies occasionally have been involved in deficit spending by obligating state funds beyond the amount specifically provided for a given fiscal year and covering any unpaid commitments from funds appropriated or authorized in subsequent fiscal years for other purposes. We recommend that this Department negotiate a procedure with the Director of the Budget to prevent deficit spending by using agencies, and that in the future any transactions involving deficit spending immediately be reported to the Board of Examiners.

10. The provisions of NRS 333.220 relative to state property inventory should be fully complied with.

Consideration should be given to the possibility of supporting this function through the Department of Purchasing Revolving Fund, rather than by General Fund appropriation in view of the provisions of NRS 333.120 which created the revolving fund for, among other things, "the payment of necessary expenses incurred in carrying out the provisions of this chapter."

11. NRS 333.390 and pertinent rulings of the Director of Purchasing providing for emergency local purchasing by using agencies under certain conditions should be strictly enforced.

The Director should discontinue approving transactions under the guise of emergency purchases which are clear violations of stated purchasing procedures.

12. We are advised by the Director that the policy of allowing using agencies to make direct purchases within certain monetary limitations will be practically terminated as soon as the new warehouse is completed. Discontinuing the direct purchase policy will be beneficial to the state as many purchasing malpractices by using agencies have been fostered as a result of this program.

13. In view of the numerous violations of established purchasing procedures in connection with the central purchasing agency at the University of Nevada, we strongly urge that the Director of Purchasing exercise closer administrat-

ive control over their activities. We further recommend that employees of this central purchasing agency be assigned to the Department of Purchasing, be placed under the supervision of the Director, and on the payroll of the Department of Purchasing.

14. Consideration should be given to the establishment of a central equipment pool by this Department covering special types of equipment needed only on a periodic basis, such as cameras, projectors, recording devices, special instruments, etc. We feel that such an arrangement would save the state considerable expense.

15. The stores records should be maintained in accordance with NRS 333.200(3) and contain such data as mentioned therein.

16. Statutory provisions governing personnel administration and rules and regulations promulgated by the Department of Personnel should be carefully observed.

17. In our opinion, the present method of reimbursing the Department of Purchasing for commodity costs and administrative expenses incurred in behalf of using agencies whose funds are on deposit in the State Treasury is entirely too cumbersome in the light of greatly increased purchasing activity.

The procedure prescribed in NRS 333.460, which in practice has been augmented to include the normal mechanics of claim processing, requires each using agency concerned to prepare a voucher in favor of the Department of Purchasing in repayment for the share of costs and expenses chargeable to such using agency. After the voucher (claim) has been examined and approved for payment in the usual manner, the State Controller issues his warrant in payment thereof. The warrant then is transmitted through the agency oritinating the claim to the Department of Purchasing and is deposited by the Director of Purchasing in the State Treasury to the credit of the Department of Purchasing Revolving Fund.

In reality, money is not expended but merely transferred between funds in the State Treasury; therefore, we believe that the issuing and depositing of state warrants is unnecessary and could be eliminated. A system should be developed to reimburse the Department of Purchasing Revolving Fund from using agency funds on deposit in the State Treasury by effecting book transfers in the office of the State Controller. Legislative amendment to NRS 333.460 which would provide and authorize a procedure generally as outlined above would eliminate the preparation of warrants by the State Controller for transactions confined within the State Treasury, and also save valuable time in the using agencies, Department of Purchasing and the office of the State Treasurer that now is being expended daily in the handling of such warrants.

An additional procedural change that would reduce the work of using agencies would be the adaptation by the Department of Purchasing of a combination invoice-claim document. The present invoice could be enlarged to provide space for necessary information required on claims. The Department of Purchasing could enter the pertinent data in both sections of this form and submit the same to the agency involved for approval of payment. A certification of approval by the using agency in the claim portion of the form and the submission of the combined document to the Director of the Budget would be the only action and effort required of the receiving agency.

By initiating the two foregoing changes, the auditors firmly believe

that considerable savings of time and money would accrue to the benefit of the state.

FINANCIAL STATEMENTS

1. Comparative Statement of Financial Condition, State Department of Purchasing, Revolving Fund - Exhibit A - This statement presents the financial condition of this fund at the conclusion of fiscal year operations on June 30, 1960, and June 30, 1961.

Cash in the State Treasury on June 30, 1961, was $437,632.54. This sum was reconciled to the cash balance reflected in the records of the State Controller. The large increase in cash was due to an additional legislative appropriation of $200,000.00 in fiscal year 1960-61 and increased collections from using agencies.

Accounts receivable, representing amounts due from using agencies, had a balance of $511,058.29 on June 30, 1961. A slight adjustment to this account will be made at a future date when the accounts with the University of Nevada and Department of Highways are reconciled.

The value of salable merchandise stored in the Department of Purchasing warehouse, classified in this statement at "Merchandise Inventory," amounted to $72,806.02 on June 30, 1961.

The two fixed asset classifications "Autos and Trucks" and "Furniture and Equipment" have been established at the nominal value of $1.00 each, in accordance with the usual state policy of valuing "fixed" properties for statement presentation.

Accounts payable normally reflects a zero balance; however, on June 30, 1961, this Department had received merchandise costing $8,370.00 for which payment had not been made.

Unearned Income from Year End Billings amounted to $287,716.61 on June 30, 1961. This income is deferred and not shown in computing profit and loss until the merchandise has been received and vendors paid.

The Legislative Appropriation account in the sum of $500,000.00 on June 30, 1961, represents working capital advances appropriated from the General Fund.

Unappropriated income of $225,412.24 on June 30, 1961, reflects profits that have accumulated in this fund since its creation in July 1951.

2. Comparative Statement of Financial Condition, Surplus Property Division Revolving Fund - Exhibit B - On June 30, 1961, cash in the State Treasury amounted to $38,251.12 which was reconciled to the balance indicated in the accounts of the State Controller.

Accounts receivable amounting to $13,457.44 at June 30, 1961, consisted of several past due items that should be cleared by a firm follow-up policy.

Merchandise Inventory represents federal donable surplus property made available to the state for distribution to various eligible agencies and institutions. The book value of this property on June 30, 1961, was $166,211.88, which was calculated on the basis of 15% of government acquisition cost.

The fixed assets have been valued at the nominal figure of $1.00 for each classification.

Government property held by state agency is an offsetting account to merchandise

inventory since this property does not belong to the state, title actually being vested in the Federal Government.

Accumulated profits of $51,710.56 on June 30, 1961, are reflected in the fund equity as "Unappropriated Income."

3. Consolidated Statement of Financial Condition, Department of Purchasing Revolving Fund and Surplus Property Division Revolving Fund - Exhibit C - This statement combines the June 30, 1961, financial data from the two preceding statements, Exhibits "A" and "B."

4. Comparative Statement of Income and Expense, Department of Purchasing Revolving Fund - Exhibit D - Operations for the two fiscal periods ended June 30, 1960, and 1961 are summarized in this statement with a comparative analysis.

The decrease in sales revenue during 1960-61 was slightly more than the decrease in cost of goods sold. This difference was the combined result of less sales transacted without the application of the administrative charge and the reduction of the rate of such charge.

Administrative expenses increased 9.62% during the same period, chiefly because of additional salary expense. Due to the increase in administrative expenses and the lower gross profit margin, net operating profit decreased 24.49% compared to fiscal year 1959-60.

5. Comparative Statement of Income and Expense, Surplus Property Division Revolving Fund - Exhibit E - This statement compares the operations and the results thereof of the Surplus Property Division for the two fiscal years 1959-60 and 1960-61.

It is interesting to note the variance in the gross profit percentages for the two operating years. This difference can be attributed to the fact that the costs of acquiring surplus federal property are charged in the "Cost of Property" section as such costs are paid, rather than setting up acquisition costs in an inventory account and charging "costs" as the related property is disposed. Since a true relationship does not exist between property transfers and the cost thereof, the gross profit percentage will fluctuate considerably from one period to another.

The merchandise inventory value is not considered in calculating the "Cost of Property" since ownership of the surplus property in the custody of this Division rests with the federal government. The State of Nevada, acting somewhat in the capacity of distribution agent for the Federal Government, does not obtain such property by purchase and, therefore, has no proprietary interest in such property.

Administrative expenses for fiscal year 1960-61 increased by $4,211.12 over similar costs of the previous fiscal period. This increase principally resulted from additional salary expense.

Net operating profit for the fiscal year 1960-61 amounted to $5,210.16.

6. Consolidated Statement of Income and Expense, Department of Purchasing Revolving Fund and Surplus Property Division Revolving Fund - Exhibit F - This statement is a consolidation of revenue and expenditures for the fiscal year ended June 30, 1961, of the Department of Purchasing and Surplus Property Division.

7. Statement of Budgeted Revenue and Expenditures Compared to Actual. State Department of Purchasing Using and Administrative Account; Surplus Property Division Using and Administrative Account; and State Property Inventory Administrative Fund - Exhibits G, H and I - Reflected in these statements are the actual amounts of revenue

and expenditures for fiscal year 1960-61, of the activities indicated, compared to the respective budgets, as revised, for the same period. These statements have been prepared on a cash basis in contrast to the modified accrual basis presentation of the income and expense statements previously discussed. It was necessary to convert to the cash basis in order to conform to the cash accounting for revenue and expenditures as applied by the State Controller and to correlate actual figures to the budget.

8. Statement of Financial Condition, Governor's Automobile Fund - Exhibit J - The appropriation enacted by the 1961 Legislature for the purchase of a new automobile for the Governor was not drawn against by this Department during the period of this audit.

The entire amount of the appropriation appears in this statement under the classification of "Cash in State Treasury."

9. Analysis of Fund Equity, State Department of Purchasing Revolving Fund; and Analysis of Fund Equity, Surplus Property Division Revolving Fund - Schedules 1 and 3 - These schedules show the net change in equity of these two funds for the fiscal year ended June 30, 1961, and the analysis of such change.

10. Statement of Change in Working Capital, State Department of Purchasing Revolving Fund; and Statement of Change in Working Capital, Surplus Property Division Revolving Fund - Schedules 2 and 4 - The net increases or decreases to the assets and liabilities of these funds are reflected in these schedules for the fiscal year ended June 30, 1961.

OPINION

We have examined the statement of financial condition of the Department of Purchasing Revolving Fund and the Surplus Property Division Revolving Fund of the State Department of Purchasing as of June 30, 1961, and the related statements of revenue and expenditures for the year then ended. Our examination was made in accordance with generally accepted autiting standards and accordingly included such tests of the accounting records and other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying statements of financial condition and statements of revenue and expenditures present fairly the financial position of the several funds of the State Department of Purchasing as of June 30, 1961, and the results of their operations for the year then ended - with the exception that perpetual inventory records were not verified to a physical count and inspection, and the accounts receivable with the Department of Highways and University of Nevada were not satisfactorily reconciled - in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Very truly yours,

A. N. JACOBSON, Legislative Auditor

By Gordon N. Pratt

Gordon N. Pratt, Auditor in Charge

GNP/jkh

Exhibit A

STATE DEPARTMENT OF PURCHASING

Revolving Fund
Comparative Statement of Financial Condition

June 30, 1960 and 1961

	Amount of Increase or (Decrease)	June 30, 1961	(1) June 30, 1960
Assets			
Current Assets:			
Cash in State Treasury	$ 356,479.72	$ 437,632.54	$ 81,152.82
Accounts Receivable	(142,098.28)	511,058.29	653,156.57
Merchandise Inventory	26,765.81	72,806.02	46,040.21
Total Current Assets	241,147.25	1,021,496.85	780,349.60
Fixed Assets:			
Autos and Trucks	-	1.00	1.00
Furniture and Equipment	-	1.00	1.00
Total Fixed Assets	-	2.00	2.00
Total Assets	$ 241,147.25	$1,021,498.85	$ 780,351.60
Liabilities & Fund Equity			
Current Liabilities:			
Accounts Payable	$ 8,370.00	$ 8,370.00	-
Unearned Income, Year-End Billings	1,162.23	287,716.61	$ 286,554.38
Total Liabilities	9,532.23	296,086.61	286,554.38
Fund Equity:			
Legislative Appropriation	200,000.00	500,000.00	300,000.00
Unappropriated Income	31,615.02	225,412.24	193,797.22
Total Fund Equity	231,615.02	725,412.24	493,797.22
Total Liabilities & Fund Equity	$ 241,147.25	$1,021,498.85	$ 780,351.60

(1) Figures as of June 30, 1960, based on unaudited accounting records of this department.

Exhibit B

STATE DEPARTMENT OF PURCHASING

Surplus Property Division - Revolving Fund
Comparative Statement of Financial Condition

June 30, 1960 and 1961

	Amount of Increase or (Decrease)	June 30, 1961	(3) June 30, 1960
Assets			
Current Assets:			
Cash in State Treasury	$ 2,683.67	$ 38,251.12	$ 35,567.45
Accounts Receivable	2,755.69	13,457.44	10,701.75
(1) Merchandise Inventory	47,034.42	166,211.88	119,177.46
Total Current Assets	52,473.78	217,920.44	165,446.66
Fixed Assets:			
Autos and Trucks	-	1.00	1.00
Furniture and Equipment	-	1.00	1.00
Total Fixed Assets	-	2.00	2.00
Total Assets	$52,473.78	$217,922.44	$165,448.66
Liabilities and Fund Equity			
Current Liabilities:			
(2) Gov't Property held by State Agency (contra)	$47,034.42	$166,211.88	$119,177.46
Fund Equity:			
Unappropriated Income	5,439.36	51,710.56	46,271.20
Total Liabilities and Fund Equity	$52,473.78	$217,922.44	$165,448.66

(1) Inventory valued at 15% of government acquisition cost.

(2) Contra or offsetting account to merchandise inventory.

(3) Figures as of June 30, 1960, based on unaudited accounting records of this department.

Exhibit C

STATE DEPARTMENT OF PURCHASING
& SURPLUS PROPERTY DIVISION

Consolidated Statement of Financial Condition

June 30, 1961

	Combined	Revolving Funds: Department of Purchasing	Revolving Funds: Surplus Prop. Division
Assets			
Current Assets:			
Cash in State Treasury	$ 475,883.66	$ 437,632.54	$ 38,251.12
Accounts Receivable	524,515.73	511,058.29	13,457.44
Merchandise Inventory	239,017.90	72,806.02	166,211.88(1)
Total Current Assets	1,239,417.29	1,021,496.85	217,920.44
Fixed Assets:			
Autos and Trucks	2.00	1.00	1.00
Furniture and Equipment	2.00	1.00	1.00
Total Fixed Assets	4.00	2.00	2.00
Total Assets	$1,239,421.29	$1,021,498.85	$217,922.44
Liabilities & Fund Equity			
Current Liabilities:			
Accounts Payable	$ 8,370.00	$ 8,370.00	-
Unearned Income, Year-End Billing	287,716.61	287,716.61	-
Gov't Property Held by State Agency	166,211.88	-	166,211.88(1)
Total Liabilities	462,298.49	296,086.61	166,211.88
Fund Equity:			
Legislative Appropriation	500,000.00	500,000.00	-
Unappropriated Income	277,122.80	225,412.24	51,710.56
Total Fund Equity	777,122.80	725,412.24	51,710.56
Total Liabilities and Fund Equity	$1,239,421.29	$1,021,498.85	$217,922.44

(1) Contra accounts.

STATE DEPARTMENT OF PURCHASING

Revolving Fund
Comparative Statement of Income and Expense

For the Fiscal Years Ended June 30, 1960 and 1961

	Fiscal Year Ended June 30, 1961		Fiscal Year Ended (1) June 30, 1960		Amount of Increase or (Decrease)	Percent of Increase or (Decrease)
	Amount	% of Sales	Amount	% of Sales		
Income from Operations:						
Sales (Net)	$3,982,557.73	100.00	$4,146,383.16	100.00	($163,825.43)	(3.95)
Cost of Goods Sold:						
Beginning Inventory	46,040.21		22,448.46		23,591.75	105.09
Purchases (Net)	3,920,420.47		4,075,115.56		(154,695.09)	(3.80)
	3,966,460.68		4,097,564.02		(131,103.34)	(3.20)
Less: Ending Inventory	72,806.02		46,040.21		26,765.81	58.14
Cost of Goods Sold	3,893,654.66	97.77	4,051,523.81	97.71	(157,869.15)	(3.90)
Gross Profit	88,903.07	2.23	94,859.35	2.29	(5,956.28)	(6.28)
Administrative Expense:						
Salaries	42,997.50	1.08	39,224.61	.95	3,772.89	9.62
Travel:						
Out of State	551.93	.01	154.40	-	397.53	257.47
In State	450.18	.01	-	-	450.18	100.00
Bid Advertising	612.97	.02	628.14	.02	(15.17)	(2.42)
Dues and Subscriptions	76.00	-	106.29	-	(30.29)	(28.50)
Industrial Insurance	268.73	.01	292.84	.01	(24.11)	(8.23)
Personnel Assessments	276.54	.01	250.67	.01	25.87	10.32
Retirement Contributions	1,919.87	.05	1,758.16	.04	161.71	9.20
Insurance, Auto	141.09	-	78.08	-	63.01	80.70
Official Bond	100.00	-	100.00	-	-	-
Freight and Postage	1,730.56	.05	1,671.91	.04	58.65	3.51
Printing	2,345.70	.06	1,383.06	.03	962.64	69.60
Repairs	145.51	-	338.86	.01	(193.35)	(57.06)
Office Supplies	1,293.04	.03	1,848.05	.04	(555.01)	(30.03)
Telephone and Telegraph	901.51	.02	1,023.60	.02	(122.09)	(11.93)
Truck Maintenance and Repair	-	-	349.87	.01	(349.87)	(100.00)
Utilities	348.00	.01	359.40	.01	(11.40)	(3.17)
Buildings and Grounds Expense	24.89	-	-	-	24.89	100.00
Bad Debt Loss	9.84	-	-	-	9.84	100.00

STATE DEPARTMENT OF PURCHASING

Revolving Fund
Comparative Statement of Income and Expense

For the Fiscal Years Ended June 30, 1960 and 1961

(Continued)

	Fiscal Year Ended June 30, 1961 Amount	% of Sales	Fiscal Year Ended (1) June 30, 1960 Amount	% of Sales	Amount of Increase or (Decrease)	Percent of Increase or (Decrease)
Miscellaneous Expense	$ 41.44	-	$ -	-	$ 41.44	100.00
Equipment:						
Office	1,270.84	.03	866.10	.02	404.74	46.73
Other	-	-	199.50	.01	(199.50)	(100.00)
Total Administrative Expense	55,506.14	1.39	50,633.54	1.22	4,872.60	9.62
Net Operating Profit	33,396.93	.84	44,225.81	1.07	(10,828.88)	(24.49)
Other Income	41.94		102.65		(60.71)	
Net Profit	$33,438.87		$44,328.46		($10,889.59)	

(1) Figures for fiscal year 1959-60, based on unaudited accounting records of this department.

STATE DEPARTMENT OF PURCHASING

Surplus Property Division Revolving Fund
Comparative Statement of Income and Expense

For the Fiscal Years Ended June 30, 1960, and 1961

	Fiscal Year Ended June 30, 1961		Fiscal Year Ended (1) June 30, 1960		Amount of Increase or	Percent of Increase or
	Amount	% of Sales	Amount	% of Sales	(Decrease)	(Decrease)
Income from Operations						
Handling Charges	$56,806.82	100.00	$53,723.22	100.00	$3,083.60	5.74
Cost of Property:						
State Acquisition Costs	15,402.98	27.11	17,860.71	33.25	(2,457.73)	(13.76)
Gross Profit	41,403.84	72.89	35,862.51	66.75	5,541.33	15.45
Administrative Expense:						
Salaries	25,010.72	44.03	21,739.83	40.47	3,270.89	15.05
Travel:						
Out of State	889.72	1.57	371.91	.69	517.81	139.23
In State	123.78	.22	142.57	.27	(18.79)	(13.18)
Industrial Insurance	164.46	.29	161.05	.30	3.41	2.12
Personnel Assessments	201.85	.36	175.84	.33	26.01	14.79
Retirement Contributions	1,229.97	2.16	1,005.31	1.87	224.66	22.35
Postage and Freight	250.00	.44	199.00	.37	51.00	25.63
Printing	121.20	.21	49.00	.09	72.20	147.35
Office Supplies	280.20	.49	105.53	.20	174.67	165.52
Utilities	850.31	1.50	853.98	1.59	(3.67)	(.43)
Telephone and Telegraph	359.38	.63	488.37	.91	(128.99)	(26.41)
Insurance, Auto	168.18	.30	163.52	.30	4.66	2.85
Repairs	145.55	.26	127.87	.24	17.68	13.83
Rent	5,250.00	9.24	5,400.00	10.05	(150.00)	(2.78)
Truck Operation	324.40	.57	552.54	1.03	(228.14)	(41.29)
Buildings & Grounds Expense	358.03	.63	-	-	358.03	100.00
Police Patrol	180.00	.32	180.00	.33	-	-
Advertising	-	-	49.25	.09	(49.25)	(100.00)
Miscellaneous Expense (Dues)	75.00	.13	70.00	.13	5.00	7.14
Equipment:						
Office	175.93	.31	-	-	175.93	100.00
Other	35.00	.06	146.99	.27	(111.99)	(76.19)

Exhibit E

STATE DEPARTMENT OF PURCHASING

Surplus Property Division Revolving Fund
Comparative Statement of Income and Expense

For the Fiscal Years Ended June 30, 1960, and 1961

	Fiscal Year Ended June 30, 1961		Fiscal Year Ended (1) June 30, 1960		Amount of Increase or (Decrease)	Percent of Increase or (Decrease)
	Amount	% of Sales	Amount	% of Sales		
Total Administrative Expense	$36,193.68	63.72	$31,982.56	59.53	$4,211.12	13.17
Net Operating Profit	5,210.16	9.17	3,879.95	7.22	1,330.21	34.28
Other Income	-		.79		(.79)	
Net Profit	$ 5,210.16		$ 3,880.74		$1,329.42	

(1) Figures for fiscal year 1959-60, based on unaudited accounting records of this department

Exhibit E
(Cont'd.)

Exhibit F

STATE DEPARTMENT OF PURCHASING
& SURPLUS PROPERTY DIVISION
REVOLVING FUND

Consolidated Statement of Income and Expense

For the Fiscal Year Ended June 30, 1961

	Combined	% of Income	Revolving Funds Dept. of Purchasing	Revolving Funds Surplus Prop. Div.
Income from Operations:				
Sales (Net)	$3,982,557.73	98.59	$3,982,557.73	-
Handling Charges	56,806.82	1.41	-	$56,806.82
Total Operating Income	4,039,364.55	100.00	3,982,557.73	56,806.82
Cost of Goods Sold or Transf'd:				
Mdse. Inventory, July 1, 1960	46,040.21		46,040.21	-
Purchases or State Acquisition Cost	3,935,823.45		3,920,420.47	15,402.98
	3,981,863.66		3,966,460.68	15,402.98
Less: Mdse. Inventory, June 30, 1961	72,806.02		72,806.02	-
Cost, Goods Sold or Transf.	3,909,057.64	96.77	3,893,654.66	15,402.98
Gross Profit	130,306.91	3.23	88,903.07	41,403.84
Administrative Expenses:				
Salaries	68,008.22	1.68	42,997.50	25,010.72
Travel:				
Out of State	1,441.65	.03	551.93	889.72
In State	573.96	.01	450.18	123.78
Advertising	612.97	.02	612.97	-
Dues & Subscriptions	76.00	-	76.00	-
Industrial Insurance	433.19	.01	268.73	164.46
Personnel Assessments	478.39	.01	276.54	201.85
Retirement Contributions	3,149.84	.08	1,919.87	1,229.97
Insurance, Auto	309.27	.01	141.09	168.18
Official Bond	100.00	-	100.00	-
Freight and Postage	1,980.56	.05	1,730.56	250.00
Printing	2,466.90	.06	2,345.70	121.20
Repairs	291.06	.01	145.51	145.55
Rent	5,250.00	.13	-	5,250.00
Office Supplies	1,573.24	.04	1,293.04	280.20
Telephone & Telegraph	1,260.89	.03	901.51	359.38
Truck Operation	324.40	.01	-	324.40
Utilities	1,198.31	.03	348.00	850.31
Buildings & Grounds Expense	382.92	.01	24.89	358.03
Police Patrol	180.00	.01	-	180.00
Bad Debt Loss	9.84	-	9.84	-
Miscellaneous Expense	116.44	-	41.44	75.00
Equipment:				
Office	1,446.77	.04	1,270.84	175.93
Other	35.00	-	-	35.00
Total Administrative Expense	91,699.82	2.27	55,506.14	36,193.68
Net Operating Profit	38,607.09	.96	33,396.93	5,210.16
Other Income	41.94		41.94	-
Net Profit	$38,649.03		$33,438.87	$5,210.16

STATE DEPARTMENT OF PURCHASING

Using and Administrative Account
Statement of Budgeted Revenues and Expenditures Compared to Actual

For the Fiscal Year Ended June 30, 1961

	Legislative Authorization	Work Program	Revised Work Program	Actual Revenue and Expenditures	(Over) or Under Budget
Revenue:					
Cash Receipts from Sales				$4,123,995.80	
Less: Cash Purchases				3,912,050.47	
Balance	$66,337.00	$66,337.00	$66,337.00	211,945.33	($145,608.33)
Miscellaneous Revenue (Cash)				32.04	(32.04)
Appropriation, General Fund				200,000.00	(200,000.00)
Total Revenue	$66,337.00	$66,337.00	$66,337.00	411,977.37	(345,640.37)
Expenditures:					
Salaries	$49,980.00	$49,980.00	$49,980.00	42,997.50	6,982.50
Travel:					
Out of State	550.00	550.00	550.00	551.93	(1.93)
In State	800.00	800.00	800.00	450.18	349.82
Total Travel	1,350.00	1,350.00	1,350.00	1,002.11	347.89
Operating:					
Dues and Subscriptions	131.00	131.00	131.00	76.00	55.00
Postage and Freight	1,810.00	1,810.00	1,810.00	1,730.56	79.44
Printing	1,300.00	1,300.00	1,300.00	2,345.70	(1,045.70)
Utilities	500.00	500.00	500.00	348.00	152.00
Telephone and Telegraph	1,550.00	1,550.00	1,550.00	901.51	648.49
Truck Operation	75.00	75.00	75.00	-	75.00
Insurance	350.00	350.00	350.00	141.09	208.91
Employee Benefits:	3,222.00				
Industrial Insurance		374.00	374.00	270.08	103.92
Retirement Contributions		2,332.00	2,332.00	1,919.87	412.13
Personnel Assessment		324.00	324.00	276.54	47.46
Repairs	500.00	500.00	500.00	145.51	354.49
Supplies	2,000.00	2,000.00	2,000.00	1,293.04	706.96
Bid Advertising		725.00	725.00	612.97	112.03
Official Bond		100.00	100.00	100.00	-
Miscellaneous Operating Expense	825.00	192.00	192.00	66.33	125.67

STATE DEPARTMENT OF PURCHASING

Using and Administrative Account
Statement of Budgeted Revenues and Expenditures Compared to Actual

For the Fiscal Year Ended June 30, 1961

	Legislative Authorization	Work Program	Revised Work Program	Actual Revenue and Expenditures	(Over) or Under Budget
Total Operating	$12,263.00	$12,263.00	$12,263.00	$10,227.20	$2,035.80
Equipment:					
Automobiles	2,375.00	2,375.00	2,375.00	-	2,375.00
Office Equipment	369.00	369.00	369.00	1,270.84	(901.84)
Total Equipment	2,744.00	2,744.00	2,744.00	1,270.84	1,473.16
Total Expenditures	$66,337.00	$66,337.00	$66,337.00	55,497.65	$10,839.35
Excess Revenue over Expenditures				356,479.72	
Balance, July 1, 1960				81,152.82	
Balance, June 30, 1961				$437,632.54	

Reconciliation of Controller's Balance:

Controller's Balance, June 30, 1961		$293,049.13
Add: Deposits in Transit, June 30, 1961		207,163.86
		500,212.99
Less: Claims Outstanding, June 30, 1961	$62,552.85	
Refund to Surplus Property Division deposited in this account in error	27.60	62,580.45
Department's Balance, June 30, 1961		$437,632.54

Exhibit G
(Cont'd.)

STATE DEPARTMENT OF PURCHASING

Surplus Property Division - Using and Administrative Account
Statement of Budgeted Revenue and Expenditures Compared to Actual

For the Fiscal Year Ended June 30, 1961

	Legislative Authorization	Work Program	Revised Work Program	Actual Revenue and Expenditures	(Over) or Under Budget
Revenue:					
Cash Receipts from Handling Charges				$54,165.73	
Less: Cash Expended to Acquire Property				15,402.98	
Balance	$40,033.00	$40,151.00	$40,151.00	38,762.75	$1,388.25
Miscellaneous Revenue (Cash)				198.68	(198.68)
Total Revenue	$40,033.00	$40,151.00	$40,151.00	38,961.43	1,189.57
Expenditures:					
Salaries	$24,829.00	$24,929.00	$24,929.00	25,010.72	(81.72)
Travel:					
Out of State	1,000.00	1,000.00	1,000.00	889.72	110.28
In State	800.00	800.00	800.00	123.78	676.22
Total Travel	1,800.00	1,800.00	1,800.00	1,013.50	786.50
Operating:					
Dues	60.00	60.00	60.00	75.00	(15.00)
Rent	6,000.00	6,000.00	6,000.00	5,250.00	750.00
Postage	300.00	300.00	300.00	250.00	50.00
Printing	800.00	800.00	800.00	121.20	678.80
Utilities:	1,100.00				
Heat		850.00	850.00	549.36	300.64
Power		150.00	150.00	256.71	(106.71)
Other		100.00	100.00	44.24	55.76
Telephone and Telegraph	550.00	550.00	550.00	359.38	190.62
Truck Operation	1,100.00	1,100.00	1,100.00	324.40	775.60
Insurance	210.00	210.00	210.00	168.18	41.82
Employee Benefits:	1,648.00				
Industrial Insurance		188.00	188.00	164.46	23.54
Retirement Contribution		1,265.00	1,265.00	1,229.97	35.03
Personnel Assessments		213.00	213.00	201.85	11.15

STATE DEPARTMENT OF PURCHASING

Using and Administrative Account
Statement of Budgeted Revenues and Expenditures Compared to Actual

For the Fiscal Year Ended June 30, 1961

	Legislative Authorization	Work Program	Revised Work Program	Actual Revenue and Expenditures	(Over) or Under Budget
Repairs	$ 350.00	$ 350.00	$ 350.00	$ 145.55	$ 204.45
Supplies	650.00	650.00	650.00	280.20	369.80
Auditing for Freight Overcharge		125.00	125.00	84.08	40.92
Police Patrol		240.00	240.00	180.00	60.00
Buildings and Grounds Expense				358.03	(358.03)
Advertising		25.00	25.00	-	25.00
Miscellaneous Operating Expense	390.00	-	-	-	
Total Operating	13,158.00	13,176.00	13,176.00	10,042.61	3,133.39
Equipment:					
Office Equipment	246.00	246.00	246.00	175.93	70.07
Other Equipment				35.00	(35.00)
Total Equipment	246.00	246.00	246.00	210.93	35.07
Total Expenditures	$40,033.00	$40,151.00	$40,151.00	$36,277.76	$3,873.24
Excess Revenue over Expenditures				2,683.67	
Balance, July 1, 1960				35,567.45	
Balance, June 30, 1961				$38,251.12	

Reconciliation of Controller's Balance:

Controller's Balance, June 30, 1961		$37,240.17
Add: Deposits in Transit, June 30, 1961	$1,177.58	
Freight Refund Deposited in Department of Purchasing Account in error	27.60	1,205.18
		38,445.35
Less: Claims Outstanding, June 30, 1961		194.23
Department's Balance, June 30, 1961		$38,251.12

Exhibit H
(Cont'd.)

Exhibit I

STATE DEPARTMENT OF PURCHASING

State Property Inventory Administrative Fund
Statement of Budgeted Revenues and Expenditures Compared to Actual

For the Fiscal Year Ended June 30, 1961

	Legislative Authoriza.	Work Program	Transfers Within Fund To (From)	Revised Work Program	Actual Revenue & Expenditures	(Over) or Under Budget
Revenue:						
Appropriation	$6,529.00	$6,529.00		$6,529.00	$6,529.00	
Expenditures:						
Salaries	$4,912.00	4,912.00	$25.00(1)	$4,937.00	4,932.00	$ 5.00
Travel:						
In State	1,000.00	1,000.00		1,000.00	904.00	96.00
Operating:						
Industrial Insurance	37.00	37.00		37.00	32.46	4.54
Retirement Contribution	264.00	249.00		249.00	249.60	(.60)
Personnel Assessment	36.00	36.00		36.00	35.47	.53
Postage	20.00	20.00		20.00		20.00
Repairs	35.00	35.00		35.00		35.00
Supplies	150.00	165.00		165.00	179.70	(14.70)
Misc. Operating Expense	75.00	75.00	(25.00)	50.00		50.00
Total Operating Expense	617.00	617.00	(25.00)	592.00	497.23	94.77
Total Expend.	$6,529.00	$6,529.00	-	$6,529.00	6,333.23	$195.77
Reversion to General Fund					$ 195.77	

(1) To cover salary raise authorized by Department of Personnel.

Exhibit J

STATE DEPARTMENT OF PURCHASING

Governor's Automobile Fund
Statement of Financial Condition

June 30, 1961

Assets:	
Cash in State Treasury	$5,000.00
Liabilities & Fund Equity:	
Fund Equity:	
Legislative Appropriation	$5,000.00

Schedule 1

STATE DEPARTMENT OF PURCHASING

Revolving Fund
Analysis of Fund Equity

For the Fiscal Year Ended June 30, 1961

Fund Equity, June 30, 1960:		
Legislative Appropriation		$300,000.00
Unappropriated Income		193,797.22
Total Fund Equity, June 30, 1960		493,797.22
Add:		
Additional Legislative Appropriation	$200,000.00	
Net Profit, Fiscal Year 1960-61	33,438.87	233,438.87
Fund Equity, June 30, 1961, before adjustment		727,236.09
Less: Sales Cancelled in Fiscal Year 1959-60, but not recorded as such until fiscal year 1960-61	$ 1,822.50	
N.I.C. premium paid during fiscal year 1960-61 chargeable to a prior fiscal period	1.35	1,823.85
Fund Equity, June 30, 1961		$725,412.24

Schedule 2

STATE DEPARTMENT OF PURCHASING

Revolving Fund
Statement of Change in Working Capital

For the Fiscal Year Ended June 30, 1961

Source of Funds:		
Net Profit, 1960-61		$ 33,438.87
Legislative Appropriation Supplement		200,000.00
Total Funds Provided		233,438.87
Less: Adjustments to "Unappropriated Income":		
Sales cancelled in 1959-60 but recorded in 1960-61	$1,822.50	
N.I.C. Premium Applicable to 59-60 paid in 1960-61	1.35	
Total Adjustments		1,823.85
Net Increase in Working Capital		$231,615.02

Proof:	1959-60	1960-61	Working Capital Increase or (Decrease)
Current Assets:			
Cash in Treasury	$ 81,152.82	$437,632.54	$356,479.72
Accounts Receivable	653,156.57	511,058.29	(142,098.28)
Merchandise Inventory	46,040.21	72,806.02	26,765.81
Total Current Assets	$780,349.60	$1,021,496.85	
Current Liabilities:			
Accounts Payable	-	$ 8,370.00	(8,370.00)
Deferred Income	$286,554.38	287,716.61	(1,162.23)
Total Current Liabilities	$286,554.38	$296,086.61	
Net Increase to Working Capital			$231,615.02

Schedule 3

STATE DEPARTMENT OF PURCHASING

Surplus Property Division Revolving Fund
Analysis of Fund Equity

For the Fiscal Year Ended June 30, 1961

Fund Equity, June 30, 1960:		
Unappropriated Income		$46,271.20
Add:		
Net Profit, Fiscal Year 1960-61		5,210.16
		51,481.36
Adjustments to Fund Equity:		
Add: Net Income from Refunds on Freight Overcharges, Prior Fiscal Period	$116.60	
Accounts Receivable Credit Balance (Nevada State Children's Home) Adjustment	114.60	
Sub-total	231.20	
Deduct: N. I. C. Premium Paid During Fiscal Year 1960-61 Chargeable to a Prior Fiscal Period	2.00	229.20
Fund Equity, June 30, 1961		$51,710.56

Schedule 4

STATE DEPARTMENT OF PURCHASING

Surplus Property Division Revolving Fund
Statement of Change in Working Capital

For the Fiscal Year Ended June 30, 1961

Source of Funds:	
Net Profits, 1960-61	$5,210.16
Add: Adjustments for Unappropriated Income (Net), See Schedule 3	229.20
Net Increase to Working Capital	$5,439.36

Proof:

	1959-60	1960-61	Increase or (Decrease)
Current Assets:			
Cash in State Treasury	$ 35,567.45	$ 38,251.12	$ 2,683.67
Accounts Receivable	10,701.75	13,457.44	2,755.69
Inventory	119,177.46	166,211.88	47,034.42
Total Current Assets	$165,446.66	$217,920.44	
Current Liabilities:			
Government Property Held by State Agency	$119,177.46	$166,211.88	(47,034.42)
Net Increase to Working Capital			$ 5,439.36

STATE OF NEVADA

BOARD OF PUBLIC ACCOUNTANTS

AUDIT REPORT

For the Period July 1, 1960, to June 30, 1961

REPORT NO. 20

LEGISLATIVE COUNSEL BUREAU

A. N. Jacobson, Legislative Auditor

CARSON CITY, NEVADA

April 3, 1962

STATE OF NEVADA
OFFICE OF THE
LEGISLATIVE AUDITOR
CARSON CITY, NEVADA

A. N. JACOBSON
LEGISLATIVE AUDITOR

April 3, 1962

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 State Board of Public Accountants for the fiscal year ended June 30, 1961, and have prepared therefrom the following exhibits:

Statement of Financial Condition, June 30, 1961 - Exhibit A

Statement of Revenues and Expenditures for the Fiscal Year Ended June 30, 1961 - Exhibit B

FUNCTION OF AGENCY

The Nevada State Board of Public Accountants was created by enactment of Chapter 628, Nevada Revised Statutes, by the 1960 Legislature. The Board was created to regulate the practice of both certified public accountants and public accountants within the State of Nevada.

SCOPE OF EXAMINATION

General

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 such 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.

Internal Control Evaluation

All financial transactions of the Board are handled by the Secretary. All disbursements are supported by invoices or action of the Board as recorded in its minutes. Receipts are mostly in the form of checks for license renewals and examinations for licenses. The auditors see no added controls needed for the agency.

Books and Records

The books of the Board consist of a cash receipts and a cash disbursements journal. To facilitate reporting and audit, it is suggested that the disbursements journal reflect expenditures in accordance with Section 6500 of State Administrative Manual and with the approved budget.

Fidelity Bond

Inasmuch as the statute does not require bonding, the Secretary of the Board is

not covered by a fidelity bond.

Duplication of Work of Other Departments

No duplication of work of any other agency of the state was observed.

Status and Condition of Funds

The Nevada State Board of Public Accountants received $3,580.67 from the board which it superseded. Receipts of $12,580.00 were recorded. Expenditures amounted to $7,409.60, leaving a balance at June 30, 1961, of $8,741.07, a net increase of $5,170.40.

Possible Non-Compliance with Statute or Good Business Practice

The audit program of the Legislative Counsel Bureau is designed to assist, in a helpful manner, state officers to attain effective government by including in our reports situations which do not conform to statute or good business practice. Further, we are charged by statute with reporting on such situations.

Our examination disclosed the following items which appear to violate statute or regulation, or which, in our opinion, are contrary to good business practice:

1. The name used by the Board on its stationery, bank account, etc., does not conform to the statutory title of the Nevada State Board of Public Accountants. However, the Board has used the name of its predecessor for economy reasons.

2. The auditors find no authorization for a bank account. NRS 628.140 states that moneys received "shall be kept in a separate fund and expended solely for the purpose of this chapter." The Board had followed the action of the prior board in establishing a bank account. In view of the lack of specific authority for a bank account it appears that NRS 353.250 would apply:

> NRS 353.250 State Officers, departments to pay receipts into state treasury monthly; penalty.
> 1. Every state officer, department or commission which receives or which may receive any moneys of the State of Nevada or for its use or benefit shall pay into the state treasury on the 1st Monday of each month all moneys received by such officer, department or commission during the previous calendar month, together with a complete itemized statement covering all financial transactions during the month.

3. No budget request for authorized expenditures was submitted to the Governor for submission in turn to the 1960 Session of the Nevada Legislature, as required in NRS 353.210 for the period under review. Responsibility for submission of a budget request rested with the prior Board and the current Board has submitted budgets for subsequent periods. Budget augmentations should have been requested for the year under review.

4. At the Board's meeting of December 15, 1960, it authorized a salary of $50.00 per month payable to the Secretary retroactive to June 1, 1960. NRS 628.110 provides compensation to the board members "while in attendance at regularly called meetings of the board, not to exceed $25.00 per day. . ." The auditors find no authority for any additional salary to the Secretary. However, it appears that the amount paid is not in effect a salary but a partial reimbursement to the accounting firm of Semenza and

Kottinger, of which the Board Secretary is a partner, for expenses incurred by the firm for the benefit of the Board. Each check to Secretary has been endorsed by the Secretary and the firm, indicating the firm in actuality received the payments.

We would suggest that the Board correct its authorization to show the true nature of the payment. In addition, good business procedure would require an itemization of the charges; i.e., rental of space, telephone service, etc., covered by the charge to reflect the monthly payment.

5. No work program was submitted to the Director of the Budget for the fiscal year 1960-1961 as required by NRS 353.315. The work program for the year should have been submitted by the prior Board. The present Board, however, asked for assistance from the Legislative Counsel Bureau on July 20, 1961, which the Bureau failed to furnish, relative to procedures for the current year. The Board has submitted a work program for the year subsequent to our examination.

6. The Legislature authorized expenditures of $1,847.00 in the General Authorization Act for the fiscal year 1960-1961, but actual expenditures were $7,409.60. The excess expenditures were not approved as required by Section 3 of Chapter 262, Statutes of Nevada 1960. The requirements for augmentation were not understood by the Board. This overexpenditure occurred during a transition from the activities of a prior Board to the present Board, during the initial licensing of the public accountants.

7. The Board has had extensive printing done at commercial plants in accordance with NRS 344.130, which provides that printing may be done at the State Printing Office only by those departments and boards whose funds are on deposit in the State Treasury. However, when the Board places its funds on deposit with the State Treasurer, all printing must be done or approved by the State Printing Office and should result in considerable savings to the Board.

8. The Board purchased an Addressograph costing $153.00 direct from the vendor, thereby by-passing the Department of Purchasing. Since this is the only item of equipment purchased, the amount is not material.

Suggested Changes

A brief review of suggestions presented elsewhere in this report is provided in this section, together with other suggestions the auditors consider noteworthy.

1. We suggest the Nevada State Board of Public Accountants use its official name, or request the Nevada Legislature to amend the name in the statutes to the one being used.

2. We recommend that the disbursements journal be kept to reflect expenditures in accordance with Section 6500 of the State Administrative Manual and the approved budget.

3. We recommend that the bank account be closed and the moneys therein be deposited in the State Treasury with claims drawn against such funds.

4. We recommend that all printing be done at the State Printing Office as required of all agencies having funds on deposit in the State Treasury as soon as funds are deposited with the State Treasurer.

5. We recommend changing the provisions of NRS 628.110, which reads:

> . . .and shall be reimbursed for his actual and necessary expenses incurred in the discharge of his official duties.

The auditors have been informed by legal counsel that this wording usually refers to travel. In which case, it appears that during the period of our examination, travel was correctly paid by the Board, such travel payments being considerably less than would have been allowable under the general travel law set forth in NRS 281.160. However, we wish to point out that NRS 281.160 will probably prevail over NRS 628.110 beginning on July 1, 1961. Since the Board members are claiming less travel reimbursement than allowed under NRS 281.160, no real conflict will actually occur in the period subsequent to audit. In the interest of clarity and elimination of possible conflict in the statutes, the auditors believe NRS 628.110 should be amended to conform with the general provisions of NRS 281.160.

6. We recommend the Board make all purchases of supplies and equipment through the Department of Purchasing.

STATEMENT OF FINANCIAL CONDITION

The Statement of Financial Condition sets forth the assets and fund equity of the Nevada State Board of Public Accountants at June 30, 1961.

Cash in First National Bank of Nevada - $8,751.07

The cash balance on deposit with the First National Bank of Nevada, Main Office, Reno, Nevada, amounted to $8,751.07 at June 30, 1961. The balance was confirmed by direct correspondence with the depository.

Equipment - $1.00

The equipment of the Board consists of an Addressograph purchased during the current period for $153.00 and one file cabinet purchased in prior years and cost of which is not known. The auditors have reflected cost at nominal value of $1.00 as has been customary with the State.

Fund Equity - $8,752.07

The available fund equity for the Board's purposes was $8,752.07 at June 30, 1961 Of this amount, $3,508.67 represents funds turned over by the preceding board, $5,252.40 represents the increase in position during the year under examination, and $1.00 represents the nominal value of equipment.

STATEMENT OF REVENUES AND EXPENDITURES

Exhibit B, Statement of Revenues and Expenditures, sets forth in detail the revenues and expenditures for the year ended June 30, 1961. The auditors have not compared expenditures to the budget estimate since no budget request for authorized expenditures was submitted for the year examined.

OPINION

We have examined the Statement of Financial Condition of the Nevada State Board of Public Accountants as of June 30, 1961, and the related Statement of Revenue and Expenditures for the year then ended. Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying statement of financial condition and statement of revenues and expenditures present fairly the financial position of the Nevada State

Board of Public Accountants as of June 30, 1961, on a cash basis, and the result of its operations for the year then ended, in conformity with generally accepted accoung-ing principles.

Yours very truly,

A. N. JACOBSON, Legislative Auditor

By W. Elmo DeWhitt

W. Elmo DeWhitt, C.P.A.
Chief Assistant

WED/jkh

Exhibit A

NEVADA STATE BOARD OF PUBLIC ACCOUNTANTS

Statement of Financial Condition

June 30, 1961

Assets		
Cash in First National Bank of Nevada, Main Office, Reno, Nevada	$8,751.07	
Equipment	1.00	
Total Assets		$8,752.07
Liabilities		
Fund Equity		$8,752.07

Exhibit B

NEVADA STATE BOARD OF PUBLIC ACCOUNTANTS

Statement of Revenues and Expenditures

For the Fiscal Year Ended June 30, 1961

Revenue			
Transferred from previous board			$ 3,580.67
Fees and Penalties			
Certified Public Accountants			1,805.00
Public Accountants			9,700.00
Examinations			1,075.00
			$16,160.67
Expenditures			
Salary - Secretary		$ 650.00	
Travel - In State		1,135.22	
Operating:			
Examination Expense	$ 653.00		
Secretarial Services	1,944.25		
Refunds	775.00		
Dues	50.00		
Telephone	66.53		
Miscellaneous	5.50		
Postage	159.58		
Printing	1,364.51		
Imprinting Licenses	249.08		
Office Supplies	193.93		
Overpayment	10.00	5,471.38	
Equipment:			
Addressograph		153.00	
Total Expenditures			$ 7,409.60
Balance, June 30, 1961			$ 8,751.07

STATE OF NEVADA

JUNIOR LIVESTOCK SHOW BOARD

AUDIT REPORT

For the Period July 1, 1960, to June 30, 1961

REPORT NO. 21

LEGISLATIVE COUNSEL BUREAU

A. N. Jacobson, Legislative Auditor

CARSON CITY, NEVADA

May 14, 1962

STATE OF NEVADA
OFFICE OF THE
LEGISLATIVE AUDITOR
CARSON CITY, NEVADA

A. N. JACOBSON
LEGISLATIVE AUDITOR

May 14, 1962

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 Junior Livestock Show Board for the fiscal year ended June 30, 1961, and have prepared therefrom the following exhibits:

Statement of Financial Condition, June 30, 1961	Exhibit A
Consolidated Statement of Revenues and Expenditures for the fiscal year ended June 30, 1961	Exhibit B

FUNCTIONS OF AGENCY

The Nevada Junior Livestock Show Board was created by the enactment of Chapter 563, Nevada Revised Statutes, which sets forth the powers, duties, qualifications, terms and compensation of the Board. Nearly all activity of the Board is centered around the annual livestock show and auction held in the spring of each year at Reno. At this show, exhibitors under twenty-one years of age, with the possible exception of full time students at the College of Agriculture, University of Nevada, show and sell the stock which they have raised personally.

SCOPE OF AUDIT

General

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.

Internal Control Evaluation and Records

Internal control procedures appear to be adequate within this agency. Nearly all activity centers around the spring livestock show, and most transactions through the bank account represent deposits on behalf of and disbursements to the exhibitors who have sold livestock at the auction. All checks against the bank account require two signatures.

The books of account consisted only of a check stub record and a list of checks written, deposits made and the current bank balance.

Status and Condition of Funds

Appropriated funds from the State General Fund amounted to $2,000, made up in a lump sum. The Board spent directly therefrom $1,550.63 and transferred the balance of $449.37 to the bank account on their justification that this partially reimbursed the bank account for expenditures made therefrom.

The bank account balance on June 30, 1960, of $998.34 was increased by an excess of receipts over expenditures, including the transfer from the appropriated fund, in amount of $379.84, leaving a balance of $1,378.18 on June 30, 1961.

Possible Non-Compliance with Statute

The audit program of the Legislative Counsel Bureau is designed to assist state officers to attain effective government by including in reports those items which fail to conform to law, regulation or good business practice. Furthermore, the auditors are charged by statute to report such situations.

Our examination disclosed the following items which appear to violate statute or regulation.

1. Expenditures - NRS 563.140 reads "Funds to carry out the provisions of this chapter shall be provided by direct legislative appropriation from the general fund, upon presentation of budgets in the manner required by law, and shall be paid out on claims as other claims against the state are paid."

Several actions of the Junior Livestock Show Board appear to be contrary to this section:

a. Total expenditures for the period exceed the amount appropriated. The Legislature appropriated $2,000, but the Board expended $3,731.46.

b. The additional income required to cover the additional unauthorized expenditures came partially from an administrative charge made against each livestock sale and was deducted from the settlement to the exhibitors.

Although NRS 563.080(1) provides that the Board "shall be entrusted with the direction of its entire business and financial affairs," the auditors believe that no authority is given to the Board to charge an administration fee on each sale. However, such charge is customary. If necessary, the charge should be authorized by statute.

2. Budget - The budget request of the Board has been reflected in the "Executive Budgets" in lump sum request of $2,000.00 to "provide prizes and meet incidental expenses." According to an analysis of expenditures, none of the claims totaling $1,550.63 made directly against the appropriation cover prizes. It is possible that the transfer of $449.37 to the bank account might be considered to cover the $245.66 paid in awards therefrom.

The auditors believe that a more detailed budget request should be submitted which would cover all anticipated expenditures of the Board, whether from appropriated funds or gifts for awards.

3. Bank Account - The auditors question the authority for, and current use of the bank account. It would seem that NRS 563.140, cited in Section 1 above, provides that all operating expenses will be paid by claim against the State Treasury. Analysis of the financial reports reveal more expenditures from the

bank account for general operation than by claim against the Treasury.

It appears that from a practical viewpoint a bank account is necessary to deposit receipts from auction sales and gifts for additional awards to sellers and the disbursement of such receipts to the sellers. In this function, the bank account becomes a clearing account, which we believe should be authorized by statute.

Suggestions for Changes and Recommendations

Recommendations for changes in procedures and compliance with statute have been made in other sections of this report. However, we wish to summarize them at this point, together with other suggestions:

1. We recommend that the Board adopt a record keeping system which will reflect its operations on the state's fiscal year basis. Such a system has been presented for adoption.

2. We recommend that all operating expenses be paid by claim against the State Treasury in compliance with NRS 563.040.

3. We suggest that the budget request be prepared to include authorization of all expenditures by the Board. Such an authorization would include authorization to expend gift moneys. It would also permit the Board to reflect for legislative approval those expenditures which the Board now considers questionable for payment from appropriated funds.

4. The auditors recommend specific statutory authority for the bank account and that moneys budgeted and appropriated for awards and/or premiums be transferable from the appropriated fund. The auditors believe that the payments of awards to the exhibitors can best be served through disbursement from a bank account.

The bank accounts should also be approved to receive and disburse the proceeds of the sale of the exhibitors' stock.

Statement of Financial Condition - Exhibit A

The Statement of Financial Condition reflects the present equity and assets of the Junior Livestock Show Board.

The cash in amount of $1,378.18 in the First National Bank of Nevada, Main Branch, Reno, Nevada was reconciled to the bank statement of June 30, 1961, and was confirmed by direct correspondence with the depository.

Accounts receivable amount to $291.73 represent amounts due on several sales which were not deposited until after June 30, 1961.

The contributions and donations pledged are the net received but not deposited until after June 30, 1961.

All liabilities were reported to us as having been paid prior to June 30, 1961 which left a fund equity of $1,732.84. Since we question the administrative charges and gifts which account for the accumulation of this equity, it is possible that the equity should be disposed of by further distribution to sellers at auctions or reverted to the General Fund of the State, from which fund the Board is supported by statute.

Consolidated Statement of Revenues and Expenditures - Exhibit B

The Consolidated Statement of Revenues and Expenditures reflects the combined revenues and expenditures of the appropriated fund and the bank account in detail. Combined receipts exceeded expenditures by $379.84. However, $497.37 was deducted as administrative charges from exhibitors. If this amount were returned to exhibitors, since no authority exists at law for its deduction, the Board would have operated at a loss of $117.53 for the year ended June 30, 1961.

OPINION

We have examined the statement of financial condition of the Junior Livestock Show Board as of June 30, 1961 and the related statement of revenue and expenditures for the year then ended. Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying statement of financial condition and statement of revenues and expenditures present fairly the financial position of the Junior Livestock Show Board as of June 30, 1961, on a cash basis and the results of its operations, with the exception of the legal ownership of the fund equity (refundable to exhibitors or reversion to the State General Fund), in conformity with generally accepted accounting principles.

Yours very truly,

A. N. JACOBSON, Legislative Auditor

By Paul M Stanley
Paul M. Stanley, Auditor in Charge

PMS/jkh

Exhibit A

NEVADA JUNIOR LIVESTOCK SHOW BOARD

Statement of Financial Condition

June 30, 1961

Assets	
Cash in Bank, First National Bank of Nevada, Main Branch	$1,378.18
Accounts Receivable	291.73
Contributions and Donations Pledged	62.93
	$1,732.84
Liabilities	
Fund Equity	$1,732.84

NEVADA JUNIOR LIVESTOCK SHOW BOARD

Consolidated Statement of Revenues and Expenditures

For the Fiscal Year Ended June 30, 1961

	Together	Appropriated Funds	Bank Account
Revenues			
Appropriation pursuant to provisions of Chapter 250, Section 53, Statutes of Nevada, 1960, page 449	$2,000.00	$2,000.00	
Auction Sales			$36,169.34
Less: Amounts paid to exhibitors			35,671.97
	497.37		497.37
Donations, awards and miscellaneous receipts	1,613.93		1,613.93
	4,111.30	2,000.00	2,111.30
Expenditures			
Judging fees	300.00	300.00	
Insurance	206.25	188.25	18.00
Public Address System Lease	125.00	125.00	
Secretarial Work	114.58	77.50	37.08
Catalog and Program Labor	99.88	99.88	
Fairground Labor	507.75	507.75	
Show Services	200.00	200.00	
Straw	52.25	52.25	
Promotion	883.81		883.81
Supplies	324.53		324.53
Awards	245.66		245.66
Bar-B-Que Expenses	609.00		609.00
Miscellaneous	62.75		62.75
Total expenditures	3,731.46	1,550.63	2,180.83
Excess of revenue over expenditures	379.84	449.37	(69.53)
Transfer between accounts		(449.37)	449.37
Beginning Bank Balance	998.34		998.34
Ending Bank Balance	$1,378.18	-	$1,378.18

STATE OF NEVADA

NEVADA RACING COMMISSION

AUDIT REPORT

For the Period July 1, 1960 to June 30, 1961

REPORT NO. 22

LEGISLATIVE COUNSEL BUREAU

A. N. Jacobson, Legislative Auditor

CARSON CITY, NEVADA

May 14, 1952

STATE OF NEVADA
OFFICE OF THE
LEGISLATIVE AUDITOR
CARSON CITY, NEVADA

A. N. JACOBSON
LEGISLATIVE AUDITOR

May 14, 1962

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 Racing Commission for the fiscal year ended June 30, 1961, and have prepared therefrom the following exhibits:

Statement of Financial Condition, June 1, 1961 -Exhibit A

Statement of Revenues and Expenditures for the Fiscal Year Ended June 30, 1961 -Exhibit B

FUNCTION OF AGENCY

The Nevada Revised Statutes, Chapter 466, creates the Nevada Racing Commission and empowers it to regulate any and all persons, associations or corporations which shall hold or conduct any meeting within the State of Nevada where any horse racing shall be permitted for any stake, purse or reward.

SCOPE OF EXAMINATION

General

We have examined all recorded transactions of the Commission to satisfy ourselves of the accuracy of the records.

Internal Control and Records

The internal control methods of handling receipts and disbursements are adequate for the few annual transactions, but should there be a material increase, the system and records should be more complete.

Efficiency of Subordinate Employees

The Commission hires no personnel at present.

Duplication of Work with Other Departments

The audit examination indicates no duplication of work of other departments or agencies.

Status and Condition of Funds

The Commission's funds increased from $125.30 on June 30, 1960 to $1,733.65 on June 30, 1961, an increase of $1,608.35.

Possible Violations of Statute or Good Business Practice

The audit program of the Legislative Counsel Bureau is designed to assist state officers to attain effective government, by including in reports items which fail to conform to law, regulation, or good business practice. The auditors are charged by statute to report such situations.

Our examination disclosed the following items which appear to violate statute or regulation, or which, in our opinion, are contrary to good business practice:

1. The records for the period June 30, 1960 to December 18, 1960, inclusive, have not been turned over to the incumbent secretary and such records were not available for our inspection. During the period, $1.79 was expended for which we cannot account, but no revenues were received.

2. NRS 466.080(1) provides for funds to be on deposit in the State Treasury. The use of a bank account appears to be contrary to the above statute.

3. NRS 466.080(3) provides for prorata apportionment of all funds of the Commission in excess of $10,000.00 to agriculture associations. Since the funds are considerably below this limit, it appears that the prorata of $341.00 paid to each participant who conducted racing during the year, is in violation of this section of the statute. Furthermore, only one participant was an agriculture association. If the Nevada Racing Commission wishes to make such donations, the Commission should request an amendment to its statutes.

Suggested Changes

Although suggestions for changes may have been made elsewhere in this report, we restate them together with any other suggestions.

1. We recommend that the money presently on deposit in the bank be deposited with the State Treasurer to comply with NRS 466.080(1). Should the Commission feel that a bank account is a necessity, we recommend compliance with the cited statute until the legislature can authorize by statute the use of such an account.

2. We recommend compliance with NRS 466.080(3), which allows for distribution of funds in excess of $10,000.00. If the Commission believes this section should be changed, we suggest that the matter be presented to the next session of the Legislature.

STATEMENT OF REVENUES AND EXPENDITURES

Exhibit B sets forth in detail source of revenue and nature of the expenditures.

OPINION

We have examined this Statement of Financial Condition of the Nevada Racing Commission as of June 30, 1961, and the related Statement of Revenues and Expenditures for the year then ended. Our examination was made in accordance with the generally accepted auditing standards, and in accordance with the powers and duties set forth in NRS 218.770, and included such tests of the accounting records and other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying statement of Financial Condition and Statement of Revenues and Expenditures present fairly the position of the Nevada Racing Commission as of June 30, 1961, on a cash basis, and the results of its operations for the year then ended, in conformity with generally accepted accounting principles, applied on a basis consistent with practices usually followed in departments and agencies of the State of Nevada.

Very truly yours,

A. N. JACOBSON, Legislative Auditor

W. Elmo DeWhitt, C.P.A.
Auditor-in-Charge

WED/1

Exhibit A

NEVADA RACING COMMISSION

Statement of Financial Condition

June 30, 1961

Assets	
Cash in Bank of Nevada	$ 1,615.67
Cash in State Treasury	117.98
	$ 1,733.65
Equity	
Fund Equity	$ 1,733.65

Exhibit B

NEVADA RACING COMMISSION

Statement of Revenue and Expenditures

For the Fiscal Year Ended June 30, 1961

		Funds Deposited With	
	Total	State Treasurer	Bank
Revenues			
License fees	998.00		998.00
Parimutuel tax	2,110.14		2,110.14
Reimbursement for Commission expense	65.00		65.00
Total revenue	3,173.14		3,173.14
Expenditures			
Dues - National Association of Racing Commissioners	500.00		500.00
Expense Secretary	40.00		40.00
Return of 1/3 of license fees collected to			
Pony Express, Inc.	341.00		341.00
Washoe County Fair	341.00		341.00
Elko County Agriculture Association	341.00		341.00
Unexplained difference between balance of July 1, 1960 and December 19, 1960	1.79		1.79
Total expenditures	1,564.79		1,564.79
Excess of receipts over disbursements	1,608.35		1,608.35
Beginning balance	125.30	117.98	7.32
Balance, June 30, 1961	1,733.65	117.98	1,615.67

STATE OF NEVADA

UNIVERSITY OF NEVADA

AUDIT REPORT

For the Period July 1, 1960 to June 30, 1961

REPORT NO. 23

LEGISLATIVE COUNSEL BUREAU

A. N. Jacobson, Legislative Auditor

CARSON CITY, NEVADA

May 11, 1962

STATE OF NEVADA
OFFICE OF THE
LEGISLATIVE AUDITOR
CARSON CITY, NEVADA

A. N. JACOBSON
LEGISLATIVE AUDITOR

May 11, 1962

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 University of Nevada for the fiscal year ended June 30, 1961, and have prepared therefrom the following exhibits and related schedules:

Consolidated Statement of Financial Condition - June 30, 1961	- Exhibit A
Statement of Financial Condition - Current Funds Nos. 01 to 51 - June 30, 1961	- Exhibit B
Statement of Financial Condition - Plant Funds - June 30, 1961	- Exhibit C
Statement of Fixed Assets - Plant Funds - June 30, 1961	- Exhibit D
Summary Statement of Revenues and Expenditures - For the Fiscal Year Ended June 30, 1961	- Exhibit E
Statement of Revenues and Expenditures - For the Fiscal Year Ended June 30, 1961 - University Operating Fund No. 01	- Exhibit F
Federal Agricultural Funds - Experiment Stations Fund No. 02	- Exhibit G
Extension Services Fund No. 03	- Exhibit H
Summer School Fund No. 11	- Exhibit I
Correspondence, Extension and Evening Division Fund No. 12	- Exhibit J
Research Financed by Grants Fund No. 13	- Exhibit K
Special Institutes and Projects Fund No. 14	- Exhibit L
Intercollegiate Athletics Fund No. 21	- Exhibit M
Dining Commons Fund No. 22	- Exhibit N
Residence Halls and Apartments Fund No. 23	- Exhibit O
Student Health Service Fund No. 24	- Exhibit P
4-H Camp Fund No. 25	- Exhibit Q
Jot Travis Student Union Fund No. 26	- Exhibit R
Scholarship Fund No. 31	- Exhibit S
University Sales Fund No. 41	- Exhibit T
Special Gifts and Miscellaneous Accounts Fund No. 51	- Exhibit U
Loan Fund No. 61	- Exhibit V
Endowment Fund No. 71	- Exhibit W

Agency Fund No. 81	- Exhibit X
Plant Fund - Regents - No. 91	- Exhibit Y
Plant Funds - State Treasurer - No. 91	- Exhibit Z
Summary Schedule of Expenditures - For the Fiscal Year Ended June 30, 1961	- Schedule 1
Schedule of Expenditures for the Fiscal Year Ended June 30, 1961 - University Operating Fund No. 01	- Schedule 2
Federal Agricultural Funds	
Experiment Stations Fund No. 02	- Schedule 3
Extension Service Fund No. 03	- Schedule 4
Summer School Fund No. 11	- Schedule 5
Correspondence, Extension and Evening Division Fund No. 12	- Schedule 6
Research Financed by Grants Fund No. 13	- Schedule 7
Special Institutes and Projects Fund No. 14	- Schedule 8
Intercollegiate Athletics Fund No. 21	- Schedule 9
Dining Commons Fund No. 22	- Schedule 10
Residence Halls and Apartments Fund No. 23	- Schedule 11
Student Health Services Fund No. 24	- Schedule 12
4-H Camp Fund No. 25	- Schedule 13
Jot Travis Student Union Fund No. 26	- Schedule 14
University Sales Fund No. 41	- Schedule 15
Special Gifts and Miscellaneous Accounts Fund No. 51	- Schedule 16
Loan Fund No. 61	- Schedule 17
Agency Fund No. 71	- Schedule 18
Regents Account - Fee Fund - July 1, 1958, through June 30, 1960	- Appendix A
List of Noteworthy Claims	- Appendix B

The above exhibits and schedules have been prepared with the intent of showing fund relationships more clearly than can be done under the recommended presentation by authorities on university accounting.

The auditors wish to point out that this report is based upon the old accounting system. As of July 1, 1961, the accounting system has been completely revised. Preliminary review of the system indicates that many of the deficiencies found in the old system will be corrected with this new system.

FUNCTIONS OF AGENCY

The University of Nevada is a State-supported coeducational 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.

Powers and duties of the Board of Regents of the University of Nevada are set forth in Article II of the Nevada Constitution and various statutes

of Nevada, among which are Chapter 396, Nevada Revised Statutes, dealing directly with the University of Nevada. Other statutes dealing with the University include the State Budget Act, State Personnel Act, Public Employees Retirement Act, and State Purchasing Act, all of which are guiding statutes for financial operations of the University.

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 of all University activities, and maintains administrative and general ledger control over operations of Nevada Southern at Las Vegas.

SCOPE OF EXAMINATION

General

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 condition of the records.

The records to June 30, 1961, were maintained on an out-dated system of accounts, and the financial report of that date was prepared on the basis of the new accounting system effective July 1, 1961. Although we agree with the University in the general revision of its accounting system, the auditors experienced considerable difficulty in following the effect of some of the changes made.

Internal Control Evaluation

Internal control has been defined as the plan of organization and all of the related methods and measures adopted within a business to safeguard its assets, check the accuracy and reliability of its accounting data, promote operational efficiency, and encourage adherence to prescribed managerial policies. The characteristics of such a system are described as:

(1) A plan of organization which provides appropriate segregation of functional responsibilities.

(2) A system of authorization and record procedures adequate to provide reasonable accounting control over assets, liabilities, revenues and expenses.

(3) Sound practices to be followed in the performance of duties and functions of each of the organizational departments.

(4) Trained personnel with abilities commensurate with responsibilities.

The essence of an effective system of internal control is the segregation of duties in such a way that the persons who are responsible for the custody of the assets and conduct of 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. Duties of individuals should be so divided as to minimize the possibility of collusion, perpetration of irregularities, and falsification of the accounts. Protection of the institution's funds, particularly in full and complete accounting for income accrued to or for the benefit of the University, should not depend upon the moral character of the employees.

The object is to provide the maximum safeguards practicable in the circumstances, giving due consideration to the risks involved and the cost of maintaining the controls.

An examination of the records at the University of Nevada disclosed a set of records for the period of examination poorly designed to make available, with reasonable promptness and accuracy at the close of each fiscal period, data for financial reports. A complete change in system as of the beginning of the subsequent period should correct this situation.

Double-entry analysis of transactions is fundamental to accounting. "Double-entry" simply means that for every entry made on the debit side of one account, an entry or entries of a corresponding amount are made on the credit side of one or more other accounts and vice versa. Double-entry is a method of analyzing the effect of transactions on fund assets, liabilities, and equities, and of recording transactions so that each is self-balancing in its effect on the accounts. Through this system, the records of all transactions are mathematically balanced or proved. No commercial, or government agency should keep its accounts on any other basis, for experience has proved that it is fundamental to accuracy of accounts and the maintenance of proper accounting controls. We are hopeful, and have reason to believe from a preliminary examination of the reorganized accounting structure, effective July 1, 1961, that great strides have been made in correcting many of the deficiencies pointed out in this audit.

In the following comments regarding weaknesses in internal control at the University, we intend no inference that any employee is engaged in dishonest activity. Rather, we submit our comments in order to direct attention to procedures which should be improved. Our aim is to help strengthen the system of internal control, to increase the reliability of financial reporting, to reduce the hazards of dishonesty, and to assist management to conduct a more efficient operation.

a. Registration Fee Assessment - Starting with the fall semester of 1960, there was instituted a change in the registration procedure which the auditors believe adversely affects the internal control as it pertains to the collection of registration fees. Assessment of fees became a function of what was then the Comptroller's Office. From an audit viewpoint, this placed the Comptroller's Office in the undesirable position of assessing fees, collecting the fees, and recording the income.

Clarence Scheps states in his "Accounting for Colleges and Universities," Chapter 7, page 154:

> Note that in the above procedure all assessments of fees and charges are made by representatives of the registrar's office, and that the sole function of the business office is to collect the fees. This procedure, generally followed in colleges and universities, has much to commend it. The registrar's office is more familiar with courses of study and laboratory fees, and therefore, greater accuracy of assessment results. Similarly, the business office, by restricting its activities to collections, can proceed much faster and with less

possibility of error. Since the registrar retains a duplicate copy of all assessment slips, this method provides an excellent means of internal check on the income from registration and also upon the cashiers, who handle considerable sums of money during the short period of registration.

Reconciliation of student fees collected and recorded to registration assessments obtained from the Registrar's office would be an extremely valuable independent check on registration collections. (This could well be one of the duties of an internal auditor.)

b. Collection and Recording of Cash - Cash is received at the University by the regular cashier and temporary cashiers during registration periods. During the remainder of the year, cash is received by the regular cashier or through the mail. Large sums of cash are received in the form of currency which could be readily converted to the personal use of employees inclined to do so.

The volume of transactions during the registration periods requires the use of temporary cashiers who are supervised by the accounting office or who are accounting office employees. The use of accounting employees as cashiers or as supervisors of cashiers could make possible the manipulation of records to cover errors or shortages of cash. It is acknowledged that desirable separation of duties is not always feasible from a point of operational efficiency. Nevertheless, other controls should be applied to insure that the recorded information agrees with the amounts that actually should have been collected.

Cash received through the mail should be listed by the mail opener in the presence of one or more other persons. This list serves as a record for the accounting office in verification that all cash received through the mail is recorded and deposited promptly by the cashier. Unrecorded cash receipts in the form of checks or currency may be borrowed easily or diverted for personal use. Therefore, it is important that control be established immediately upon receipt of the cash and maintained throughout the process.

We are gratified to observe that there has been a tightening of the general laxity in the handling of the cash register noted in the previous years' examinations of the University. In particular, we point out that there were no undeposited employee checks in the cash register at the time of our cash count; this practice being a flagrant misuse of State funds which we noted in previous audits.

Granted that there has been improvement in the cashiering of funds, there still remain weaknesses which need correction.

A bulletin of the Financial Advisory Service, entitled "Auditing of Colleges and Universities," describes the following procedure for controlling cash by mechanical equipment:

> One college controls the cash by requiring the cashier to insert a receipt form in the cash register to record each transaction. The tape is removed from the machine by an internal auditor, and the names of the payers are typewritten

on the tape from the original document bearing the imprint of the register by date, transaction number, amount, and other symbols. A deposit is made of the exact total indicated on the tape. A duplicate deposit slip is made by carbon on an adding machine. The portion of the deposit in cash must agree with the register key designated "Cash," and the amount of individual checks on the tape must agree with those on the deposit slip. Any variation must be explained by the cashier on the receipt form which is recorded in the register.

The cashing of checks for students is usually a service which most colleges provide, although it should be avoided if possible. If required, the cashier should be given a separate fund for cashing checks. All checks cashed should be deposited separately to the credit of the institution and a reimbursement check issued to the cashier to replenish his fund. The reimbursement check may be cashed out of regular receipts or out of the petty cash fund.

The practice of making petty cash disbursements from daily receipts violates one of the major concepts of a good system of internal control; namely, that receipts should be deposited, intact, daily. (This practice has been discontinued as of July 1, 1961.)

c. Bank Reconciliations - Bank reconciliation procedures are normally used to prove the accuracy of balances shown on a bank statement and in a depositor's cash account, and to provide an audit of the cash receipt and disbursement transactions that occur during the period covered by the bank statement, which is usually a calendar month. Several standard procedures must be followed for the bank reconciliation to be effective. The bank reconciliation procedure used by the University omits one or more of the following procedures:

(1) Delivery of the bank statement and cancelled checks to the reconciler in unopened envelopes or packages (so any incriminating check can't be substituted).

(2) Comparison of cancelled checks in detail or in total with amounts entered on the bank statement (possible collusion between bank employee and University help).

(3) Comparison of cancelled checks with the details in the cash disbursement records to verify that the dates, payees, and amounts are in agreement.

(4) Comparison of the dates and amounts of deposits shown on validated duplicate deposit tickets and bank statements with the dates and amounts entered in the cash receipts book.

(5) Examination of signatures and endorsements on checks.

(6) Review of completed reconciliations by the accounting officer or a responsible official other than those who handle the cash.

By omitting any of the above reconciliation procedures, the internal control provided by the reconciliation process is weakened. The mere mechanical checking of differences between bank and book balances permits compensating errors or manipulation of the records to pass unnoticed. The University is presently following most of these basic steps of reconciliation. It is recognized that each step may not be practical in this particular situation, but procedure following each step of reconciliation as near as practical in the situation is followed. We recommend that the accounting officers review bank reconciliation procedures and make such changes as are necessary to provide the maximum degree of internal control consistent with the particular situation.

d. Property Control - The purpose of property accounting is to maintain accountability for the State's investment in fixed assets such as land, buildings, machinery, equipment, automobiles, furniture, and similar items of property.

We found that the inventory control for property at the University is practically non-existent. Detail property records are not maintained on a current basis. Property inventories are not taken as often as is necessary to maintain control over the property. Since the State's investment in property is substantial at the University, it is essential that these internal control deficiencies be corrected to minimize possible loss.

The auditors have been informed that the University requested assistance from the Department of Purchasing, Inventory Division, that such assistance was promised and a date set for starting the inventory. However, the date was not kept and no assistance has been rendered to date. It appears that the University has acted in good faith and the Department of Purchasing may be largely at fault in failure to carry out its commitment.

It is of paramount importance that a perpetual system of inventory control be installed. We emphasize this point in our report to underline the importance we attach to a complete accountability for the valuable properties in the custody of the University.

Inventory control can provide many advantages:

1. It makes possible an accurate accounting of all assets. Inventory records are an integral part of the accounting system, and a complete system demands it.

2. It establishes definite responsibility for property. Good records and procedures create a beneficial psychological effect upon the person charged with the custody of the property.

3. It provides valuable records for insurance purposes. They may be used for determining coverage, recovering losses, revising insurance schedules, and reporting to rating bureaus. It also provides current information on equipment for federal, or State reports and surveys.

4. It provides information readily accessible for administrative purposes, so that movable equipment may be used more effectively.

5. It provides an excellent guide to future purchasing and a permanent history of past purchasing.

6. Large contributors and foundations are more interested in institutions if there is good evidence that the financial management is well organized, efficient and thorough.

There is no good excuse for lack of property control. This function is no less important than the daily control over cash receipts or the close control over disbursements. The process of converting cash into property merely exchanges one asset for another. The fact that it may be more difficult to account for and control this form of property is no legitimate excuse for being negligent about it.

Although the Department of Purchasing is charged by statute with maintaining inventory on personal property in all State agencies, we believe the University should maintain such records of its own property, which could be easily maintained by tabulating processes now available at the University.

Books and Records

The books and records at the University have been extensively revised as a result of an overall accounting reorganization implemented as of July 1, 1961.

A summary of records maintained for the period under audit follows:

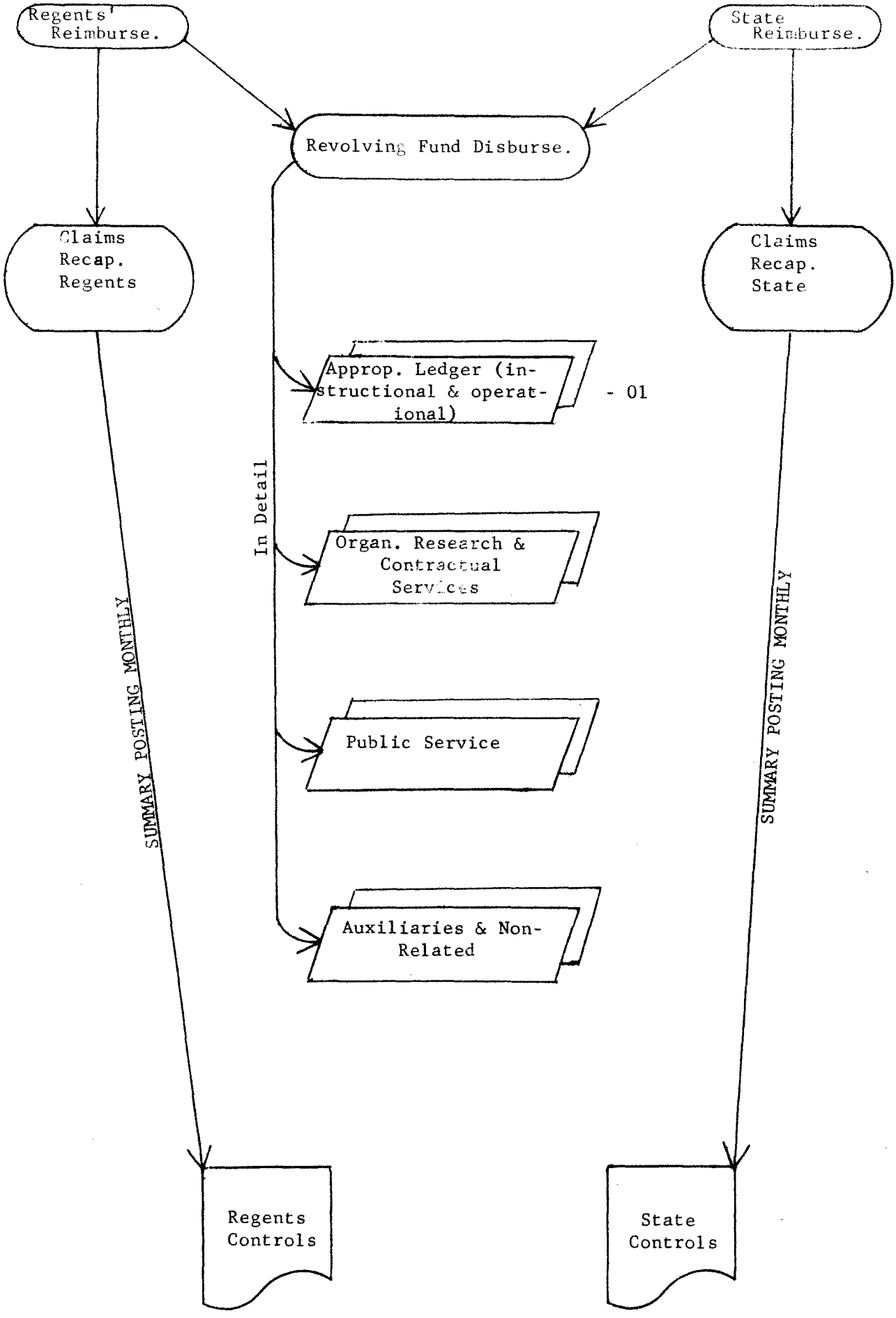
The basic document which sets up the appropriation ledger is known as the Working Budget. This is the document which allocates the authorized budget (including State appropriations, student fees, miscellaneous incomes, and federal funds) to the various colleges and departments of the University. The Budget for a particular college or department is recorded in quarterly allotments in four categories. Transfers of spending authority from one college or administrative unit to another are subject to Board of Regents approval. Transfers of spending authority from one department of a college to another department of the same college may be initiated by a dean or administrative officer and shall be subject to approval of the President.

Ledger sheets in the instructional and operational group are designed to show a free or unencumbered balance upon the recording of each transaction.

Study of the chart on the page following illustrates clearly the pattern for recording disbursements.

Nearly all disbursements for the various University functions are made from a Revolving Fund. These disbursements are recorded in detail to the various functional groups on ledger sheets similar to the one described previously. Those expenditures from the Regents Funds for which State appropriations have been allocated are reimbursed from the State Treasury upon audit of claims presented by the University.

Those expenditures from the Regents Funds for which Regents Funds have been allocated are reimbursed from various Regents Funds bank accounts. (The


Regents Reimburse.
State Reimburse.
Revolving Fund Disburse.
Claims Recap. Regents
Claims Recap. State
Approp. Ledger (instructional & operational)
- 01
In Detail
Organ. Research & Contractual Services
Public Service
Auxiliaries & Non-Related
SUMMARY POSTING MONTHLY
SUMMARY POSTING MONTHLY
Regents Controls
State Controls

sources of these Regents Funds are numerous; i.e., student fees and tuition, federal grants, endowment-investment income, special research grants, miscellaneous gifts, etc.) Since these funds are kept in bank accounts, only a yearly post-audit of claims is possible.

Once a month a Regents Claim Recap and a States Claim Recap are prepared (a listing of all claims paid). These monthly summary postings are made to a Control Ledger for the Regents Accounts and another to a State Accounts Control.

This dual posting, one in detail, the other in summary form, to Controls, is designed to provide a double check on the accuracy of the accounting and in effect providing a form of double entry bookkeeping.

Efficiency of Subordinate Employees

Section 218.810 Nevada Revised Statutes specifically charges the Legislative Auditor with the responsibility of examining the efficiency of subordinate employees.

From observation during the time of the audit examination we were unaware of any infraction of rules as promulgated by the State Administrative Manual. Work habits of employees appeared to be good. We observed no overstaffing. Employees' time and talents seem to be well utilized.

Duplication of Work with Other Departments

There exists a possible duplication of work with other departments in the purchasing function of the Buyer's Office with the State Department of Purchasing--a subject discussed in greater detail in the section of this report dealing with the purchasing function at the University.

Nevada Bureau of Mines

The Nevada Bureau of Mines for the period under audit received a budget allotment from the general appropriation to the University in the amount of $126,516.00. In addition there was appropriated from the general fund for support of the Bureau, the sum of $60,000.00.

We question the need for a separate appropriation to the Bureau which is a department of the University drawing support from the general appropriation to the University.

Purchasing

In reviewing the purchasing function at the University, it becomes apparent that a clarification of primary objectives and policies be affirmed. Written procedures relating to purchasing policies for the University Buyer should be clearly spelled out, procedures concerning the authority to purchase, the approval requirements involved, the process of vendor selection, bidding requirements, and local purchase requirements.

Lacking clearly-set policies and objectives, the University Buyer operates at his own peril. He is left in the untenable position of having his basic judgments subject to criticism on any action, and of having his own policies in question rather than those of the State Department of Purchasing.

There has been a lack of clear policy directives with the resultant uncertainty regarding the authority and responsibility of the Buyer's Office to the State Department of Purchasing. This is particularly true regarding purchases of a specialized and technical nature. It is time that an attempt be made to clarify the areas of authority and responsibility belonging to the State, those belonging to the University, and those which, by their nature, are a joint responsibility.

There is a difference of opinion between University officials and some State officials as to whether expenditures from student fees, sales, endowments, endowment incomes, gifts, bequests, devises, investments, funds of the students' association, auxiliary and non-related funds, miscellaneous special funds, federal funds, and other miscellaneous funds come within the jurisdiction of State controls. Many specific instances of deviation from the State Purchasing Act uncovered in this audit point directly to this difference of interpretation.

The auditors hold that all of the University's moneys are public funds with the exception of those held in custody in fund group 81, Agency Funds, which are private funds. All public funds come within the framework of the statutes as to their expenditure with further restrictions as provided by donors, etc.

The University holds a letter opinion of the Attorney General's Office, which advises them of specific exemption of the Desert Research Institute from the State Purchasing Act. The auditors' legal resource holds that no exemption exists. In view of the difference of opinion, it appears that the question should be resolved by clarification of the statutes.

Certain deviations from State Purchasing Department directives have come to our attention during the course of audit. The directive pertaining to emergency orders states in essence that telephone quotations are permitted but must be confirmed by letter. The convenience of obtaining telephone quotations has been allowed to transcend the modification of procedures allowed in what was to be for "emergency orders" only. The directive requiring written confirmation of telephone quotations has proven impractical, according to the University Buyer, and we are inclined to agree that this is a valid argument. However, a permanent record of telephone quotations attached to a copy of the purchase order could very well serve the purpose intended from a written confirmation, if the regulations were changed to so provide. Procedure at time of audit was to make casual notes on scratch paper which are of little value as verification records of bid quotations.

We have noted numerous cases where the modification of procedure allowed for emergency orders has been flagrantly violated. The definition of an "emergency order" is debatable; however, we believe the State Purchasing Director should take a closer look and be somewhat more discriminating in his issuance of "emergency order" authorizations.

We have noticed what appears to be very poorly planned requisition practices on the part of some departments at the University. Requisitions requesting one or two items; for example, one or two pencils, were examined. This places a needless extra burden of work and expense on the Buyer's Office. It is indicative of poor planning and an example of inefficient procurement policies on the part of the administrative head of the department. Office supplies should be ordered in quantities large enough to satisfy needs for a minimum of thirty days or even three months.

The University has attempted to correct many of the deficiencies in requisitioning and purchasing through a directive issued by the President under date of May 17, 1961. This directive was not in effect during the year under examination for a sufficient period of time for the auditors to observe its effect. However, numerous problems in requisitioning and purchasing should be improved in the period subsequent to examination.

It is our opinion that the Buyer at the University should be directly responsible to and be an employee of the State Department of Purchasing. Only in this manner could the State Purchasing Director feel justified in delegating the authority and freedom of action which a buyer for the University must have to fulfill his function efficiently.

It is our understanding that the State Purchasing Director has been instructed by a legislative committee at the 1961 Session of the Legislature to make a full evaluation of the purchasing function at the University, and to submit a report and recommendations regarding administrative organization of this function to the next session of the Legislature.

Status of Funds

General University Operation - Fund No. 01:

This fund accounts for the general educational operational receipts and expenditures of the University.

Sources of receipts are:

1. Appropriation by the Legislature.
2. Interest from the 90,000 Acre Grant Fund.[1]
3. Proceeds from the University Irreducible Fund.[2]

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[1]Act of Congress granted 90,000 acres of land to Nevada; 30,000 acres for each Congressional seat. The interest derived from the investment of the money arising from the sale of the land is to be expended for the support and maintenance of the University of Nevada.

[2]The moneys arising from the sale of 72 sections of land granted this state by Act of Congress to be invested by the Board of Regents, the interest therefrom to be used for the maintenance of the University.

4. Interest from the University Contingent Fund.[1]

5. Delinquent payments of the old University State Tax Fund.

6. Tuition and fees of matriculated students during the academic year.

7. Other miscellaneous receipts.

Investments of the 90,000 Acre Grant Fund and the University Irreducible Fund which in the past have been in the custody of the State Treasurer were turned over to the University during the fiscal year under audit. The State Treasurer authorized transfer as a result of an opinion by the Attorney General's Office naming the Board of Regents as legal custodians of the securities.

Reference to Fund #01 disclosed a balance on June 30, 1960, of $121,785.50. Revenues total $4,893,405.78, expenditures, $4,937,818.03 (See Exhibit F). Transfers out were $45,727.17, leaving a balance on June 30, 1961, of $31,646.08.

Elaboration on the detail composing the two major subfunds in this group will perhaps provide a better understanding of this segment of the financial picture.

A. Funds Held by the State Treasurer

The State's appropriation for general support of the University totaled $4,106,667.00 which was fully expended. The practice at the University during the period under audit was to expend appropriated moneys before fees and other receipts; the fees and other receipts were deposited in a private bank account permitting expenditure without the pre-audit control required of other State funds. This practice had long been a heatedly debated issue.

On July 1, 1961, the policy related to custody of funds from fees and other receipts was revised. These funds were deposited temporarily in a bank account upon receipt and then invested in short term government bills--earning the University several thousand dollars interest. Funds from this source were transmitted to the State Treasury only when needed after the State appropriation had been expended.

We take no exception to this procedure other than to point out the need for specific statutory authority for this bank account. We further recommend that legislation authorizing a bank account should specifically restrict expenditures (other than purchase of short term government bills) to transmittal of funds to the State Treasury.

Need for statutory authority for a bank account is mandatory to nullify the provisions of NRS 353.250 which states:

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[1]The interest derived from the University Irreducible Fund.

1. Every state officer, department or commission which receives or which may receive any moneys of the State of Nevada or for its use and benefits shall pay into the state treasury on the 1st Monday of each month all moneys received by such officer, department or commission during the previous calendar month, together with a complete itemized statement covering all financial transactions during the month.

2. Every officer, head of any department or commission failing to comply with the provisions of this section shall be guilty of a misdemeanor in office.

B. Funds Held by Board of Regents

Study of the fee account detailed analysis (Exhibit F) shows a deficit balance of $77,845.85[1] on July 1, 1960. Additions to the account during the fiscal year from student fees, federal subventions and miscellaneous reimbursements totaled $693,457.58; the closing of cash balances and adjusting entries from various sundry accounts added $7,428.68. Deductions from the account amounted to $645,102.70, including:

Disbursements against Regents Funds	$591,946.85
Board of Athletic Control deficit written off	50,769.07[2]
Miscellaneous, deficit balance accounts, closed	43.54
Paid-out adjustments	2,343.24
	$645,102.70

The excess of additions, $700,886.26, over deductions, $645,102.70, reduced the beginning deficit by $55,783.56, to a figure of $22,062.29.

State Agricultural Experiment Stations - Fund #02 - This fund receives support from Hatch Act Federal Subventions, United States Department of Agriculture Regional Research Federal Subventions, State appropriations and station sales.

Function of the fund is to conduct scientific research related to agriculture in Nevada, as well as cooperative research related to agriculture of other states. Research is carried on at the Max C. Fleischmann College of Agriculture, and at different University farms and installations, including:

(1) Main Station Farm and Dairy - Washoe County

(2) Valley Road Farm, Reno

(3) Knoll Creek Station, Contact

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[1]See Kafoury & Armstrong's review of the Regents Fee Account, July 1, 1958, through June 30, 1960, attached to and made part of this report (Appendix A).

[2]A deficit long carried on the books resulting from excess of expenditures over receipts from locally subsidized football.

(4) Newlands Field Station, Churchill County

(5) Southern Nevada Field Station, Logandale

Examination of Fund #02 reveals a cash balance on June 30, 1960, of $19,762.77. Revenues amounted to $264,978.00; expenditures were $261,178.42 as follows:

Salaries	$136,297.93
Travel	14,245.14
Supplies	63,755.09
Miscellaneous operating	17,409.66
Equipment	29,480.60
Total	$261,178.42

The cash balance was $23,562.35 on June 30, 1961. Supplies ordered and services contracted for at the end of the fiscal period amounted to $23,562.35, fully depleting the available balance.

Agricultural Extension Service, Fund #03 - This fund receives support from federal subventions--Smith-Lever and Bureau of Indian Affairs.

Function of the Fund:

A. Smith-Lever - To give instruction and practical demonstrations in agriculture and home economics through field demonstration and other media.

B. Bureau of Indian Affairs - Assist Indians in the proper development of land and other economic resources to help prepare Indians to fit into the communities in which they live as citizens. Work is carried on at the Max C. Fleischmann College of Agriculture building and by agents in 16 counties.

Examination of Fund #03 reveals a cash balance on June 30, 1960, of $54,033.22. Revenues amounted to $228,957.00, expenditures were $248,719.99, as follows:

Salaries	$162,578.85
Travel	14,859.11
Supplies	16,140.77
Miscellaneous operating	17,877.42
Equipment	37,263.84
Total	$248,719.99

This left a cash balance of $34,270.23 on June 30, 1961. Supplies ordered and services contracted for at the end of the fiscal period amounted to $12,161.03, reducing the available balance to $22,109.20.

Summer School, Fund #11 - The summer school is an integral part of the University of Nevada. Its function is to meet the needs of teachers and students who wish to spend a part of the summer vacation in serious study--to increase skill and classification--or, in the case of students, to accelerate their programs.

The summer school is self-supporting to the extent that cost of instructional staff and direct operating expenses are paid from fees charged to students enrolled. Examination of Fund #11 shows a beginning balance on July 1, 1960, of $87,092.55 in the several departments comprising the summer school. Fees collected amounted to $174,165.80; disbursements, $148,121.39, as follows:

Salaries	$ 93,160.03
Travel	3,919.13
Supplies	7,393.47
Miscellaneous operating	15,937.73
Equipment	5,976.03
Stipends[1]	21,735.00
Total	$148,121.39

Net transfers in were $314.52, leaving a cash balance on June 30, 1961, of $113,451.48. Supplies ordered or services contracted for at the end of the fiscal period amounted to $3,766.95, leaving an available balance on June 30, 1961, of $109,684.53.

We wish to draw your attention to the sizeable balance at the end of the fiscal period. The above balance does not reflect costs of the 1961 summer session although most of the income had been received prior to June 30, 1961. The balance should be reviewed after payment of those costs to determine that the remaining balance is not excessive. Any excessive balance should be transferred to the general operating fund.

Correspondence, Extension and Evening Division, Fund #12:

Correspondence Division - For the convenience of students who wish to continue their education by home study, a program of correspondence courses has been developed by the several departments of the University.

Extension Division - The nature of the work is defined in general terms by law as "the giving of instruction and practical demonstrations in agriculture and home economics and subjects relating thereto to persons not attending or resident in said colleges in the several communities, and imparting information on said subjects through demonstrations, publications and otherwise."

Evening Division - This is a program to provide continuing educational opportunities to the adults in Reno and Las Vegas and other communities in Nevada.

Combined Operations

This fund is self-supporting to the extent that cost of instructional staff and direct operating expenses are paid from fees charged to students enrolled. Examination of Fund #12 shows a beginning balance on July 1, 1960, of $6,736.37 in the five departments comprising the fund. Fees collected amounted to $149,898.01; disbursements, $131,579.71, as follows:

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[1]Allowances made under National Science Foundation grant to teachers covering, generally, mileage, per diem and dependent allowances.

Salaries	$ 84,897.77
Travel	5,981.04
Supplies	15,268.97
Miscellaneous Operating	11,398.87
Equipment	14,033.06
	$131,579.71

Net transfers out were $556.25, leaving a cash balance on June 30, 1961, of $24,498.42. Supplies ordered or services contracted for at the end of the fiscal period amounted to $1,513.04, leaving an available balance on June 30, 1961, of $22,985.38.

Attention is focused on a substantial balance at the end of the period. The above balance does not reflect future costs against funds collected prior to June 30, 1961. Revenues and expenditures in these self-supporting funds should approximate each other. Balances should be periodically reviewed to determine that the remaining balance is not excessive. Any excessive balance should be transferred to the general operating fund.

Research Financed by Grants, Fund #13 - This fund consists of federal grants from the National Science Foundation, U. S. Department of Health, Education and Welfare, Atomic Energy Commission and National Institute of Health. In addition, there are various grants from state and local governments as well as private grants.

The fund is reimbursed from grantors for direct and indirect costs in some cases, for direct costs only in other cases. Also, there may be outright grants of a given sum for specific research projects.

Examination of Fund #13 shows a beginning balance on July 1, 1960, of $129,954.00 in the various research grants comprising this fund. Funds advanced or reimbursements made to the fund amounted to $194,454.18; disbursements were $193,820.20, of which 56.6% was for salaries. Transferred out was $34,525.36, of which $34,000.00 was transferred from Mackay Schools of Mines research overhead to Mackay Endowment Fund #71. The net result was an ending balance on June 30, 1961, of $96,062.62. Supplies ordered or services contracted for at the end of the fiscal period amounted to $8,034.63, leaving an available balance on June 30, 1961, of $88,027.99.

Special Institutes and Projects, Fund #14 - This fund consists of special federal grants and registration fees. Expenditures from those projects supported by federal grant are reimbursed from federal funds for direct and indirect costs of the project.

Those special institutes supported by registration fees are designed to be self-supporting. That is, the direct operating costs are paid for by fees collected from students enrolled in the special institutes.

Examination of Fund #14 shows a beginning balance on July 1, 1960, of $45,806.38 in the various projects and institutes comprising the fund. Revenues amounted to $172,544.74; expenditures were $136,047.87, as follows:

Salaries	$ 35,873.42
Travel	9,744.23
Supplies	4,204.37
Miscellaneous operating	17,097.59
Equipment	10,407.38
Stipends[1]	49,093.38
Dependents[1]	9,627.50
	$136,047.87

Net transfers in were $60.55, leaving a balance on June 30, 1961, of $82,363.80. Supplies ordered or services contracted for at the end of the fiscal period amounted to $2,406.68, leaving an available balance on June 30, 1961, of $79,957.12.

Intercollegiate Athletics, Fund #21 - This fund receives its revenues in the form of income from all intercollegiate athletic events, including net amounts from event concessions and student fees as designated by the Associated Students of the University of Nevada. Expenditures against the fund are in payment of operating, travel and equipment claims of all intercollegiate athletics.

Review of Fund #21 shows a beginning balance on July 1, 1960, of $4,428.01. Revenues amount to $22,306.38; expenditures were $18,960.07, as follows:

Salaries	$ 782.50
Travel	6,126.44
Supplies	4,566.18
Miscellaneous operating	4,857.24
Equipment	2,627.71
	$18,960.07

Net transfers were $366.53 to ASUN, leaving a balance on June 30, 1961, of $7,407.79. Supplies ordered or services contracted for at the end of the fiscal year amounted to $622.25, leaving an available balance on June 30, 1961, of $6,785.54.

Dining Commons Fund, #22 - Dining Commons revenue is derived from serving of meals to student body and faculty.

Review of Fund #22 shows a beginning balance on July 1, 1960 of $110,800.82. Revenues amount to $289,385.26, expenditures $267,849.67 as follows:

Salaries	$ 77,104.69
Travel	1,190.91
Supplies	3,658.07
Miscellaneous operating	32,145.12
Equipment	26,224.53
Food	127,526.35
	$267,849.67

[1]Allowance made under National Science Foundation grant to teachers, covering, generally, mileage, per diem and dependent allowances.

Net transfers amounted to $2,668.88, leaving a cash balance on June 30, 1961, of $135,005.29. Supplies ordered or services contracted for total $15,845.30, reducing the figure to an available balance of $119,159.99.

A reserve fund, Dining Commons Reserve, was created by transfer of $136,695.59 from Dining Commons balance. This reserve will be used to pay off the indebtedness incurred in the construction of the dining commons.

Residence Halls and Apartments, Fund #23 - This fund accounts for the operation of student halls and apartments. Revenues are in the form of rents collected from Manzanita, Lincoln and Artemisia Halls, as well as Married Student Housing and New Residence Hall.

Examination of Fund #23 shows a beginning balance of $116,027.21 on July 1, 1960. Revenues are $125,415.96; expenditures, $128,799.23, as follows:

Salaries	$ 13,689.47
Travel	146.29
Supplies	1,523.13
Miscellaneous operating	61,382.07
Equipment	52,058.27
	$128,799.23

Net transfers out were $2,668.88, leaving a cash balance on June 30, 1961 of $109,975.06. (Transfers were to correct apportionment of receipts in Funds 22 and 23.) Supplies ordered or services contracted for at the end of the fiscal year amounted to $3,035.21, leaving an available balance on June 30, 1961, of $106,939.85.

There is due from the Plant Funds $20,000.00, advanced by Lincoln Hall and Artemesia Hall funds in amounts of $10,000.00 each for construction on the Planetarium Atmospherium.

Student Health Services, Fund #24 - All students registered for seven or more credits are entitled to benefits from the University Health Service, which maintains an infirmary on the campus with resident nurses and a physician. This service is included in the $100.00 consolidated fee that a matriculated undergraduate resident student is required to pay.

The fund accounts for the operation of student health services on the Reno and Nevada Southern campuses. Revenues consist of a portion of the consolidated fee plus an $8.00 fee from non-matriculated students if they elect to subscribe to the service.

Fund #24 shows a beginning cash balance of $19,967.68 on July 1, 1960. Revenues are $37,924.62; expenditures, $30,724.10, as follows:

Salaries	$22,841.48
Travel	62.20
Supplies	4,272.76
Miscellaneous operating	2,539.49
Equipment	1,008.17
	$30,724.10

Cash balance on June 30, 1961, was $27,168.20. Supplies ordered at the end of the fiscal year were $15.50, leaving an available balance of $27,152.70.

4-H Camp, Fund #25 - The fund accounts for the operation of the 4-H Club at Stateline, Lake Tahoe. Receipts are derived from rents, sale of meals and other sundries.

Fund #25 shows a beginning cash balance of $12,445.08 on July 1, 1960. Revenues are $18,538.91; expenditures are $14,550.86 as follows:

Salaries	$ 2,543.00
Supplies	9,688.06
Miscellaneous operating	1,925.75
Equipment	394.05
	$14,550.86

The cash balance on June 30, 1961, was $16,433.13.

Jot Travis Student Union, Fund #26 - This fund accounts for operation of the Jot Travis Student Union and Snack Bar. Its revenues are derived from student activity fees and sales.

Analysis of Fund #26 shows a beginning cash balance on July 1, 1960, of $38,530.43. Revenues are $98,657.54; expenditures, $97,143.95, as follows:

Salaries	$39,503.09
Travel	1,091.61
Supplies	4,687.93
Miscellaneous operating	14,237.88
Equipment	6,207.27
Food	31,416.17
	$97,143.95

The cash balance on June 30, 1961, was $40,044.02. Supplies ordered or services contracted for at the end of the fiscal year were $1,775.87, leaving an available balance of $38,268.15.

Scholarships, Fund #31 - This fund accounts for gifts, the principal of which is useable for scholarships, and income from endowments designated by the donor for scholarships.

Review of Fund #31 reveals in the group of accounts "Gifts, Principal Useable," a beginning cash balance on July 1, 1960, of $27,574.43. Revenues were $43,063.06; expenditures $39,978.29. Net transfers out were $575.00, leaving a cash balance on June 30, 1961, of $30,084.20. Scholarship awards at commencement exercises in June of 1961 amounted to commitments of $9,627.00, leaving an available balance at the end of the fiscal year of $20,457.20.

In the group of accounts constituting the "Endowment Incomes" designated by the donors for scholarships, we find a beginning cash balance of $26,609.80 on July 1, 1960. Revenues are $20,701.07; expenditures, $20,087.59. Net transfers in were $2,733.27, leaving a cash balance on June 30, 1961, of $29,956.55. Scholarship awards at commencement exercises in June of 1961

amounted to commitments of $25,050.00, leaving an available balance at the end of the fiscal year of $4,906.55.

Consolidating these two groups of accounts gives us a beginning cash balance on July 1, 1960, of $54,184.23. Revenues are $63,764.13, expenditures $60,065.88. Net transfers in are $2,158.27, leaving a cash balance on June 30, 1961, of $60,040.75. Scholarship awards amount to a commitment of $34,677.00, leaving an available balance at the end of the fiscal year of $25,363.75.

University Sales, Fund #41 - This fund accounts for cash receipts of various departments which are authorized to make sales and to use the resulting receipts.

Reference to Fund #41 shows a beginning cash balance on July 1, 1960, of $205,261.97. Revenues are $216,771.77; expenditures are $188,051.28. Net transfers out are $1,325.08, leaving a cash balance on June 30, 1961, of $232,657.38. Supplies ordered or services contracted for at the end of the fiscal period were $3,832.73, leaving an available balance at June 30, 1961, of $228,824.65.

Noted for attention is the large balance carried in this fund. It is acknowledged that a part of this fund balance is composed of restricted funds which can be expended only for specific purposes such as farm sales accounts with balances aggregating $209,757.40. However, we believe that some of these funds could be utilized for general operational educational support. It is recommended that University management take a close look at this balance for possible relief to the State's general fund.

Special Gifts and Miscellaneous Accounts, Fund #51 - This fund accounts for gifts to the University, the principal of which is useable and which may or may not be restricted by the donor to a specific operational use. Income from unrestricted endowments may also be recorded in this group.

Special Gifts and Miscellaneous Accounts, Principal Useable

The beginning cash balance on July 1, 1960, of this group of accounts of Fund #51 was $55,737.69. Revenues were $64,640.45; expenditures, $16,743.13, as follows:

Salaries	$ 125.00
Travel	2,691.39
Supplies	303.79
Miscellaneous operating	2,979.38
Equipment	9,769.80
Capital improvement	873.77
	$16,743.13

Transfers out were $20,445.03, leaving a cash balance on June 30, 1961, of $83,189.98. Supplies ordered or services contracted for were $972.75, leaving an available balance at the end of the fiscal year of $82,217.23.

Income from Restricted Endowments

The beginning cash balance on July 1, 1960, of this group of accounts of Fund #51 was $49,438.15. Revenues were $26,714.99; expenditures, $6,075.34, as follows:

Salaries	$3,069.00
Miscellaneous Operating	2,431.34
Equipment	25.00
Scholarship Awards	550.00
	$6,075.34

Transfers out were $46,568.94, leaving a cash balance on June 30, 1961, of $23,508.86.

Income from Unrestricted Endowments

The beginning cash balance on July 1, 1960, of this group of accounts belonging to Fund #51 was $11,543.98. Revenues were $9,003.83, no expenditures, and transfers out of $3,107.33, leaving a cash balance on June 30, 1961, of $17,440.48.

Consolidation of these groups of accounts constituting Fund #51 shows a beginning balance on July 1, 1960, of $116,719.82. Revenues were $100,359.27; expenditures, $22,818.47, as follows:

Salaries	$ 3,194.00
Travel	2,691.39
Supplies	303.79
Miscellaneous operating	5,410.72
Equipment	9,794.80
Capital improvement	873.77
Scholarship awards	550.00
	$22,818.47

Net transfers out were $70,121.30, leaving an ending cash balance on June 30, 1961, of $124,139.32. Supplies ordered or services contracted for were $972.75, leaving an available balance at the end of the fiscal period of $123,166.57.

Loan Funds, Fund #61 - This fund accounts for moneys loanable to students. If the principal is loanable, the entire amount is recorded here in one account. Income accounts from endowments restricted to student loans are also included in Fund #61.

Examination of Fund #61 shows a beginning cash balance on July 1, 1960, of $74,255.05. Revenues are $94,581.91; expenditures, $102,465.45, as follows:

Miscellaneous operating	$ 51.00
Student Loans	84,164.45
Scholarships	18,250.00
	$102,465.45

Transfers in were $2,261.50, leaving a cash balance on June 30, 1961, of $68,633.01.

Loans in force at the end of the fiscal period were $134,802.57, accounting for a principal balance of $203,435.58.

Endowment Funds, Fund #71 - This fund accounts for endowments, the principal of which is inviolate, the income of which may be used. Income from this fund is transferred and expended in the proper functional fund. That is:

1. Endowment income restricted for scholarships is transferred to the Scholarship Fund #31.

2. Income restricted for student loans is transferred to the Loan Fund #61.

3. Income restricted to a special purpose is transferred to either the Special Institutes and Projects Fund #14 or the Special Gifts and Miscellaneous Fund #51.

4. Income from unrestricted endowments remain in the fund until transferred by the Board of Regents or the President upon authority of the Board.

Endowments, Income Restricted for Scholarships

The endowed principal balance in this group of endowments on June 30, 1960 was $464,088.04. Additional endowment principal received during the fiscal year amounted to $1,500.00 for a total of $465,588.04 which was fully invested. In addition $503.93 in accumulated earnings were invested for a total invested balance of $466,091.97 at June 30, 1961.

Endowments, Income Restricted for Student Loans

The endowed principal balance in this group of endowments on June 30, 1960 was $349,519.63. Additional endowment principal received during the fiscal year amounted to $963.36 for a total of $350,482.99 which was fully invested. In addition, $33,197.73 in accumulated earnings were invested for a total invested balance of $383,680.72 at June 30, 1961.

Endowments, Income Restricted

The endowed principal balance in this group of endowments on June 30, 1960 was $325,021.59. Additional endowment principal received during the fiscal year amounted to $147,900.00; of this $30,000.00 went for attorney fees in settlement of Agnes B. Momand estate. Transfers to the group were $38,500.00 resulting in a net balance of $481,421.59 which was fully invested. In addition $16,986.84 in accumulated earnings were invested for a total invested balance of $498,408.43 at June 30, 1961.

Endowments, Income Not Restricted

The endowed principal balance in this group of endowments on June 30, 1960

was $99,826.00. Additional endowment principal received during the fiscal year amounted to $33.68 for a total of $99,859.68 which was fully invested. In addition, $25,698.36 in accumulated earnings were invested for a total invested balance of $125,558.04 at June 30, 1961.

Federal Grants

There was transferred to the custody of the University from the State Treasury during the fiscal year under audit $201,031.78 comprising investments of the University Irreducible and the 90,000 Acre Grant. The State Treasurer authorized transfer as a result of an opinion by the Attorney General's office naming the Board of Regents as legal custodians of the securities.

Pooled Investments

The University of Nevada in September 1959 initiated the practice of pooling endowment assets into an investment fund with the Trust Department of the First National Bank of Nevada to take advantage of the services of experts in the investment field. The bank is to keep the deposited property, collect and receive the income and principal, and hold, invest, disburse or otherwise dispose of the property or its proceeds upon the written order of the University. The income from this agency will be made available to the University quarterly, or at such other times as the University may designate. A statement of receipts and disbursements of this agency will be furnished to the University quarterly or at such other times as directed. The bank will be entitled to the following compensation for its services: acceptance fee of $200.00, which is non-recurring, and an annual fee of $1,800.00.

The practice of pooled investments is a common one, extensively followed throughout colleges and universities in this country. The question we wish to raise here involves the method of distribution of the income from these investments to the endowment fund contributing the assets. It becomes readily apparent that some equitable system of distribution must be implemented to safeguard the income of those endowment assets that have a high earning power as compared to those endowment assets with a low earning power, especially when a gift establishes a fund subject to the reservation of life income.

The practice at the University since inception of the pooled investments plan has been to arrive at a percentage figure for the value which each endowment fund bears to the total investment pool, distributing the income according to these ratios.

The value of each endowment fund was arrived at by computing the price the assets of each endowment fund would bring on the open market at a specified date, which in this case was July 1, 1959.

There is nothing contrary to accepted investment practice up to this point--but what happens when new endowment assets are brought into the pool? What happens when the market value of endowment assets fluctuates and what effect does this fluctuation have on the distribution ratios? Can the income from endowment assets be adequately safeguarded, and can an equitable distribution always be maintained?

The ramifications of this problem are of a far-reaching and potentially controversial nature. Therefore, it is vital that accepted accounting procedures be adhered to in distributing income and allocating gain or loss on the sale of investments from these pooled funds. If investments are wisely made, comparatively few gains and losses in portfolio transactions should occur since the fund should not be used as a trading account. Gains and losses of this type are indicative of the wisdom of the administrators in investing the funds' resources, and should not be hidden through increases and decreases in the income account.

To give the income account credit for portfolio profits and to charge it with portfolio losses causes the earnings to fluctuate unduly from time to time. The loss on a transaction involving a sizeable amount of securities could easily erase all earnings of a period in the form of interest. On the other hand, a large liquidation profit could cause the earnings of the period to be entirely out of proportion to other fiscal years.

We are not at this time in the position to make specific recommendations towards a solution of this problem. We do offer the suggestion that the "shares value method" of income distribution be studied. This method is often termed an "open end trust."

The principles of this method, briefly stated, are as follows:

Current market value of the investment portfolio of a trust or pool is established. Shares in the pool are allocated to each endowment fund according to the current market value of the assets contributed. At this date, the value of each share in the pool is computed by dividing the current market value of all the pooled investment by the total number of shares outstanding.

New money is accepted into the pool at this share value. Thus the number of shares bought is determined by dividing the new money by the price per share. This number of shares for each of the new funds does not change. Old shares taken out of the pool are retired or sold at the same share value. The number of shares established for each fund is the basis for distribution of income.

In order to take cognizance of the effects of market fluctuations on the value of pooled assets, it becomes necessary to establish market values of already held investments at the end of each quarter. It is not necessary to adjust for minor day to day fluctuations. This share price is used for transactions of the following quarter; new money coming in and for old shares being retired. This gives the advantage of being able to tell a donor the price at which his fund is entering the pool; that is, how many shares in the pool his fund buys.

The University is studying the open end investment program as a possible solution to this problem.

Agency Funds, Fund #81 - This fund accounts for moneys in the custody of the University but not belonging to it.

Receipts are from various sources, but mainly from student associations.

Review of Fund #81 shows a beginning cash balance on June 30, 1960, of $41,558.10. Revenues are $186,979.94; expenditures, $148,169.18, as follows:

Salaries	$ 21,433.60
Travel	3,561.75
Supplies	677.54
Miscellaneous operating	121,882.50
Equipment	613.79
	$148,169.18

Net transfers out were $26,193.10, leaving a cash balance on June 30, 1961, of $54,175.76. Supplies ordered or services contracted for at the end of the fiscal period amounted to $742.50, leaving an available balance of $53,433.26.

Plant Funds, Fund #91 - This fund is to record the buildings and grounds assets of the University and to account for funds in the control of the Board of Regents which are designated or expended for the acquisition of real property (or, if included in grant provisions, for real property and equipment).

Reference to Fund #91 shows a Regents cash balance of $157,771.23 on June 30, 1960. Revenues are $795,415.41; expenditures, $877,206.36, leaving a cash balance of $75,980.28 at the end of the fiscal year.

Funds in the hands of the State Treasurer were $5,639,862.59 at June 30, 1960. Additional funds of $3,286,840.41 were provided through appropriation and cash receipts. Construction expenditures amounted to $2,857,377.10 and $16,420.37 reverted to the State general fund, leaving a balance in cash of $6,052,905.53. Construction in process amounted to $5,545,661.55 and uncompleted land purchases were $140,716.77. Thus in cash, in process improvements, and land acquisitions, a total of $11,755,704.22 represents the improvement program financed by State funds.

Cost of Operations

The cost of operations of the University of Nevada is difficult to analyze due to the many factors involved in cost comparisons. An attempt is hereby made to provide a comparison basis through use of various enrollment statistics. However, the interpretation of enrollment statistics varies, and we have attempted to use a head count and a determination between full time and part time students.

The University appears to consider a full time student as one who is carrying twelve credit hours. The U. S. Department of Health, Education and Welfare defines a full time student as one who is carrying 75% of the average semester credit hours required for graduation from the particular college in which enrolled. Under this formula, full time students at the University of Nevada would be those carrying from 12 to 14 units, depending upon the college in which enrolled. The following schedule presents the federal interpretation:

College	Total Credit Hrs. for Graduation	Average Semester Credit Hrs.	Full Time Student Credit Hrs.
Agriculture and Home Economics	136	17	13
Arts and Sciences	128	16	12
Business Administration	128	16	12
Education	128	16	12
Engineering	146	18	14
Mackay School of Mines	146	18	14
Orvis School of Nursing	136	17	13
Graduate	24	-	-

Detailed verification of enrollment figures of the enrollment and credit hours for the fall 1960 semester was made. We present the following comparisons based upon that enrollment as of September 15, 1960, and have used the federal basis as representative of the entire year without regard to drop-outs or additions after enrollment, and a usual decrease in spring semester enrollments.

	Enrollment			Credit Hours		
	Total	Part Time	Full Time	Total	Part Time	Full Time
Reno Campus						
College						
Agriculture and Home Economics	181	26	155	2,718	249	2,469
Arts and Sciences	843	92	751	12,436	742	11,694
Business Administration	459	51	408	6,295	415	5,880
Education	499	41	458	7,412	342	7,070
Engineering	384	62	322	5,950	582	5,368
Mackay School of Mines	94	19	75	1,443	183	1,260
Orvis School of Nursing	48	3	45	733	36	697
Graduate	58	46	12	524	341	183
Totals	2,566	340	2,226	37,511	2,890	34,621
Las Vegas Campus						
College						
Agriculture and Home Economics	4	3	1	38	33	15
Arts and Sciences	163	44	119	2,069	290	1,779
Business Administration	109	33	76	1,347	246	1,101
Education	136	57	79	1,482	286	1,196
Engineering	68	28	40	910	243	667
Mackay School of Mines	7	5	2	81	47	34
Orvis School of Nursing	6	3	3	67	19	48
Graduate	45	44	1	161	147	14
Totals	538	217	321	6,155	1,301	4,854
Grand Totals	3,104	557	2,547	43,666	4,191	38,475

Consideration has been given in the above figures to matriculated students only.

Since some evaluation must be placed upon part time enrollment in comparison to full time enrollment, a student equivalency has been devised to reflect this. The University of Nevada appears to determine its student equivalency on the basis of dividing the total credit hours by twelve semester hours. Applying the formula of the U. S. Department of Health, Education and Welfare gives still another result. Below are several different methods and their effect on enrollment totals.

	Actual Enrollment						
	Total	Part Time	Full Time	Total credit hours ÷ 12	Tot. credit hrs. ÷ 75% of average semester hours	Part time credit hrs. ÷ 12 semester hrs. + full time students	Part time credit hrs. ÷ 75% of avg. semester hrs. + full time students
Agriculture & Home Ec.	185	29	156	230	212	178	177
Arts & Sciences	1,006	136	870	1,209	1,209	856	956
Bus. Admin.	568	84	484	637	637	539	539
Education	635	98	537	741	741	589	589
Engineering	452	90	362	572	490	431	421
Mines	101	24	77	127	109	96	93
Nursing	54	6	48	67	62	53	52
Graduate*	103	90	13	57	57	54	54
Totals	3,104	557	2,547	3,640	3,517	2,896	2,881

*Definition is not available as to what constitutes full or part time students. For basis of comparison the auditors have used 75% of 30 semester hours for graduation.

Costs per student and credit hours for general operation of the University of Nevada may be reflected as follows:

Total general operating cost of University - Less Organized Research and Extension, and Public Service	$3,681,172.48
Cost per student enrolled - $3,681,172.48 ÷ 3104	1,185.94
Cost per student based on student equivalency as computed by the University's method - $3,681,172.48 ÷ 3640	1,011.31
Cost per student based on student equivalency as computed by the U. S. Department of Health, Education & Welfare - $3,681,172.48 ÷ 3517	1,046.80
Cost per student based on student equivalency computed upon part time credit hours ÷ 12 plus number of full time students - $3,681,172.48 ÷ 2896	1,271.12
Cost per student based on student equivalency upon part time credit hours computed on federal formula plus number of full time students - $3,681,172.48 ÷ 2881	1,277.74
Cost per credit hr. - $3,681,172.48 ÷ 43,666 (annualized)	84.30

In the above computations, we have given consideration to matriculated student enrollment only, and to general fund operation only. Non-matriculated students are to a large percent in evening, summer school and extension programs which are supposed to be self-supporting to the extent of the direct charges for salaries and operating expense.

Salary Comparisons

A comparison of salaries paid to administrators and faculty at the University with those paid to administrators and faculty in other publicly financed universities throughout the country is presented in graph form on the following page.

Statistics pertaining to average salaries paid in 1959-1960 were obtained from the April 1960 issue of "College and University Business," as reported by Leslie F. Robbins, Specialist, College and University Business Administration, U. S. Office of Education, and are the last figures the auditors have available.

Responses for the complete study were received from 91.1 percent of the total enrollment of the country in publicly controlled institutions.

Study of the graph shows the universities in four groups, according to student enrollment:

1. Universities of 1,000 to 2,499 enrollment.

2. Universities of 2,500 to 4,999 enrollment.

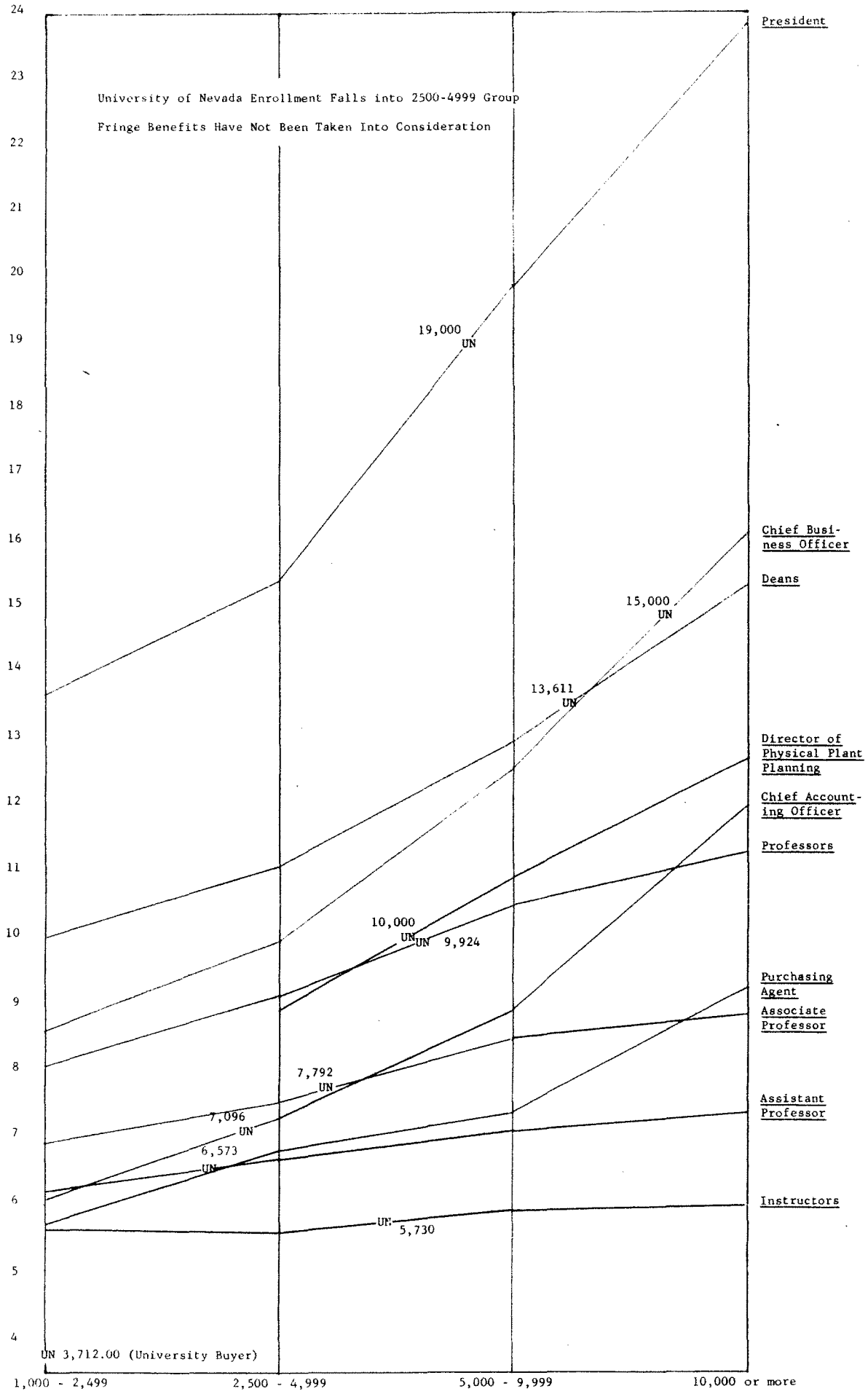
3. Universities of 5,000 to 9,999 enrollment.

4. Universities of 10,000 or more enrollment.

Average salaries paid in ten positions in each enrollment group are indicated by a line graph. Salary increases accelerate to a marked degree in relation to increases in enrollment.

Superimposing the actual salaries, without regard to fringe benefit payments, paid to ten positions of the University of Nevada during 1959 - 1960 upon the average salaries paid throughout the country brings to light a definite trend. The comparison may be oversimplified in that no attempt has been made to give consideration to such variables as differences in job titles between universities and regional salary differentiations. The ten positions are:

1. President
2. Dean
3. Chief Business Officer
4. University Engineer
5. Professor
6. Chief Accounting Officer
7. Associate Professor
8. Assistant Professor
9. Instructor
10. Purchasing Agent


University of Nevada Enrollment Falls into 2500-4999 Group
Fringe Benefits Have Not Been Taken Into Consideration
President
Chief Business Officer
Deans
Director of Physical Plant Planning
Chief Accounting Officer
Professors
Purchasing Agent
Associate Professor
Assistant Professor
Instructors
19,000 UN
15,000 UN
13,611 UN
10,000 UN
9,924 UN
7,792 UN
7,096 UN
6,573 UN
5,730 UN
UN 3,712.00 (University Buyer)
24
23
22
21
20
19
18
17
16
15
14
13
12
11
10
9
8
7
6
5
4
1,000 - 2,499
2,500 - 4,999
5,000 - 9,999
10,000 or more

Questionable Policies and Procedures

The audit program of the Legislative Counsel Bureau is designed to assist, in a helpful manner, State officers to obtain effective government by including in its reports situations which do not conform to statute or good business practice. Further, the auditors are charged by statute with reporting on such situations.

Our examination disclosed the following items which appear to violate statutes or regulations, or which, in our opinion, are contrary to good business practice.

1. Purchasing - The records reveal numerous instances of what appears to be a by-passing of the State Department of Purchasing's regulations under the State Purchasing Act. The records do not reveal any approval for deviation in the following representative transactions:

a. Payment to Dohrman Hotel Supply of $620.10 for a dishwasher (List 01-179).
b. Payment to Western Surgical Supply of $655.00 for a microscope (List 01-259).
c. Payment to Film, Inc., of $279.60 for lens and screen (List 01-109).

2. Printing - A payment was made to a commercial printing firm for which we find no approval in the records from the Superintendent of State Printing. The State Printing Act requires the departments with funds on deposit with the State Treasurer to have all printing done at the State Printing Office or to secure permission of the State Printer to have the printing done at a commercial plant.

Payment to Reno Printing Co. of $426.83 for letterheads and envelopes (List 01-6).

3. Questionable expenditures - The following expenditures are questionable as to their serving the best interests of the State. They are of unusual nature to the State but are usual among universities and are called to attention for a determination as to their propriety.

a. From President's Discretionary Fund (authorized by Board of Regents from non-appropriated moneys):

1. Flowers, $5.00 (List 01-48).
2. Flowers, $11.95 (List 01-77).
3. Flowers, $15.00 (List 01-114).
4. Flowers, $10.00 (List 01-154).
5. 750 Christmas cards, $102.00 (List 01-228).
6. Flowers, $5.00 (List 01-306).
7. Plant, $5.00 (List 01-456).
8. Unsupported by detailed voucher, $550.00 (List 01-48).

b. From Entertainment, President's Office:

1. Entertainment, unsupported by detailed vouchers filed with the claim, $309.72 (List 01-71).
2. Flowers, $11.95 (List 01-77).
3. Entertainment, unsupported by detailed vouchers filed with the claim, $396.38 (List 01-99).
4. Faculty meeting coffee, $10.50.
5. Entertainment, unsupported by detailed vouchers filed with the claim, $369.91 (List 01-271).
6. Luncheon for Regents, $23.55 (List 01-271). Note that the Regents were paid on daily subsistence claims covering this same period.

c. From President's Development Fund (authorized by Board of Regents from non-appropriated moneys):

1. Lunch and supper for interview of job applicant, $26.35 (List 01-75).
2. Lunches and dinners $42.95 (List 01-107).
3. Luncheon for Clark County Legislator, $35.10 (List 01-229).

d. From Desert Research Institute:

1. Entertainment at Eugene's, $30.50 (List 01-110).
2. Room for Dr. and Mrs. Mordy, $15.75 (List 01-47).
3. Expense of moving household goods from Sweden, $500.00 (List 01-151). (We understand this was part of the cost of moving Dr. Mordy's household from Sweden to Reno.)

The above-cited expenditures are a sampling of the questions the auditors raise to claims paid. It is the practice to submit claims which will clear preaudit by the Board of Examiners for payment from funds on deposit with the State Treasurer. Claims of a questionable nature or which it is believed will not pass preaudit are paid from a regents' bank account. This practice should be discontinued in that all claims should be subject to preaudit examination in order to prevent improper spending of the public money. In the year subsequent to audit, all claims for payment from general operation of the University are being submitted for preaudit. A complete list of claims which the auditors believe to be noteworthy or improperly supported by detail receipt vouchers is attached as Appendix B. Supporting documents for the President's reimbursement claims were later submitted to the auditors, such supporting documents having been maintained by the President in his office.

4. Poor Business Practices - The following items are considered to be poor business practices and procedures by the auditors, and should be corrected at the earliest possible date.

a. Antiquated system of bookkeeping not in conformance with accepted accounting principles. A new system has been installed, effective

July 1, 1961, which appears to correct many of our objections at June 30, 1961.

b. A routine for recording receipts which leaves auditors in a position of being unable to verify that all receipts have been recorded. The present system of recording receipts does not permit independent verification; for instance, registration fees could not be independently verified through the registrar's office.

c. Weakness in internal control which leaves the auditors in a position of being unable to certify that all of the properties and assets of the University have been accounted for. Inadequate accounting of all the University's assets and properties was inherent in the accounting system in effect to June 30, 1961. The new system appears to provide for much more adequate accountability.

d. Deviations from purchasing directives. As previously pointed out, and as shown by the attached Appendix B, it was common practice for purchases to be made contrary to the limitations placed by the Director of the Department of Purchasing. Whether or not the University Buyer on his own responsibility, or on orders from a superior officer, made purchases in violation of the purchasing arrangement with the Department of Purchasing, such deviations cannot be tolerated, and strict compliance with purchasing procedures is mandatory.

e. Inefficient and poorly planned requisition practices by certain departments of the University. Examination of requisitions from the various departments of the University to the Buyer's Office revealed extremely poor planning for meeting needs. We saw repeated evidence that requisitions were submitted for less than a thirty days' requirements. Requisitioning procedures should be reviewed and the departments required to requisition on at least a thirty-day need, and more preferably, a ninety-day requirement for most supplies, such as paper, pencils, etc.

f. Undefined responsibilities for the University Buyer. The University Buyer is on the payroll of the University, but is subject to operating under rules and regulations of the Department of Purchasing, as an agent buyer thereunder. This places the Buyer in a position of divided loyalty and subject to undue pressures. Review of purchasing procedure and claims reveals numerous violations of the rules of the Department of Purchasing which probably occurred because of University pressure on the Buyer to secure the item immediately without due regard for established procedure. We believe that the Buyer should be an employee of and subject to the Department of Purchasing, but assigned by that department to expedite the purchases of the University.

g. Accumulation of substantial balances in certain funds which the University has maintained as restricted funds. A complete analysis of the funds maintained as restricted by the University has been reflected in the section of this report entitled "Statement of Financial Condition." Funds not restricted by statute, donor or pledge should be considered as, and utilized for, general operation of the University, thus reducing the demand for revenue from the general fund of the State.

h. Pooled investments. The auditors believe that the problem of pooled investments should be carefully studied and fixed written policies established.

i. Transfers - Transfers between funds are incompletely classified in the accounting records, making it impossible, except by detail analysis of each transfer, for the auditors to reflect properly all transfers to and from the accounts. Transfers to and from the accounts should offset to a zero balance. The auditors were unable to arrive at such an offset within reasonable limits of allotted time.

5. Retirement payments of Desert Research Institute - Examination of the University payrolls revealed that deductions from salaries and matching contributions are being made and transmitted to the Public Employees Retirement Fund. NRS 396.7955(2) specifically exempts the Desert Research Institute from NRS Titles 23 and 31. Title 23 includes Chapter 286, Public Employees' Retirement Act. Deductions from employees salaries and contributions to the Public Employees Retirement Fund should be stopped. All funds paid in should be refunded to the Desert Research Institute and employees.

The auditors believe that the increased activity in the Desert Research Institute would make worth-while the Legislature's further examination of the total effect of the exemptions to Titles 23 and 31.

6. Budget Control - The auditors attempted to reconcile the budget request of the University to the Legislature, the appropriated funds and the final budget. The records were found to be in such a condition, transfers so prevalent, entire realignment of programs affected, that the auditors were unable to prepare such a reconciliation within a reasonable time. Budget procedures should be carefully reviewed to permit adequate control and comparison of budgets with actual revenues and expenditures.

7. Misuse of State Cars - The auditors have observed flagrant misuse of the State cars owned by the University. In addition, numerous reports have been received by the Legislative Counsel Bureau relative to the cars being used at night, parked in downtown Reno, or with family and even the family dog in the car. Personal use of a State car is in direct violation of State statutes prohibiting the use of State property for personal purposes and is contrary to a recent directive from the Governor.

The auditors believe the cars should be assigned to the State motor pool in Reno and be subject to all the restrictions placed on the use of all State cars.

Suggested Changes and Recommendations

The following is a concise summary of recommendations and suggested changes included in greater detail elsewhere in the report; we recommend:

1. Continuation and acceleration of the overall modernization of the accounting system commended on July 1, 1961.

2. Increased utilization of existing automated data processing facilities, even though this may entail curtailment of present statistical data processing of other departments. The tremendous volume of daily transactions in the accounting office warrants top priority for existing IBM equipment.

3. Assessment of fees be reinstated as a function of the Registrar's Office.

4. Cash received through the mail be listed by the mail opener in the presence of one or more other persons.

5. The cashier be forbidden to cash student or employee checks out of current receipts, or that a separate fund be established for this purpose.

6. Petty cash disbursements from daily receipts be discontinued.

7. Adoption of procedures for controlling cash as described in the bulletin of the Financial Advisory Service entitled "Auditing of Colleges and Universities."

8. Adherence to standard procedures for reconciliation of bank accounts.

9. Merging property accounting into the overall accounting system as an integral component.

10. A review of the purchasing functions to clarify authority and responsibility of the University Buyer.

11. Correction of inefficient procurement policies on the part of certain administrative officials, which place an extra burden of work and expense on the Buyer's Office.

12. a. Tuition fees and other receipts be deposited in the State Treasury to a non-reverting fund or that the present bank account be authorized by statute.
    b. The State's appropriation from the general fund be made to a reverting fund with a three-months delay in reversion beyond June 30.
    c. University expenditures be kept strictly within a fiscal year budget.
    d. Revolving Fund be continued as at present, reimbursed from non-reverting funds upon presentation of claims to the Board of Examiners.

13. Overhead costs be charged to those funds which are known as "self-supporting" and be transferred as credits to Fund #01, General University Operation.

14. A complete analysis of "restricted fund balances" to determine under what specific authority fund balances are restricted--with the objective of utilizing any unrestricted balances in general University operation.

15. Intensified efforts be made towards collecting overdue student loans.

16. Specific accounting procedures for pooled investments be initiated to provide equitable investment in and revenue from the pool by each account which is a part thereof.

17. Transfers and corrections be separately identified in the accounting records to permit proper identification of all transfers to and from accounts.

18. Discontinue deductions for retirement from the salaries of personnel of the Desert Research Institute and secure refund of amounts paid to the Public Employees Retirement Fund.

19. Adhere to legislative intent in budgeting with records reflecting necessary adjustments to the budgeted funds.

20. All automotive vehicles of the University of Nevada should be placed in the State motor pool in Reno and be restricted in use as are any other State cars.

Consolidated Statement of Financial Condition - Exhibit A

Cash in Bank - $1,182,804.72

The aggregate of cash balances of the various funds as shown on Exhibits A and B is represented by deposits in several bank accounts listed below. Direct confirmation of balances from the banks are on file.

Security National Bank	$ 114,014.94
First National Bank - Main Office	812,670.53
First National Bank - 1st & Virginia Branch	35,406.53
Nevada Bank of Commerce - No. Reno Branch	1,220.50
Nevada Bank of Commerce - Fed #1	23,743.25
Bank of Nevada - Strip Branch	194,265.89
ASUN Savings Account	1,483.08
Total Cash in Board of Regents Bank Accounts	$1,182,804.72

Cash in Revolving Fund - $129,667.65

The cash balance in the University Revolving Fund was $129,667.65. However, this does not reflect the true status of the Revolving Fund. By adding reimbursements in transit, $12,566.71, and due from other funds, $8,663.40, less accrued salary deductions payable, $131,297.76, we arrive at a balance of $19,600.00, adding $400.00 in the cash register at Nevada Southern brings the balance in the Revolving Fund to its normal $20,000.00 balance.

Cash in State Treasury - $6,076,542.74

Cash balances remaining on deposit with the State Treasurer amount to $6,076,542.74. Of this amount, $24,676.59 is accounted for as follows:

90,000 Acre Grant Interest	$ 2,136.42
University Contingent	1,158.45
Special Equipment	1,381.72
Doten Collection of Historical Material	20,000.00
Total	$24,676.59

The remaining $6,051,866.15 are funds in the custody of the State Planning Board to be used for building projects authorized by the Legislature.

Cash in Registers - $4,400.00

$4,000 in cash is held in the office safe at the Reno Campus; $400 in the office safe at Nevada Southern for a total of $4,400 cash held in office safes to be used as change funds.

Deposits in Transit - $4,535.60

$4,535.60 represents a loan from Dining Commons Fund #22 to Plant Funds #91 not yet recorded as of June 30, 1961. The amount is included as a receivable on the records for the Dining Commons.

Claims in Transit - $11,527.33

Claims in transit consist of a list of disbursements from the University Revolving Fund - $11,527.33 in transit to the State Budget Director's Office for audit preparatory to reimbursement from appropriated funds.

Due from State Treasurer - $95,061.84

A list of disbursements from the University Revolving Fund - $95,061.84 in the process of audit by the State Budget Director's Office preparatory to reimbursement from appropriated funds.

Due from Other Funds - $46,199.00

$1,029.38 is due the Revolving Fund from Plant Funds for special equipment.

Fund #22 Dining Commons loaned $17,535.60 to Plant Fund #91 for remodeling the University Post Office.

Fund #23 Residence Halls and Apartments loaned $20,000 to Plant Fund #91 for construction on the Planetarium Atmospherium.

$8,663.40 is due the Revolving Fund from other funds.

Loans Receivable - Students - $134,802.57

Loans outstanding total $134,802.57. Requests for confirmation of outstanding balances were mailed to each student. Responses indicate that efforts for collection by the University need to be intensified and action has been taken by the University subsequent to the period of audit to collect the large number of delinquent accounts.

Cash Advance - $351.30

Cash travel advance was made to an employee for which he must make reimbursement to Fund #13. The auditors question the practice of making travel advances through any fund other than the State Treasurer's Travel Revolving Fund.

Notes Receivable - $326,537.50

Notes Receivable - $326,537.50 - result from the transaction effected by the sale of the Ladino Dairy Farm during July of 1960.

Sale price for the farm to the highest bidder was $430,000.00. $100,000.00 was paid as a down payment at the time of the bid.

A note for the balance of $330,000.00 is secured by a deed of trust. The makers of the note agree to pay anually to the University the sum of $47,500.00 or more plus interest at seven percent per annum on the unpaid balance, beginning at July 19, 1961. The entire unpaid balance of principal and interest shall be paid not later than April 1, 1967. The privilege is reserved of paying the whole or any part of the note at any time prior to maturity.

Short Term Investments - $889,566.57

Grants of money for specific building projects as listed below have been invested in short term securities until needed.

Fleischmann Foundation - Life Science Wing	$425,000.00
Fleischmann Foundation - Atmospherium Planetarium	87,500.00
A. Orvis - Orvis School of Nursing	98,000.00
W. E. Travis - Student Union Building	279,066.57
Total Short Term Investments	$889,566.57

Investments - Book Value - $1,673,770.94

Investments at book value of the total endowment funds amount to $1,673,770.94. Endowment assets are pooled in an investment fund with the Trust Department of the First National Bank. For more information pertaining to pooled investments, see the section of this report dealing with the procedures for pooled investments on page 326.

Construction in Process - $6,585,547.67

The amount, $6,585,547.67, represents estimated cost of construction to date in the various building projects at the University as of June 30, 1961.

Land Purchases in Process - $140,716.77

The amount, $140,716.77, represents money appropriated and expended by the State Planning Board for acquisition of certain properties.

Land - $1,411,691.60

The amount, $1,411,691.60, represents the value placed on land holdings of the University. This figure will be adjusted upon the completion of an appraisal of properties to be undertaken in the near future, according to information furnished.

Campus Improvements - $414,186.90

The amount, $414,186.90, has been accepted pending the property appraisal contemplated.

Buildings - Permanent - $6,487,825.31

The amount, $6,487,825.31, has been accepted pending the property appraisal contemplated.

Buildings - Temporary - $73,230.00

The amount, $73,230.00, represents the value placed on certain buildings which were erected on the campus or experiment stations as a temporary expedient shortly after the war to relieve congestion. This figure is accepted in our report in anticipation of a general overall appraisal of properties to be implemented by the University.

Equipment - $1.00

In the absence of inventory control over equipment, we have no practical alternative but to attach a nominal $1.00 value. (See page 309 of this report for discussion on property control.)

Recorded Encumbrances - $115,945.48

Supplies ordered or services contracted for at June 30, 1961, amounted to $115,945.48.

Accrued Salary Deductions Payable - $131,297.76

Various employee salary deductions withheld in trust and payable currently totaled $131,297.76 at June 30, 1961.

Notes Payable - $1,318,000.00

$1,318,000.00 in Notes Payable to the First National Bank for interim financing of building projects--Dining Commons, Married Student Housing, Men's and Women's Dormitories.

Due to Other Funds - $47,238.38

Refer to the heading "Due from Other Funds" on page 339.

Fund Equities - Principal Balance - $1,931,639.78

A total of principal balances in the amount of $1,931,639.78 are listed as follows:

Loan Funds Principal	$ 203,435.58
Endowment Fund Principal	1,674,770.94
Agency Funds Principal	53,433.26
Total Principal	$1,931,639.78

Fund Equity - From Capital Assets - $8,713,471.31

Fund equity from Capital Assets at June 30, 1961, amounted to:

Campus Improvements	$ 414,186.90
Permanent Buildings	6,487,825.31
Temporary Buildings	73,230.00
Land	1,411,691.60
*Ladino Dairy Farm	326,537.50
Total Capital Assets	$8,713,471.31

*See Notes Receivable on page 340 for complete details on this transaction.

Property values were obtained from University records. No attempt was made to substantiate these values as set forth. However, the University plans to have a complete appraisal of capital assets completed to bring these values up-to-date.

Fund Equity from Appropriations and Federal Subvention - $11,455,111.48

Fund equities derived from State appropriations and federal subventions total $11,455,111.48, as listed:

a.	From the University Revolving Fund	$ 20,000.00
b.	From federal subvention	22,109.20
c.	From Doten Collection of Historical Material	20,000.00
d.	From appropriation made for building and plant	11,393,002.28
	Total	$11,455,111.48

Fund Equity from Regents Restricted - $2,003,351.30

Fund equities in regents' restricted funds are listed below:

Fund #11, Summer School	$ 109,684.53
Fund #12, Correspondence, Extension and Evening Division	22,985.38
Fund #13, Research Financed by Grants	64,399.87
Fund #14, Special Institutes & Projects	79,957.12
Fund #15, Intercollegiate Athletics	6,785.54
Fund #22, Dining Commons	136,695.59
Fund #23, Residence Halls & Apartments	126,939.85
Fund #24, Student Health Service	27,152.70
Fund #25, 4-H Camp	16,433.13
Fund #26, Jot Travis Student Union	38,268.15
Fund #31, Scholarships	25,363.75
Fund #41, University Sales	228,824.65
Fund #51, Special Gifts & Miscellaneous	123,166.57
Fund #91, Plant	996,694.47
	$2,003,351.30

We question the restriction of certain of the above balances and believe that specific authority for any restricted balances should be spelled out.

Unappropriated - $27,088.48

The amount, $27,088.48, represents the fund equity in Fund #01, General University Operation, or what is known as the operating accounts.

OPINION

We have examined the statements of financial condition of the University of Nevada as of June 30, 1961, and the related statements of revenue and expenditures for the year then ended. Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying statements of financial condition and statements of revenues and expenditures present fairly the financial position of the University of Nevada as of June 30, 1961, 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,

A. N. JACOBSON, Legislative Auditor

Remo Albertini

By:
Remo Albertini, Auditor in Charge

RA/tl

CONSOLIDATED STATEMENT OF FINANCIAL CONDITION
For the Fiscal Year Ended June 30, 1961

Exhibit A

	Consolidated	Current Funds #01 - #51	Loans #61	Endowments #71	Agency #81	Plant #91
Assets:						
Cash in banks - regents	$ 1,182,804.72	$ 983,015.67	$ 68,633.01	$ 1,000.00	$54,175.76	$ 75,980.28
Cash in revolving fund	129,667.65	129,667.65				
Cash in State Treasury	6,076,542.74	24,676.59				6,051,866.15
Cash in cash registers	4,400.00	4,400.00				
Deposits in transit	4,535.60					4,535.60
Claims in transit	11,527.33	11,527.33				
Student loans receivable	134,802.57		134,802.57			
Due from State Treasurer	95,061.84	94,022.46				1,039.38
Due from other funds - Special Equipment	1,039.38	1,039.38				
Due from other funds - other	46,199.00	46,199.00				
Cash advance	351.30	351.30				
Notes receivable	326,537.50					326,537.50
Short term investments	889,566.57					889,566.57
Investments at book value	1,673,770.94			1,673,770.94		
Construction in process	6,585,547.67					6,585,547.67
Land purchases in process	140,716.77					140,716.77
Land	1,411,691.60					1,411,691.60
Campus improvements	414,186.90					414,186.90
Permanent buildings	6,487,825.31					6,487,825.31
Temporary buildings	73,230.00					73,230.00
Equipment	1.00					1.00
Total Assets	$25,690,006.39	$1,294,899.38	$203,435.58	$1,674,770.94	$54,175.76	$22,462,724.73
Liabilities:						
Recorded encumbrances	$ 115,945.48	$ 112,221.29			$ 742.50	$ 2,981.69
Accrued salary deductions payable	131,297.76	131,297.76				
Notes payable - bank	1,318,000.00					1,318,000.00
Due from other funds - Special Equipment	1,039.38					1,039.38
Due from other funds - Other	47,238.38	9,702.78				37,535.60
Total Liabilities	1,613,521.00	253,221.83			742.50	1,359,556.67
Fund Equities:						
Principal	1,931,639.78		$203,435.58	$1,674,770.94	53,433.26	
From capital assets	8,713,471.31					8,713,471.31
From appropriations and subventions	11,455,111.48	62,109.20				11,393,002.28
From regents - restricted	2,003,351.30	1,006,656.83				996,694.47
Unappropriated	(27,088.48)	(27,088.48)				
Total Fund Equities	24,076,485.39	1,041,677.55	203,435.58	1,674,770.94	53,433.26	21,103,168.06
Total Liabilities and Fund Equities	$25,690,006.39	$1,294,899.38	$203,435.58	$1,674,770.94	$54,175.76	$22,462,724.73

UNIVERSITY OF NEVADA

STATEMENT OF FINANCIAL CONDITION, FUNDS 01-51

For the Fiscal Year Ended June 30, 1961

Exhibit B

	Total	University Revolving & Trust	01-General University Operation	02-USDA Agri. Exper. Sta. (Fed.)	03-USDA Agri. Exper. Sta. (Fed.)	11 Summer School	12-Corres., Extension & Evening Div.	13-Research Financed by Grants	14-Special Institutes & Projects	21-Inter-collegiate Athletics	22 Dining Commons	23-Residence Halls & Apartments	24-Student Health Service	25 4-H Camp	26-Joe Travis Student Union	31 Scholarships	41 University Sales	51-Special Gifts & Miscellaneous
Assets:																		
Cash in banks - Regents	$ 983,015.67		$(120,084.75)	$23,562.35	$34,270.23	$113,451.48	$24,498.42	$72,083.20	$82,363.80	$7,407.79	$135,005.29	$109,975.06	$27,168.20	$16,433.13	$40,044.02	$60,040.75	$232,657.38	$134,139.32
Cash in revolving fund	129,667.65	$129,667.65																
Cash in State Treasury	24,676.59		4,676.59															20,000.00
Cash in registers	4,400.00	400.00	4,000.00															
Claims in transit	11,527.33	11,527.33																
Due from State Treasurer	94,022.46		94,022.46															
Due from other funds - Special Equipment	1,039.38	1,039.38																
Due from other funds - other	46,199.00	8,663.40									17,535.60	20,000.00						
Cash advance	351.30							351.30										
Total Assets	$1,294,899.38	$151,297.76	$(17,385.70)	$23,562.35	$34,270.23	$113,451.48	$24,498.42	$72,434.50	$82,363.80	$7,407.79	$152,540.89	$129,975.06	$27,168.20	$16,433.13	$40,044.02	$60,040.75	$232,657.38	$154,139.32
Liabilities:																		
Recorded encumbrances	$ 112,221.29			$23,562.35	$12,161.03	$ 3,766.95	$ 1,513.04	$ 8,034.63	$ 2,406.68	$ 622.25	$ 15,845.30	$ 3,035.21	$ 15.50		$ 1,775.87	$34,677.00	$ 3,832.73	$ 972.75
Accrued salary deductions payable	131,297.76	$131,297.76																
Due other funds	9,702.78		$ 9,702.78															
Total Liabilities	253,221.83	131,297.76	9,702.78	23,562.35	12,161.03	3,766.95	1,513.04	8,034.63	2,406.68	622.25	15,845.30	3,035.21	15.50		1,775.87	34,677.00	3,832.73	972.75
Fund Equities:																		20,000.00
From appropriations and federal subventions	62,109.20	20,000.00			22,109.20													
From regents - restricted	1,006,656.83					109,684.53	22,985.38	64,399.87	79,957.12	6,785.54	136,695.59	126,939.85	27,152.70	$16,433.13	38,268.15	25,363.75	228,824.65	133,166.57
Unappropriated	(27,088.48)		(27,088.48)															
Total Fund Equities	1,041,677.55	20,000.00	(27,088.48)		22,109.20	109,684.53	22,985.38	64,399.87	79,957.12	6,785.54	136,695.59	126,939.85	27,152.70	16,433.13	38,268.15	25,363.75	228,824.65	153,166.57
Total Liabilities and Fund Equities	$1,294,899.38	$151,297.76	$(17,385.70)	$23,562.35	$34,270.23	$113,451.48	$24,498.42	$72,434.50	$82,363.80	$7,407.79	$152,540.89	$129,975.06	$27,168.20	$16,433.13	$40,044.02	$60,040.75	$232,657.38	$154,139.32

UNIVERSITY OF NEVADA
PLANT FUNDS - FUND NO. 91
STATEMENT OF FINANCIAL CONDITION
For the Fiscal Year Ended June 30, 1961

Exhibit C

	Total	Construction Funds With State Treasurer	Construction Funds With Board of Regents	Land & Buildings	Equipment
Assets:					
Cash in bank - Regents	$ 75,980.28		$ 75,980.28		
Cash in State Treasury	6,051,866.15	$ 6,031,523.81			$20,342.34
Due from State Treasury	1,039.38				1,039.38
Deposits in transit	4,535.60		4,535.60		
Invested in short term securities	889,566.57		889,566.57		
Construction in process	6,585,547.67	5,200,418.36	1,385,129.31		
Land purchase in process	140,716.77	140,716.77			
Notes receivable	326,537.50			$ 326,537.50	
Land	1,411,691.60			1,411,691.60	
Campus improvements	414,186.90			414,186.90	
Buildings - permanent	6,487,825.31			6,487,825.31	
Buildings - Quonset - Temporary	73,230.00			73,230.00	
Equipment	1.00				1.00
Total Assets	$22,462,724.73	$11,372,658.94	$2,355,211.76	$8,713,471.31	$21,382.72
Liabilities:					
Recorded encumbrances	$ 2,981.69		$ 2,981.69		
Note payable - bank	1,318,000.00		1,318,000.00		
Due other funds - Special Equipment	1,039.38				$ 1,039.38
Due other funds - Other	37,535.60		37,535.60		
Total Liabilities	1,359,556.67		1,358,517.29		1,039.38
Fund Equities:					
From capital assets	8,713,472.31			$8,713,471.31	
From appropriations	11,393,001.28	$11,372,658.94			20,343.34
From Regent's Funds	996,694.47		996,694.47		
Total Fund Equities	21,103,168.06	11,372,658.94	996,694.47	8,713,471.31	20,343.34
Total Liabilities and Fund Equities	$22,462,724.73	$11,372,658.94	$2,355,211.76	$8,713,471.31	$21,382.72
	(Exhibit A)			(Exhibit D)	

UNIVERSITY OF NEVADA
PLANT FUNDS - FUND NO. 91
STATEMENT OF FIXED ASSETS
For the Fiscal Year Ended June 30, 1961

Exhibit D

	Total	Location							
		Reno Campus	Nevada Southern Campus	Main Station Farm	Experiment Stations: Valley Road	Experiment Stations: Fallon	Experiment Stations: Knoll Creek	Little Valley (Whittel) Lake Tahoe	President's Residence (Reno)
Land:									
Site	$ 1,155,064.00	$ 92,000.00	$ 48,010.00	$427,936.00	$ 8,410.00	$55,000.00		$512,032.00	$11,676.00
Capurro Property	43,127.60	43,127.60							
McClosie Property	145,000.00		145,000.00						
Kliefgen Property	68,500.00		68,500.00						
Total Land	1,411,691.60 (Exhibit C)	135,127.60	261,510.00	427,936.00	8,410.00	55,000.00		512,032.00	11,676.00
Campus Improvements:									
Walks and Retaining Walls	137,001.00	137,000.00	1.00						
Curbs, Paving, Landscaping, Etc.	56,661.60	56,660.60	1.00						
Cables, Alarms, Bells, Etc.	57,797.00	57,796.00	1.00						
Mackay Statue	25,000.00	25,000.00							
Stadium Fence	4,150.00	4,150.00							
Flood Control	82,651.30	82,651.30							
Power System	50,926.00	50,926.00							
Total Campus Improvements	414,186.90 (Exhibit C)	414,183.90	3.00						
Buildings - Permanent:									
Astronomy	6,500.00	6,500.00							
Morrill Hall	25,250.00	25,250.00							
Stewart Hall	22,025.00	22,025.00							
Lincoln Hall	214,000.00	214,000.00							
Manzanita Hall	325,876.63	325,876.63							
Mechanical Engineering	11,500.00	11,500.00							
Gymnasium - Old	25,580.00	25,580.00							
Gymnasium - New	360,000.00	360,000.00							
Residence	48,324.00								48,324.00
Electrical	44,600.00	44,600.00							
Journalism	20,635.00	20,635.00							
Vetinary Science	11,930.00	11,930.00							
Peter C. Fransden Humanities	80,000.00	80,000.00							
Ruben C. Thompson Hall	100,000.00	100,000.00							
Mining Experiment	40,000.00	40,000.00							
Mackay School of Mines	381,741.65	381,741.65							
Artemesia Hall	100,000.00	100,000.00							
Clark Memorial Library	254,500.00	254,500.00							
Mackay Science	415,000.00	415,000.00							
Training Quarters	30,000.00	30,000.00							
Stadium	34,000.00	34,000.00							
Heating Plant - Old	171,255.08	171,255.08							
Greenhouse - Buildings and Grounds	10,000.00	10,000.00							
Greenhouse - Agriculture	120,415.10	120,415.10							
Engineering	175,000.00	175,000.00							
Hartman Hall	47,170.00	47,170.00							

UNIVERSITY OF NEVADA
PLANT FUNDS - FUND NO. 91
(concluded)

Exhibit D

	Total	Location							
		Reno Campus	Nevada Southern Campus	Main Station Farm	Experiment Stations: Valley Road	Experiment Stations: Fallon	Experiment Stations: Knoll Creek	Little Valley (Whittel) Lake Tahoe	President's Residence (Reno)
Buildings - Permanent (concluded):									
Ross Hall	$ 470,000.00	$ 470,000.00							
Jot Travis Student Union	420,774.70	420,774.70							
Home Economics	608,070.01	608,070.01							
Fleischmann Agriculture	1,603,678.14	1,603,678.14							
Fraser Hall	230,000.00		$ 230,000.00						
Farm Buildings	80,000.00			$ 50,000.00	$ 5,000.00	$25,000.00			
Total Buildings - Permanent	6,487,825.31	6,129,501.31	230,000.00	50,000.00	5,000.00	25,000.00			$48,324.00
	(Exhibit C)								
Buildings - Quonset and Temporary:									
Miscellaneous	5,000.00						$5,000.00		
Garage	1,630.00	1,630.00							
Carpenter Shop	4,225.00	4,225.00							
Blacksmith Shop	5,150.00	5,150.00							
Plumbing Shop	3,250.00	3,250.00							
Storage	2,500.00	2,500.00							
Storage	1,625.00	1,625.00							
Storage (Old Registrar's)	10,600.00	10,600.00							
Storage (Old Dean's)	10,250.00	10,250.00							
Tools - Buildings and Grounds	1,500.00	1,500.00							
Experiment Station	2,500.00	2,500.00							
Temporary Classrooms	25,000.00	25,000.00							
Total Buildings - Quonset and Temporary	73,230.00	68,230.00					5,000.00		
	(Exhibit C)								
Grand Totals	8,386,933.81	6,747,042.81	491,513.00	477,936.00	13,410.00	80,000.00	5,000.00	512,032.00	60,000.00
Add: Construction in Progress:									
Regents Funds	1,385,129.31	1,385,129.31							
State Treasurer's Funds	5,200,418.36	3,557,758.47	1,642,659.89						
	6,585,547.67	4,942,887.78	1,642,659.89						
Total Fixed Assets and Construction in Progress	$14,972,481.48	$11,689,930.59	$2,134,172.89	$477,936.00	$13,410.00	$80,000.00	$5,000.00	$512,032.00	$60,000.00
	(Exhibit C)								

UNIVERSITY OF NEVADA

SUMMARY STATEMENT OF REVENUES AND EXPENDITURES

For the Fiscal Year Ended June 30, 1961

Exhibit E

	Cash Balance 6/30/60	Revenues	Expenditures	Identifiable Transfers	Cash Balance 6/30/61	Recorded Encumbrances	Available Balance 6/30/61
Current Funds:							
01 - General University Operation	$ 99,293.72	$ 4,866,865.78	$ 4,937,818.03	$ (45,727.17)	$ (17,385.70)		$ (17,385.70)
02 - U.S.D.A. - State Agricultural Experiment Station (Federal)	19,762.77	264,978.00	261,178.42		23,562.35		23,562.35
03 - U.S.D.A. - Agricultural Extension Service (Federal)	54,033.22	228,957.00	248,719.99		34,270.23	$12,161.03	22,109.20
11 - Summer Schools	87,092.55	174,165.80	148,121.39	314.52	113,451.48	3,766.95	109,684.53
12 - Correspondence, Extension & Evening Division	6,736.37	149,898.01	131,579.71	(556.25)	24,498.42	1,513.04	22,985.38
13 - Research Financed by Grants	129,954.00	169,454.18	192,799.62	(34,525.36)	72,083.20	8,034.63	64,048.57
14 - Special Institutes and Projects	45,806.38	172,544.74	136,047.87	60.55	82,363.80	2,406.68	79,957.12
21 - Intercollegiate Athletics	4,428.01	22,306.38	18,960.07	(366.53)	7,407.79	622.25	6,785.54
22 - Dining Commons	110,800.82	289,385.26	267,849.67	2,668.88	135,005.29	15,845.30	119,159.99
23 - Residence Halls and Apartments	116,027.21	125,415.96	128,799.23	(2,668.88)	109,975.06	3,035.21	106,939.85
24 - Student Health Services	19,967.68	37,924.62	30,724.10		27,168.20	15.50	27,152.70
25 - 4-H Camp	12,445.08	18,538.91	14,550.86		16,433.13		16,433.13
26 - Jot Travis Student Union	38,530.43	98,657.54	97,143.95		40,044.02	1,775.87	38,268.15
31 - Scholarships	54,184.23	63,764.13	60,065.88	2,158.27	60,040.75	34,677.00	25,363.75
41 - University Sales	205,261.97	216,771.77	188,051.28	(1,325.08)	232,657.38	3,832.73	228,824.65
51 - Special Gifts & Miscellaneous	116,719.82	120,359.27	22,818.47	(70,121.30)	144,139.32	972.75	143,166.57
Total Current Funds	1,121,044.26	7,019,987.35	6,885,228.54	(150,088.35)	1,105,714.72	88,658.94	1,017,055.78
Loan Funds:							
61 - Loan Funds	74,255.05	94,581.91	102,465.45	2,261.50	68,633.01		68,633.01
Endowment Funds:							
71 - Endowment Funds	1,314,842.12	351,428.82	30,000.00	38,500.00	1,674,770.94		1,674,770.94
Agency Funds:							
81 - Agency Funds	41,558.10	186,979.94	148,169.18	(26,193.10)	54,175.76	742.50	53,433.26
Plant Funds:							
91 - Plant Funds							
Regents	157,771.23	795,415.41	877,206.36		75,980.28	2,981.69	72,998.59
State Treasurer	5,639,862.59	3,286,840.41	2,857,377.10	(16,420.37)	6,052,905.53*		6,052,905.53
Grand Totals	$8,349,333.35	$11,735,233.84	$10,900,446.63	$(151,940.32)	$9,032,180.24	$92,383.13	$8,939,797.11

* - This figure includes $1,039.38 due from the State Treasurer on Special Equipment Claim.

(over)

UNIVERSITY OF NEVADA
SUMMARY STATEMENT OF REVENUES AND EXPENDITURES
(concluded)

Exhibit E

Fund balances are accounted for as follows:

Nevada Bank of Commerce, North Reno Branch	$ 1,220.50	
Security National Bank of Reno - Halls Account	114,014.94	
First National Bank of Nevada - Main Office	812,670.53	
Nevada Bank of Commerce - Federal Account #1	23,743.25	
Bank of Nevada - Strip Branch, Las Vegas	194,265.89	
First National Bank of Nevada - Federal Account #2	35,406.53	
Savings Account A.S.U.N.	1,483.08	
Total Bank Accounts		$1,182,804.72
State Treasury		6,076,542.74
Securities and Cash with the First National Bank of Nevada Trust Department		1,673,770.94
Accounts Receivable:		
Due from State Treasurer		95,061.84
Cash Included in Above Balances Change Fund - Reno		4,000.00
		$9,032,180.24

UNIVERSITY OF NEVADA
STATEMENT OF REVENUES AND EXPENDITURES
GENERAL UNIVERSITY OPERATION - FUND NO. 01
For the Fiscal Year Ended June 30, 1961

Exhibit F

	Cash Balance 6/30/60	Revenues	Expenditures	Identifiable Transfers	Cash Balance 6/30/61
Funds Held By State Treasurer:					
State appropriations		$4,106,667.00	$4,106,697.00		
Jury reimbursement		30.00			
University delinquent property tax		110.05	110.05		
90,000 acre grant interest	$ 2,196.75	4,230.33	4,290.66		$ 2,136.42
University contingent	1,205.33	2,370.82	2,417.70		1,158.45
Mining cooperative fund		60,000.00	60,000.00		
Special equipment fund	173,737.49		172,355.77(1)		1,381.72
Total Funds Held by State Treasurer	177,139.57	4,173,408.20	4,345,871.18		4,676.59
Funds Held By Regents:					
Fees account (see detail sheet)	(77,845.85)	693,457.58	591,946.85	$(45,727.17)	(22,062.29)
Grand Total	$ 99,293.72	$4,866,865.78	$4,937,818.03	$(45,727.17)	$(17,385.70)

(See next page for detail sheet)

(1) $162,819.61 was recorded as an expenditure on June 30, 1960 on University books.

Detail of Fees Account

Exhibit F

	Debit	Credit
Balance, 7/1/60, deficit	$ 77,845.85	
Additions from Student Fees, Subventions & Miscellaneous Reimbursements:		
Miscellaneous fees		$543,805.62
Southern Regional Fees		60,884.00
Telephone reimbursements		79.46
Salary reimbursements		13,022.63
Vocational education		4,069.01
Morrill Nelson		71,596.86
Sub-total		693,457.58
Additions from Cash Balances in Various Sundry Accounts to be Closed Out:		
North Virginia Street Housing		1,220.00
Physical education towels		2.75
School survey		2.05
Traffic fines		269.65
University catalog		40.00
Musical instruments		9.25
Plant judging team		94.37
Moon watch		95.50
Darlington Astronomy		13.41
Home Economics		12.11
Naval research		596.46
Physics research		.88
Flag fund		10.00
Federal works project		2,480.00
Agricultural short course		36.51
Bulletin sales		4.75
Directory sales		41.85
Food and drugs		55.11
Grants in aid		142.77
State Treasury		26.96
Key and Housing deposits		614.30
Sub-total		5,768.68
Deductions from Closing Various Accounts:		
Board of Athletic Control	50,769.07	
Rifle range	6.84	
Grants in aid	13.01	
Summer counseling	3.32	
A.S.U.N. fees	20.37	
Disbursements against Regent's Funds	591,946.85	
Total	642,759.46	699,226.26
Adjustments	2,343.24	1,660.00
Balance, 6/30/61 deficit		22,062.29
	$722,948.55	$722,948.55

UNIVERSITY OF NEVADA

FEDERAL AGRICULTURAL FUNDS - EXPERIMENT STATIONS - FUND NO. 02

STATEMENT OF REVENUES AND EXPENDITURES

For the Fiscal Year Ended June 30, 1961

Exhibit G

	Cash Balance 6/30/60	Revenues	Expenditures	Identifiable Transfers	Cash Balance 6/30/61	Recorded Encumbrances	Accountable Balance 6/30/61
Hatch Funds							
Agricultural Chemistry:							
1958-59 Funds	$ 527.74		$ 527.74		- 0 -		
1959-60 Funds	595.47		699.12	$ 103.65	- 0 -		
1960-61 Funds		$ 38,337.01	25,811.98	(8,167.39)	$ 4,357.64	$ 4,357.64	
Agricultural Economics:							
1959-60 Funds	3,567.36		3,054.31	(.05)	513.00	513.00	
1960-61 Funds		29,342.90	27,442.05	(239.85)	1,661.00	1,661.00	
Agronomy:							
1959-60 Funds	126.60		130.82	4.22	- 0 -		
1960-61 Funds		4,050.00	2,598.31	733.41	2,185.10	2,185.10	
Animal Husbandry:							
1959-60 Funds	1,559.00		1,457.98	(101.02)	- 0 -		
1960-61 Funds		23,590.00	31,185.39	7,595.39	- 0 -		
Home Economics:							
1960-61 Funds		1,000.00	1,493.70	690.20	196.50	196.50	
Newcands Field Station:							
1959-60 Funds	5,370.18		5,326.24	(43.94)	- 0 -		
1960-61 Funds		9,700.00	11,268.85	1,793.15	224.30	224.30	
Plant Science (Reno):							
1959-60 Funds	2,628.41		2,677.98	49.57	- 0 -		
1960-61 Funds		36,101.08	32,518.37	3,109.75	6,692.46	6,692.46	
Plant Science (So. Reg. Div.):							
1960-61 Funds		8,195.01	8,130.16	(64.85)	- 0 -		
Soil Science:							
1959-60 Funds	2,093.03		1,060.80	(29.45)	1,002.78	1,002.78	
1960-61 Funds		33,467.00	23,513.71	(6,113.69)	3,839.60	3,839.60	
Veterinary Science:							
1959-60 Funds	355.96		372.98	17.02	- 0 -		
1960-61 Funds		17,550.00	16,337.92	663.88	1,875.96	1,875.96	
Sub-Total (Hatch Funds)	16,823.75	201,333.00	195,608.41		22,548.34	22,548.34	
Reconciliation to Control Account:							
Postings to subsidiary in June 1960; and to control in July 1960	690.79		690.79				
Sub-Total, Per Control	17,514.54	201,333.00	196,299.20		22,538.34	22,548.34	
Regional Research:							
Agricultural Economics:							
1958-59 Funds	346.71		346.71		- 0 -		
1959-60 Funds	215.72		215.72		- 0 -		
1960-61 Funds		15,600.00	15,600.00		- 0 -		

UNIVERSITY OF NEVADA

FEDERAL AGRICULTURAL FUNDS - EXPERIMENT STATIONS - FUND NO. 02

(continued)

Exhibit G

	Cash Balance 6/30/60	Revenues	Expenditures	Identifiable Transfers	Cash Balance 6/30/61	Recorded Encumbrances	Accountable Balance 6/30/61
Agronomy:							
1960-61 Funds		$ 5,000.00	$ 4,759.03		$ 240.97	$ 240.97	
Animal Husbandry:							
1959-60 Funds	$ 979.96		979.96		- 0 -		
1960-61 Funds		16,820.00	16,791.51		28.49	28.49	
Home Economics:							
1959-60 Funds	96.67		96.67		- 0 -		
1960-61 Funds		2,275.00	2,275.00		- 0 -		
Plant Science:							
1959-60 Funds	54.00		54.00		- 0 -		
1960-61 Funds		10,500.00	10,500.00		- 0 -		
Soil Science:							
1960-61 Funds		2,600.00	2,366.56		233.44	233.44	
Veterinary Science:							
1959-60 Funds	543.42		543.42		- 0 -		
1960-61 Funds		4,500.00	4,500.00		- 0 -		
Sub-Total (Reg. Research)	2,236.48	57,295.00	59,028.58		502.90	502.90	
Regional Research Trust Funds:							
107 W - 38							
1960-61 Funds		1,800.00	1,800.00		- 0 -		
108 W - 46							
1960-61 Funds		2,300.00	2,300.00		- 0 -		
104 W - 61							
1960-61 Funds		2,000.00	1,488.89		511.11	511.11	
104 W - 60							
1960-61 Funds		250.00	250.00		- 0 -		
104 W - 25							
1959-60 Funds	11.75		11.75		- 0 -		
Sub-Total (Trust Funds):	11.75	6,350.00	5,850.64		511.11	511.11	
Total (Per Subsidiary)	19,071.98	264,978.00	260,487.63		23,562.35	23,562.35	
Add - Hatch Fund Adjustments	690.79		690.79				
Control Totals	$19,762.77	$264,978.00	$261,178.42		$23,562.35	$23,562.35	
			(Schedules 1 & 3)		(Exhibit B)		

UNIVERSITY OF NEVADA

FEDERAL AGRICULTURAL FUNDS - EXTENSION SERVICE - FUND NO. 03

STATEMENT OF REVENUES AND EXPENDITURES

For the Fiscal Year Ended June 30, 1961

Exhibit H

	Cash Balance 6/30/60	Revenues	Expenditures	Identifiable Transfers	Cash Balance 6/30/61	Recorded Encumbrances	Available Balance 6/30/61
Smith-Lever Funds:							
State Operations:							
(1-A) Administration:							
1959-60 Funds	$13,181.75		$ 3,068.31	$(10,113.44)	- 0 -		
1960-61 Funds		$ 10,674.00	10,487.56		$ 186.44	$ 770.25	$ (583.81)
(1-B) Information & Publications:							
1959-60 Funds	4,607.45		5,286.19	678.74	- 0 -		
1960-61 Funds		21,867.27	21,149.57		717.70	3,951.10	(3,233.40)
(2-A) 4-H Club Work:							
1959-60 Funds	6,692.49		531.81	(6,160.68)	- 0 -		
1960-61 Funds		9,726.60	9,381.05		345.55	121.48	224.07
(2-B) Home Economics:							
1959-60 Funds	1,924.97		619.99	(1,304.98)	- 0 -		
1960-61 Funds		7,893.75	7,308.08		585.67	1.60	584.07
(3) Agronomy:							
1959-60 Funds	897.34		228.08	(669.26)	- 0 -		
1960-61 Funds		11,260.00	10,929.70		330.30	64.00	266.30
(4) Animal Husbandry:							
1959-60 Funds	363.76		5,969.01	5,605.25	- 0 -		
1960-61 Funds		23,118.05	21,481.94		1,636.11	2,591.43	(955.32)
(5) Range Conservation:							
1959-60 Funds	1,171.60		490.55	(681.05)	- 0 -		
1960-61 Funds		9,921.00	9,334.61		586.39	233.00	353.39
(6) Home Economist Special							
1959-60 Funds	1,072.65		646.22	(426.43)	- 0 -		
1960-61 Funds		10,586.60	9,811.54		775.06	84.29	690.77
(7) Entomology:							
1959-60 Funds	1,184.57		474.01	(710.56)	- 0 -		
1960-61 Funds		3,100.00	2,975.71		124.29	197.59	(73.30)
(8) Agricultural Economics:							
1959-60 Funds	349.70		759.80	410.10	- 0 -		
1960-61 Funds		9,736.18	9,084.83*		651.35*	288.95	362.40*
(9) Rural Engineering & Irrigation:							
1959-60 Funds	357.48		551.24	193.76	- 0 -		
1960-61 Funds		6,885.27	5,894.99		990.28	225.00	765.28
(2-C) County Extension Work:							
1959-60 Funds	4,120.09		2,141.17	(1,978.92)	- 0 -		
1960-61 Funds		26,388.28	22,034.60		4,353.68	3,632.34	721.34
County Operations:							
Churchill County:							
1959-60 Funds			2,397.45	2,397.45	- 0 -		
1960-61 Funds		800.00	622.92		177.08		177.08
Clark County:							
1959-60 Funds	(209.21)		1,750.12	1,959.33	- 0 -		
1960-61 Funds		3,100.00	3,213.27		(113.27)		(113.27)

* - See Adjusting Journel Entry #1.

UNIVERSITY OF NEVADA

FEDERAL AGRICULTURAL FUNDS - EXTENSION SERVICE - FUND NO. 03

(continued)

Exhibit H

	Cash Balance 6/30/60	Revenues	Expenditures	Identifiable Transfers	Cash Balance 6/30/61	Recorded Encumbrances	Available Balance 6/30/61
Douglas County:							
1959-60 Funds	$ (7.68)		$ 707.36	$ 715.04	- 0 -		
1960-61 Funds		$ 1,650.00	1,454.72		$ 195.28		$ 195.28
Elko County:							
1959-60 Funds	(268.02)		586.45	854.47	- 0 -		
Esmeralda County:							
1960-61 Funds		650.00	353.26		296.74		296.74
Humboldt County:							
1959-60 Funds	(183.13)		570.54	753.67	- 0 -		
1960-61 Funds		1,600.00	1,511.41		88.59		88.59
Lincoln County:							
1959-60 Funds	79.10		2,752.23	2,673.13	- 0 -		
1960-61 Funds		1,295.00	1,321.00		(26.00)		(26.00)
Lyon County:							
1959-60 Funds			2,203.52	(2,203.52)	- 0 -		
1960-61 Funds		2,100.00	2,081.48		18.52		18.52
Nye County:							
1959-60 Funds	(39.87)		2,255.00	2,294.87	- 0 -		
1960-61 Funds		220.00	220.00		- 0 -		
Ormsby County:							
1959-60 Funds	(17.80)			17.80	- 0 -		
1960-61 Funds		550.00	412.16		137.84		137.84
Pershing County:							
1959-60 Funds	(27.71)		634.56	662.27	- 0 -		
1960-61 Funds		2,175.00	1,835.80		339.20		339.20
Storey County:							
1960-61 Funds		225.00	220.77		4.23		4.23
White Pine County:							
1959-60 Funds	101.61		727.53	625.92	- 0 -		
1960-61 Funds		650.00	650.98		(.98)		(.98)
Additional allotment received from Federal Government in March 1961 and not expended		8,700.00			8,700.00		8,700.00
Sub-Total (Smith-Lever)	35,351.14	174,872.00	189,123.09	- 0 -	21,100.05	12,161.03	8,939.02
Bureau of Indian Affairs Funds:							
State Operations:							
(1-A) Administration:							
1959-60 Funds	784.57			(784.57)	- 0 -		
1960-61 Funds		50.00	57.95		(7.95)		(7.95)
(2-A) 4-H Club Work:							
1959-60 Funds	994.89		297.20	(639.89)	57.80		57.80
1960-61 Funds		100.00	212.47		(112.47)		(112.47)
(4) Animal Husbandry:							
1959-60 Funds	135.89		400.00	264.11	- 0 -		
(9) Rural Engineering & Irrigation:							
1960-61 Funds		500.00	420.00		80.00		80.00
County Operations:							
Churchill County:							
1959-60 Funds			250.00	250.00	- 0 -		

UNIVERSITY OF NEVADA

FEDERAL AGRICULTURAL FUNDS - EXTENSION SERVICE - FUND NO. 03

(concluded)

Exhibit H

	Cash Balance 6/30/60	Revenues	Expenditures	Identifiable Transfers	Cash Balance 6/30/61	Recorded Encumbrances	Available Balance 6/30/61
Douglas County:							
1959-60 Funds	$ 30.25			$ (30.25)	- 0 -		
1960-61 Funds		$ 600.00	$ 573.34		$ 26.66		$ 26.66
Elko County:							
1959-60 Funds	889.38		3,371.61	2,334.73	(147.50)		(147.50)
1960-61 Funds		2,784.18	2,548.94		235.24		235.24
Lincoln County:							
1959-60 Funds	(24.44)			24.44	- 0 -		
Lyon County:							
1959-60 Funds			250.00	250.00	- 0 -		
Nye County:							
1959-60 Funds	248.98		300.00	51.02	- 0 -		
1960-61 Funds		300.00	133.49		166.51		166.51
Washoe County:							
1959-60 Funds	500.07			(500.07)	- 0 -		
1960-61 Funds		1,900.00	1,868.12		31.88		31.88
White Pine County:							
1959-60 Funds	21.92		144.02	122.10	- 0 -		
1960-61 Funds		2,000.00	2,313.12		(313.12)		(313.12)
State & County Office Survey:							
1959-60 Funds	550.00			(550.00)	- 0 -		
1960-61 Funds		36,850.82	37,456.64		(605.82)		(605.82)
Carry-Over Funds	14,550.57			(791.62)	13,758.95		13,758.95
Sub-Total (B.I.A. Funds)	18,682.08	45,085.00	50,596.90	- 0 -	13,170.18		13,170.18
Rural Development Funds:							
1960-61 Funds		9,000.00	9,000.00		- 0 -		
Total - Extension Service	$54,033.22	$228,957.00	$248,719.99	- 0 -	$34,270.23	$12,161.03	$22,109.20
			(Schedules 1 & 4)		(Exhibit B)		

UNIVERSITY OF NEVADA
SUMMER SCHOOL - FUND NO. 11
STATEMENT OF REVENUES AND EXPENDITURES
For the Fiscal Year Ended June 30, 1961

Exhibit I

	Cash Balance 6/30/60	Revenues	Expenditures	Identifiable Transfers	Cash Balance 6/30/61	Recorded Encumbrances	Available Balance 6/30/61
Reno Summer School	$55,908.42	$ 86,238.82	$ 79,023.60	$4,090.00 (1) (168.75) (2)	$ 67,044.89	$3,467.87	$ 63,577.02
Southern Regional Summer School	5,045.37	41,225.86	25,407.04		20,864.19	299.08	20,565.11
Coaching Clinic	4,090.00			(4,090.00) (1)			
International Aerospace Workshop		1,400.00			1,400.00		1,400.00
Tahoe Music Camp	1,326.20	11,501.12	9,017.18	479.95 (3)	4,290.09		4,290.09
Counseling and Guidance Institute - 1961		33,152.00	13,299.69		19,852.31		19,852.31
Counseling and Guidance Institute - 1960	20,722.56	648.00	21,373.88	3.32 (4)			
Totals	$87,092.55	$174,165.80	$148,121.39	$ 314.52	$113,451.48	$3,766.95	$109,684.53
			(Schedules 1 & 5)		(	Exhibit B	)

Note - Transfers
(1) To consolidate receipts.
(2) Transfer to Evening Division - Fund No. 12.
(3) Transferred from Music Special - Fund No. 14.
(4) Closed to Fees - Fund No. 01.

UNIVERSITY OF NEVADA

CORRESPONDENCE, EXTENSION AND EVENING DIVISION - FUND NO. 12

STATEMENT OF REVENUES AND EXPENDITURES

For the Fiscal Year Ended June 30, 1961

Exhibit J

	Cash Balance 6/30/60	Revenues	Expenditures	Identifiable Transfers	Cash Balance 6/30/61	Recorded Encumbrances	Available Balance 6/30/61
Adult Evening Division - Reno	$5,118.77	$ 78,526.33	$ 74,871.25	$ (375.00)(1) 168.75 (2)	$ 8,567.60	$1,220.84	$ 7,346.76
Adult Evening Division - Las Vegas		50,962.13	42,287.56	(350.00)(1)	8,324.57	43.85	8,280.72
Off Campus Division	2,108.60	4,959.35	5,361.61		1,706.34		1,706.34
Correspondence Division		14,928.00	9,028.09		5,899.91	248.35	5,651.56
Data Processing - Evening Division	(491.00)	522.20	31.20				
Totals	$6,736.37	$149,898.01	$131,579.71	$(556.25)	$24,498.42	$1,513.04	$22,985.38
			(Schedules 1 & 6)		(	Exhibit B	)

(1) Transferred to President's Development Fund No. 14.

(2) To correct posting of receipt in Fund No. 11.

UNIVERSITY OF NEVADA
RESEARCH FINANCED BY GRANTS - FUND NO. 13
STATEMENT OF REVENUES AND EXPENDITURES
For the Fiscal Year Ended June 30, 1961

Exhibit K

	Cash Balance 6/30/60	Revenues	Expenditures	Identifiable Transfers	Cash Balance 6/30/61	Recorded Encumbrances	Available Balance 6/30/61
Regent's Funds:							
Desert Research Institute:							
Research overhead	$ 49,663.43	$ 3,248.42	$ 31,613.09	$ (350.00)(1)	$20,948.76	$3,749.87	$17,198.89
Project #1 Social Psychology	9,290.22	15,951.78	18,434.50		6,807.50	27.20	6,780.30
Project #2 Studies on Alfalfa Saponis		7,447.00	6,862.56		584.44	29.98	554.46
Project #3 Sidewinder		4,226.45	3,972.33		254.12		254.12
Project #4 Immigration Research	6,611.89		3,278.03		3,333.86		3,333.86
Project #5 Donor - Labor Fund		850.00	246.68		603.32		603.32
Project #6 Donor - U.S. Dept. of Health, Education and Welfare		1,832.60	473.56		1,359.04	6.50	1,352.54
Project #7 Donor - Research Corp.		10,000.00			10,000.00		10,000.00
Project - Cattrell Grant	304.69		304.69				
Project #8 - Experiments in Solidification and and Melting Water		18,000.00	351.30		17,648.70		17,648.70
Project #9 Donor - Rolly Corp.	2,120.86	4,687.50	8,978.56		(2,170.20)	540.98	(2,711.18)
Project #10 Donor - Research Corp.	1,657.32		461.94		1,195.38		1,195.38
Project #12 Donor - Research Corp.	230.44		144.14		86.30		86.30
Apex Corp.	(267.90)	267.90					
Project - Cattrell Grant	1,586.91		1,586.91				
Project - National Institute of Mental Health	3,611.51		3,611.51				
Total Desert Research Institute	74,809.37	66,511.65	80,319.80	(350.00)	60,651.22	4,354.53	56,296.69
Mackay School of Mines:							
Research overhead	30,473.76	5,124.72	39.96	(5,000.00)(2)			
				(29,000.00)(2)	1,558.52		1,558.52
Project #1 Donor - Turbo Dynamics Corp.	(4,898.54)				(4,898.54)		(4,898.54)
Project #2 Donor - General Minerals Corp.		1,726.15	1,383.02		343.13	12.20	330.93
Project #3 Allanite	2,989.11	1,478.26	2,078.08		2,389.29	1,400.00	989.29
Project #4 Manhattan Project	143.50				143.50		143.50
Project - Atomic Energy Commission	(1,174.44)	1,174.44					
Total Mackay School of Mines	27,533.39	9,503.57	3,501.06	(34,000.00)	(464.10)	1,412.20	(1,876.30)
Physics Department:							
Research overhead	1,590.09	3,728.38	2,325.95		2,992.52	16.60	2,975.92
Project #1 High Vacuum Research	(2,050.72)	10,554.94	14,158.37		(5,654.15)	98.71	(5,752.86)
Project #2 Ultra High Vacuum Research	4,733.20	2,608.70	4,881.16		2,460.74	89.82	2,370.92
Total Physics Department	4,272.57	16,892.02	21,365.48		(200.89)	205.13	(406.02)
Bureau of Business and Economic Research:							
Research overhead	9,997.23	15,504.00	5,739.13	2.00 (3)			
				75.00 (4)			
				(650.00)(5)	19,189.10		19,189.10
Project #1 Utilization of Resources by Nevada Small Business		10,000.00	9,692.24		307.76		307.76
Project #2 Advertising by Small Retailers in Nevada	12,895.08		13,896.08	(100.00)(4)	(1,101.00)		(1,101.00)
Project - Nevada State Highway Dept. Research	(1,047.63)	708.31	300.53	650.00 (5)			
				(8.15)(6)			
				(2.00)(3)			
Total Bur. of Bus. & Econ. Research	21,844.68	26,212.31	29,627.98	(33.15)	18,395.86		18,395.86

UNIVERSITY OF NEVADA
RESEARCH FINANCED BY GRANTS - FUND NO. 13
(continued)

Exhibit K

	Cash Balance 6/30/60	Revenues	Expenditures	Identifiable Transfers	Cash Balance 6/30/61	Recorded Encumbrances	Available Balance 6/30/61
Graduate School - Grants in Aid:							
Dr. Bernard Baker	$ 11.50			$ (11.50)(6)			
Dr. George Barnes	22.17	$ 135.33	$ 157.50				
Dr. Verle R. Bohman	49.65				$ 49.65		$ 49.65
Dr. H. M. Chase	47.18		47.18				
Dr. Donald Cavney	7.85			(7.85)(6)			
Dr. D. F. Dickinson	130.79		132.40	1.61 (6)			
Dr. I. F. Eccles		125.00	82.35		42.65		42.65
R. R. Elliott		250.00	250.00				
Dr. W. D. Foote	71.26	4.98	76.24				
Dr. J. I. Gimlett	87.00		87.00				
Dr. K. E. Kemp	26.07		31.26	5.19 (6)			
E. W. Kersten	(3.82)			3.82 (6)			
Dr. Ira La Rivers		250.00	250.00				
Dr. E. Richard Larson	313.25		78.50		234.75		234.75
Dr. S. E. Liefson	13.00		12.00	(1.00)(6)			
A. L. Lesperance	150.00		16.25	(133.75)(6)			
Dr. Len S. McGick, Jr.	(2.39)			2.39 (6)			
Dr. Robert McQueen	14.50	34.80	49.13	(.17)(6)			
H. J. Seim	.95			(.95)(6)			
Dr. R. C. Sill		50.00	35.10		14.90		14.90
Alex Simerenko		65.00	65.00				
Dr. D. B. Slemmons	27.81	313.00	90.22		250.59		250.59
Dr. Alexiss Von Valborth	(.04)	.04					
John S. Winston	32.07				32.07		32.07
R. E. Worley	65.50		12.00		53.50		53.50
1961-1962 Grants (Lump Sum)		1,308.00			1,308.00		1,308.00
Total Graduate School - Grants in Aid	1,064.30	2,536.15	1,472.13	(142.21)	1,986.11		1,986.11
Bureau of Government Research:							
Project #1		1,579.33	938.10		641.23	$ 400.00	241.23
College of Agriculture:							
Project #1 Radioactive Fallout	(953.06)	14,300.00	12,451.68		895.26	502.38	392.88
Project #2 Beef Breeding	(1,034.89)	2,726.99	2,500.00		(807.90)		(807.90)
Project #3 Forest Service	2,708.73		1,177.61		1,531.12		1,531.12
Project #4 Molybdenum Research	(406.07)	7,000.00	16,103.01		(9,509.08)	80.09	(9,589.17)
Project #6 Plant Science Dept., Bur. of Land Management Bureau of Land Management	(896.90)	3,825.36	3,918.82		(990.36)		(990.36)
Project #7 Plant Science Dept., Bureau of Land Management	(885.92)	3,166.80	3,292.99		(1,012.11)		(1,012.11)
Project #8 Agriculture Economics	586.72		75.00		511.72		511.72
Project #9 Molybdenum Pasture Studies			538.09		(538.09)	713.27	(1,251.36)
Project #10 Radioactive Fallout	1,311.08	15,200.00	15,517.87		993.21	367.03	626.18
Total College of Agriculture	429.69	46,219.15	55,575.07		(8,926.23)	1,662.77	(10,589.00)
Total Regents' Funds	129,954.00	169,454.18	192,799.62	(34,525.36)	72,083.20	8,034.63	64,048.57

UNIVERSITY OF NEVADA
RESEARCH FINANCED BY GRANTS - FUND NO. 13
(concluded)

Exhibit K

	Cash Balance 6/30/60	Revenues	Expenditures	Identifiable Transfers	Cash Balance 6/30/61	Recorded Encumbrances	Available Balance 6/30/61
Grand Total	$129,954.00	$169,454.18	$192,799.62	$(34,525.36)	$72,083.20	$8,034.63	$64,048.57
Cash Advance to be Accounted For							351.30
							$64,399.87
			(Schedules 1 & 7)		(	Exhibit B	)

(1) Transferred to Account Social Psychology Syldabus Fund No. 41.
(2) Transferred to Account Mackay Endowment Fund No. 71.
(3) To correct posting.
(4) To correct posting including $25.00 to account General Income Fund No. 01.
(5) To correct posting to General Income Fund No. 01.
(6) To operating surplus Fund No. 01.

UNIVERSITY OF NEVADA
SPECIAL INSTITUTE AND PROJECTS - FUND NO. 14
STATEMENT OF REVENUES AND EXPENDITURES
For the Fiscal Year Ended June 30, 1961

Exhibit L

	Cash Balance 6/30/60	Revenues	Expenditures	Identifiable Transfers	Cash Balance 6/30/61	Recorded Encumbrances	Available Balance 6/30/61
Special Institutes and Projects - Overhead							
Language Institute		$ 6,570.75			$ 6,570.75		$ 6,570.75
Math Institute - National Science Foundation		1,314.00	$ 1,076.23	$1,003.50 (1)	1,241.27	$ 365.95	875.32
Language Institute (N.D.E.A.)		71,764.00	31,102.78		40,661.22	1,064.68	39,596.54
In Service Institute in Math (N.S.F.)	$ 2,724.63	12,040.00	12,772.98	(1,003.50)(1)			
				(334.50)(2)	653.65		653.65
Summer Institute in Math (N.S.F.)		46,378.00	23,264.33		23,113.67	184.50	22,929.17
Summer Institute in Math (N.S.F.)		2,500.00	39.67		2,460.33		2,460.33
Child Development Laboratory (Home Economics)	352.68	505.00	725.65		132.03	20.75	111.28
Home Management Residence (Home Economics)	60.00	485.83	343.00		202.83		202.83
Business Admin. Seminar (So. Regional Div.)	600.00	18,608.24	15,594.97		3,613.27	285.00	3,328.27
Science Seminar (So. Regional Div.)		5,060.00	3,508.52		1,551.48		1,551.48
Special Music Lessons (Reno)	4,226.81	3,782.50	7,309.19	(479.95)(3)	220.17	186.00	34.17
Special Music Lessons (So. Regional Div.)	336.50	283.41	384.00		235.91		235.91
Speech and Drama Projects (Reno)	(16.87)	142.53	171.58		(45.92)		(45.92)
Speech and Drama Projects (So. Regional Div.)	448.96	1,010.75	1,216.71		243.00	101.12	141.88
Mackay School of Mines Summer Field	846.43	890.00	786.71		949.72	198.68	751.04
Project Development and Analysis	108.70			(108.70)(4)			
President's Development Fund	(272.58)		582.19	350.00 (5)			
				375.00 (6)			
				150.00 (7)			
				108.70 (4)	128.93		128.93
Nursing Institute	431.49				431.49		431.49
Summer Institute (N.S.F.)	35,459.63	1,209.73	36,669.36				
Biology Special (So. Regional Div.)	500.00		500.00				
Totals	$45,806.38	$172,544.74	$136,047.87	$ 60.55	$82,363.80	$2,406.68	$79,957.12
			(Schedules 1 & 8)		(	Exhibit B	)

(1) Transferred to cover project overhead.
(2) Transferred to Fees - Fund No. 01.
(3) Transferred to Tahoe Music Camp - Fund No. 11.
(4) To consolidate accounts.
(5) (6) Transferred from Adult Evening Divisions, Reno and Las Vegas - Fund No. 12.
(7) Transferred from Lowell Daniels account - Fund No. 51.

UNIVERSITY OF NEVADA
INTERCOLLEGIATE ATHLETICS - FUND NO. 21
STATEMENT OF REVENUES AND EXPENDITURES
For the Fiscal Year Ended June 30, 1961

Exhibit M

	Cash Balance 6/30/60	Revenues	Expenditures	Identifiable Transfers	Cash Balance 6/30/61	Recorded Encumbrances	Available Balance 6/30/61
Intercollegiate Athletics - Reno	$2,769.13	$ 1,767.34	$13,007.06	$12,634.48 (1) (135.00) (2)	$4,028.89	$622.25	$3,406.64
Intercollegiate Athletics - Las Vegas	1,416.00	2,239.60	276.70		3,378.90		3,378.90
Intercollegiate Athletics		11,786.70	367.50	(11,419.20) (1)			
Programs - Athletics		4,181.95	3,314.49	(867.46) (1)			
Concessions		2,330.79	1,751.44	(347.82) (1) (231.53) (2)			
N.C.A.A. Boxing	242.88		242.88				
Totals	$4,428.01	$22,306.38	$18,960.07	$ (366.53)	$7,407.79	$622.25	$6,785.54
			(Schedules 1 & 9)		(	Exhibit B	)

Note - Transfers:
(1) To consolidate accounts.
(2) Transferred to Associated Students University of Nevada - Fund No. 81.

UNIVERSITY OF NEVADA
DINING COMMONS - FUND NO. 22
STATEMENT OF REVENUES AND EXPENDITURES
For the Fiscal Year Ended June 30, 1961

Exhibit N

	Cash Balance 6/30/60	Revenues	Expenditures	Identifiable Transfers	Cash Balance 6/30/61	Recorded Encumbrances	Available Balance 6/30/61
Dining Commons	$110,800.82	$289,385.26	$222,149.30	$(110,800.82)(1)	$ 67,235.96	$15,845.30	$ 51,390.66
Dining Commons Reserve			45,700.37	2,668.88 (2)			
				110,800.82 (1)	67,769.33		67,769.33
Totals	$110,800.82	$289,385.26	$267,849.67	$ 2,668.88	$135,005.29	$15,845.30	119,159.99
			(Schedules 1 & 10)				
Due from Plant Funds - Post Office Remodeling Account							17,535.60
							$136,695.59

(1) To create reserve fund.
(2) To correct allocation of receipts in Fund No. 23.

(Schedule 10) (Exhibit B)

UNIVERSITY OF NEVADA

RESIDENCE HALLS AND APARTMENTS - FUND NO. 23

STATEMENT OF REVENUES AND EXPENDITURES

For the Fiscal Year Ended June 30, 1961

Exhibit O

	Cash Balance 6/30/60	Revenues	Expenditures	Identifiable Transfers	Cash Balance 6/30/61	Recorded Encumbrances	Available Balance 6/30/61
Married Students Housing	$ 540.00	$ 22,312.18	$ 6,968.68	$ 100.00 (1) 3,835.77 (2) 90.00 (3)	$ 19,909.27	$ 62.50	$ 19,846.77
New Residence Hall (Women)	44,086.92	29,489.65	66,140.63	10,024.00 (4) (200.00) (5) (90.00) (3)	17,169.94	136.12	17,033.82
Manzanita Hall (Women)	27,785.63	8,039.64	14,084.15	6,420.00 (6) 100.00 (7) 200.00 (5)	28,461.17	1,589.80	26,871.37
Lincoln Hall (Men)	17,218.59	33,161.84	19,819.71	(9,400.00) (8) (3,835.77) (2) (100.00) (1)	17,224.95	15.22	17,209.73
Residence Hall Deposits		5,375.00			5,375.00		5,375.00
Artemesia Hall (Men)	22,732.93	27,037.65	20,791.85	9,400.00 (8) (100.00) (7) (6,420.00) (6) (10,024.00) (4)	21,834.73	1,197.95	20,636.78
Clark Field Housing	3,663.09		632.30	(3,030.79) (9)		33.62	(33.62)
Hartman Hall			361.91	361.91 (10)			
Totals	$116,027.21	$125,415.96	$128,799.23	$(2,668.88)	$109,975.06	$3,035.21	106,939.85

(Schedules 1 & 11)

Due from Plant Fund to Lincoln Hall	10,000.00
Due from Plant Fund to Artemesia Hall	10,000.00
	$126,939.85

(1 - 10) All transfers to correct apportionment of receipts in Fund Nos. 22 and 23.

(Exhibit B)

UNIVERSITY OF NEVADA
STUDENT HEALTH SERVICE - FUND NO. 24
STATEMENT OF REVENUES AND EXPENDITURES
For the Fiscal Year Ended June 30, 1961

Exhibit P

	Cash Balance 6/30/60	Revenues	Expenditures	Identifiable Transfers	Cash Balance 6/30/61	Recorded Encumbrances	Available Balance 6/30/61
Student Health Services - Reno	$16,603.72	$36,541.12	$30,442.15		$22,702.69	$15.50	$22,687.19
Student Health Services - Las Vegas	3,363.96	1,383.50	281.95		4,465.51		4,465.51
Totals	$19,967.68	$37,924.62	$30,724.10		$27,168.20	$15.50	$27,152.70
			(Schedules 1 &12)		(	Exhibit B	)

UNIVERSITY OF NEVADA
4-H CAMP - FUND NO. 25
STATEMENT OF REVENUES AND EXPENDITURES
For the Fiscal Year Ended June 30, 1961

Exhibit Q

	Cash Balance 6/30/60	Revenues	Expenditures	Identifiable Transfers	Cash Balance 6/30/61	Recorded Encumbrances	Available Balance 6/30/61
Camp	$12,445.08	$18,538.91	$14,550.86		$16,433.13		$16,433.13
			(Schedules 1 & 13)		(	Exhibit B	)

UNIVERSITY OF NEVADA
JOT TRAVIS STUDENT UNION - FUND NO. 26
STATEMENT OF REVENUES AND EXPENDITURES
For the Fiscal Year Ended June 30, 1961

Exhibit R

	Cash Balance 6/30/60	Revenues	Expenditures	Identifiable Transfers	Cash Balance 6/30/61	Recorded Encumbrances	Available Balance 6/30/61
Student Union Services	$27,611.10	$29,062.14	$25,692.77	$100.00 (1)	$31,080.47	$ 776.24	$30,304.23
Student Union Life Membership	100.00			(100.00)(1)			
Snack Bar	10,819.33	69,595.40	71,451.18		8,963.55	999.63	7,963.92
Totals	$38,530.43	$98,657.54	$97,143.95	- 0 -	$40,044.02	$1,775.87	$38,268.15
			(Schedules 1 & 14)		(	Exhibit B	)

(1) Correction.

SCHOLARSHIPS - FUND NO. 31
STATEMENT OF REVENUES AND EXPENDITURES
For the Fiscal Year Ended June 30, 1961

Exhibit S

	Cash Balance 6/30/60	Revenues	Expenditures	Identifiable Transfers	Cash Balance 6/30/61	Recorded Encumbrances	Available Balance 6/30/61
Principal Useable							
Professional Nurse Trainee	$ 6,138.86	$ 2,847.00	$ 5,042.00		$ 3,943.86		$ 3,943.86
Armanko		200.00	150.00		50.00	$ 200.00	(150.00)
Nevada Bar Wholesalers		100.00	100.00				
Kenneth A. Yates	225.00	150.00	150.00		225.00	150.00	75.00
Reno Lion's Auxiliary	25.00				25.00		25.00
H. J. Heinz		200.00	200.00				
C. E. and F. E. Wittenberg	713.93		100.00		613.93		613.93
Emporium of Music		100.00	100.00			100.00	(100.00)
Nevada Liquefied Gas Dealers Association		200.00			200.00	200.00	
Klute Foreign Language	50.00	250.00	300.00			600.00	(600.00)
Sunrise Hospital		1,000.00			1,000.00		1,000.00
Soroptimists Club of Reno	1,668.75	3,674.75	3,486.92		1,856.58	1,500.00	356.58
Sparks Classroom Teachers Association	60.00				60.00		60.00
Nevada School Food Service Association	50.00	50.00	50.00		50.00	50.00	
McArthur	100.00				100.00		100.00
Rebekah Assembly		200.00	200.00				
Elko National Foundation	200.00				200.00		200.00
Dick Graves	250.00	1,500.00	1,750.00				
Las Vegas Press Club	6,146.03	1,101.31	600.00		6,647.34		6,647.34
Wm. S. Lunsford Journalism	100.00		100.00				
Nevada State Press Association		250.00	250.00			250.00	(250.00)
Beam Educational Fund	16.50	250.00			266.50		266.50
Clovis Alberta Preston	252.25				252.25		252.25
Las Vegas Distributing Co.	250.00				250.00		250.00
Ebonettes		100.00	50.00		50.00		50.00
Reno Business & Professional Women	150.00	200.00	150.00		200.00	200.00	
Admiral J. Redman	100.00				100.00		100.00
Las Vegas Board of Realtors		70.00			70.00		70.00
Sears, Roebuck Agriculture Foundation		1,500.00	1,500.00			300.00	(300.00)
Nevada State Nurses Association, District #1		250.00			250.00		250.00
R. C. Thompson		100.00	100.00			100.00	(100.00)
Semenza	50.00	100.00			150.00		150.00
Mary T. Talbot		300.00	300.00			300.00	(300.00)
Clark County Women's Medical Auxiliary	500.00		125.00	$ (375.00)[1]			
Rita Hope Winer	214.25	50.00	50.00		214.25	50.00	164.25
Washoe Medical Association		350.00	350.00				
National Sales Executives - So. Regional Division		250.00	250.00				
Kennecott Mining	1,000.00	1,000.00	1,000.00		1,000.00	1,000.00	
Harold's Club	1,000.00	500.00	1,500.00				
Rotary Club of Reno		350.00	350.00				
Betty Crocker Research	841.56		378.87		462.69		462.69
Betty Crocker Research	112.00		112.00				
Reno Elks Club	50.00				50.00		50.00
Physical Education		125.00			125.00	125.00	
Nevada Indian Agency		800.00	800.00				

UNIVERSITY OF NEVADA
SCHOLARSHIPS - FUND NO. 31
(continued)

Exhibit S

	Cash Balance 6/30/60	Revenues	Expenditures	Identifiable Transfers	Cash Balance 6/30/61	Recorded Encumbrances	Available Balance 6/30/61
New China Club		$ 1,500.00	$ 1,500.00				
Grand Lodge I.O.O.F.	$ 225.00				$ 225.00		$ 225.00
Executive Secretaries	44.30	400.00	400.00		44.30		44.30
J. A. Hogle & Co.		600.00	300.00		300.00	$ 300.00	
So. Nevada Women's Auxiliary of A.I.M.E.		200.00	200.00				
Copper Mines Foundation	500.00				500.00		500.00
Orvis School of Nursing	370.00	1,750.00	1,775.00	$ 55.00 (2)			
				(50.00)(3)	350.00	50.00	300.00
Sears, Roebuck Home Economics		600.00	600.00				
Ralston Purina	500.00	500.00	500.00		500.00	500.00	
Moritz Zenoff		100.00	100.00			100.00	(100.00)
Nevada Society of C.P.A.'s	100.00	200.00	200.00		100.00	202.00	(102.00)
El Capitan		1,000.00	1,000.00				
Las Vegas Sun		1,750.00	1,750.00				
Indian Education	(55.00)	1,195.00	1,140.00				
Edgerton, Germhausser & Grier	400.00	1,250.00	1,200.00	(200.00)(4)	250.00		250.00
General Motors Corp.	350.00	1,400.00	1,500.00		250.00		250.00
Standard Oil Co. 4-H	700.00	600.00	600.00		700.00		700.00
Nevada State Nurses Association, District #3	480.00	400.00	425.00	(55.00)(2)	400.00		400.00
Anderson Dairy		200.00	200.00				
Western Electronics Education Fund		500.00			500.00	500.00	
Griss	300.00	300.00	300.00		300.00		300.00
Max C. Fleischmann Graduate Assistanceships	750.00				750.00		750.00
Mrs. J. Clarence Kind	500.00		500.00				
Las Vegas Business & Professional Women		650.00	275.00		375.00		375.00
Art Department		150.00	150.00				
Sparks 20-30 Club		200.00	200.00				
Marketing	100.00		25.00		75.00		75.00
Women's Auxiliary, Nevada State Pharmaceutical Assn.		50.00		50.00 (3)	100.00	100.00	
Link Foundation	225.00				225.00		225.00
Eugene Benjamin Nursing	150.00	150.00	150.00		150.00	150.00	
S.A.E. Fraternity	150.00		150.00				
Reynolds Electric & Engineering Co.	250.00	250.00	250.00		250.00		250.00
Gamma Phi Beta Sorority	216.00			(150.00)(5)	66.00		66.00
Newman Club		100.00	150.00	150.00 (5)	100.00		100.00
Las Vegas Uptown Kiwanis		250.00	125.00		125.00		125.00
Crown-Zellerback Journalism		1,000.00	500.00		500.00	500.00	
Las Vegas Variety Club		200.00	118.50		81.50		81.50
Sigma Xi Fraternity Graduate Research		450.00	450.00				
Mrs. George R. Bliss		600.00			600.00	600.00	
Jephson Educational Trust Fund	1,000.00				1,000.00		1,000.00
Research Corp. Fellowship		1,800.00			1,800.00		1,800.00
Associated Women Students	(50.00)				(50.00)	50.00	(100.00)
Jack Myles Memorial		100.00			100.00	100.00	
Delta Delta Delta		300.00			300.00		300.00
C. V. Isbell		500.00			500.00		500.00
Insurance Women of Reno						250.00	(250.00)
Miscellaneous or Anonymous	105.00	3,750.00	3,650.00		205.00		205.00

SCHOLARSHIPS - FUND NO. 31
(concluded)

Exhibit S

	Cash Balance 6/30/60	Revenues	Expenditures	Identifiable Transfers	Cash Balance 6/30/61	Recorded Encumbrances	Available Balance 6/30/61
Semenza						$ 100.00	$ (100.00)
Sagehen's						50.00	(50.00)
Nevada Highway Employees Association						100.00	(100.00)
Pat McCarran Memorial						500.00	(500.00)
Quota Club						50.00	(50.00)
Physical Education Majors						300.00	(300.00)
Total Principal Useable	$27,574.43	$43,063.06	$39,978.29	$ (575.00)	$30,084.20	9,627.00	20,457.20
Endowment Incomes							
Charles F. Cutts	10,526.29	2,582.46	1,500.00		11,608.75	5,000.00	6,608.75
Chester A. Brennan	1,293.11	501.07	600.00		1,194.18	900.00	294.18
Clara Field Stadtmuller	2,182.27	1,642.19	1,550.00		2,274.46	2,500.00	(225.54)
Mary Dalton	52.88	231.05			283.93		283.93
Perle Mesta	(579.59)	241.60			(337.99)		(337.99)
Jewett Adams	2,425.16	1,888.10	1,800.00		2,513.26	3,000.00	(486.74)
Mary W. Butler	234.47	33.84	100.00		168.31		168.31
Frank O. Braili	120.20	169.27	100.00		189.47	150.00	39.47
A. E. Cheney	318.58	169.27	100.00		387.85	100.00	287.85
Thomas E. Dixon	(22.73)	120.91	75.00		23.18		23.18
Grand Army of the Republic	411.20	226.45	100.00		537.65	400.00	137.65
C. O. Herz	(9.84)	334.06	100.00		224.22		224.22
Royal D. Hartung	1,319.96	1,010.59	500.00		1,830.55	1,000.00	830.55
Carrie B. Layman	1,248.81	440.00	262.59		1,426.22	800.00	626.22
Rose A. Mathews	541.18	368.06	400.00		509.24	600.00	(90.76)
O'Hara and Martin	34.85	80.61			115.46	50.00	65.46
Pre-Medical and Pre-Nursing	16.51	161.19	100.00		77.70	100.00	(22.30)
U. S. S. Reno Memorial	653.19	134.08			787.27		787.27
Reno Newspapers, Inc.	1,071.92	359.51	250.00		1,181.43	500.00	681.43
Harry F. Holmshaw		350.00		(300.00)(6) (50.00)(7)			
Harry F. Holmshaw		1,999.99		50.00 (7)	2,049.99	2,700.00	(650.00)
Fleischmann - Regular	1,715.79	5,646.30	4,875.00		2,487.09	7,050.00	(4,562.91)
Fleischmann - Freshman	3,135.59	1,685.13	7,375.00	2,957.33 (10)	403.05		403.05
C. E. Clough	(80.00)	240.00	150.00	(85.94)(9)			
C. E. Clough				75.94 (8)			
		85.34	150.00	85.94 (9)	21.28	200.00	(178.72)
Total Endowment Incomes	26,609.80	20,701.07	20,087.59	2,733.27	29,956.55	25,050.00	4,906.55
Total Scholarship Funds	$54,184.23	$63,764.13	$60,065.88	$2,158.27	$60,040.75	$34,677.00	$25,363.75
			(Schedule 1)				

(1) To gift fund by request of donor - Fund No. 51.
(2) To correct posting.
(3) To correct posting.
(4) Correction to Fund No. 51.
(5) To correct posting.
(6) Transferred to Scholarship Fund No. 71.
(7) To correct posting.
(8) To correct posting to Fund No. 61.
(9) Transferred to consolidate accounts.
(10) Transferred from Fund No. 51.

UNIVERSITY OF NEVADA
UNIVERSITY SALES - FUND NO. 41
STATEMENT OF REVENUES AND EXPENDITURES
For the Fiscal Year Ended June 30, 1961

Exhibit T

	Cash Balance 6/30/60	Revenues	Expenditures	Identifiable Transfers	Cash Balance 6/30/61	Recorded Encumbrances	Available Balance 6/30/61
Diploma Sales	$ 2,144.22	$ 3,755.10	$ 2,674.00		$ 3,225.32		$ 3,225.32
Mackay Statue Sales	(269.76)				(269.76)		(269.76)
Nevada Constitution Sales	(472.00)	60.75			(411.25)		(411.25)
Buildings and Grounds Sales	20.00	3,088.79	14.40		3,094.39		3,094.39
Civil Engineering Course - Note Sales		8.00			8.00		8.00
Social Psychology Syllabus Sales			121.48	$ 350.00 (1)	228.52		228.52
Journalism Style Book Sales	(125.00)	20.00			(105.00)		(105.00)
Supplies for Sales to Departments	(3,832.53)	23,377.98	19,475.14		70.31	$3,290.45	(3,220.14)
Audio-Visual Instructional Material Sales	689.47	1,902.80	1,070.36		1,521.91	349.78	1,172.13
Vending Machine Sales	155.46	125.50	285.20		(4.24)	160.50	(164.74)
Teacher Placement Service Sales	552.54	825.00	832.18		545.36	32.00	513.36
Transcript Sales		3,326.41	136.00		3,190.41		3,190.41
Testing Program Sales		1,400.40	842.54		557.86		557.86
Philosophy - Logic Syllabus Sales	197.21		180.00		17.21		17.21
Library Fines and Forfeitures	729.68	1,095.49	645.73		1,179.44		1,179.44
University Catalogue Sales	20.00	20.00		(40.00)(2)			
Car Pool Mileage Sales		10,615.46	8,972.00		1,643.46		1,643.46
Data Processing Sales	17.90				17.90		17.90
University Press Sales	4,500.00	500.00			5,000.00		5,000.00
Bureau of Mines Sales	914.78	1,546.42			2,461.20		2,461.20
Art Department Sales	94.07	325.45	126.39		293.13		293.13
Special Examination Sales	512.16	191.50	67.85		635.81		635.81
North Virginia Street Housing	375.00	845.00		(1,220.00)(2)			
Physical Education Towels		2.75		(2.75)(2)			
School Survey	2.05			(2.05)(2)			
Traffic Fines		651.00	381.35	(269.65)(2)			
Musical Instruments Insurance		550.00	540.75	(9.25)(2)			
Agriculture Short Courses	36.51			(36.51)(2)			
Bulletins Sales	4.75			(4.75)(2)			
Directory Sales	41.85			(41.85)(2)			
Food and Drug Dairy Fund	55.11			(55.11)(2)			
Serum and Vaccine Sales	1,217.13		1,217.13				
Rifle Range	(6.84)			6.84 (2)			
College of Agriculture:							
Ladino Dairy Farm	20,427.33	47,158.00	37,967.24		29,618.09		29,618.09
Extension Service Sales	3,480.75	9,138.67	2,860.86		9,758.56		9,758.56
Main Station Farm Sales:							
Farm Services	2,733.38	21,571.20	23,725.02		579.56		579.56
Farm Housing Sales	9,085.03	5,924.93	5,695.27	(4,000.00)(3)	5,314.69		5,314.69
Insect and Weed Control	882.34		258.39		623.95		623.95
Residual Fund	5,719.41		2,008.66		3,710.75		3,710.75
Reserve Fund				4,000.00(3)	4,000.00		4,000.00
Advisory Committee Expense	2,703.68				2,703.68		2,703.68
Equipment Purchases and Repairs	18,114.00				18,114.00		18,114.00
Service Herd Revolving	16,555.90	18,242.88	13,074.19		21,724.59		21,724.59
Expense of Selling Ladino Dairy	415.00				415.00		415.00

UNIVERSITY SALES - FUND NO. 41
(concluded)

Exhibit T

	Cash Balance 6/30/60	Revenues	Expenditures	Identifiable Transfers	Cash Balance 6/30/61	Recorded Encumbrances	Available Balance 6/30/61
Adjustment for differences resulting from posting of control and detail ledgers at June 30, 1960	$ 3,156.31		$ 3,156.31				
Animal Husbandry Livestock Sales	38,217.75	$ 13,646.62	18,537.94		$ 33,326.43		$ 33,326.43
Agricultural Experiment:							
Station Sales	76,197.33	46,855.67			79,868.10		79,868.10
Administration			4,717.56				
Agricultural Chemistry:							
General			148.12				
Project 59			326.80				
Project 79			231.00				
Agricultural Economics:							
General			471.46				
Agronomy:							
General			3.16				
Animal Husbandry			1,639.53				
Knoll Creek Housing			1,594.76				
Knoll Creek Operating			4,410.21				
Home Economics Operating			835.86				
Main Station Farm Operating			3,670.80				
Plant Science:							
General			1,285.97				
Project 57			80.00				
Project 70-74			412.76				
Soils Operating			362.59				
Southern Nevada Field Station Operating			1,599.54				
Valley Road Farm			7,826.44				
Vetinary Science:							
General			760.07				
Project 43			235.28				
Newlands Field Station:							
General			3,293.00				
Project 20			3,451.49				
Project 21			152.65				
Project 22			297.06				
Project 41			257.25				
Project 83			2,961.96				
Project 84			262.71				
Herbarium Fund			75.34				
Soil and Water Laboratory			1,821.53				
Totals	$205,261.97	$216,771.77	$188,051.28	$(1,325.08)	$232,657.38	$3,832.73	$228,824.65
			(Schedules 1 & 15)		(	Exhibit B	)

(1) Transferred from Fund No. 13.
(2) Transferred to University Operating Fund No. 01.
(3) To create a reserve account.

UNIVERSITY OF NEVADA
SPECIAL GIFTS AND MISCELLANEOUS ACCOUNTS - FUND NO. 51
STATEMENT OF REVENUES AND EXPENDITURES
For the Fiscal Year Ended June 30, 1961

Exhibit U

	Cash Balance 6/30/60	Revenues	Expenditures	Identifiable Transfers	Cash Balance 6/30/61	Recorded Encumbrances	Available Balance 6/30/61
Principal Useable:							
Paul J. Sirkegian Memorial	$ 1,102.00	$ 33.52			$ 1,135.52		$ 1,135.52
General Electric Education and Charity Gift Fund	1,200.00	75.00			1,275.00		1,275.00
Chemistry Department Gift		750.00	$ 665.75		84.25		84.25
Kennecott Business Administration Gift	211.22				211.22		211.22
Orvis School of Nursing Gifts	809.70	52.50	467.10		395.10		395.10
Kennecott Journalism Gift	1,837.60	24.30	1,324.67	$ (225.00)(1)	312.23		312.23
Math Contest Gifts	(18.10)	600.00	504.39		77.51		77.51
President's Discretionary Fund	1,074.00	200.00	205.50	550.00 (2)	1,618.50		1,618.50
Boardman-Bixby Memorial	260.00				260.00		260.00
L. K. Darlington Astronomy Gift	13.41			(13.41)(3)			
Vern Sullivan Bequest	500.00				500.00		500.00
Music Department Discretionary Fund	1.00	310.70	60.00		251.70		251.70
Sears, Roebuck Animal Husbandry Gift	26.07				26.07		26.07
D. R. Warren Caps and Gowns Gift	2,638.15		53.13		2,585.02		2,585.02
Kenneth E. Day Award		18.75	18.75				
Library Browsing Room Equipment Gift	27.31		28.50		(1.19)		(1.19)
Friends of the Library Gift	1,044.40	185.00	739.37		490.03		490.03
N. C. Cornwall Revolving Forensic Tournament	6.27				6.27		6.27
Assemblies and Lectures Gift		25.00			25.00		25.00
Jack Myles Memorial Bookshelf		550.00	55.44		494.56		494.56
Art Department Gifts (Reno)		533.00	366.10		166.90		166.90
Art Department Gifts (So. Regional Division)			137.90	200.00 (4)	62.10		62.10
Dennis McCarthy Discretionary Fund	250.00		150.00		100.00		100.00
Lederle Research Fund	58.24	.77	59.01				
Natzer Corp. Wildlife Conservation Gift	5,000.00				5,000.00		5,000.00
Journalism Discretionary Fund	86.53	175.00	75.80	225.00 (1)			
				1.29 (5)	412.02		412.02
Mackay School of Mines Geochemical Exploration Gift		1,600.00	32.00		1,568.00	$824.75	743.25
American Potash Co. Gift		750.00	750.00				
Margaret Charitable Trust Gift		50,000.00			50,000.00		50,000.00
Gifts for Support of Doten Collection		1,000.00			1,000.00		1,000.00
Mackay School of Mines Special Gift	15,076.19	5,731.91	2,927.00	(11,500.00)(6)			
				(4,000.00)(7)	2,381.10		2,381.10
Library Gifts (So. Regional Division)	204.23	625.00	381.15	(78.54)(8)			
				100.00 (9)	469.54		469.54
Curtis Wright Corp. Gift	9,471.64				9,471.64		9,471.64
W. C. T. U. Gift	54.70				54.70		54.70
Readers Digest Travel Gift	740.00	400.00	336.70		803.30		803.30
Link Foundation Gift	595.07		158.70		436.37		436.37
A. E. C. Nuclear Equipment Gift	410.50		147.50		263.00	148.00	115.00
American Institute of Mining Engineers	50.00		128.54	78.54 (8)			
P. A. Condos Gift	2,964.01		873.77	(2,253.00)(10)	(162.76)		(162.76)
Frank Riegelhuth Memorial Gift for Music		1,000.00			1,000.00		1,000.00
Science Department Gift (So. Regional Division)				375.00 (11)	375.00		375.00
Helena Jay Gift for College Education	42.28				42.28		42.28
Plant Judging Team	94.37			(94.37)(3)			
Moon Watch	95.50			(95.50)(3)			
Home Economics Special	12.11			(12.11)(3)			
Doten Collection of Historical Material		20,000.00			20,000.00		20,000.00

SPECIAL GIFTS AND MISCELLANEOUS ACCOUNTS - FUND NO. 51
(concluded)

Exhibit U

	Cash Balance 6/30/60	Revenues	Expenditures	Identifiable Transfers	Cash Balance 6/30/61	Recorded Encumbrances	Available Balance 6/30/61
Naval Research	$ 596.46			$ (596.46)(3)			
Physics Research	35.14		$ 34.26	(.88)(3)			
Flag Fund	10.00			(10.00)(3)			
Federal Works Project	2,480.00			(2,480.00)(3)			
Key and Housing Deposit	614.30			(614.30)(3)			
Fongs Gardens	263.90		263.90				
Markham Museum	33.05		33.05				
Fallon Standard	151.29		150.00	(1.29)(5)			
Nevada Society of Professional Engineers	400.00		400.00				
A. E. C. Chemistry Equipment	5,215.15		5,215.15				
Total Principal Useable	55,737.69	$ 84,640.45	16,743.13	(20,445.03)	$103,189.98	$972.75	102,217.23
Restricted Endowment Income:							
Robert Laird Fulton	1,269.10	338.54	896.84		710.80		710.80
Thomas H. Abraham	1,795.51	802.01	1,434.50		1,163.02		1,163.02
Henry W. Albert	2,033.95	294.24	300.00		2,028.19		2,028.19
Phil S. Bennett	45.11	13.52	50.00		8.63		8.63
Joe Moose	196.26	180.55	200.00		176.81		176.81
E. J. Marston		984.25			984.25		984.25
S. F. Hunt	6,257.05	3,603.99	125.00	(7,500.00)(12)	2,236.04		2,236.04
Max Fleischmann (Ladino)	7,064.45	13,148.79		(17,068.94)(13)	3,144.30		3,144.30
Agnes B. Momand		674.64			674.64		674.64
Mackay Endowment	26,195.60	6,367.69	3,069.00	(22,000.00)(14)	7,494.29		7,494.29
Rousseau Estate	4,453.35	270.83			4,724.18		4,724.18
Emma Holmes	127.77	35.94			163.71		163.71
Total Restricted Endowment Income	49,438.15	26,714.99	6,075.34	(46,568.94)	23,508.86		23,508.86
Unrestricted Endowment Income:							
Miscellaneous or Anonymous	(1,252.18)	282.36			(969.82)		(969.82)
Alice Dimmitt	7,876.45	4,725.87		(2,957.33)(10)	9,644.99		9,644.99
Lowell Daniels	863.68	333.43		(150.00)(15)	1,047.11		1,047.11
Handen Elliott	4,056.03	1,777.63			5,833.66		5,833.66
J. M. Whited		1,884.54			1,884.54		1,884.54
Total Unrestricted Endowment Income	11,543.98	9,003.83		(3,107.33)	17,440.48		17,440.48
Total Gifts and Miscellaneous	$116,719.82	$120,359.27	$22,818.47	$(70,121.30)	$144,139.32	$972.75	$143,166.57
			(Schedules 1 & 16)		(	Exhibit B	)

(1) To transfer funds to Journalism Discretionary Account.
(2) From Re-deposits to Budget Accounts Fund No. 01.
(3) Transferred to close accounts to Fund No. 01.
(4) Transferred from Fund No. 31.
(5) Transferred from 888 Fallon Standard Fund No. 51.
(6) Transferred to 512 S. F. Hunt Foundation VO.01-6, Fund No. 71.
(7) Transferred to Mackay Endowment Fund No. 71.
(8) Transferred to American Institute of Mining Engineers Fund No. 51.
(9) Transferred from So. Nevada Women's Auxiliary A.I.M.E. Fund No. 51.
(10) Transferred to Fund No. 31.
(11) Transferred from Clark County Women's Medical Auxiliary Fund No. 31.
(12) Transferred to Fund No. 71.
(13) Transferred to Ladino Dairy 16.1, income from endowment income, Fund No. 41.
(14) Transferred to Fund No. 71.
(15) Transferred to Fund No. 14.

UNIVERSITY OF NEVADA

LOAN FUNDS - FUND NO. 61

STATEMENT OF REVENUES AND EXPENDITURES

For the Fiscal Year Ended June 30, 1961

Exhibit V

	Cash Balance 6/30/60	Revenues	Expenditures	Identifiable Transfers	Cash Balance 6/30/61	Loans in Force	Principal Balance 6/30/61
Endowed Loan Funds:							
David Russell	$ 6,822.72	$ 2,602.11	$ 1,617.10		$ 7,807.73	$ 16,063.57	$ 23,871.30
J. S. Buchanan	53.45	29.61			83.06		83.06
Anonymous	144.38	18.51			162.89		162.89
Garvey Rhodes	22,415.13	19,985.57	24,047.35		18,353.35	19,521.00	37,853.35
Block N	53.24	11.58			64.82		64.82
Goodfellow	6,394.02	8,400.02	3,950.00	$(8,612.44)(1)			
				(637.00)(2)	6,587.60	7,056.50	13,646.10
R. H. and N. B. Hermann	516.50	978.41		(700.00)(3)	794.91		794.91
Haseman Memorial	551.13	18.88			570.01		570.01
Marion S. Kittle	279.29	33.53			312.82		312.82
Olin Ward	238.17	89.66			327.83		327.83
Donald R. Warren	187.30	43.14			230.44		230.44
George Tyson	511.59	345.56			857.15		857.15
D. C. Jackling		8,488.83			8,488.83		8,488.83
Total Endowed Loan Funds	38,166.92	41,045.41	29,614.45	(4,956.44)	44,642.44	42,653.07	87,295.51
Non-Endowed Loan Funds:							
National Defense Education Act	10,295.56	38,386.50	32,456.00	700.00(3)			
				8,619.44(3)	545.50	86,954.50	87,500.00
Fleischmann Foundation	23,116.25	15,150.00	10,700.00		17,566.25	4,325.00	22,891.25
Washoe Medical Society	1,000.00		500.00		500.00	500.00	1,000.00
Travis Loan Fund	454.47			887.00(1)			
				2,352.00(2)	3,244.47		3,244.47
D. W. Reynolds	1,221.85		330.00	8.50	1,084.35	320.00	1,404.35
Total Non-Endowed Loan Funds	36,088.13	53,536.50	72,336.00	7,317.94	23,900.57	92,149.50	116,140.07
Total Loan Funds	$74,255.05	$94,581.91	$101,950.45	$2,361.50	$68,537.01	$134,802.57	$203,435.58

(Schedules I & IV)

(1) To match Federal funds.

(2) Correction of prior year's error in Fund No. 51.

(3) Correction to Fund No. 31.

ENDOWMENT FUNDS - FUND NO. 71
STATEMENT OF REVENUES AND EXPENDITURES
For the Fiscal Year Ended June 30, 1961

Exhibit W

	Endowed Principal	Income Held In Endowment Fund	Invested Balance 6/30/60	Received	Expended	Identifiable Transfers	Balance 6/30/61
Income Restricted for Scholarships:							
Charles F. Cutts	$ 73,715.54		$ 73,715.54				$ 73,715.54
Chester A. Brennan	8,880.49		8,880.49				8,880.49
Clara Field Stadtmuller	21,416.64		21,416.64				21,416.64
Mary Dalton	3,000.00	$ 503.93	3,503.93				3,503.93
Perle Mesta	3,036.00		3,036.00				3,036.00
Jewett Adams	44,772.03		44,772.03				44,772.03
Mary W. Butler	1,000.00		1,000.00				1,000.00
Frances L. Bradley Bequest - Broili	5,000.00		5,000.00				5,000.00
A. E. Cheney	5,000.00		5,000.00				5,000.00
Thomas E. Dixon	3,000.00		3,000.00				3,000.00
Grand Army of the Republic	5,000.00		5,000.00				5,000.00
C. O. Herz Memorial	1,250.00		1,250.00				1,250.00
Royal D. Hartung	29,025.00		29,025.00				29,025.00
Carrie B. Layman	5,000.00		5,000.00				5,000.00
Rose S. Mathews	10,200.00		10,200.00				10,200.00
O'Hara & Martin	2,000.00		2,000.00				2,000.00
Pre-Medical and Pre-Nursing	4,000.00		4,000.00				4,000.00
U.S.S. Reno Memorial	2,226.04		2,226.04				2,226.04
Reno Newspapers, Inc.	5,000.00		5,000.00				5,000.00
Harry F. Holmshaw	65,566.30		65,566.30	$ 1,500.00			67,066.30
Fleischmann - Regular	107,000.00		107,000.00				107,000.00
Fleischmann - Freshman	55,000.00		55,000.00				55,000.00
C. E. Clough	4,000.00		4,000.00				4,000.00
Total Income Restricted for Scholarships	464,088.04	503.93	464,591.97	1,500.00			466,091.97
Income Restricted for Student Loans:							
David Russell	12,500.00	33,241.33	45,741.33	863.36			46,604.69
J. S. Buchanan	585.00		585.00	100.00			685.00
Anonymous	500.00	46.40	546.40				546.40
Garvey Rhodes	100,000.00		100,000.00				100,000.00
Block N	249.80	(90.00)	159.80				159.80
Goodfellow Loan	50,000.00		50,000.00				50,000.00
Ritti and N. B. Hermann	25,000.00		25,000.00				25,000.00
Haseman Memorial	550.00		550.00				550.00
Marion S. Kittle	1,000.00		1,000.00				1,000.00
Olin Ward	756.22		756.22				756.22
Donald B. Warren	600.00		600.00				600.00
George Tyson	14,025.00		14,025.00				14,025.00
D. C. Jackling	143,753.61		143,753.61				143,753.61
Total Income Restricted for Student Loans	349,519.63	33,197.73	382,717.36	963.36			383,680.72

UNIVERSITY OF NEVADA
ENDOWMENT FUNDS - FUND NO. 71
(continued)

Exhibit W

	Endowed Principal	Income Held in Endowment Fund	Invested Balance 6/30/60	Received	Expended	Identifiable Transfers	Balance 6/30/61
Income Restricted:							
L. W. Hartman	$ 13,567.50		$ 13,567.50				$ 13,567.50
Robert Laird Fulton	10,000.00		10,000.00				10,000.00
Thomas H. Abraham	13,450.00		13,450.00				13,450.00
Henry W. Albert	4,442.47		4,442.47				4,442.47
Philo S. Bennett	400.00		400.00				400.00
Joe Moose	4,190.00		4,190.00				4,190.00
E. J. Marston	22,562.50		22,562.50	$ 7,400.00			29,962.50
S. F. Hunt	41,514.65		41,514.65	40,500.00		$ 7,500.00 (1)	89,514.65
Max Fleischmann (Ladino)	150,000.00		150,000.00				150,000.00
Agnes B. Momand				100,000.00	$30,000.00		70,000.00
Mackay Endowment	56,394.47	$16,986.84	73,381.31			4,000.00 (1)	
						5,000.00 (1)	
						22,000.00 (1)	104,381.31
Rousseau Estate	8,000.00		8,000.00				8,000.00
Emma E. F. Holmes	500.00		500.00				500.00
Total Income Restricted	325,021.59	16,986.84	342,008.43	147,900.00	30,000.00	38,500.00	498,408.43
Income Not Restricted:							
Miscellaneous or Anonymous	7,209.50		7,209.50				7,209.50
Alice Dimmitt	17,500.00	25,698.36	43,198.36				43,198.36
Lowell Daniels	4,637.06		4,637.06				4,637.06
Hayden Ellicott	31,454.46		31,454.46				31,454.46
J. M. Whited	39,024.98		39,024.98	33.68			39,058.66
Total Income Not Restricted	99,826.00	25,698.36	125,524.36	33.68			125,558.04
Federal Grants:							
University irreducible				67,396.26 (2)			67,396.26
90,000 acre grant fund				133,635.52 (2)			133,635.52
Total Federal Grants				201,031.78			201,031.78
Total Endowment Funds	$1,238,455.26	$76,386.86	$1,314,842.12	$351,428.82	$30,000.00	$38,500.00	1,674,770.94
Securities							1,673,770.94
Cash Balance							$ 1,000.00

(1) Transferred from Fund No. 51.
(2) These endowments formerly held by the State Treasurer. Transferred to the University 6/30/61.

AGENCY FUNDS - FUND NO. 81
STATEMENT OF REVENUES AND EXPENDITURES
For the Fiscal Year Ended June 30, 1961

Exhibit X

	Cash Balance 6/30/60	Revenues	Expenditures	Identifiable Transfers	Cash Balance 6/30/61	Recorded Encumbrances	Available Balance 6/30/61
A.S.U.N. Fees	$ 110.00	$ 77,382.33		$(50,968.35)(1)			
				(26,580.00)(2)			
				56.02 (3)			
Associated Students, University of Nevada	8,570.74	46,211.16	$ 81,918.11	50,968.35 (1)			
				135.00 (4)			
				(35.65)(5)			
				231.53 (6)	$24,163.02	$712.00	$23,451.02
Confederate Students, Nevada Southern	24.69	9,279.09	9,176.87		126.91		126.91
A.S.U.N. Savings	1,418.32	64.76			1,483.08		1,483.08
Manzanita Hall Association		496.00	536.54	80.36 (7)	39.82	6.00	33.82
Lincoln Hall Association		1,425.15	1,332.64	76.89 (8)	169.40		169.40
Artemesia Hall Association		1,464.55	1,305.10	2.43 (9)	161.88		161.88
New Residence Hall Association		775.80	685.26	187.50 (10)	278.04	24.50	253.54
General Deposits (Reno)	20,148.72	91.45	4,824.55		15,415.62		15,415.62
General Deposits (So. Regional Division)	3,595.25		10.00		3,585.25		3,585.25
Student Accident Insurance	(45.69)	17,566.00	17,493.00		27.31		27.31
Military Commutation	63.65	3,653.46	3,149.02		568.09		568.09
Military Deposits	4,152.88	14,067.35	13,550.20		4,670.03		4,670.03
Veteran's Books and Supplies	(149.99)	305.95	470.21		(314.25)		(314.25)
Faculty Flower Fund	39.28				39.28		39.28
Eta Epsilon Honorary Society		338.12			338.12		338.12
Nevada State Student Nurses Association	59.17	1,392.75	1,372.61		79.31		79.31
High School Forensic Fund		42.00			42.00		42.00
Y.W.C.A.	615.06	3,952.50	4,172.91	4.00 (11)	398.65		398.65
Physical Education Special Activities Fund (Reno)	1,500.50	5,126.62	4,295.00		2,332.12		2,332.12
Physical Education Special Activities Fund (So.Reg.Div.)	464.55	1,294.00	1,554.10		204.45		204.45
L. W. Hartman Living Trust	339.31	694.25	665.93		367.63		367.63
Women's Dormitories Association	572.34	1,356.65	1,657.13	(4.00)(11)			
				(80.36)(7)			
				(187.50)(10)			
Men's Dormitory Association	79.32			(76.89)(8)			
				(2.43)(9)			
Totals	$41,558.10	$186,979.94	$148,169.18	$(26,193.10)	$54,175.76	$742.50	$53,433.26

(1 - 3, 5) To allocate fees between Associated Students (Fund No. 81) and Athletic Fees (Fund No. 01).
(4 , 6) Transferred from Intercollegiate Athletics Fund No. 21.
(7 - 10) Reallocation of funds for change in dormitory assignment between men and women.
(11) Correction.

UNIVERSITY OF NEVADA
PLANT FUNDS - REGENTS - FUND NO. 91
STATEMENT OF REVENUES AND EXPENDITURES
For the Fiscal Year Ended June 30, 1961

Exhibit Y

	Cash Balance 6/30/60	Revenues	Expenditures	Identifiable Transfers	Cash Balance 6/30/61	Recorded Encumbrances	Short Term Investments	Construction in Progress	Notes Payable	Due To Other Funds	Available Balances 6/30/61
Regents Funds:											
College of Agriculture - Fleischmann Foundation	$ 22,344.60	$ 21.80	$ 2,183.45		$20,182.95	$2,981.69					$ 17,201.26
Life Science Wing - Fleischmann Foundation			425,000.00	$ 425,000.00			$425,000.00				425,000.00
Life Science Wing - Fleischmann Foundation	425,000.00		30,540.00	(425,000.00)	(30,540.00)			$ 30,540.00			
Planetarium Atmospherium - Fleischmann Foundation		107,500.00	107,500.00				87,500.00	20,000.00		$20,000.00	87,500.00
Orvis School of Nursing - A. Orvis	77,306.54	20,000.00	98,000.00		(693.46)		98,000.00				97,306.54
Student Union Bldg. - W.E. Travis	8,025.95	11,721.73			19,747.68		279,066.57				298,814.25
Campus Post Office Remodeling			23.20	13,000.00	12,976.80			23.20		17,535.60	(4,535.60)
Post Office Remodeling Fund		13,000.00		(13,000.00)							
Married Students Housing	(297,066.71)		28,078.90		(325,145.61)			325,145.61			
New Residence Hall	(534,699.14)		80,119.72		(614,818.86)			614,818.86			
Dining Commons	(317,724.59)		55,137.29		(372,861.88)			372,861.88			
Women's Dormitory			21,739.76		(21,739.96)			21,739.76			
Interim Financing - First National Bank of Nevada	715,000.00	603,000.00			1,318,000.00				$1,318,000.00		
Main Station Farm - Ladino Dairy Sales	59,584.58	40,171.88	28,884.04		70,872.42						70,872.42
Total Regents Funds	$157,771.23	$795,415.41	$877,206.36	- 0 -	$75,980.28	$2,981.69	$889,566.57	$1,385,129.31	$1,318,000.00	$37,535.60	$992,158.87
					(Exhibit A)	(Exhibit C)	(Exhibit A & C)	(Exhibit C)	(Exhibit A & C)	(Exhibit A & C)	

UNIVERSITY OF NEVADA
PLANT FUNDS - STATE TREASURER - FUND NO. 91
STATEMENT OF REVENUES AND EXPENDITURES
For the Fiscal Year Ended June 30, 1961

Exhibit Z

	Cash Balance 6/30/60	Revenues	Expenditures	Reversions	Cash Balance 6/30/61	In Process: Construction	In Process: Purchases	Total Appropriated
Held by State Treasurer and State Planning Board:								
Reno Campus:								
Agricultural Mechanics Shop	$ 78,160.46		$ 73,753.39		$ 4,407.07	$ 167,842.93		$ 172,250.00
Nobel H. Getchel Library	2,100,409.56		991,995.23		1,108,414.33	1,464,497.67		2,572,912.00
Science Building Advance Planning	10,000.00				10,000.00			10,000.00
Construction and Extension of Utility Systems	58,634.55		10,038.61		48,595.94	10,404.06		59,000.00
Land Purchases	9,283.23				9,283.23		$140,716.77	150,000.00
Landscaping	10,000.00		7,690.45		2,309.55	7,690.45		10,000.00
Library Building Design	706.15				706.15	105,381.85		106,088.00
Heating Plant Design	9,968.95		9,968.95			18,612.00		18,612.00
Engineering Building Design	55,196.40		55,196.40			118,800.00		118,800.00
Heating Plant	21,475.67				21,475.67	23,524.33		45,000.00
Social Science and History Building Design		$ 95,000.00 (1)			95,000.00			95,000.00
J. E. Church Fine Arts Building	160,768.83		149,573.81		11,195.02	1,212,324.48		1,223,519.50
Replacement and Extension of Heating Lines in Quadrangle		396,000.00 (1)			396,000.00			396,000.00
Student Union Building Addition		312,000.00 (1)			312,000.00			312,000.00
Morrill Hall Structural Survey		1,400.00 (1)			1,400.00			1,400.00
Central Heating Plant	377,600.00		272,566.73		105,033.27	272,566.73		377,600.00
Engineering Building	1,188,272.00	1,500,000.00 (2)	108,428.68		2,579,843.32	108,428.68		2,688,272.00
Fine Arts Building Furnishings	49,558.84		47,213.87		2,344.97	47,655.03		50,000.00
Greenhouse	21,173.17		11,588.27	$ 9,584.90		120,415.10 (3)		130,000.00
History Building Advance Planning		11,770.41 (4)	11,770.41					
Manzanita Hall	555.44				555.44	81,836.56 (3)		82,392.00
University Master Plan	48,280.00		30.26		48,249.74	30.26		48,280.00
Clarke Library Remodeling		54,500.00 (1)			54,500.00			54,500.00
Power Distribution - First Phase	3,375.12		301.12	3,074.00		50,926.00 (3)		54,000.00
School of Mines - Structural Corrections	3,833.78		340.00	3,493.78		28,333.22 (3)		31,827.00
Acquisition Real Property	22,500.00	112,170.00 (1)			134,670.00			134,670.00
Flood Protection	272.69		5.00	267.69		63,732.31 (3)		64,000.00
Total Reno Campus	4,230,024.84	2,482,840.41	1,750,461.18	16,420.37	4,945,983.70	3,903,001.66	140,716.77	9,006,122.50
Nevada Southern Campus:								
Classroom and Physical Education Building	431,355.29		420,837.65		10,517.64	588,232.36		598,750.00
Library		682,500.00 (5)	1,380.00		681,120.00	1,380.00		682,500.00
Utility Distribution	52,000.00		32,063.95		19,936.05	32,063.95		52,000.00
Landscaping	12,000.00		7,553.98		4,446.02	7,553.98		12,000.00
Science and Technology Building Design	8,165.80	1,000.00 (4)	9,165.80			27,400.00		27,400.00
Science and Technology Building	657,600.00		425,048.81		232,551.19	425,048.81		657,600.00
Archie C. Grant Hall (Classroom Bldg. No. 2)	12,779.17		12,179.17		600.00	534,650.00		535,250.00
Construction Outside Courts and Landscaping		23,000.00 (1)			23,000.00			23,000.00
Furnishings Science and Technology Building		51,000.00 (1)			51,000.00			51,000.00
Construction and Installation of Utilities		26,500.00 (1)			26,500.00			26,500.00
Master Plan	9,000.00		19.25		8,980.75	19.25		9,000.00
Library Building Design	40,500.00		26,311.54		14,188.46	26,311.54		40,500.00
Total Nevada Southern	1,223,400.26	784,000.00	934,560.15		1,072,840.11	1,642,659.89		2,715,500.00

UNIVERSITY OF NEVADA
PLANT FUNDS - STATE TREASURER - FUND NO. 91
(continued)

Exhibit Z

	Cash Balance 6/30/60	Revenues	Expenditures	Reversions	Cash Balance 6/30/61	In Process Construction	In Process Purchases	Total Appropriated
Combined Campuses - Aerial Photographs	$ 12,700.00				$ 12,700.00			$ 12,700.00
Special Equipment [7]	173,737.49		$ 172,355.77		1,381.72			1,381.72
Doten Collection of Historical Materials		$ 20,000.00 [6]			20,000.00			20,000.00
Grand Totals	$5,639,862.59	$3,286,840.41	$2,857,377.10	$16,420.37	$6,052,905.53	5,545,661.55	$140,716.77	$11,755,704.22
			(Schedule 1)		(Exhibit E)		(Exhibit C)	

[1] Appropriated by 1961 Statutes of Nevada, Chapter 319.
[2] Appropriated by 1961 Statutes of Nevada, Chapter 15.
[3] Transferred to Completed Construction - Fixed Assets 345,243.19
Total current in process $5,200,418.36
(Exhibit C)

[4] Cash receipts.
[5] Appropriated by 1961 Statutes of Nevada, Chapter 297.
[6] Appropriated by 1961 Statutes of Nevada, Chapter 74.
[7] Appropriated by 1959 Statutes of Nevada, at page 773.

UNIVERSITY OF NEVADA
SUMMARY SCHEDULE OF EXPENDITURES
For the Fiscal Year Ended June 30, 1961

Schedule 1

	Total	Salaries	Travel	Operating Supplies	Operating Miscellaneous	Equipment	Stipends	Dependents	Food	Grants In Aid and Scholarships	Capital Improvements	Student Loans	Exhibit	Schedule
Current Funds:														
01 - General University Operation	$ 4,937,818.03*	$3,603,628.86	$ 89,027.65	$154,631.23	$ 60,914.00	$162,819.61								
					591,164.99	275,631.69							F	2
02 - Federal Agricultural Funds - Experiment Station	261,178.42	136,287.93	14,245.14	63,755.09	17,409.66	29,480.60							G	3
03 - Federal Agricultural Funds - Extension Service	248,719.99	162,578.85	14,859.11	16,140.77	17,877.42	37,263.84							H	4
11 - Summer School	148,121.39	93,160.03	3,919.13	7,393.47	15,937.73	5,976.03	$21,735.00						I	5
12 - Correspondence, Extension and Evening Division	131,579.71	84,897.77	5,981.04	15,268.97	11,398.87	14,033.06							J	6
13 - Research Financed by Grants	192,799.62	108,713.64	11,861.00	20,541.29	26,201.34	24,010.22				$ 1,472.13			K	7
14 - Special Institutes and Projects	136,047.87	35,873.42	9,744.23	4,204.37	17,097.59	10,407.38	49,093.38	$9,627.50					L	8
21 - Intercollegiate Athletics	18,960.07	782.50	6,126.44	4,566.18	4,857.24	2,627.71							M	9
22 - Dining Commons	267,849.67	77,104.69	1,190.91	3,658.07	32,145.12	26,224.53			$127,526.35				N	10
23 - Residence Halls and Apartments	128,799.23	13,689.47	146.29	1,523.13	61,382.07	52,058.27							O	11
24 - Student Health Service	30,724.10	22,841.48	62.20	4,272.76	2,539.49	1,008.17							P	12
25 - 4-H Camp	14,550.86	2,543.00		9,688.06	1,925.75	394.05							Q	13
26 - Joe Travis Student Union	97,143.95	39,503.09	1,091.61	4,687.93	14,237.88	6,207.27			31,416.17				R	14
31 - Scholarships	60,065.88									60,065.88			S	
41 - University Sales	188,051.28	33,867.94	1,229.89	26,863.92	117,222.58	8,866.95							T	15
51 - Special Gifts and Misc. Accounts	22,818.47	3,194.00	2,691.39	303.79	5,410.72	9,794.80				550.00	$ 873.77		U	16
Total Current Funds	6,885,228.54	4,418,666.67	162,176.03	337,499.03	997,722.45	666,804.18	70,828.38	9,627.50	158,942.52	62,088.01	873.77			
61 - Loan Funds	102,465.45				51.00					18,250.00		$84,164.45	V	17
71 - Endowment Funds	30,000.00				30,000.00								W	
81 - Agency Funds	148,169.18	21,433.60	3,561.75	677.54	121,882.50	613.79							X	18
91 - Plant Funds:														
Regents Funds	877,206.36										877,206.36		Y	
State Treasurer's Funds	2,857,377.10					219,569.64					2,637,807.46		Z	
Totals	$10,900,446.63	$4,440,100.27	$165,737.78	$338,176.57	$1,149,655.95	$886,987.61	$70,828.38	$9,627.50	$158,942.52	$80,338.01	$3,515,887.59	$84,164.45		

* - Reconciliation of total expenditures in Fund No. 01 shown on Schedule 1 above with total expenditures shown on Fund No. 01, Schedule 2:

Total expenditures in Fund No. 01 per Schedule 1		$4,937,818.03
Less:		
Special equipment charged to 1959-1960 operation	$162,819.61	
Mining Cooperative Fund expenditures	60,000.00	
Unreconciled	914.00	223,733.61
Total expenditures of Fund 01 as shown on Schedule 2		$4,714,084.42

UNIVERSITY OF NEVADA
UNIVERSITY OPERATING FUND - FUND NO. 01
SCHEDULE OF EXPENDITURES
EXPENDITURES BY FUNCTION OR COLLEGE
For the Fiscal Year Ended June 30, 1961

Schedule 2

	Total	Salaries	Irregular Help	Equipment	Supplies	Travel	Miscellaneous and other
General Administration	$ 166,872.46	$ 136,311.39	$ 5,348.30	$ 873.76	$ 7,804.57	$ 8,576.31	$ 7,958.13
General Expense	598,076.87	246,719.86	8,282.36	17,662.03	32,849.78	7,382.37	285,180.47
College of Arts and Science	1,049,044.77	924,424.93	6,149.19	37,099.15	29,484.46	23,720.43	28,166.61
College of Agriculture	175,855.81	152,548.28	199.40	6,522.77	9,905.54	4,626.97	2,052.85
College of Business Administration	163,945.70	148,783.30	956.12	6,955.84	2,583.86	3,103.17	1,563.41
College of Education	162,959.26	153,004.96	1,396.50	1,695.82	3,664.37	1,359.62	1,837.99
College of Engineering	242,181.88	172,208.00	3,890.89	55,476.59	5,539.28	2,307.36	2,759.76
Graduate School	24,694.19	20,513.68	40.00		196.82	550.59	3,393.10
Mackay School of Mines	144,503.72	130,192.92	92.50	6,350.00	4,238.37	1,900.00	1,729.93
Orvis School of Nursing	59,018.04	52,476.75	193.34	610.11	1,474.43	2,727.82	1,535.59
Nevada Southern	289,161.16	250,020.54	1,104.69	11,484.21	8,214.32	5,397.57	12,939.83
Organized Research	435,932.76	354,331.44	10,872.50	18,264.97	14,490.33	13,601.20	24,372.32
Extension and Public Service	317,295.02	277,843.68	51.75	11,218.00	7,655.78	10,571.82	9,953.99
Library	267,268.08	147,111.89	22,161.00	91,450.03	4,010.58	447.28	2,087.30
Operations and Maintenance of Plant	617,274.70	369,641.85	6,756.85	9,968.41	22,518.74	2,755.14	205,633.71
Total	$4,714,084.42	$3,536,133.47	$67,495.39	$275,631.69	$154,631.23	$89,027.65	$591,164.99

Note 1 - The above figures have been taken from the annual report of the University of Nevada. The total as herein listed does not agree with the totals of Exhibit E. No attempt has been made to reconcile said figures as the work involved is too extensive, the above figures having been prepared on I.B.M. tabulating equipment and the figures on Exhibit E having been prepared from the National accounting machine ledgers.

Note 2 - For more detailed information relative to the above figures, refer to the annual report of the University of Nevada.

FEDERAL AGRICULTURAL FUNDS - EXPERIMENT STATION - FUND NO. 02
SCHEDULE OF EXPENDITURES
For the Fiscal Year Ended June 30, 1961

Schedule 3

	Total	Salaries	Travel	Operating		Equipment
				Supplies	Miscellaneous	
Hatch Funds:						
Agricultural Chemistry:						
1958-59 Funds	$ 527.74				$ 527.74	
1959-60 Funds	699.12		$ 248.50	$ 91.16		$ 359.46
1960-61 Funds	25,811.98	$ 19,297.34	2,288.57	2,061.41	519.92	1,644.74
Agricultural Economics:						
1959-60 Funds	3,054.31		391.64	886.19	1,306.97	469.51
1960-61 Funds	27,442.05	17,083.25	1,351.98	3,826.87	1,053.46	4,126.49
Agronomy:						
1959-60 Funds	130.82			130.82		
1960-61 Funds	2,598.31	1,069.21	36.75	804.74	155.13	532.48
Animal Husbandry:						
1959-60 Funds	1,457.98		10.18	774.07		673.73
1960-61 Funds	31,185.39	10,078.73	53.09	16,855.15	2,533.88	1,664.54
Home Economics:						
1960-61 Funds	1,493.70	1,226.94	49.73	152.30	14.85	49.88
Newlands Field Station:						
1959-60 Funds	5,326.24			5,044.56	281.68	
1960-61 Funds	11,268.85	2,154.00	13.50	6,130.15	2,758.07	213.13
Plant Science (Reno):						
1959-60 Funds	2,677.98		68.86	2,212.67	273.45	123.00
1960-61 Funds	32,518.37	17,579.29	862.60	6,025.82	2,673.96	5,376.70
Plant Science (So. Regional Div.):						
1960-61 Funds	8,130.16	3,472.26	355.16	1,908.15	1,387.20	1,007.39
Soil Science:						
1959-60 Funds	1,060.80		131.10	275.95	69.92	583.83
1960-61 Funds	23,513.71	12,467.06	1,542.26	3,334.56	506.09	5,663.74
Veterinary Science:						
1959-60 Funds	372.98			307.05	34.27	31.66
1960-61 Funds	16,337.92	10,691.92	687.01	4,016.78	132.73	809.48
Total, Per Subsidiary	195,608.41	95,120.00	8,090.93	54,838.40	14,229.32	23,329.76
Reconciliation to Control Account:						
Postings to Subsidiary in June, 1960; and to Control in July, 1960	690.79	690.79				
Total, Per Control	196,299.20	95,810.79	8,090.93	54,838.40	14,229.32	23,329.76

UNIVERSITY OF NEVADA

FEDERAL AGRICULTURAL FUNDS - EXPERIMENT STATION - FUND NO. 02

(concluded)

Schedule 3

	Total	Salaries	Travel	Operating		Equipment
				Supplies	Miscellaneous	
Regional Research Funds:						
Agricultural Economics:						
1958-59 Funds	$ 346.71				$ 346.71	
1959-60 Funds	215.72		$ 15.24	$ 118.02	71.45	$ 11.01
1960-61 Funds	15,600.00	$ 13,129.62	211.63	272.18	136.57	1,850.00
Agronomy:						
1960-61 Funds	4,759.03	2,826.15	392.85	980.77	353.61	205.65
Animal Husbandry:						
1959-60 Funds	979.96		82.45	841.96	55.55	
1960-61 Funds	16,791.51	9,076.33	657.53	4,719.00	1,478.65	860.00
Home Economics:						
1959-60 Funds	96.67			68.28	8.15	20.24
1960-61 Funds	2,275.00	1,738.87	92.08	10.68	57.73	375.64
Plant Science:						
1959-60 Funds	54.00				54.00	
1960-61 Funds	10,500.00	10,392.50		90.52	16.98	
Soil Science:						
1960-61 Funds	2,366.56			1,114.41	14.77	1,237.38
Veterinary Science:						
1959-60 Funds	543.42					543.42
1960-61 Funds	4,500.00	3,313.67		503.91	282.42	400.00
Sub-Total	59,028.58	40,477.14	1,451.78	8,719.73	2,876.59	5,503.34
Regional Research Trust Funds:						
107 W-38:						
1960-61 Funds	1,800.00		1,312.49			487.51
108 W-46:						
1960-61 Funds	2,300.00		1,901.05		300.00	98.95
104 W-61:						
1960-61 Funds	1,488.89		1,488.89			
W-60:						
1960-61 Funds	250.00			188.96		61.04
W-25:						
1959-60 Funds	11.75			8.00	3.75	
Sub-Total	5,850.64		4,702.43	196.96	303.75	647.50
Total, Per Subsidiary	260,487.63	135,597.14	14,245.14	63,755.09	17,409.66	29,480.60
Add: Hatch Fund Posting Overlap	690.79	690.79				
Total, Per Control	$261,178.42	$136,287.93	$14,245.14	$63,755.09	$17,409.66	$29,480.60
	(Schedule 1) (Exhibit G)					

FEDERAL AGRICULTURAL FUNDS - EXTENSION SERVICE - FUND NO. 03
SCHEDULE OF EXPENDITURES
For the Fiscal Year Ended June 30, 1961

Schedule 4

	Total	Salaries	Travel	Operating		Equipment
				Supplies	Miscellaneous	
Smith-Lever Funds:						
State Operations:						
(1-A) Administration:						
1959-60 Funds	$ 3,068.31		$ 357.45	$ 149.25	$ 196.52	$ 2,365.09
1960-61 Funds	10,487.56	6,891.49	1,639.41	267.93	1,350.22	338.51
(1-B) Information & Publications:						
1959-60 Funds	5,286.19		152.60	180.88	1,783.63	3,169.08
1960-61 Funds	21,149.57	10,922.25	462.49	4,231.71	2,776.80	2,756.32
(2-A) 4-H Club Work:						
1959-60 Funds	531.81		392.25	115.66	23.90	
1960-61 Funds	9,381.05	7,240.00	823.15	130.30	937.60	250.00
(2-B) Home Economics:						
1959-60 Funds	619.99		151.13	33.88	27.75	407.23
1960-61 Funds	7,308.08	6,600.00	452.15	153.10	75.17	27.66
(3) Agronomy:						
1959-60 Funds	228.08		40.95	145.85	41.28	
1960-61 Funds	10,929.70	10,651.00	22.07	139.23	117.40	
(4) Animal Husbandry:						
1959-60 Funds	5,969.01	2,283.33	228.43	214.71	218.13	3,024.41
1960-61 Funds	21,481.94	18,623.81	981.99	807.65	1,022.87	45.62
(5) Range Conservation:						
1959-60 Funds	490.55		150.51	50.83	20.21	269.00
1960-61 Funds	9,334.61	8,372.20	419.35	333.77	91.67	117.62
(6) Home Economist Special:						
1959-60 Funds	646.22		273.92	5.40		366.90
1960-61 Funds	9,811.54	8,745.75	602.10	137.98	277.71	48.00
(7) Entomology:						
1959-60 Funds	474.01		127.11	102.88	21.60	222.42
1960-61 Funds	2,975.71	2,000.00	317.19	206.05	212.66	239.81
(8) Agricultural Economics:						
1959-60 Funds	759.80	583.33	42.40	15.03	38.44	80.60
1960-61 Funds	9,084.83 (1)	6,618.03	550.76	172.10	152.66 (1)	1,591.28
(9) Rural Engineering & Irrigation:						
1959-60 Funds	551.24			13.15		538.09
1960-61 Funds	5,894.99	4,877.92	202.35	161.91	231.41	421.40
(2C) County Extension Work:						
1959-60 Funds	2,141.17	2,141.17				
1960-61 Funds	22,034.60	19,629.81				2,404.79

(1) See A.J.E. #1.

UNIVERSITY OF NEVADA

FEDERAL AGRICULTURAL FUNDS - EXTENSION SERVICE - FUND NO. 03

(continued)

Schedule 4

	Total	Salaries	Travel	Operating		Equipment
				Supplies	Miscellaneous	
County Operations:						
Churchill County:						
1959-60 Funds	$ 2,397.45		$ 9.95			$ 2,387.50
1960-61 Funds	622.92		473.95	$ 66.00	$ 67.97	15.00
Clark County:						
1959-60 Funds	1,750.12		52.86	407.16	86.45	1,203.65
1960-61 Funds	3,213.27		366.85	337.56	1,236.98	1,271.88
Douglas County:						
1959-60 Funds	707.36		33.40	181.92	142.04	350.00
1960-61 Funds	1,454.72		189.04	748.15	512.33	5.20
Elko County:						
1959-60 Funds	586.45					586.45
Esmeralda County:						
1960-61 Funds	353.26		146.61	151.93	54.72	
Humboldt County:						
1959-60 Funds	570.54					570.54
1960-61 Funds	1,511.41		221.76	796.39	493.26	
Lincoln County:						
1959-60 Funds	2,752.23		397.51	184.77	179.93	1,990.02
1960-61 Funds	1,321.00		566.20	562.65	192.15	
Lyon County:						
1959-60 Funds	2,203.52		11.45	173.56	68.51	1,950.00
1960-61 Funds	2,081.48		541.88	773.14	668.89	97.57
Nye County:						
1959-60 Funds	2,255.00					2,255.00
1960-61 Funds	220.00		220.00			
Ormsby County:						
1960-61 Funds	412.16			301.67	96.83	13.66
Pershing County:						
1959-60 Funds	634.56			75.00	64.83	494.73
1960-61 Funds	1,835.80		738.51	493.37	589.49	14.43
Storey County:						
1960-61 Funds	220.77			54.89	102.18	63.70
White Pine County:						
1959-60 Funds	727.53		40.00	30.55	1.98	655.00
1960-61 Funds	650.98		186.80	231.38	223.35	9.45
Sub-Total (Smith-Lever)	189,123.09	116,180.09	12,586.53	13,339.34	14,399.52	32,617.61
Bureau of Indian Affairs Funds:						
State Operations:						
(1-A) Administration:						
1960-61 Funds	57.95			29.15	28.80	

FEDERAL AGRICULTURAL FUNDS - EXTENSION SERVICE - FUND NO. 03
(concluded)

Schedule 4

	Total	Salaries	Travel	Operating Supplies	Operating Miscellaneous	Equipment
(2-A) 4-H Club Work:						
1959-60 Funds	$ 297.20				$ 297.20	
1960-61 Funds	212.47			$ 159.03	53.44	
(4) Animal Husbandry:						
1959-60 Funds	400.00					$ 400.00
(9) Rural Engineering & Irrigation:						
1960-61 Funds	420.00				420.00	
County Operations:						
Churchill County:						
1959-60 Funds	250.00					250.00
Douglas County:						
1960-61 Funds	573.34		$ 344.61	176.48	52.25	
Elko County:						
1959-60 Funds	3,371.61		21.00	96.60	41.36	3,212.65
1960-61 Funds	2,548.94	430.00	700.03	697.17	694.52	27.22
Lyon County:						
1959-60 Funds	250.00					250.00
Nye County:						
1959-60 Funds	300.00					300.00
1960-61 Funds	133.49			60.21	73.28	
Washoe County:						
1960-61 Funds	1,868.12	1,512.00		42.61	143.28	170.23
White Pine County:						
1959-60 Funds	144.02		32.65	91.75	19.62	
1960-61 Funds	2,313.12		608.23	794.89	873.87	36.13
County & State Office Salaries:						
1960-61 Funds	37,456.64	37,456.64				
Sub-Total (Bureau of Indian Affairs)	50,596.90	39,398.64	1,706.52	2,147.89	2,697.62	4,646.23
Rural Development Funds:						
1960-61 Funds	9,000.00	7,000.12	566.06	653.54	780.28	
Total - Extension Service	$248,719.99	$162,578.85	$14,859.11	$16,140.77	$17,877.42	$37,263.84
	(Exhibit H)					
	(Schedule 1)					

UNIVERSITY OF NEVADA
SUMMER SCHOOL - FUND NO. 11
SCHEDULE OF EXPENDITURES
For the Fiscal Year Ended June 30, 1961

Schedule 5

	Total	Salaries	Travel	Operating		Equipment	Stipends
				Supplies	Miscellaneous		
Reno Summer School	$ 79,023.60	$66,282.35	$2,238.59	$3,896.49	$ 4,112.91	$2,493.26	
Southern Regional Summer School	25,407.04	17,993.88		2,037.38	2,880.50	2,495.28	
Tahoe Music Camp	9,017.18	1,015.75	758.09	448.65	6,116.76	677.93	
Counseling and Guidance Institute - 1961	13,299.69	2,030.25	749.45	565.28	303.83	155.88	$ 9,495.00
Counseling and Guidance Institute - 1960	21,373.88	5,837.80	173.00	445.67	2,523.73	153.68	12,240.00
Totals	$148,121.39	$93,160.03	$3,919.13	$7,393.47	$15,937.73	$5,976.03	$21,735.00
	(Exhibit I)						
	(Schedule 1)						

UNIVERSITY OF NEVADA
CORRESPONDENCE, EXTENSION AND EVENING DIVISION - FUND NO. 12
SCHEDULE OF EXPENDITURES
For the Fiscal Year Ended June 30, 1961

Schedule 6

	Total	Salaries	Travel	Operating		Equipment
				Supplies	Miscellaneous	
Adult Evening Division - Reno	$ 74,871.25	$47,544.74	$5,103.98	$10,260.42	$ 9,137.51	$ 2,824.60
Adult Evening Division - Las Vegas	42,287.56	26,198.88	291.45	2,893.95	1,836.92	11,066.36
Off Campus Division	5,361.61	4,725.00	585.61	40.90	10.10	
Correspondence Division	9,028.09	6,429.15		2,042.50	414.34	142.10
Data Processing - Evening Division	31.20			31.20		
	$131,579.71	$84,897.77	$5,981.04	$15,268.97	$11,398.87	$14,033.06
	(Exhibit J)					
	(Schedule 1)					

UNIVERSITY OF NEVADA
RESEARCH FINANCED BY GRANTS - FUND NO. 13
SCHEDULE OF EXPENDITURES
For the Fiscal Year Ended June 30, 1961

Schedule 7

	Total	Salaries	Travel	Operating		Equipment	Grants In - Aid
				Supplies	Miscellaneous		
Desert Research Institute:							
Research overhead	$ 31,613.09	$ 18,993.93	$ 2,612.67	$ 904.97	$ 6,680.66	$ 2,420.86	
Project #1 Social Psychology	18,434.50	16,659.16	953.29	278.46	306.59	237.00	
Project #2 Studies on Alfalfa Saponis	6,862.56	2,900.00	84.50	828.10	16.95	3,033.01	
Project #3 Sidewinder	3,972.33	1,698.16	331.00	68.36	84.28	1,790.53	
Project #4 Immigration Research	3,278.03				3,278.03		
Project #5 Donor-Labor Fund	246.68			18.25	228.43		
Project #6 Donor-U.S. Dept. of Health, Education and Welfare	473.56	470.63		1.08	1.85		
Project - Cattrell Grant	304.69				304.69		
Project #8 - Experiments in Solidification and Melting Water	351.30				351.30 (1)		
Project #9 Donor-Rolley Corp.	8,978.56	2,650.00	.25	1,546.59	1,012.25	3,769.47	
Project #10 Donor-Research Corp.	461.94			215.01	10.62	236.31	
Project #12 Donor-Research Corp.	144.14			135.40	8.74		
Project - Cattrell Grant	1,586.91			3.08	1,583.83		
Project - National Institute of Mental Health	3,611.51	3,232.83	128.62	122.04	128.02		
Total - Desert Research Institute	80,319.80	46,604.71	4,110.33	4,121.34	13,996.24	11,487.18	
Mackay School of Mines:							
Research overhead	39.96			9.90	30.06		
Project #2 Donor-General Minerals Corp.	1,383.02	177.50		205.10	1,000.42		
Project #3 Allanite	2,078.08		773.43		377.05	927.60	
Total - Mackay School of Mines	3,501.06	177.50	773.43	215.00	1,407.53	927.60	
Physics Department:							
Research overhead	2,325.95		254.00	49.93	826.94	1,195.08	
Project #1 High Vacuum Research	14,158.37	10,989.13	170.92	833.78	350.36	1,814.18	
Project #2 Ultra High Vacuum Research	4,881.16	4,246.99	286.75	232.50	87.34	27.58	
Total - Physics Department	21,365.48	15,236.12	711.67	1,116.21	1,264.64	3,036.84	
Bureau of Business and Economic Research:							
Research overhead	5,739.13	2,341.00	1,852.53		146.61	1,398.99	
Project #1 Utilization of Resources by Nevada Small Business	9,692.24	8,532.51	731.31	71.07	357.35		
Project #2 Advertising by Small Retailers In Nevada	13,896.08	5,483.31	2,010.59	5.60	6,396.58		
Project - Nevada State Highway Dept. Research	300.53	252.00	21.22	27.31			
Total - Bureau of Business and Economic Research	29,627.98	16,608.82	4,615.65	103.98	6,900.54	1,398.99	
Graduate School - Grants in Aid:							
Dr. George Barnes	157.50						$ 157.50
Dr. H. M. Chase	47.18						47.18
Dr. D. F. Dickinson	132.40						132.40
Dr. I. F. Eccles	82.35						82.35

UNIVERSITY OF NEVADA
RESEARCH FINANCED BY GRANTS - FUND NO. 13
(concluded)

Schedule 7

	Total	Salaries	Travel	Operating Supplies	Operating Miscellaneous	Equipment	Grants In - Aid
Graduate School - Grants in Aid (concluded):							
R. R. Elliott	$ 250.00						$ 250.00
Dr. W. D. Foote	76.24						76.24
Dr. J. I. Gimlett	87.00						87.00
Dr. K. E. Kemp	31.26						31.26
Dr. Ira La Rivers	250.00						250.00
Dr. E. Richard Larson	78.50						78.50
Dr. S. E. Liefson	12.00						12.00
A. L. Lesperance	16.25						16.25
Dr. Robert McQueen	49.13						49.13
Dr. R. C. Sill	35.10						35.10
Alex Simerenko	65.00						65.00
Dr. D. B. Slemmons	90.22						90.22
R. E. Worley	12.00						12.00
Total - Graduate School - Grants in Aid	1,472.13						1,472.13
Bureau of Government Research:							
Project #1	938.10			$ 938.10			
College of Agriculture:							
Project #1 Radioactive fallout	12,451.68	$ 5,832.26	$ 707.19	3,916.75	$ 822.84	$ 1,172.64	
Project #2 Beef Breeding	2,500.00	2,500.00					
Project #3 Forest Service	1,177.61	1,141.75		35.86			
Project #4 Molybdenum Research	16,103.01	8,185.68		7,354.59	472.02	90.72	
Project #6 Plant Science Department, Bureau of Land Management	3,918.82	3,014.75	389.89	343.56	170.62		
Project #7 Plant Science Department, Bureau of Land Management	3,292.99	2,400.00	345.48	492.56	54.95		
Project #8 Agriculture Economics	75.00	75.00					
Project #9 Molybdenum Pasture Studies	538.09				538.09		
Project #10 Radioactive fallout	15,517.87	6,937.05	207.36	1,903.34	573.87	5,896.25	
Total - College of Agriculture	55,575.07	30,086.49	1,649.92	14,046.66	2,632.39	7,159.61	
Total - Regents Funds	$192,799.62	$ 108,713.64	$11,861.00	$20,541.29	$26,201.34	$24,010.22	$1,472.13

(1) Cash advance.

UNIVERSITY OF NEVADA

SPECIAL INSTITUTES AND PROJECTS - FUND NO. 14

SCHEDULE OF EXPENDITURES

For the Fiscal Year Ended June 30, 1961

Schedule 8

	Total	Salaries	Travel	Operating		Equipment	Stipends	Dependents
				Supplies	Miscellaneous			
Special Institutes and Project Overhead								
Math Institute	$ 1,076.23			$ 43.24	$ 70.55	$ 962.44		
Language Institute (N.D.E.A.)	31,102.78	$11,403.99	$2,517.00	812.00	1,745.50	1,034.29	$10,575.00	$3,015.00
In Service Institute in Math (N.S.F.)	12,772.98	6,218.75	5,146.19	49.10	1,358.94			
Summer Institute in Math (N.S.F.)	23,264.33	4,158.08		277.90	488.35		18,340.00	
Summer Institute in Math (N.S.F.)	39.67			35.82	3.85			
Child Development Laboratory (Home Economics)	725.65	298.13				427.52		
Home Management Residence (Home Economics)	343.00			343.00				
Business Administration Seminar (So. Regional Division)	15,594.97	3,184.83	1,417.97	1,698.41	8,979.82	313.94		
Science Seminar (So. Regional Division)	3,508.52	195.01		49.00	3,264.51			
Special Music Lessons (Reno)	7,309.19				260.00	7,049.19		
Special Music Lessons (So. Regional Division)	384.00	384.00						
Speech and Drama Projects (Reno)	171.58	171.58						
Speech and Drama Projects (So. Regional Division)	1,216.71	870.61			226.10	120.00		
Mackay School of Mines Summer Field	786.71		581.07	87.86	117.78			
President's Development Fund	582.19				582.19			
Summer Institute (N.S.F.)	36,669.36	8,988.44	82.00	808.04			20,178.38	6,612.50
Biology Special (So. Regional Division)	500.00					500.00		
Totals	$136,047.87	$35,873.42	$9,744.23	$4,204.37	$17,097.59	$10,407.38	$49,093.38	$9,627.50
	(Exhibit L)							
	(Schedule 1)							

UNIVERSITY OF NEVADA
INTERCOLLEGIATE ATHLETICS - FUND NO. 21
SCHEDULE OF EXPENDITURES
For the Fiscal Year Ended June 30, 1961

Schedule 9

	Total	Salaries	Travel	Operating		Equipment
				Supplies	Miscellaneous	
Intercollegiate Athletics - Reno	$13,007.06	$415.00	$6,126.44	$ 844.01	$3,199.58	$2,422.03
Intercollegiate Athletics - Las Vegas	276.70				276.70	
Intercollegiate Athletics	367.50	367.50				
Programs - Athletics	3,314.49			2,400.42	914.07	
Concessions	1,751.44			1,321.75	429.69	
W.C.A.A. Boxing	242.88				37.20	205.68
Totals	$18,960.07	$782.50	$6,126.44	$4,566.18	$4,857.24	$2,627.71
	(Schedule 1)					

UNIVERSITY OF NEVADA
DINING COMMONS - FUND NO. 22
SCHEDULE OF EXPENDITURES
For the Fiscal Year Ended June 30, 1961

Schedule 10

	Total	Salaries	Travel	Operating		Equipment	Food
				Supplies	Miscellaneous		
Dining Commons	$222,149.30	$77,104.69	$1,190.91	$3,658.07	$14,609.52	$ 3,278.31	$122,307.80
Dining Commons Reserve	45,700.37				17,535.60 (1)	22,946.22 (2)	5,218.55 (2)
Totals	$267,849.67	$77,104.69	$1,190.91	$3,658.07	$32,145.12	$26,224.53	$127,526.35
	(Schedule 1)						
	(Exhibit N)						

(1) Cash loan to Plant Fund - Post Office Remodeling.
(2) Expenditures covering encumbered obligations of June 30, 1960.

UNIVERSITY OF NEVADA
RESIDENCE HALLS AND APARTMENTS - FUND NO. 23
SCHEDULE OF EXPENDITURES
For the Fiscal Year Ended June 30, 1961

Schedule 11

	Total	Salaries	Travel	Operating		Equipment
				Supplies	Miscellaneous	
Married Students Housing	$ 6,968.68	$ 141.91		$ 126.84	$ 6,208.57	$ 491.36
New Residence Hall (Women)	66,140.63	2,318.92	$ 40.84	453.54	15,456.56	47,870.77
Manzanita Hall (Women)	14,084.15	5,058.42		238.24	6,224.34	2,563.15
Lincoln Hall (Men)	19,819.71	1,160.06	105.45	462.85	17,708.82	382.53
Artemesia Hall (Men)	20,791.85	5,010.16		241.66	15,421.87	118.16
Clark Field Housing	632.30					632.30
Hartman Hall	361.91				361.91	
Totals	$128,799.23	$13,689.47	$146.29	$1,523.13	$61,382.07	$52,058.27
	(Schedule 1) (Exhibit O)					

UNIVERSITY OF NEVADA
STUDENT HEALTH SERVICE - FUND NO. 24
SCHEDULE OF EXPENDITURES
For the Fiscal Year Ended June 30, 1961

Schedule 12

	Total	Salaries	Travel	Operating		Equipment
				Supplies	Miscellaneous	
Student Health Service - Reno	$30,442.15	$22,841.48	$62.20	$4,271.01	$2,459.29	$ 808.17
Student Health Service - Las Vegas	281.95			1.75	80.20	200.00
Totals	$30,724.10	$22,841.48	$62.20	$4,272.76	$2,539.49	$1,008.17
	(Exhibit P) (Schedule 1)					

UNIVERSITY OF NEVADA
4-H CAMP - FUND NO. 25
SCHEDULE OF EXPENDITURES
For the Fiscal Year Ended June 30, 1961

Schedule 13

	Total	Salaries	Travel	Operating		Equipment
				Supplies	Miscellaneous	
Camp	$14,550.86	$2,543.00		$9,688.06	$1,925.75	$394.05
	(Exhibit Q)					
	(Schedule 1)					

UNIVERSITY OF NEVADA
JOT TRAVIS STUDENT UNION - FUND NO. 26
SCHEDULE OF EXPENDITURES
For the Fiscal Year Ended June 30, 1961

Schedule 14

	Total	Salaries	Travel	Operating		Equipment	Food
				Supplies	Miscellaneous		
Student Union Services	$25,692.77	$ 9,458.80	$1,091.61	$1,739.77	$12,002.92	$1,399.67	
Snack Bar	71,451.18	30,044.29		2,948.16	2,234.96	4,807.60	$31,416.17
Totals	$97,143.95	$39,503.09	$1,091.61	$4,687.93	$14,237.88	$6,207.27	$31,416.17

(Exhibit R)
(Schedule 1)

UNIVERSITY OF NEVADA
UNIVERSITY SALES - FUND NO. 41
SCHEDULE OF EXPENDITURES
For the Fiscal Year Ended June 30, 1961

Schedule 15

	Total	Salaries	Travel	Operating		Equipment
				Supplies	Miscellaneous	
Diploma Sales	$ 2,674.00				$ 2,674.00	
Buildings and Grounds Sales	14.40				14.40	
Social Psychology Syllabus Sales	121.48		$ 40.56	$ 80.92		
Supplies for Sales to Departments	19,475.14			19,346.09	129.05	
Audio-Visual Instructional Material	1,070.36			908.56	110.36	$ 51.44
Vending Machine Sales	285.20			285.20		
Teacher Placement Service Sales	832.18			194.32	484.30	153.56
Transcript Sales	136.00				136.00	
Testing Program Sales	842.54	$ 26.88	$ 114.90	300.11	363.30	37.35
Philosophy - Logic Syllabus Sales	180.00					180.00
Library Fines and Forfeitures	645.73			278.08	40.85	326.80
Car Pool Mileage Sales	8,972.00				8,972.00	
Art Department Sales	126.39				126.39	
Special Examination Sales	67.85			58.57	9.28	
Traffic Fines	381.35			217.35	164.00	
Musical Instrument Insurance	540.75				540.75	
Serum and Vaccine Sales	1,217.13			19.73	41.90	1,155.50
College of Agriculture:						
Ladino Dairy Farm	37,967.24	14,503.57			22,986.67	477.00
Extension Service Sales	2,860.86	441.63		1,144.17	1,160.66	114.40
Main Station Farm Sales:						
Farm Services	23,725.02	9,135.76			13,549.26	1,040.00
Farm Housing Sales	5,695.27	2,681.50			2,673.82	339.95
Insect and Weed Control	258.39				258.39	
Residual Fund	2,008.66	516.53			926.54	565.59
Service Herd Revolving	13,074.19	1,629.50			11,444.69	
Adjustment Resulting from Posting of Control and Detail Ledgers at June 30, 1960	3,156.31				3,156.31	
Animal Husbandry Sales	18,537.94				17,657.94	880.00
Agricultural Experiment Station Sales:						
Administration	4,717.56	60.00	237.50	3,447.39	69.99	902.68
Agricultural Chemistry:						
General	148.12			143.37	4.75	
Project 59	326.80	326.80				
Project 79	231.00	231.00				
Agricultural Economics:						
General	471.46		1.00	440.06	30.40	
Agronomy:						
General	3.16				3.16	
Animal Husbandry	1,639.53	110.00	57.46		672.07	800.00
Knoll Creek Housing	1,594.76				1,594.76	
Knoll Creek Operating	4,410.21				4,410.21	

UNIVERSITY OF NEVADA
UNIVERSITY SALES - FUND NO. 41
(continued)

Schedule 15

	Total	Salaries	Travel	Operating		Equipment
				Supplies	Miscellaneous	
Home Economics Operating	$ 835.86	$ 608.33			$ 227.53	
Main Station Farm - Operating	3,670.80				3,670.80	
Plant Science:						
General	1,285.97		$ 484.47		801.50	
Project 57	80.00	80.00				
Project 70 - 74	412.76	412.76				
Soils Operating	362.59		20.38		342.21	
Southern Nevada Field Station Operating	1,599.54				1,599.54	
Valley Road Farm	7,826.44	2,401.26			4,837.68	$ 587.50
Veterinary Science:						
General	760.07		18.25		741.82	
Project 43	235.28	235.28				
Newland's Field Station:						
General	3,293.00				3,293.00	
Project 20	3,451.49	264.00			3,187.49	
Project 21	152.65				152.65	
Project 22	297.06		99.77		197.29	
Project 41	257.25		53.60		203.65	
Project 83	2,961.96		23.80		2,938.16	
Project 84	262.71		78.20		184.51	
Herbarium Fund	75.34	42.25			33.09	
Soil and Water Laboratory	1,821.53	160.89			405.46	1,255.18
Totals	$188,051.28	$33,867.94	$1,229.89	$26,863.92	$117,222.58	$8,866.95

(Exhibit T)
(Schedule 1)

SPECIAL GIFTS AND MISCELLANEOUS ACCOUNTS - FUND NO. 51
SCHEDULE OF EXPENDITURES
For the Fiscal Year Ended June 30, 1961

Schedule 16

	Total	Salaries	Travel	Supplies	Miscellaneous	Equipment	Capital Improvements	Scholarship Awards
Principal Useable:								
Chemistry Department Gift	$ 665.75	$ 125.00				$ 540.75		
Orvis School of Nursing Gifts	467.10		$ 360.60		$ 106.50			
Kennecott Journalism Gift	1,324.67		847.52	$ 72.50	371.70	32.95		
Math Contest Gifts	504.39				504.39			
President's Discretionary Fund	205.50				205.50			
Music Department Discretionary Fund	60.00				60.00			
D. R. Warren Caps and Gowns Gift	53.13				53.13			
Kenneth E. Day Award	18.75				18.75			
Library Browsing Room Equipment Gift	28.50					28.50		
Friends of the Library Gift	739.37					739.37		
Jack Myles Memorial Bookshelf	55.44			3.34		52.10		
Art Department Gifts (Reno)	366.10		366.10					
Art Department Gifts (So. Regional Division)	137.90					137.90		
Dennis McCarthy Discretionary Fund	150.00				150.00			
Lederle Research Fund	59.01				59.01			
Journalism Discretionary Fund	75.80		74.40		1.40			
Mackay School of Mines Geochemical Exploration Fund	32.00				32.00			
American Potash Co. Gift	750.00				750.00			
Mackay School of Mines Special Gift	2,927.00		653.57	159.44	12.00	2,101.99		
Library Gifts (So. Regional Division)	381.15					381.15		
Reader's Digest Travel Gift	336.70		336.70					
Link Foundation Gift	158.70		52.50	1.20	105.00			
A.E.C. Nuclear Equipment Gift	147.50					147.50		
P. A. Condos Gift	873.77						$873.77	
Physics Research	34.26			34.26				
American Institute of Mining Engineers	128.54					128.54		
Fong's Gardens	263.90					263.90		
A.E.C. Chemistry Equipment	5,215.15					5,215.15		
Markham Museum	33.05			33.05				
Fallon Standard	150.00				150.00			
Nevada Society of Professional Engineers	400.00				400.00			
Total Principal Useable	16,743.13	125.00	2,691.39	303.79	2,979.38	9,769.80	873.77	
Restricted Endowment Income:								
Robert Laird Fulton	896.84				896.84			
Thomas H. Abraham	1,434.50				1,434.50			
Henry W. Albert	300.00							$300.00
Philo S. Bennett	50.00							50.00
Joe Moose	200.00							200.00
S. F. Hunt	125.00				100.00	25.00		
Mackay Endowment	3,069.00	3,069.00						
Total Restricted Endowment Income	6,075.34	3,069.00			2,431.34	25.00		550.00
Unrestricted Endowment Income:	- -							
Total Expenditures	$22,818.47	$3,194.00	$2,691.39	$303.79	$5,410.72	$9,794.80	$873.77	$550.00
	(Schedule 1)							
	(Exhibit U)							

UNIVERSITY OF NEVADA
LOAN FUNDS - FUND NO. 61
SCHEDULE OF EXPENDITURES
For the Fiscal Year Ended June 30, 1961

Schedule 17

	Total	Salaries	Travel	Supplies	Miscellaneous	Equipment	Student Loans	Scholarships
Endowed Loan Funds:								
David Russell	$ 1,615.10				$15.00		$ 1,500.10	$ 100.00
Garvey Rhodes	24,048.35						24,048.35	
Goodfellow	3,950.00						3,950.00	
Total Endowed Loan Funds	29,613.45				15.00		29,498.45	100.00
Non-Endowed Loan Funds:								
National Defense Education Act	52,456.00						52,456.00	
Fleischmann Foundation	19,700.00						1,550.00	18,150.00
Washoe Medical Society	500.00						500.00	
D. W. Reynolds	196.00				36.00		160.00	
Total Non-Endowed Loan Funds	72,852.00				36.00		54,666.00	18,150.00
Totals	$102,465.45				$51.00		$84,164.45	$18,250.00
	(Schedule 1)							
	(Exhibit V)							

UNIVERSITY OF NEVADA
AGENCY FUNDS - FUND NO. 81
SCHEDULE OF EXPENDITURES

Schedule 18

	Total	Salaries	Travel	Operating		Equipment
				Supplies	Miscellaneous	
Associated Students, University of Nevada	$ 81,918.11	$19,833.60	$3,297.85	$164.66	$ 58,208.21	$413.79
Manzanita Hall Association	536.54			11.18	525.36	
Lincoln Hall Association	1,332.64				1,332.64	
Artemesia Hall Association	1,305.10				1,305.10	
New Residence Hall Association	685.26			50.13	635.13	
General Deposits (Reno)	4,824.55				4,824.55	
General Deposits (So. Regional Division)	10.00				10.00	
Student Accident Insurance	17,493.00				17,493.00	
Military Commutation	3,149.02				3,149.02	
Military Deposits	13,550.20				13,550.20	
Veteran's Books and Supplies	470.21				470.21	
Nevada State Student Nurses Association	1,372.61		263.90	413.60	695.11	
Y.W.C.A.	4,172.91	1,600.00		37.97	2,534.94	
Physical Education Special Activities Fund:						
Reno	4,295.00				4,295.00	
So. Regional Division	1,554.10				1,354.10	200.00
Confederate Students, Nevada Southern	9,176.87				9,176.87	
L. W. Hartman Living Trust	665.93				665.93	
Women's Dormitory Association	1,657.13				1,657.13	
Total	$148,169.18	$21,438.60	$3,561.75	$677.54	$121,882.50	$613.79

(Exhibit X)
(Schedule 1)

APPENDIX A

KAFOURY AND ARMSTRONG
Public Accountants
Triune Building
Reno, Nevada

Sam P. Kafoury
Ray E. Armstrong
Lowell C. Bernard

Fairview 2-9473

November 21, 1960

Mr. Charles J. Armstrong, President
University of Nevada
Reno, Nevada

Dear Dr. Armstrong:

In accordance with your letter dated November 18, 1960 and verbal discussions of the previous week, we have reviewed the University of Nevada Regents' Account - Fee Fund for the period July 1, 1958 to June 30, 1960.

Attached hereto and made a part of this report are the following exhibits and related schedules as prepared from the Comptroller's records, which set forth the transactions of this fund for the period under review:

Exhibit A - Statement of Receipts and Disbursements, For Period July 1, 1958 through June 30, 1959.

Exhibit B - Statement of Receipts and Disbursements, For Period July 1, 1959 through June 30, 1960.

Schedule No. 1 - Analysis of Fund Transfers.

We did not make a detailed audit of this fund, since our preliminary review of the accounting records made it apparent to us that such an audit would merely be additional expense to the University without providing any solution to the accounting problems now encountered by the Comptroller's office and those departments involved on the State level.

The records are presently audited independently by the Legislative Auditor and internal controls of routine daily transactions appear adequate. We did not feel that a detailed study of all internal controls was necessary as a part of this particular engagement. Our examination revealed what we consider to be a pressing need for legislative action in order to modernize and facilitate the procedures followed and the accounting records maintained for all University of Nevada funds.

In our opinion, the key to the present accounting problems as they relate to budget appropriations and expenditures lies in the adoption of a system of accounting which will more generally conform to accepted fund accounting. We are convinced that many of the accounting problems with which the University staff is confronted, including that which prompted our current engagement, are the direct result of present procedures and not necessarily due to a lack of internal control.

As set forth by Exhibit A of this report, the total receipts of the Fee Fund for the fiscal year ended June 30, 1959 were $477,112.77, and the total disbursements $977,035.24, or an excess of disbursements over receipts of $499,922.47. This excess disbursements over receipts caused this fund to be overdrafted $83,624.17 at June 30, 1959.

However, it must be realized that under current accounting procedures, it is the policy to disburse monies from State appropriated funds for the first part of a budget period and when these funds are exhausted, disbursements are then made against the Regents' Account - Fee Fund. The budget period which included the fiscal year ended June 30, 1959 covered the biennium from July 1, 1957 through June 30, 1959. Therefore, in the year ended June 30, 1959, disbursements were being charged to the Fee Fund which, for budget purposes, have no relationship to the receipts of this fund.

Exhibit B sets forth the receipts of the Fee Fund for the fiscal year ended June 30, 1960 in the amount of $513,202.09 and disbursements of $638,797.78, resulting in an excess of disbursements over receipts of $125,595.69. After giving effect to fund transfers made during the period, the Regents' Account - Fee Fund was overdrafted $77,845.85 at June 30, 1960.

Schedule No. 1 sets forth all transfers, with an explanation of each, made to the Regents' Account - Fee Fund during the period July 1, 1958 through June 30, 1960. We feel that these transfers are in accordance with budget provision or with proper authorization, even though some have been made subsequent to the effective date.

In order to accomplish an improvement in the present accounting pattern, we recommend that immediate steps be taken to bring about a meeting of the University staff concerned with this problem, together with the State Budget Director and State Legislative Auditor, so that any proposed legislative action may be submitted to the Legislature.

We would be pleased to present at this meeting such suggestions as have occurred to us during our recent examination.

Respectfully submitted,

/s/ Kafoury and Armstrong
PUBLIC ACCOUNTANTS

UNIVERSITY OF NEVADA
REGENTS' ACCOUNT - FEE FUND
STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR PERIOD JULY 1, 1958 THROUGH JUNE 30, 1959

RECEIPTS:		
Registration Fees	$293,347.73	
Southern Regional Fees	34,815.51	
Matriculation	6,509.00	
Tuition	79,051.00	
Transcripts	2,613.58	
Korean War Veterans	2,283.00	
Athletics	12,361.83	
A. S. U. N. Fees	22,821.07	
General Income	23,250.55	
Miscellaneous	59.50	
Total Receipts		$477,112.77
DISBURSEMENTS (Net):		
Administration	$ 49,505.40	
College of Arts and Sciences	221,268.77	
Buildings and Grounds	125,706.22	
College of Business Administration	36,378.95	
College of Education	36,707.63	
College of Engineering	83,709.46	
Graduate Studies	5,316.56	
General Expense	72,392.70	
Library	24,964.06	
Mackay School of Mines	47,128.94	
School of Nursing	14,888.72	
Southern Regional	71,529.47	
Statewide Development	33,552.61	
Public Service	36,013.75	
Agricultural Public Service	3,614.44	
State Non-Offset	40,556.31	
State Offset	1,450.66	
College of Agriculture	55,087.61	
Experimental Station Offset	16,446.72	
Other Expenditures	816.26	
Total Disbursements (Net)		977,035.24
Excess Disbursements over Receipts		$499,922.47

UNIVERSITY OF NEVADA
REGENTS' ACCOUNT - FEE FUND
STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR PERIOD JULY 1, 1958 THROUGH JUNE 30, 1959

Fund Balance, July 1, 1958		$315,381.79	
Add: Fund Transfers to Fee Fund (Schedule No. 1)			
From General Deposit Fund	$15,000.00		
From Smith Hughes Fund	6,000.00		
From Agriculture and Mechanics (Federal Funds)	71,596.87		
From Vocational Education Fund	8,319.64	100,916.51	$416,298.30
Less: Excess Disbursement over Receipts (see above)			499,922.47
Fund Overdraft, June 30, 1959			$(83,624.17)

UNIVERSITY OF NEVADA
REGENTS' ACCOUNT - FEE FUND
STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR PERIOD JULY 1, 1959 THROUGH JUNE 30, 1960

RECEIPTS:		
Registration Fees	$318,145.59	
Southern Regional Fees	48,149.61	
Matriculation	7,115.25	
Tuition	91,153.88	
Transcripts	2,892.72	
Korean War Veterans	1,105.00	
Athletics	4,429.35	
A. S. U. N. Fees	24,186.96	
General Income	16,023.73	
Total Receipts		$513,202.09
DISBURSEMENTS (net):		
Administration	$ 45,438.36	
College of Arts and Science	178,995.64	
Buildings and Grounds	99,446.61	
College of Business Administration	21,360.01	
College of Education	22,514.99	
College of Engineering	47,581.78	
General Expense	86,762.70	
Graduate Studies	4,211.79	
Library	14,902.21	
Mackay School of Mines	13,589.94	
School of Nursing	12,064.63	
Public Service	1,706.21	
Southern Regional	51,107.64	
Student Affairs	14,187.78	
College of Agriculture	12,881.04	
Public Service - Agriculture	94.68	
State Non-Offset	2,251.61	
Experiment Station Offset	6,621.31	
Other Expenditures	3,078.85	
Total Disbursements (Net)		638,797.78
Excess Disbursements over Receipts		$125,595.69

UNIVERSITY OF NEVADA
REGENTS' ACCOUNT - FEE FUND
STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR PERIOD JULY 1, 1959 THROUGH JUNE 30, 1960

Fund Overdraft, July 1, 1959		$(83,624.17)	
Less: Fund Transfers to Fee Fund (Schedule No. 1)			
From Adult Evening and Correspondence Department	$ 4,000.00		
From Intercollegiate Athletics Account	10,450.39		
From So. Regional Evening Div.	4,450.00		
From National Science Foundation Fund	1,812.00		
From Agriculture and Mechanics (Federal Funds)	71,596.86		
From Vocational Education	3,878.28		
From So. Regional Evening Div.	13,615.13		
From General Deposits Fund	6,660.20		
From Building Services Fund	4,998.28		
From North Virginia Street Housing Fund	375.00		
From Traffic Fines Fund	1,351.73		
From Buildings and Grounds Auto	8,186.14	131,374.01	$ 47,749.84
Less: Excess Disbursements over Receipts (see above)			125,595.69
Fund Overdraft, June 30, 1960			$(77,845.85)

UNIVERSITY OF NEVADA
ANALYSIS OF FUND TRANSFERS TO REGENTS' ACCOUNT - FEE FUND .
FOR PERIOD JULY 1, 1958 TO JUNE 30, 1960

NO.	DATE	TRANSFER FROM	AMOUNT	COMMENTS
1	6/30/59	General Deposit Fund	$ 15,000.00	The General Deposit Fund represents amounts deposited by students on entry into the University. These amounts are refunded to the students upon leaving the University if there are no charges to be deducted from such deposits. Present accounting procedures do not periodically take up the income to the University from these deposit accounts and this transfer was authorized by the Comptroller in order to bring the deposit account into approximate control with the actual amount refundable to students.
2	6/30/59	Smith Hughes Fund	6,000.00	This receipt is taken into a separate fund and then transferred to the Fee Fund each year. It is included as estimated income in the budget.
3	6/30/59	Agricultural & Mechanics Fund	71,596.87	This receipt represents Federal Grants which are taken into a separate fund upon receipt and then transferred to the Fee Fund each year. It is included as estimated income in the budget.
4	6/30/59	Vocational Education Fund	8,319.64	This receipt is taken into a separate fund and then transferred to the Fee Fund each year. It is included as estimated income in the budget.
		Total Year Ended June 30, 1959	$100,916.51	
5	1/30/60	Adult Evening & Correspondence Department	$ 4,000.00	Transfer made in accordance with letter of authorization signed by L. Drury, Director and Wm. R. Wood, Dean to partially defray an obligation established at the beginning of the fiscal year.
6	5/25/50	Intercollegiate Athletics Account	10,450.39	This account was set up during this fiscal year merely for accounting purposes in order to reflect the net athletic receipts rather than gross as in prior years. This transfer merely transfers the net athletic receipts to the Fee Fund and is included as estimated income in the budget.
7	6/30/60	So. Regional Evening Div.	4,450.00	This transfer was provided for in 1959-60 Budget for instructional salaries in education.
8	6/30/60	National Science Foundation Fund	1,812.00	Transfer made to reimburse operating budget for portion of employees' salary - Provided for in Budget.
9	6/30/60	Agricultural & Mechanics Fund	71,596.86	This receipt represents Federal Grants which are taken into a separate fund upon receipt and then transferred to the Fee Fund each year. It is included as estimated income in the budget.
10	6/30/60	Vocational Education Fund	3,878.28	This receipt is taken into a separate fund and then transferred to the Fee Fund each year. It is included as estimated income in the budget.
11	6/30/60	So. Regional Evening Div.	13,615.13)	These transfers were made on authorization of the University Comptroller. Although the transfers were dated June 30, 1960, they were actually not made on the records until November, 1960, and when made were entered in pencil on the ledger cards.
		General Deposits	6,660.20)	
		Building Services	4,998.28)	
		No. Virginia Street Housing	375.00)	
		Traffic Fines	1,351.73)	
		Buildings & Grounds Auto	8,186.14)	
		Total Year Ended June 30, 1960	$131,374.01	

APPENDIX B

LIST OF NOTEWORTHY CLAIMS

The following claims are submitted as part of the audit report to reflect the nature of claims paid through the Regents' bank account and which are not subject to preaudit by the Board of Examiners.

Paid To	List #	Check #	Account	Amount	Description and Comment
Tidewater Oil Co.	01-32	23523	Smith-Lever, Agri. Ext., Doug. County	$ 44.13	Four gas tags with no license number attached to this claim.
Clark County Printing Dept.	01-34	23716	Smith-Lever, Agri. Ext., Clark County	11.50	Letterheads. Should have been done at State Printing Office.
Dainty Cake Shop	01-21	23784	Station Sales (08)	5.40	Six dozen cupcakes, coffee break, interview applicant.
Sewell's	01-21	23785	Station Sales (08)	2.06	Coffee for above occasion.
Snack Bar	01-21	23786	Station Sales (08)	42.65	Coffee, punch, cookies, donuts.
Carl F. Dodge	01-29	23603	Exp. Sta. - Hatch Funds	762.10	Feed, calf pellets, hog pellets, dairy pellets. Invoice stamped "Dodge Bros." Check made to Carl Dodge. We note this because Carl Dodge is a state senator. We wonder if conflict of interest applies here. As we understand this fund, the first $90,000 is a grant, but from there on it is reimbursable with state money. As we continued to check claims, we found some checks made out to "Dodge Bros." but many to "Carl Dodge."

Paid To	List #	Check #	Account	Amount	Description and Comment
Dan W. Franks, State Treasurer	01-29	23824	Exp. Sta. - Hatch (70)	$ 316.29	Overcharge to salary (June 1960). To reimburse state funds from Hatch funds. Adjustment could not be made in July, as state funds had reverted June 30, 1960.
Amy Hyat	01-204	48191	Extension Service	3.81	Coffee, milk, sugar for Agriculture Conference.
Dodge Bros.	01-210	48314	Exp. Sta. - Hatch Fund	1,054.43	Grinding pellets, grass, hay and alfalfa and barley. Check made to "Dodge Bros." but P.O. to Carl Dodge. See previous notation on this.
First National Bank	01-119	49505	Station Sales	500.00	Two shares of preferred stock in Muddy River Irrigation Co. issued to Bd. of Regents. Mr. Test says it is really "water rights." It is the only way they can contribute to the upkeep of the irrigation company, and other users complain of cost when the U.N. does not share the expense. This appears to violate Section 9 of Article VIII of the Nevada Constitution.
Muddy River Irrigation Co.	01-119	49506	Station Sales	8.00	Assessment on stock (see above).
Carl Dodge	01-471	45189	Station Sales	403.61	Cow pellets (see previous reference).
Review Miner, Lovelock	01-489	45445	Smith-Lever	13.95	Printed 500 letterheads (Printing Office).
Record Courier, Gardnerville	01-325	47102	Smith-Lever	16.80	Among other things on this bill was $9.00 for business cards (Printing Office?)

Paid To	List #	Check #	Account	Amount	Description and Comment
Washoe County	01-2	16570	Bldgs. & Grounds	$ 4.56	Water tax. (State should not pay tax to retire a debt; may be in violation of Section 4, Article IX of the Nevada Constitution, no authority at law to collect from state.)
President Armstrong	01-2	16656	Bldgs. & Grounds	62.75	For housecleaning. No receipt attached to verify amount for reimbursement.
President Armstrong	01-12	17731	Desert Research	13.53	Luncheon, no receipt attached.
Wm. Carlson	01-11	17355	So. Reg. Pres. Development Fund	15.72	Diners Club card for luncheon. Mrs. Carlson's name on card too. Tip and tax paid also.
President Armstrong	01-36	18127	President Entertaining	342.29	Entertainment, no receipts attached for reimbursement.
Osborne & Dermody	01-37	18246	Miscellaneous	62.50	Cooler, not approved by Purchasing.
Saviers Electric	01-40	18145	Halls	35.17	Fan, not approved by Purchasing.
Western Electric, Distributors	01-42	18754	Library Special	51.44	Emboss. Mach., not through Purchasing.
Board of Regents	01-43	18274	Summer School	225.00	Barbeque for coaches clinic.
Peter Marich	01-43	18275	Summer School	152.50	Food and golf clinic.
Holiday Hotel	01-43	18288	Summer School	259.33	Room & meals, coaching clinic.
Various people	01-43		Music Camp	3,016.00	For services rendered. Nothing to verify what services were. Nothing signed by claimant.

Paid To	List #	Check #	Account	Amount	Description and Comment
Petty Cash	01-44	18230	S.R. Bus. Admin. Seminar	$ 15.32	Receipts show luncheon, sandwiches.
Richard C. Still	01-44	18361	NSF Summer Institute	21.20	Lunches for visiting lecturers.
Geo. A. Boyd	01-47	17852	Desert Research	116.40	Tax paid on air fare. Tip allowed.
El Centro Motel	01-47	17870	Desert Research	15.75	Room for Dr. and Mrs. Mordy. In addition, Dr. Mordy received $1,387.06 for consulting service and travel.
Eddy Floral	01-48	17455	Pres. Discretionary	5.00	Flowers for C. E. Byrd.
President's Discretionary	01-48	17456	Account #837	550.00	Reimbursement. Nothing to tell what this was for. No explanation.
Charles Armstrong	01-71	19539	Pres. Office	309.73	Entertainment, no invoices or paid bills attached.
Eddy Floral	01-71	19469	Gen. Exp.	14.35	Funeral pieces for Dr. Murgotten and "Smith."
Vernon E. Scheid	01-75	19322	Pres. Development Fund	26.35	Lunch & supper for Dr. & Mrs. Jerome, Dr. Jerome being interviewed for job in Bureau of Mines.
Petty Cash	01-75	19130	So. Reg. Business Seminar	82.82	Reimbursement for dinners, food, beverages, bar, tips, office supplies, telephone, etc.
Durkee Travel Bureau	01-76	19988	Desert Research	1,040.00	Travel for Dr. Squires from Sydney, Australia, interview, job.

Paid To	List #	Check #	Account	Amount	Description and Comment
Eddy Floral	01-77	19470	Pres. Discretionary Fund	$ 11.95	Flowers, A.C. Grant, Long Beach Hospital
President Armstrong	01-99	25703	Pres. Office Entertainment	396.38	Entertainment reimbursement, no receipts attached for verification of charges.
Reno Printing	01-100	19816	Ceremonials Committee	7.56	Certificates, paid tax.
Eddy Floral	01-100	25159	Gen. Exp.	5.00	Floral piece.
Board of Regents	01-100	25372	Public Relations	2.00	Coffee, paper cups, misc., paid tax.
Graduate Manager	01-101	25577	Counseling & Testing	17.20	Meals for 3 days.
Glenn Turner	01-101	25895	Dean of Men	10.00	Centerpiece, President's reception.
Tidewater Oil	01-107	25020	Mackay School of Mines - Summer Field Camp	6.97	Tag signed by "Larson." License number was originally ST-118. This was crossed out and EX279 substituted.
Maurice DeYoung	01-107	25106	So. Reg. Seminar in Real Estate	103.14	Of these expenses, $70.55 is for food, served to 37 persons. Maid service, $10; equipment, $22.59.
Star Dust, L. V.	01-107	25660	So. Reg. Seminar in Real Estate	20.70	Supper for various people.
Vernon Scheid	01-107	24788	President's Development	42.95	Lunches & dinners, including Mrs. Scheid.
Film, Inc.	01-109	25856	Jot Travis	279.60	$242.75 for lens and screen. Not through Purchasing.

Paid To	List #	Check #	Account	Amount	Description and Comment
El Centro Motel	01-110	25161	Desert Research	$ 31.50	Room for Dr. Weichman and Dr. Squires (job interview).
Chas. J. Armstrong	01-110	25705	Desert Research	30.50	Entertainment at Eugene's, no tag from there, just a requisition signed by C. J. Armstrong.
Brooks	01-110	24686	Contrell Grant Physics Dept.	79.00	Camera, not through Purchasing.
Siri Office Equipment	01-110	24997	Chem., Rolley Grant	150.00	Used Ditto mach., not through Purchasing.
Cole Parmer	01-110	25736	Chem., Rolley Grant	49.50	Magnifier, not through Purchasing.
Glenn Turner	01-114	25248	Pres. Discretionary Fund	15.00	Flowers for Mrs. Weigand's Funeral.
Chas. J. Armstrong	01-137	27262	Pres. Office Entertainment	177.43	Luncheon, food, catering, cleaning, etc., no receipts attached.
Bonanza Air Lines	01-137	25426	Comptroller's Office	49.00	Check made to Bonanza, travel claim attached. This includes taxi, lunch, car storage - why payable to Bonanza?
Wm. C. Miller	01-137	26856	Assemblies & Lectures	22.60	Reception
Flower Box	01-137	27697	Public Relations	17.65	Flowers. Note attached saying this could be paid from State funds. Dr. Armstrong said to charge it to public relations.
Flower Box	01-138	26842	Music	7.50	Centerpiece.
Board of Regents	01-144	27017	Adult Evening Class	5.00	Coffee from snack bar.

Paid To	List #	Check #	Account	Amount	Description and Comment
Reno Printing	01-144	27441	State Wide Services	$ 80.00	Printing labels, could be done by State Printing Office.
Board of Regents	01-145	27302	Summer School	52.00	Dinners for deans & directors.
Holiday Hotel	01-145	27396	Summer School	2.79	Restaurant & tip. No more explanation.
Hotel Sahara	01-146	26356	So. Reg. Seminar in Business	2.50	Brunch for one person, Carson City
Luigi's	01-146	26546	So. Reg. Seminar in Business	42.20	Dinner for committee guests.
Petty Cash	01-146	27693	So. Reg. Seminar in Business	49.84	Reimbursement for room service, cleaning, refreshments, tolls, supplies.
Maurice DeYoung	01-146	27679	So. Reg. Seminar in Business	22.32	Entertainment, Dinners, Luncheons.
Perfect Photo Identification, Inc.	01-146	26715	Pres. Develop. Fund	702.60	For student I.D. cards.
Wm. D. Carlson	01-146	27290	Pres. Develop. Fund	70.35	Refreshments, luncheons, flowers, etc. for entertaining.
Wm. D. Carlson	01-146	27770	Pres. Develop. Fund	59.90	Luncheon for 23 Clark County Counselors. No receipts attached.
Silver State Press	01-148	27467	Jot Travis Union	20.00	Printing ballots. Printing Office could do this.
El Centro Motel	01-151	26840	Desert Research	44.10	Room for L.D. Kaplan, 3 days.
Dr. Lewis Kaplan	01-151	26972	Desert Research	230.87	Travel & Misc. expenses.

Paid To	List #	Check #	Account	Amount	Description and Comment
El Centro Motel	01-151	28033	Desert Research	$ 12.60	Room for Vincent J. Schaefer.
Vincent J. Schaefer	01-151	27102	Desert Research	48.00	Transportation for Mr. Schaefer & meals, S.F. to Reno.
Wendell A. Mordy	01-151	27200	Desert Research	263.32	Balance on advance used for fares, hotel, dinners, garage, entertaining. (See page 417, list 01-47 also.)

(Back in September this man made a trip to Sweden which cost $1,060.84, and drew an advance of $1,000. This trip seems very confusing. When did he draw the remainder of $60.84? Recap is attached but not the claim.)

Wendell A. Mordy	01-151	27204	Desert Research	500.00	The expense of moving his household goods from Sweden was $709.50. Pres. Armstrong authorized $500.00 to be paid for moving expenses.
Eddy Floral	01-154	27669	Pres. Discretionary	10.00	Flowers. Does not say to whom.
Dohrmann Hotel Supply	01-154	26640	NSF Math Overhead #854	39.75	Percolator. Not through Purchasing.
Dohrmann Hotel Supply	01-179	27946	Hospital Equipment	620.10	Dishwasher. Not through Purchasing.
Thomas Resner	01-154	26966	McCarthy Discretionary	50.00	Nothing to tell what this was for.
Board of Regents	01-187	27917	Pres. Develop. Fund	22.50	Punch, cookies at Snack Bar.
Board of Regents	01-187	27920	Pres. Develop. Fund	175.00	Punch & cookies.
Board of Regents	01-192	27919	Board of Regents Expense	5.00	Coffee from Snack Bar. It is called "In State Travel," and is in the travel column on the list.
Board of Regents	01-192	28352	Pres. Office Operating	1.00	"Thermo cup," Snack Bar.

Paid To	List #	Check #	Account	Amount	Description and Comment
Charles Mitten	01-194	25061	Gen. Expense Assemblies & Lectures	$ 75.00	Defray travel expenses of Dr. Travis Bogands visit to U.N.
Thomas D. O'Brien	01-194	27791	Pres. Reserve Fund	500.00	Paid toward O'Brien's moving expenses to Reno.
Board of Regents	01-194	27915	Public Relations	7.80	Coffee for faculty meeting.
Holiday Hotel	01-195	27963	Mackay School of Mines	12.28	Room for E. T. Tozer, out of Operating on list, job applicant.
Board of Regents	01-198	28778	Art	5.00	Coffee from Snack Bar.
Flower Box	01-198	28406	Music	3.00	Two corsages.
Carlisle Co.	01-259	31837	Miscellaneous Sales	2,070.00	450 diploma oaths, and cases. No authorization from Printing Office.
Western Surgical Sup.	01-259	29818	Miscellaneous Sales	644.00	Microscope. Not through Purchasing.
Hotel Sahara	01-259	31031	So. Reg. Seminar in Business	80.50	Interviewing instructors. Dinner party for Real Estate Seminar. Total bill $151.50; $71 paid by individuals.
The Sands	01-259	31032	So. Reg. Seminar in Business	30.77	Entertainment for lecturers.
Luigi's	01-259	31405	So. Reg. Seminar in Business	77.55	Dinners.
Maurice DeYoung	01-259	31567	So. Reg. Seminar in Business	3.77	Breakfasts.
Summer Sessions	01-225	29998	Adult Evening Classes 90.2	1,500.00	No explanation except letter from Drury to Hayden asking for this claim to be made.

Paid to	List #	Check #	Account	Amount	Description and Comment
Reno Printing	01-228	29776	Pres. Discretionary	$ 102.00	750 Christmas cards, to be selected by Ken Robbins.
Eddy Floral	01-228	30165	Pres. Discretionary	11.85	Flowers for Mrs. Kenneth Young. Mrs. Raymond Germain.
Pierre's College Inn	01-229	29571	So. Reg. Seminar in Business	33.10	Luncheon
Luigi's	01-229	29994	So. Reg. Seminar in Business	43.20	Dinner, guest speakers.
Thunderbird	01-229	30018	So. Reg. Seminar in Business	134.85	Luncheons.
Wm. D. Carlson	01-229	30604	President's 91.24	35.10	Luncheon at Hacienda for Clark Co. legislators.
Chas. J. Armstrong	01-231	29568	Pres. Office Operating Entertainment	154.81	November entertainment. No receipts attached to verify amounts.
Chas. J. Armstrong	01-231	29842	Pres. Office Operating Entertainment	384.93	December, same as above.
Holiday Hotel	01-231	30596	Pres. Office Operating Entertainment	71.18	Dec. 17 bill, but no detail.
Richfield Oil	01-231	28724	B & G Travel	12.95	Tag YO 98476, no license number, just "U of N Bus." State has no contract with Richfield.
Washoe Co. Assessor	01-232	29810	General expense		Water tax. Tax statement is in the name of Rose and Victor Capurro. Capurro property purchased by U.N. campus.
Board of Regents	01-260	32333	Desert Research	8.60	Among misc. items are 2 guestbooks at $1 each.

Paid To	List #	Check #	Account	Amount	Description and Comment
Richfield Oil	01-262	31042	Spec. Account - 800	$ 8.63	2 tags for gas and tire repair, signed by Robert McKee. No license number on tags (could not be paid on state claim like this).
Board of Regents	01-269	31318	Music Dept.	3.15	Lunch & dinner for guest by Dr. Keith Macy.
Board of Regents Snack Bar	01-271	30832	Pres. Entertainment	10.50	Faculty meeting coffee.
Chas. J. Armstrong	01-271	31572	Pres. Entertainment	369.91	Jan. entertainment. No receipts attached.
Board of Regents Cr. Dining Commons	01-271	32167	Pres. Entertainment	9.20	Lunch for Regents Bldg. Committee.
Holiday Hotel	01-271	32181	Pres. Entertainment	23.55	Lunch for Regents. The Regents collected meals on their travel expenses for the same meal paid for here.
Board of Regents Cr. Snack Bar	01-271	31592	Board of Regents Expense	4.50	Coffee and sweet rolls.
Armanko	01-298	33006	Adult Evening Classes	27.26	Punch. Not through Purchasing.
Armanko	01-298	33090	Adult Evening Classes	29.50	Sight lamp. Not through Purchasing.
Siri Office Supply	01-298	34049	Adult Evening Classes	72.50	Blackboards. Not through Purchasing.
Star Dust	01-301	33575	So. Reg. Seminar in Business	18.00	Dinner for 2, including tip.

Paid To	List #	Check #	Account	Amount	Description and Comment
Various persons	01-302	43 chks.	NSF Math 14.6		These checks are for travel for participants in NSF Math Institute for end of semester. Nothing to verify amounts except a letter containing a list made by Mr. Beesley.
Reno Print	01-303	34197	Summer Language 13.30	$ 48.00	Letterheads & envelopes. Should be done at State Printing Office.
Eddy Floral	01-306	33866	Pres. Discretionary	5.00	Flowers for Mr. Clarence Byrd.
Board of Regents Cr. Snack Bar	01-312	34236	Pres. Entertainment	13.30	Coffee for Regents and faculty meetings.
Board of Regents Cr. Dining Commons	01-312	34478	Pres. Entertainment	10.00	Lunch for Regents
Dining Commons	01-340	35196	Summer Sessions 90.3	19.50	Ham dinner for 13 people.
Bonanza Printers	01-342	34811	So. Reg. Seminar in Business	13.95	Certificates. Should be done in State Printing Office.
El Centro Motel	01-346	36098	Desert Research	16.60	Room for 2 nights for Robert Elliott from Santa Barbara. No statement from motel attached - job applicant.

Desert Research has many persons whom they pay consultation service fees of so much per quarter. (Same as contract services.) Letters to these persons written by Dr. Armstrong. These will be found on list 01-346. Many of these people are employees of the University.

C. J. Armstrong	01-350	35062	Pres. Entertainment Fund	286.41	Entertainment for March. Verification only by statement from Pres. Armstrong.
C. J. Armstrong	01-350	35420	Pres. Entertainment Fund	75.30	Reception at Elko for Regents and wives, and citizens of Elko. Ranch Inn receipt attached.

Paid To	List #	Check #	Account	Amount	Description and Comment
Flower Box	01-350	35121	Music	$ 5.00	Table centerpiece.
Simplex Time Recorder Co.	01-354	36030	Dining Commons	53.88	Electronic clock. Not through Purchasing.
Board of Regents Cr. Snack Bar	01-373	36589	Pres. Entertainment	6.00	Coffee & cookies, press conference.
Board of Regents Cr. Dining Commons	01-373	36590	Pres. Entertainment	10.15	Luncheon for 7 persons.
Board of Regents Cr. Snack Bar	01-373	37410	Pres. Entertainment	8.00	Coffee for 80. Faculty meeting.
Board of Regents Cr. Snack Bar	01-373	37410	Pres. Entertainment	2.60	Sandwiches.
Pres. Armstrong	01-373	37585	Pres. Entertainment	375.37	April entertainment. Nothing to verify amounts except statement from Dr. Armstrong.
Board of Regents	01-373	37938	Pres. Entertainment	10.00	Punch and coffee.
John A. Porter	01-374	36673 35580 36896	General Travel Expense	9.55 332.90 7.00	Deputy Attorney General to Ann Arbor, Mich. Nat'l Conference of University Attorneys.
Board of Regents Cr. Snack Bar	01-377	36587	Adult Eve. 90.2 (Note 1)	10.00	Coffee for 100. Real Estate Institute.
Board of Regents Cr. Dining Commons	01-377	36588	Adult Eve. 90.2	74.00	Luncheon for 63. Real Estate Institute.

Note 1 - Registration for enrollment in the Real Estate Institute included $11 for registration, $4 towards student services and $10 for a banquet. Financing of social engagements should be handled privately, and not co-mingled with accounting for University funds.

Paid To	List #	Check #	Account	Amount	Description and Comment
Board of Regents Cr. Dining Commons	01-377	36592	Adult Eve. 90.2	$ 129.00	Buffalo luncheon for 86. Real Estate Institute.
Ross Photo	01-377	36907	Adult Eve. 90.2	8.00	Pictures taken at Airport of Prof. Unger & party.
Board of Regents	01-377	37058	Adult Eve. 90.2	97.60	Lunch for 61. Real Estate Institute
Maurice DeYoung	01-381	37937	So. Reg. Seminar in Business	8.03	Luncheon meeting.
IBM Corp.	01-381	38009	So. Reg. Seminar in Business	2.85	Typewriter ribbons. Should be through Purchasing.
Board of Regents Cr. Snack Bar	01-381	36696	Pres. Development Fund	7.50	Coffee & cookies for 50.
Wm. D. Carlson	01-381	37969	Pres. Development Fund	96.87	Luncheon for guests of Nevada Southern and Mrs. Carlson at Tropicana Hotel.
The Westerner	01-386	36945	Desert Research	5.90	Engraving plate (nothing to verify charge except typed note attached).
Reno Printing	01-388	37305	N.D.E.A. Summer Language Institute 13.30	99.50	2500 brochures for Summer Language Institute (Printing Office could do this).
Warrens Lawn Sprinkler Co.	01-418A		Buildings & Grounds	4,790.00	No bill attached, only copy of vouchers (contract entered into prior fiscal year).
Pagni Bros.	01-419		Buildings & Grounds	6,858.00	No bill attached, only copy of vouchers (contract entered into prior fiscal year).

Paid To	List #	Check #	Account	Amount	Description and Comment
Ready Mix Concrete	01-420		Buildings & Grounds	$6,462.00	No bill attached, only copy of vouchers (contract entered into prior fiscal year).
Ready Mix Concrete	01-421		Buildings & Grounds	2,604.00	No bill attached, only copy of vouchers (contract entered into prior fiscal year).
Warren Lawn Sprinkler Co.	01-422		Buildings & Grounds	2,771.00	No bill attached, only copy of vouchers (contract entered into prior fiscal year).
Lusetti's Home Equipment	01-428	39076	Journalism equipment	27.50	Oscillating fan. Bypassed Purchasing.
C. J. Armstrong	01-431	39328	Pres. Entertainment Fund	117.19	Entertainment for May. No paid bills attached.
Holiday Hotel	01-431	39439	Pres. Entertainment Fund	10.78	Luncheon for guests.
Jack M. Spencer	01-432	34058	Athletic travel	286.30	Travel to basketball convention in Kansas City. Fees paid from travel & fees are an operating item.
Robert C. Weems	01-433	38153	College of Business Bur. & Econ. Res.	65.00	Reimbursement for dinner at Eugene's, lunch at Nugget, for deans from AACSB.
Holiday Hotel	01-433	38152	College of Bus. Admin.	68.47	Statement from hotel not itemized, can't tell what this was for.
Amer. Assoc. of Collegiate Schools of Business	01-433	38151	College of Bus. Admin.	641.92	Expenses incurred for visitation of inspecting deans of AACSB. General fees, and visitation expenses. (For accreditation examination of college.)

Paid To	List #	Check #	Account	Amount	Description and Comment
R. Herz & Bro.	01-447	38607	Eve. Div. 90.2	$ 64.80	6 money clips, engraving same. Gifts to visiting lecturers.
Lancer	01-447	39925	Real Estate Institute (fee included charge for a banquet)	321.50	Nothing to tell what this was for.
Russ Kinne	01-452	38115	Desert Research	20.00	Photo prints, plus tax, plus postage. No statement from claimant, just a typed statement.
Eddy Floral	01-456	38457	Pres. Discretionary	5.00	Plant to Dr. Wittwer.
Assoc. Bus. Mach.	01-456	38458	Pres. Discretionary	11.25	Labor & ribbon for portable typewriter. (Typewriter belongs to University but it is at his home.)
Sans Souci	01-460	38847	So. Reg. Seminar in Business	16.45	Room for Fred Case.
Luigi's	01-460	38845	So. Reg. Seminar in Business	50.45	Dinner meeting.
Star Dust	01-460	38846	So. Reg. Seminar in Business	84.80	Dinner meetings (2).
Thunderbird	01-460	38848	So. Reg. Seminar in Business	347.02	Luncheons and accomodations for participants in seminar.
Sahara Hotel	01-460	39667	So. Reg. Seminar in Business	5.69	Luncheon
Vernon E. Scheid	01-460	38456	Pres. Development Fund	24.50	Luncheon & dinners, interviews.
Dining Commons	01-464	39970	Pres. Entertainment Fund	8.75	Luncheons. Assoc. of Rock Mt. Executive Comm.

STATE OF NEVADA

BOARD OF DISPENSING OPTICIANS

AUDIT REPORT

For the Period July 1, 1960 to June 30, 1961

REPORT NO. 24

LEGISLATIVE COUNSEL BUREAU

A. N. Jacobson, Legislative Auditor

CARSON CITY, NEVADA

May 28, 1962

RUDD, ROLLINS AND SALGO
CERTIFIED PUBLIC ACCOUNTANTS
2020 EAST CHARLESTON BOULEVARD
LAS VEGAS, NEVADA
DUDLEY 4-0570

K. JACK RUDD, C.P.A.
DOROTHY B. RUDD, C.P.A.
RADER S. ROLLINS, C.P.A.
JOSEPH I. SALGO, C.P.A.

MEMBERS
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

May 28, 1962

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 State Board of Dispensing Opticians for the fiscal year ended June 30, 1961, and have prepared therefrom the following exhibits and related schedules:

Statement of Financial Condition Nevada State Board of Dispensing Opticians June 30, 1961	Exhibit A
Statement of Budgeted Revenues and Expenditures Compared to Actual Nevada State Board of Dispensing Opticians For the Fiscal Year Ending June 30, 1961	Exhibit B

FUNCTIONS OF BOARD

This board is created by Chapter 637 of the Nevada Revised Statutes, and serves the purpose of regulating the practice of dispensing opticians and examining candidates applying for certification as dispensing opticians.

SCOPE OF EXAMINATION

General

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, was adequate to satisfy ourselves of the general accuracy of the records.

Internal Control Evaluation

Funds received are safeguarded by the Treasurer of the Board. Expenditures are initiated by preparation of claims drawn on the State Treasurer. In general, the internal controls of the board are adequate. We do feel, however, that funds received from members and applicants should be forwarded to the State Treasurer more promptly. NRS 353.250 requires each officer of the state to account for and deposit funds by the first Monday of each month.

Books and Records

Books and records maintained by the board were as follows:

1. Record of licenses issued to opticians
2. Record of license fees, late charges and examination fees collected
3. Record of claims on State Treasurer
4. Minutes of board meetings
5. Correspondence relating to the board activities.

We did not find a general ledger in existence at the date of our examination and, pursuant to authorization by the Legislative Auditor's office, we installed a general ledger and revised the receipts and claims registers.

Casualty Insurance and Fidelity Bonding

Since the statute does not provide for bonding of the Treasurer, no fidelity bond has been acquired. No insurance of any nature is carried.

Leases

The board does not currently lease property in connection with its activities.

Efficiency of Subordinate Employees

The board does not employ subordinate employees at this time.

Duplication of Work with Other Departments

No duplication of activities concerning other departments was noted.

Status and Condition of Funds

At the end of the fiscal year, June 30, 1961, the fund equity of the board was $1,993.30, and is set forth in Exhibit A of this report.

Possible Non-Compliance with Statute

The audit program of the Legislative Counsel Bureau is designed to assist, in a helpful manner, state officers to obtain effective government by including in our reports situations which do not conform to statute or good business practice. Further, we are charged by statute with reporting on such situations.

Our examination disclosed the following items which appear to violate statute or regulation or which, in our opinion, are contrary to good business practice:

1. NRS 637.040 requires separate officers to be elected for each of these positions: President, Secretary and Treasurer. The Board elected: a President, a Vice President and a Secretary-Treasurer.

2. NRS 637.060 requires that, of the funds remitted to the State Treasurer, only 90 per cent shall go to the Dispensing Opticians Fund and the remaining 10 per cent shall go to the General Fund of the State. During the fiscal years 1957 through 1961, there was collected and remitted to the State Treasurer $1,300.00, of which $130.00 should have been deposited in the General Fund. Only $12.84 of this has actually been deposited in the General Fund.

3. NRS 637.140 requires the payment of a $15.00 late charge on licenses renewed after January 15, but before February 15 of the year. On January 30, 1961, a license was renewed, but no late charge was imposed inasmuch as the party involved did not have notification of the date licenses were to be renewed.

4. NRS 353.250 requires each officer of the state to account for and deposit funds by the first Monday of each month. There were instances noted when this procedure was not followed.

Suggested Changes and Recommendations

There were no prior recommendations on record.

New recommendations:

1. Recommended that funds received by the board be remitted to the State Treasurer by the first Monday of each month in accordance with NRS 353.250.

2. Recommended that the board separate the functions of the Secretary-Treasurer into two offices, the Secretary and the Treasurer. (See Possible Non-Compliance with Statute.)

3. Recommended that the State Treasurer transfer from the Dispensing Opticians Fund to the General Fund, the statutory deficiency of $117.16 noted. The board must prepare a claim in the amount of $117.16 payable to the State Treasurer for credit to the State General Fund. The claim should be processed as all state claims. In the future, the board must designate how its deposits are to be distributed by the State Treasurer on transmittal slips, i.e.,

Dispensing Opticians Fund	90%	$ X.XX
State General Fund	10%	X.XX
Total for deposit		$ X.XX

(See Possible Non-Compliance with Statute.)

Comments on Statement of Financial Condition

Cash on Deposit with State Treasurer--$2,110.46: This amount was determined by examination of Treasurer's receipts and claims initiated by the Dispensing Opticians Board. The amount thus determined was confirmed directly to us by the State Comptroller as of June 30, 1961.

Transfer Payable to General Fund--$117.16: During the fiscal years 1957 to 1961, there was collected and remitted to the State Treasurer $1,300.00. NRS 637.060 requires that 10 per cent of the amount collected shall be deposited in the General Fund. During this period, only $12.84 was so deposited. The remainder owed at June 30, 1961 was $117.16.

Fund Equity--$1,993.30: Receipts for the fiscal year ended June 30, 1961 exceed expenses in an amount of $206.00. The fund equity at July 1, 1960 was $1,787.30. The total accumulated fund equity was $1,993.30 as of June 30, 1961.

Comments on Revenues and Expenditures:

Revenues exceeded expenses for the year under review in the amount of $206.00. We examined receipt books, claims and other supporting documents in order to permit an expression of opinion as to the overall reliability of the statements presented herein. License lists were examined and compared with license fees received during the year. Expenses were verified by inspection of claims submitted and by reference to the statutory allowances for travel, meals and lodging. Revenues were also confirmed directly with the State Comptroller.

OPINION

We have examined the statement of financial condition of the Nevada State Board of Dispensing Opticians as of June 30, 1961, and the related statements of revenue and expenditures for the year then ended. Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records, and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying statement of financial condition and statement of revenues and expenditures present fairly the financial position of the Nevada State Board of Dispensing Opticians as of June 30, 1961 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.

Rudd, Rollins and Delp

Place: Las Vegas, Nevada

Date: May 28, 1962

Exhibit A

NEVADA STATE BOARD OF DISPENSING OPTICIANS
Statement of Financial Condition
June 30, 1961

ASSETS

Current Assets:		
Cash on deposit with State Treasurer		$ 2,110.46
		$ 2,110.46

LIABILITIES AND FUND EQUITY

Current Liabilities:		
Transfer payable to General Fund		$ 117.16
Fund Equity:		
Balance, July 1, 1960	$ 1,787.30	
Net increase in fund equity, fiscal year ended June 30, 1961--Exhibit B	206.00	
Balance, June 30, 1961		1,993.30
		$ 2,110.46

Exhibit B

NEVADA STATE BOARD OF DISPENSING OPTICIANS
Statement of Budgeted Revenues and
Expenditures Compared to Actual
For the Fiscal Year Ended June 30, 1961

	Fiscal Year Ended June 30, 1961	
	Budgeted	Actual
Income:		
License renewals	$ 285.00	$ 300.00
Examination fees	--	100.00
Total income	$ 285.00	$ 400.00
Expenses:		
Salaries	$ 50.00	$ --
Travel	180.00	154.00
Operating expense	65.00	--
Total expense	$ 295.00	$ 154.00
Net income before transfer to general fund	$ (10.00)	$ 246.00
Less: required transfer to general fund	28.50	40.00
Net increase in fund equity	$ (38.50)	$ 206.00

STATE OF NEVADA

NEVADA YOUTH TRAINING CENTER

AUDIT REPORT

REPORT NO. 25



LEGISLATIVE COUNSEL BUREAU

A. N. Jacobson, Legislative Auditor

CARSON CITY, NEVADA

June 11, 1962

STATE OF NEVADA
OFFICE OF THE
LEGISLATIVE AUDITOR
CARSON CITY, NEVADA

A. N. JACOBSON
LEGISLATIVE AUDITOR

June 11, 1962

Nevada Legislative Commission
Capitol Building
Carson City, Nevada

Gentlemen:

In accordance with a request for assitance from the Superintendent of the Nevada Girls Training Center, it was decided to make a limited examination of the record keeping of the Nevada Youth Training Center at Elko, Nevada in order that records of the two institutions could be maintained on a uniform basis. From our examination of the records of the Nevada Youth Training Center, we wish to present the following facts and make certain recommendations relative to improvement of the fiscal affairs of the Youth Training Center:

Administrative Fund

General

The administrative fund for operation of the Center is a direct appropriation from the Legislature. The records maintained provide a fiscal history of transactions. The books have been set up by personnel of the Training Center without assistance from the office of the Legislative Auditor. The examiner believes that the format of the ledger sheets can be improved to provide both the State's required cash basis accounting and modified encumbrance accounting desired by the Center's admimistrators.

The examiner and Youth Training Center personnel have agreed to work together to put into effect a recommended change to be effective July 1, 1962.

Purchasing

Purchasing procedures have been examined and it has been found that the Center has complied with the State Purchasing Act. The few exceptions disclosed by examination have been explained as having been approved by telephone by the Director of Purchasing. The exceptions were of a nature requiring immediate delivery of goods for operation of the Center.

The examiner recommends that telephone approvals of local purchases be noted on the claim to provide a more complete record.

The examiner noted several purchases which might have been made contrary to the conflict of interest law. Personnel of the Center have been apprised of this possible conflict.

Personnel Leave Records

Examination of personnel leave records and time keeping procedures revealed that records are substantially well kept. Time records of Center personnel with the

exception of parole officers, are maintained on the exception basis, with the employee and his supervisor signing the official Request for Leave form. The parole officers for girls have submitted a monthly time report reflecting actual hours worked. However, the parole officers for boys have not submitted any record to indicate hours actually worked. We recommend that time records be obtained from the boy's parole officers to complete the time records.

Only one leave record reflected more than the statutory 30 days of accrued annual leave allowance. This was recorded in accordance with Sec. 8.02 of the Rules for State Personnel Administration, which rule appears to be in conflict with Section 284.350, Nevada Revised Statutes.

Compensatory time records revealed that four employees had been credited with more than the allowed 120 hours. We were informed that employees are aware that they can not take more time than allowed and that time has been accumulated in excess to reflect the considerable hours of overtime being worked by some employees.

Farm Contingent Fund

The Farm Contingent Fund was established by NRS 210.150 and is deposited in the State Treasury. This Fund reflects the sale of ranch products, supplies and equipment and reflects amounts expended in connection with purchase of supplies and equipment. Little activity has been reflected for the past several years.

The records have been set up by the Center's personnel without outside assistanc Although the records adequately reflect fiscal transactions, we have recommended some changes which will reduce record keeping time and possibility of error. The change will be placed in effect on July 1, 1962 and should be adequate, unless there should be a considerable increase in farm activity.

Gift Fund

The Gift Fund was established in the State Treasury in accordance with NRS 210.1 The account is to reflect gifts and bequests to the Center for the benefit of the boys, with expenditures to be limited to the terms of the donor or the bequest.

Again, the records have been established by the Center's personnel and properly reflect the financial activity. However the records can be improved to reduce possibility of error and time consumed in recording transactions. The Center's personnel and the examiner have agreed to these changes, which will be effective July 1, 1962.

Boy's Fund

The Boy's Fund was established by NRS 210.160 to account for money the boys had in their possession at admittance to the Center and any money that they might receive while in attendance. By statutory authority, the money has been placed in the Nevada Bank of Commerce, Elko Branch.

The records for this fund are not satisfactory although an effort has been made by the Center's personnel to accurately account for each boy's money. The present records lack satisfactory controls and checks to enable the personnel to prove the accuracy of their work.

The auditor recommends that a new system of records be established on the following basis:

1. A permanent detailed ledger card be maintained as part of the accounting records.

2. A detailed cash journal be maintained reflecting all receipts and disbursements. The records and the ledger should be produced simultaneously.

3. Bank statements should be requested from the bank as of the end of each month.

4. Bank deposits should be made frequently and with deposits covering transactions of the same month.

5. Thermofax copies of each boy's ledger sheets should be furnished each boy quarterly, to be signed by him and filed in his permanent case file.

6. The new system to be set up as of May 31, 1962. The difference between the sum of all ledgers of the boys under the jurisdiction of the Center and the balance in the bank account to be set up in a suspense account transferable to the State Treasury with legislative approval, to be held in suspense for five years for possible refund. This sum largely represents "runaway forfeitures" less expenditures therefrom, which were reported in the 1958 audit by the Legislative Auditor.

Property Accounts

No inventories of the State's equipment were on file dated later than 1958. Although inventory is the responsibility of the State Department of Purchasing the examiner recommends that a complete inventory of land, buildings, on-site improvements and equipment and furniture be established and maintained. The Department of Purchasing should be requested to assist in the taking of such an inventory and proper marking of the State's personal property.

General Comments

It was noted that the Center complied with the State travel law and no deviations were noted.

Bank deposits have been often delayed beyond the first Monday of the month accounting, as required in NRS 353.250. To alleviate the conditions surrounding such delays, the examiner recommends, with concurrence of the State Treasurer, that moneys payable into the State Treasury be deposited in the First National Bank of Nevada, Elko Branch, by an interbranch deposit to the credit of the State Treasurer, First National Bank of Nevada, Carson City Branch. The interbranch deposit slip should be prepared in triplicate (original to bank, the duplicate properly stamped by the bank to accompany transmittal to the State Treasurer, and the triplicate to be retained).

Further assistance must be rendered the Center in June, 1962 to assure proper setting up of the Boy's Fund accounting and to furnish assistance with a new appropriation ledger. Such assistance has been promised and will be provided.

Very truly yours,

A. N. JACOBSON, Legislative Auditor

W. Elmo DeWhitt

W. Elmo DeWhitt
Auditor in Charge

WED/en

STATE OF NEVADA

COLORADO RIVER COMMISSION

AUDIT REPORT

For the Period July 1, 1960, to June 30, 1961

REPORT NO. 26

LEGISLATIVE COUNSEL BUREAU

A. N. Jacobson, Legislative Auditor

CARSON CITY, NEVADA

September 19, 1962

BUNKER, JONES & CO.
CERTIFIED PUBLIC ACCOUNTANTS
LAS VEGAS, 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 Colorado River Commission of Nevada for the fiscal year ended June 30, 1961, and have prepared therefrom the following exhibits and related schedules:

Exhibit A - Statement of Financial Condition
Combined Funds - June 30, 1961

Exhibit B - Statement of Budgeted Revenues and Expenditures Compared to Actual
Colorado River Commission Fund
For the Year Ended June 30, 1961

Exhibit C - Statement of Fund Balance
Colorado River Commission Fund
For the Year Ended June 30, 1961

Exhibit D - Statement of Expenditures
Eldorado Valley Development Fund
For the Year Ended June 30, 1961

Exhibit E - Statement of Fund Balance
Eldorado Valley Development Fund
For the Year Ended June 30, 1961

Exhibit F - Statement of Appropriations and Expenditures -
Fort Mohave Valley Development Fund
For the Year Ended June 30, 1961

FUNCTIONS OF AGENCY

Statutory authorization for the existence of the Colorado River Commission of Nevada is contained in Nevada Revised Statutes, Section 538.260 The principal duties of the Commission are

1. To collect and arrange all data and information connected with the Colorado River and its tributaries which may affect, or be of interest to, the State of Nevada

2. To represent and act for the State of Nevada in the negotiation and execution of contracts, leases or agreements for the use or exchange of power and for the use of electrical generating machinery and power transmission lines both within and outside of the State of Nevada, but solely for use within the State of Nevada

3. To represent the State of Nevada in such interstate or other conferences or conventions as may be called for the consideration of the development of reclamation and power projects connected with the Colorado River or its tributaries, or in connection with Boulder Dam or other federally operated dams.

4. To negotiate with the representatives of other states and the United States in an endeavor to settle equitably and define the rights of the states and of the United States in the water of the Colorado River and its tributaries

5. To cooperate with and to establish, conduct and maintain, in conjunction with other states or federal agencies, power, water, and irrigation projects

SCOPE OF EXAMINATION

General

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 analysis 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.

Internal control evaluation and accounting records.

Although all accounting functions are handled by one person, we consider internal control to be adequate because of the

involvement of other state agencies in the handling of receipts and in the approval and payment of claims.

The accounting records maintained by the Commission are neat and accurate. All requested information and supporting documents were readily available for our inspection. The following accounting records are maintained:

1. Combination billing and cash receipts journal.

Recorded in this journal, by month, are the billings to each contractor for power or water, and the cash received from each contractor together with other miscellaneous receipts. The Commission also maintains a detail ledger by contractor, which presents their billing and collection history.

2. Paid claims register.

A paid claims register is maintained for each fund which shows the amount and account classification of each claim. Although a general ledger is not maintained, the claims register contains year-to-date totals as well as monthly totals for each account classification. For this reason we feel it is not necessary for the Commission to maintain a general ledger.

3. Payroll records.

The Payroll journals are prepared by the state and kept by the Commission for reference. In addition, time and leave records are maintained for each employee.

4. Ledger of contractors' bonds.

A ledger of contractors' performance bonds on deposit in the State Treasury is maintained.

5. Expenditure and allotment control record.

The Commission uses this record as a control to determine that funds are available in accordance with the allotment provided before submitting claims for payment. It is also used to check the records prepared by the state.

6. State Controller's ledger.

The Commission maintains a ledger showing receipts, expenditures and fund balance. This can be compared to the cash account in a general ledger. Its form is similar to the State Controllers ledger and this name is therefore used by the Commission.

Performance Bonds

Every applicant for power to be used within the State of Nevada is required by NRS 538.180 (2) to " provide an indemnifying bond by a corporation qualified under the laws of this state, or other collateral, approved by the State Board of Examiners, payable to the State of Nevada in such sum and in such manner as the Commission may require, conditioned for the full performance" of any lease or contract. Accordingly, the Commission has received indemnifying bonds or other collateral which are held for safe keeping in the office of the State Treasurer from the following power contractors:

American Potash and Chemical Corporation	$ 20,000
Basic Management, Inc.	2,500
California-Pacific Utilities Company	5,000
Lincoln County Power District No. 1	25,400
Manganese, Inc.	5,000
National Lead Company	10,000
Overton Power District No. 5	2,500
Pioche Manganese Company	6,000
Southern Nevada Power Company	40,000
Stauffer Chemical Company	22,000
United States Lime Products Corporation	5,000
Total	$143,400

The above amounts were confirmed by direct correspondence with the State Treasurer and the power contractors.

Efficiency of Subordinate Employees

We did not observe any actions by employees which we consider inefficient, nor did we notice any duplication of work which might be eliminated.

Duplication of Work With Other Departments

We observed no duplication of work with other departments.

Possible Violations of Statute or Regulation

The audit program of the Legislative Counsel Bureau is

designed to assist, in a helpful manner, state officers to obtain effective government by including in our reports situations which do not conform to statute or good business practice. Further, we are charged by statute with reporting on such situations.

Our examination disclosed the following items which may violate statute or regulation

1. NRS Section 281.160 paragraph 5 states that "Before any... state officer, representative or other employee of the state shall travel on official business outside the state, he shall make written request for and receive permission for such travel... Requests shall be submitted,... to the director of the budget at least 10 working days prior to the beginning of travel..." In one instance a request for out-of-state travel to Phoenix was dated April 25, 1961, but the date of travel was April 19, 1961. In another instance the date of travel and date of request were identical. Other violations of the same nature are recorded in our working papers. However, the State Administrative Manual says that in emergencies the budget director may waive the ten day rule, and all requests for travel, including those mentioned above, were approved by the budget director.

We did not notice any evidence of fraud or dishonesty based on our tests of the accounting records.

Suggested Changes and Recommendations

We were impressed with the overall neatness, accuracy and completeness of the accounting records maintained by the commission. We have no recommendations other than to suggest that an attempt be made to comply with NRS Section 281.160 paragraph 5 as discussed under the preceding section of this report.

FINANCIAL STATEMENTS

Statement of Financial Condition - Combined Funds
Exhibit A

Cash On Deposit in State Treasury

Colorado River Commission Fund: In accordance with NRS 538.190, "All revenues derived from the sale, lease or use of the

water or power derived from the Colorado River or its tributaries" are "paid directly to the State Treasurer and deposited by him in a fund, hereby created, to be known as and called the Colorado River Commission Fund." The balance in this fund at June 30, 1961, was $10,865.14 and was confirmed by direct correspondence with the State Treasurer.

Eldorado Valley Development Fund: This fund was created by NRS 321.460 "for use of the Colorado River Commission of Nevada in carrying out the provisions of NRS 321.390 to 321.470, inclusive" which authorizes the Commission to acquire certain lands near Boulder City, Nevada, from the Federal Government on behalf of the State of Nevada. The balance of the fund at June 30, 1961, was $55,002.04 and was confirmed by direct correspondence with the State Treasurer.

Fort Mohave Valley Development Fund: This fund was created by NRS 321.520 "for the use of the Commission in carrying out the provisions of NRS 321.480 to 321.530 inclusive" which authorizes the Commission to acquire certain lands below Davis Dam from the Federal Government on behalf of the State of Nevada. The balance of the fund at June 30, 1961, was $5,949.65 and was confirmed by direct correspondence with the State Treasurer.

Accounts Receivable From Power Contractors

Accounts receivable of $312,002.97 represent power and water sales for the month of June, 1961, which were billed in July. The following accounts, all of which were confirmed by direct correspondence with the debtor, make up the total:

American Potash & Chemical Corporation	$ 69,822.18
Arizona Power Authority	446.05
Basic Management, Inc.	11,567.64
California-Pacific Utilities Company	9,965.36
Fibreboard Paper Products Corportation	8.59
Flintkote Company	1,837.88
Lincoln County Power District	10,329.21
Manganese, Inc.	6,335.45
Southern Nevada Power Company	67,042.43
Overton Power District No. 5	5,101.85
Stauffer Chemical Company	84,995.35
Titanium Metals Corporation	44,550.98
Total	$312,002.97

Furniture, Equipment and Automobiles

Inasmuch as the inventory of furniture, equipment and automobiles is a responsibility of the Department of Purchasing, these items have been reflected at a nominal value of $1.00.

Accounts Payable

Power and water: Accounts payable for power and water represent the cost of power and water for June, 1961. The total of $303,581.26 is comprised of the following accounts:

Lincoln County Power District	$ 4,888.07
Southern Nevada Power Company	51,630.59
Overton Power District	160.00
U S Bureau of Reclamation	246,902.60
Total	$303,581.26

Administration expense: Accounts payable for administration expenses in both the Colorado River Commission Fund and the Eldorado Valley Development Fund come under the categories of travel and operating expenses. The amounts of $308.86 and $5.37 were determined by examining claims paid through October 1961 for expenses incurred prior to June 30, 1961.

Unexpended Appropriation

Fort Mohave Valley Development Fund received an appropriation of $5,000.00 for the fiscal year 1960-61. Since there were no expenditures from the fund during that year, the entire $5,000.00 reverted to the General Fund of the state.

Fund Balance

Exhibits C and E provide information on the unappropriated fund balance of the Colorado River Commission Fund and of the Eldorado Valley Development Fund, respectively.

Statement of Budgeted Revenues and Expenditures Compared to Actual - Colorado River Commission Fund - Exhibit B

Actual expenditures were $1,122.95 less than budgeted expenditures, but actual revenues were $37,814.38 less than budgeted revenues. This resulted in expenditures exceeding revenues by $13,264.43. Had this trend continued, there would be a cash deficit at June 30, 1962. However, the administration charge was raised from .05 mill per kilowatt hour to .1 mill per kilowatt hour in April of 1961, in accordance with contract provisions.

After transfers between major budget categories, actual expenditures were not only less than budgeted expenditures in total, but also in each of the four major budget categories - salaries, travel, operating and equipment. The following summary indicates the transfers made during the year.

	From	To
Salaries	$ -	$ -
Travel	-	1,368.24
Operating	929.25	-
Equipment	438.99	-
	$ 1,368.24	$ 1,368.24

Schedules 2 through 4 of Exhibit B present a comparison of actual expenditures to budgeted expenditures within each major category, except equipment.

Statement of Fund Balance Colorado River Commission Fund Exhibit C

The fund balance of $55,379.57 at June 30, 1960 was represented by cash. This balance was reduced $13,264.43 by a deficit from operations. In addition $31,250.00 was transferred to Legal Intervention Fund #48202. At June 30, 1961, the funds represented by cash was $10,865.14. The remaining fund balance of $8,112.85 is the excess of accounts receivable over accounts payable at June 30, 1961.

Statement of Expenditures
Eldorado Valley Development Fund
Exhibit D

The Eldorado Valley Development Law (NRS 321.390) passed in 1957 by the State Legislature authorizes the Colorado River Commission to purchase or acquire lands for the State in Eldorado Valley near Boulder City. The Commission is authorized to undertake engineering and planning studies and surveys and to take such other action as may be necessary for the development of Eldorado Valley.

Total expenditures from the Eldorado Valley Development Fund for the year were $17,668.30. Of this amount $17,400.00 was for engineering studies and investigations to provide a "Master Plan for the Development of Eldorado Valley as an Industrial Community."

Statement of Fund Balance
Eldorado Valley Development Fund
Exhibit E

The fund balance at June 30, 1961, was $54,996.67. This consisted of $55,002.04 in cash less accounts payable of $5.37.

Statement of Appropriation and Expenditures
Fort Mohave Valley Development Fund
Exhibit F

The Fort Mohave Valley Development Law (NRS 321.480) passed in 1959 by the State Legislature authorizes the Colorado River Commission, acting for the state, to purchase or acquire approximately 15,000 acres of land below Davis Dam along and adjacent to the Colorado River. "The Commission may, with advise of the Department (of Conservation and Natural Resources) and the board of county commissioners of Clark County, undertake such engineering and planning studies and such other action as may be necessary for the development of the Fort Mohave Valley, and shall sell and dispose of lands in the Fort Mohave Valley in accordance with plans and procedures of the Commission."

The Commission received an appropriation of $5,000.00 for 1960-1961 to carry out the provisions mentioned in the preceding paragraph. However, no expenditures were made during the year, and consequently, the entire $5,000.00 reverted to the General Fund of the state. The fund balance at June 30, 1961, was $949.65 and consisted of cash carried over from June 30, 1960.

OPINION

We have examined the statement of financial condition of the Colorado River Commission Fund, Eldorado Valley Development Fund and Fort Mohave Valley Development Fund of the Colorado River Commission of Nevada as of June 30, 1961, and the related statements of revenue and expenditures, and fund balance for the year then ended. Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying statement of financial condition and statements of revenues and expenditures present fairly the financial position of the Colorado River Commission Fund, Eldorado Valley Development Fund and Fort Mohave Valley Development Fund of the Colorado River Commission of Nevada as of June 30, 1961, and the receipts and disbursements for the year then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

Bunker, Jones & Co.

Certified Public Accountants

Las Vegas, Nevada

June 20, 1962

COLORADO RIVER COMMISSION OF NEVADA

STATEMENT OF FINANCIAL CONDITION - COMBINED FUNDS

JUNE 30, 1961

	Total
ASSETS	
Cash on deposit in the state treasury	
Colorado River Commission Fund #490-2	$ 10,865.14
Eldorado Valley Development Fund #12401	55,002.04
Fort Mohave Valley Development Fund #29401	5,949.65
Accounts receivable from power contractors	312,002.97
Furniture, equipment and automobiles, at nominal value	1.00
Total assets	$ 383,820.80
LIABILITIES AND FUND BALANCES	
Accounts payable	
Power and water	$ 303,581.26
Administrative expenses	314.23
Unexpended appropriation	
Fort Mohave Valley Development Fund (Reverts to state general fund)	5,000.00
Fund Balance	
Invested in furniture, equipment and automobiles	1.00
Unappropriated	74,924.31
Total liabilities and fund balances	$ 383,820.80

Colorado River Commission Fund	Eldorado Valley Development Fund	Fort Mohave Valley Development Fund
$ 10,865.14	$ -	$ -
-	55,002.04	-
-	-	5,949.65
312,002.97	-	-
1.00	-	-
$ 322,869.11	$ 55,002.04	$ 5,949.65
$ 303,581.26	$ -	$ -
308.86	5.37	-
-	-	5,000.00
1.00	-	-
18,977.99	54,996.67	949.65
$ 322,869.11	$ 55,002.04	$ 5,949.65

EXHIBIT B

COLORADO RIVER COMMISSION OF NEVADA
STATEMENT OF BUDGETED REVENUES AND EXPENDITURES
COMPARED TO ACTUAL
COLORADO RIVER COMMISSION FUND
FOR THE YEAR ENDED JUNE 30, 1961

	Final Budget	Actual	Actual Under (over) budget
REVENUES			
Sale of power and water and repairs (Schedule 1)		$3,516,678.43	
Cost of power, water and repairs		3,455,882.28	
Administration charge	$98,700.00	$ 60,796.15	$37,903.85
Refunds and sale of plans	-	89.47	(89.47)
Total revenues	$98,700.00	$ 60,885.62	$37,814.38
EXPENDITURES			
Salaries (Schedule 2)	$51,632.00	$ 50,923.50	$ 708.50
Travel (Schedule 3)	7,368.24	7,169.88	198.36
Operating (Schedule 4)	15,961.75	15,854.17	107.58
Equipment	311.01	202.50	108.51
Total expenditures	$75,273.00	$ 74,150.05	$ 1,122.95
EXCESS OF EXPENDITURES OVER CURRENT YEAR REVENUES		$ (13,264.43)	

EXHIBIT B

COLORADO RIVER COMMISSION OF NEVADA
SCHEDULE OF BUDGETED REVENUES AND EXPENDITURES
COMPARED TO ACTUAL
COLORADO RIVER COMMISSION FUND
FOR THE YEAR ENDED JUNE 30, 1961

	Final Budget	Actual	Actual under (over) budget
Schedule 1 - Sale of power and water and charges for repairs			
Sale of power		$3,445,445.59	
Sale of water		9,472.77	
Repairs		963.92	
Sale of power and water - administration charge	$98,700.00	60,796.15	$37,903.85
Total		$3,516,678.43	
Schedule 2 - Salaries			
Salaries	$49,632.00	$49,761.00	$ (129.00)
Compensation of commission members	2,000.00	1,162.50	837.50
Total	$51,632.00	$50,923.50	$ 708.50
Schedule 3 - Travel			
Out-of-state	$ 3,868.24	$ 4,717.99	$ (849.75)
In state	2,750.00	1,956.29	793.71
Maintenance	750.00	495.60	254.40
Total	$ 7,368.24	$ 7,169.88	$ 198.36

EXHIBIT B

COLORADO RIVER COMMISSION OF NEVADA
SCHEDULES OF BUDGETED REVENUES AND EXPENDITURES
COMPARED TO ACTUAL
COLORADO RIVER COMMISSION FUND
FOR THE YEAR ENDED JUNE 30, 1961

	Final Budget	Actual	Actual under (Over) budget
Schedule 4 - Operating			
Industrial insurance	$ 383.00	$ 395.39	$ (12.39)
Retirement payments	1,920.00	1,928.85	(8.85)
Personnel assessments	180.00	177.26	2.74
Building space rental	2,500.00	2,096.40	403.60
Freight and postage	500.00	288.34	211.66
Printing	1,200.00	989.87	210.13
Office supplies	500.00	436.37	63.63
Telephone and telegraph	2,000.00	2,188.05	(188.05)
Insurance	250.00	234.88	15.12
Repairs	250.00	107.93	142.07
Dues and registrations	790.00	627.50	162.50
Subscriptions	100.00	108.50	(8.50)
Legal and notary fees	6,000.00	6,025.00	(25.00)
Nevada Revised Statutes	-	16.00	(16.00)
Snow survey	-	150.00	(150.00)
Refunds	-	83.83	(83.83)
Miscellaneous	250.00	-	250.00
Unallocated transfer	(861.25)	-	(861.25)
Total	$15,961.75	$15,854.17	$ 107.58

EXHIBIT C

COLORADO RIVER COMMISSION OF NEVADA
STATEMENT OF FUND BALANCE
COLORADO RIVER COMMISSION FUND
FOR THE YEAR ENDED JUNE 30, 1961

BALANCES - June 30, 1960		
Colorado River Commission Fund		$ 28,317.14
Legal Intervention Fund		20,066.52*
Engineering Intervention Fund		6,995.91*
		$ 55,379.57
ADD - Accounts receivable from power contractors - June 30, 1961		312,002.97
		$367,382.54
DEDUCT - Deficit from operations	$ 13,264.43	
Accounts payable - June 30,1961	303,890.12	
Transfer to Legal Intervention Fund #48202(Attorney General)	31,250.00	348,404.55
BALANCE - June 30, 1961		$ 18,977.99

(*) Reverted to Colorado River Commission Fund Balance on July 1, 1960

EXHIBIT D

COLORADO RIVER COMMISSION OF NEVADA
STATEMENT OF EXPENDITURES
ELDORADO VALLEY DEVELOPMENT FUND
FOR THE YEAR ENDED JUNE 30, 1961

Travel		
In state		$ 193.30
Operating		
Freight and postage	$ 21.83	
Printing	18.95	
Telephone and telegraph	34.22	
Engineering services	17,400.00	17,475.00
Total expenditures		$ 17,668.30

EXHIBIT E

COLORADO RIVER COMMISSION OF NEVADA
STATEMENT OF FUND BALANCE
ELDORADO VALLEY DEVELOPMENT FUND
FOR THE YEAR ENDED JUNE 30, 1961

BALANCE - June 30, 1960		$72,670.34
DEDUCT - Expenditures for the year ended June 30, 1961	$17,668.30	
Accounts payable - June 30, 1961	5.37	17,673.67
BALANCE - June 30, 1961		$54,996.67

EXHIBIT F

COLORADO RIVER COMMISSION OF NEVADA
STATEMENT OF APPROPRIATIONS AND EXPENDITURES
FORT MOHAVE VALLEY DEVELOPMENT FUND
FOR THE YEAR ENDED JUNE 30, 1961

APPROPRIATIONS	$ 5,000.00
EXPENDITURES	-
UNEXPENDED APPROPRIATIONS (Reverts to state general fund)	$ 5,000.00

COLORADO RIVER COMMISSION OF NEVADA

BANK RECONCILIATION

JUNE 30, 1961

	Colorado River Commission Fund	Eldorado Valley Development Fund	Fort Mohave Valley Development Fund
Balance per State Controller	$10,865.14	$55,002.04	$ 5,949.65
Balance per books	10,865.14	55,002.04	5,949.65
Difference	$ -	$ -	$ -

COLORADO RIVER COMMISSION OF NEVADA

JOURNAL ENTRIES

JUNE 30, 1961

(1)		
Sale of power	6,244.40	
Cost of power		6,244.40
To reclassify refund of overcharge to Colorado River Commission by Southern Nevada Power Company. The cash received from Southern Nevada Power Company was credited to power sales.		
(2)		
Sale of power	6,244.40	
Cost of power		6,244.40
To reclassify refund to Cal-Pacific Utilities (Needles) for overcharge in November 1960 which was passed on at cost as a result of Southern Nevada Power Company over-charging the Commission. See JE#1. This payment was recorded as cost of power sales rather than as a reduction in sale of power.		
(3)		
Fund balance	31,250.00	
Colorado River Commission Fund #490-2		31,250.00
To record transfer of funds to the legal intervention fund #48202 (Attorney General)		
(4)		
Refunds and plan sales	89.25	
Travel - out-of-state		25.55
Travel - in state		63.70
To reclassify refunds on airline tickets as a result of altered schedules.		

STATE OF NEVADA

HIGHWAY PATROL DIVISION, DEPARTMENT OF MOTOR VEHICLES

SUPPLEMENTAL AUDIT REPORT

For the Period March 26, 1962, to August 1, 1962

REPORT NO. 17-S

LEGISLATIVE COUNSEL BUREAU

A. N. Jacobson, Legislative Auditor

CARSON CITY, NEVADA

August 15, 1962

STATE OF NEVADA
OFFICE OF THE
LEGISLATIVE AUDITOR
CARSON CITY, NEVADA

A. N. JACOBSON
LEGISLATIVE AUDITOR

August 15, 1962

Nevada Legislative Commission
Capitol Building
Carson City, Nevada

Gentlemen:

In compliance with your request for a "re-audit" of the Highway Patrol Division, Department of Motor Vehicles, in order to determine what action had been taken by the Highway Patrol Division to comply with the recommendations outlined in our previous report of April 11, 1962, we have conducted a review and examination of the operations of the Division limited to those areas in which we previously had recommended certain remedial measures.

Since we understood the nature of this assignment was to embrace primarily a follow-up analysis of situations disclosed in our prior report with confirmation of the corrective action effected by the Division relative to such matters, we did not perform a complete audit of all miscellaneous revenue and expenditures of the Highway Patrol Division. However, in order to satisfy ourselves as to the accuracy of the contents of this report which was principally secured by means of conversation with the Director of the Department and Director of the Highway Patrol Division, we verified facts and information by testing certain fiscal documents and records and confirming interviews with accounting and property custodian officials of the Department of Motor Vehicles.

Status of Petty Cash Fund

The operation of the so-called "Petty Cash Fund" maintained by the Director of the Highway Patrol Division was discontinued on or about March 28, 1962. Cash on hand in the Highway Patrol office located in Carson City, amounting to $222.32, was deposited in the State Treasury on March 26, 1962 (evidenced by State Treasury Receipt No. 2882). The balance of cash in the Highway Patrol office in Las Vegas, in the amount of $183.00, representing collections of photocopying fees, was transmitted to the Carson City office and deposited in the State Treasury on March 28, 1962 (evidenced by State Treasury Receipt No. 2921). The deposit on March 28 also contained a check in the sum of $84.00 from Sullins Tire and Rubber Company, North Las Vegas, which constituted a conversion of the credit carried on the books of that firm to cash in compliance with our recommendation of April 11, 1962. It should be noted that all of the above deposits were deposited to the State Highway Fund.

Commencing approximately April 1, 1962, all proceeds received from the sale of photocopies of accident reports are regularly deposited in the State Treasury for credit to the State Highway Fund. Revenues collected in the Las Vegas office of the Highway Patrol Division are accumulated in the office and transmitted monthly to the Carson City office by money order for deposit in the State Treasury. Collections in Las Vegas, which average between $50 and $75 monthly, consisting of both checks and cash, are safeguarded during the month in a locked desk drawer accessible only to two employees.

The Director of the Highway Patrol has issued instructions to all personnel within his Division to refuse the acceptance of gift money. He stated that if any

gifts of money are received, the same will be returned to the donor.

Used tires and other surplus or salvage material and property are now being delivered to the State Department of Purchasing for ultimate disposition. Since April 1, 1962, to this date, 123 used tires and 1 salvage automobile battery have been delivered to various Highway Department area maintenance and equipment stations and the Department of Purchasing warehouse. The Department of Purchasing is utilizing Highway Department equipment locations as central gathering areas for disposable state property.

In view of the foregoing procedures effected by the Director of the Department of Motor Vehicles and Director of the Highway Patrol Division, it now appears that the "Petty Cash Fund" has been completely discontinued and all miscellaneous revenues are being properly accounted for and deposited.

Disposition of Surplus and Salvage Property

Based upon our review and analysis of the Highway Patrol Division's present operating procedures and property and fiscal records, it appears that appropriate action has been taken to correct those policies in regard to disposal of state property to which we cited as being contrary to statute or good business practice in our report of April 11, 1962.

The sale of state property now is being managed through the Department of Purchasing, which should preclude any further business transactions directly between the individual buyers and the Highway Patrol Division. Proceeds from such sales will be paid by state warrant to the Department of Motor Vehicles from the Department of Purchasing. All money so received will be deposited in the State Treasury and full accountability maintained thereon.

Photocopy Receipts

As previously mentioned, photocopy fees are regularly deposited in the State Treasury for credit to the State Highway Fund. Fees received in Carson City are promptly deposited, while collections in Las Vegas are deposited on a monthly basis. All charge customers are billed and payments therefor received by the Carson City office.

Formal prenumbered receipts are prepared in triplicate covering all cash receipts. The original copy of the receipt is presented to the customer, the duplicate is delivered to the Fiscal Accounting and Auditing Division of the Department, together with the cash payment, and the triplicate is retained in the files of the Highway Patrol Division.

The Fiscal Accounting and Auditing Division now maintains proper accountability on revenues received from the sale of photocopied accident reports.

Expenditures

Since the date of our last audit, it appears that no further expenditures were made from the "Petty Cash Fund."

The fund no longer exists; therefore, all expenses of the Division are paid on state claims drawn against the Division's Administrative Fund on deposit in the State Treasury. This procedure has corrected the situation in regard to the apparent violations of the State Purchasing Act, State Budget Act, certain provisions pertaining to the approval of expenditures by the State Board of Examiners, and Section 21 of Article V of the Constitution of the State of Nevada.

Cash to be Reimbursed and Deposited

We have been advised by the Director of the Department and Director of the Highway Patrol Division that the recommendation in our report of April 11, 1962, concerning reimbursement of expenditures to the Highway Fund has not been complied with.

The following sums of money, representing unexpended balances in the now defunct "Petty Cash Fund" and an unused credit on the books of a tire company, were deposited in the State Treasury on the dates indicated:

Item	Amount	Deposit Date
Balance in Carson City office	$222.32	March 26, 1962
Balance in Las Vegas Office	183.00	March 28, 1962
Check for unused credit, Sullins Tire Co.	84.00	March 28, 1962
Total amount deposited	$489.32	

We concluded in our prior audit report that the amount of unexpended cash in the Carson City office on March 19, 1962, was $48.75. This balance was calculated on the following basis:

Cash on hand, July, 1959		$ 44.00
Cash Received through February 15, 1962, per notebook of Robert Stenovich	$598.00	
Additional receipts from John Koras, Union Oil dealer, June 25, 1961, not listed in book	69.00	
Total Receipts		667.00
Total Cash Accountability		$711.00
Less: Expenditures from petty cash		662.25
Balance		$ 48.75

The amount of cash on hand in Carson City was not physically counted by the auditor in charge of the previous audit since, he states, at the time he intended to make such verification, he discovered that the deposit of March 26, 1962, in the sum of $222.32, included all of the cash on hand and no additional money remained in the Carson City office. He further has reported that he understood during a conference attended by himself, the Director of the Budget and the Director of the Highway Patrol, that the difference between the deposit of $222.32 and the computed balance of $48.75 constituted a restitution to the State Highway Fund of money expended from the "Petty Cash Fund" that had been disallowed by the Director of the Budget.

However, when this auditor questioned the difference existing between the reported cash balance and the amount of the deposit and attempted to determine the composition of the deposit in terms of source of receipts, the Director of the Highway Patrol stated that the deposit consisted entirely of cash on hand, and included no reimbursements of disallowed expenditures. The Division Director was unable to account for the difference between the actual cash on hand of $222.32 and the calculated cash balance of $48.75, and, in the absence of evidence to the contrary, we must conclude that this difference, amounting to $173.57 represents unrecorded cash receipts that cannot be otherwise identified.

In view of the foregoing circumstances and the additional information that has come to our attention regarding the sum of money on hand in the Carson City office as of the termination date of this fund, we have developed the following revised schedule of financial accountability:

Cash balance, July, 1959		$ 44.00
Cash received through February 15, 1962, per notebook of Robert Stenovich	$598.00	
Additional receipts from John Koras, Union Oil dealer, June 25, 1961, not listed in notebook	69.00	
Discrepancy in cash balance in Carson City office on March 26, 1962, considered as unrecorded cash receipts	173.57	840.57
Total Cash to account for on March 26, 1962		$884.57
Cash in Las Vegas office, transmitted to Carson City and deposited March 28, 1962	$183.00	
Credit for tire sales, cleared by check from Sullin's Tire Co., March 28, 1962	84.00	267.00
Total cash to account for, March 28, 1962		$1,151.57
Less: Deposit of March 26, 1962	$222.32	
Deposit of March 28, 1962	267.00	489.32
Balance to be deposited in reimbursement of total disallowed expenditures		$ 662.25

OPINION

We have examined certain fiscal and property control documents reflecting general operating procedures and business transactions of the Highway Patrol Division, Department of Motor Vehicles, for the period March 26, 1962, to August 1, 1962. In our opinion, the information contained in this report has been stated fairly.

Yours very truly,

A. N. JACOBSON, Legislative Auditor

Gordon N. Pratt

Gordon N. Pratt
Auditor-in-Charge

GNP/jkh

STATE OF NEVADA

BOARD OF EXAMINERS IN BASIC SCIENCES

AUDIT REPORT

For the Period July 1, 1960, to June 30, 1961

REPORT NO. 27

LEGISLATIVE COUNSEL BUREAU

A. N. Jacobson, Legislative Auditor

CARSON CITY, NEVADA

June 20, 1962

ALBERT E. CARTLIDGE
CERTIFIED PUBLIC ACCOUNTANT
PHONE FAIRVIEW 9-3496
SUITE 2
248 SOUTH SIERRA STREET
RENO, NEVADA

EMBER AMERICAN INSTITUTE
ERTIFIED PUBLIC ACCOUNTANTS

MEMBER NEVADA SOCIETY
OF CERTIFIED PUBLIC ACCOUNTANTS

June 20, 1962

Nevada Legislative Commission
Capitol Building
Carson City, Nevada

Gentlemen:

I have examined the records of the Nevada State Board of Examiners in Basic Sciences in accordance with Section 218.770, Nevada Revised Statutes, for the fiscal year ended June 30, 1961, and have prepared the following Exhibits:

Statement of Financial Condition of the Nevada State Board of Examiners in Basic Sciences as of June 30, 1961	Exhibit A
Statement of Budgeted Revenues and Expenditures compared to Actual of the Nevada State Board of Examiners in Basic Sciences for the fiscal year ended June 30 , 1961	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 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.

SCOPE OF EXAMINATION

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.

Internal control evaluation

The Board does not employ full time employees. Dr. Kenneth G. Kemp of the University of Nevada, is presently Secretary-Treasurer of the Board. Dr. Kemp receives examination fees for the four quarterly tests, prepares necessary transmittal reports to the State Treasurer and also prepares claims to be paid by the State Treasurer from funds held for the Board. Due to the lack of employees and the corresponding delegation of various duties in order to effect proper internal control, there is a lack of such control. The amounts of monies handled by the Board are not considerable and since all of the funds are turned over to the State Treasurer and dispersed through proper procedures, the necessary lack of internal control within the Board itself is, in my opinion, insignificent.

Books and records

The Board's records are contained in one sectional post binder. Receipts and disbursements are summarized by quarters and the balance of funds with the State Treasurer is determined on that basis. In my opinion, the records are adequate for the Board of Examiners in Basic Sciences. I did make one suggestion to Dr. Kenneth G. Kemp, Secretary-Treasurer, that claims be entered in columnar form and numerically. The

amounts and payees have been entered in the past in the Board's records; however, my suggestion would enable future auditors as well as the Board members to review the records more easily and with less amount of time involved.

In addition to the above, Section 218.810, Nevada Revised Statutes, specifically charges the Legislative Auditor with the responsibility of examining:

Efficiency of subordinate employees

There are no subordinate employees connected with the Nevada State Board of Examiners in Basic Sciences.

Duplication of work with other departments

I found no evidence of duplications of the Board's work with that performed by other departments in the State Government.

Status and condition of funds

No deficiencies were noted in the funds held by the State Treasurer. The Board has a rather large balance in comparison to its annual requirements. The balance at the end of the year was $8,682.54 whereas the annual requirements of the Board have been approximately $2,500.00. The fund balance has been increasing steadily during the past few years.

Possible non-compliance with Statutes for good business procedure

There was no evidence of fraud or dishonesty noted in my examination of the Board's records. Possible non-compliance with the Nevada Revised Statutes as well as recommended changes are set forth in the following paragraphs.

Suggested changes and recommendations

I have no further suggestion to offer in connection with the Board's records. There have been no previous recommendations to my knowledge which were implemented or are to be implemented. My one minor accounting suggestion was, as mentioned earlier, the change in the manner of listing claims and receipts in order to facilitate an easier review of the records by the Legislative Commission auditors as well as Board members.

Section 629.050, sub-section 6, Nevada Revised Statutes, states that "Every member shall receive $15.00 per diem and actual expenses when actively engaged in the discharge of his duties." Section 281.160, Nevada Revised Statutes, governs traveling expenses and subsistence allowances of all State officers and employees as well as permission for out of state travel and takes precedent over Section 629.050, sub-section 6. The Board's provision for expenses allows $15.00 per day per diem and actual expenses, whereas, the controlling Section 281.160, Nevada Revised Statutes, allows $15.00 for each twenty-four hour period during which any representative of the State or other State employee of any office, department, board, etc., is away from such office. This Section also allows ten cents per mile for travel by private conveyance, or reimbursement for travel by public carrier of the most economical means considering total cost, time spent in transit, and the availability of State-owned automobiles.. In addition, the Section allows a reimbursement at the rate of $15.00 or less for each twenty-four hour period for expenses other than travel expense. The Board's provision for travel expenses allows actual expenses and, therefore, is in contradiction of the governing Section 281.160, Nevada Revised Statutes. My recommendation is to amend Section 629.050, sub-section 6, Nevada Revised Statutes, to allow $15.00 salary for

each twenty-four hour period during which the Board member is away from his office on Board duties and other travel expenses in accordance with Section 281.160, Nevada Revised Statutes.

Section 629.050, sub-sections 4 and 5, state that the Secretary shall receive an amount set by the Board and also that the Treasurer shall give such bond running in favor of the State, as the State Treasurer may determine. There is apparently no provision for the present situation whereby the two offices have been combined into one office of Secretary-Treasurer. I recommend that sub-sections 4 and 5 be amended to allow consolidation of the Secretary and Treasurer offices at the discretion of the Nevada State Board of Examiners in Basic Sciences.

Sub-section 5, as mentioned earlier, provides that the Treasurer shall give a bond as the State Treasurer may determine. During the course of my examination, I noted that the current bond expired May 30, 1962, and was not renewed as of June 30, 1962. In addition, the bond was for $1,000.00. This would seem adequate, considering monies on hand with the Board's Secretary-Treasurer at one time; however, the receipts have been steadily increasing and for the Board's examination conducted in June, 1961, fees received totaled $1,065.00. It is my recommendation therefore, that the amount of the bond be increased in the near future in order to compensate for the increased fees received quarterly.

During the fiscal year ended June 30, 1961, the Board paid a total of $300.00 for "Contract secretarial services" as set forth in the approved budget for the year. There is no provision in the Basic Science Act of 1951, Chapter 629, Nevada Revised Statutes, to hire employees. The amounts

paid by the Board totaling $300.00, were paid to a part-time secretary as an independent contractor. Section 284.173, Nevada Revised Statutes, defines independent contractors and sets forth the written contracts necessary for their services. Sub-section 5 of Section 284.173, Nevada Revised Statutes, provides that "Each contract for the services of an independent contractor shall be in writing. The form of the contract shall be first approved by the Attorney General, and, except as provided in sub-section 6, an executed copy of each contract shall be filed with the Legislative Commission and the Clerk of the State Board of Examiners." Officials of the Legislative Commission informed me that they do not have on file a copy of the required contract. In addition, Section 284.173, sub-section 2, Nevada Revised Statutes, states that "An independent contractor is a person, firm, or corporation who agrees to perform services for a fixed price according to his or its own methods and without subjection to the supervision or control of the other contracting party, except as to the results of the work, and not as to the means by which the services are accomplished." In my opinion, the secretarial duties performed during the year under review were subject to the supervision and control of the Board's Secretary-Treasurer and, therefore, the part-time secretary would not be deemed an independent contractor. It is my recommendation that Chapter 629, Basic Science Act of 1951, be amended to provide for hiring of employees. Such employees would then be governed by Chapter 284, State Department of Personnel, Nevada Revised Statutes. The Board has apparently been in violation of Chapter 284.

FINANCIAL STATEMENTS

Statement of Financial Condition of the Nevada State Board of Examiners in Basic Sciences as of June 30, 1961 - Exhibit A

Cash on deposit in the State Treasury amounted to $8,682.54 as of June 30, 1961. I received direct confirmation of the balance from Keith L. Lee, State Controller.

Cash on hand amounted to fees received from candidates prior to June 30, 1961 in connection with a Basic Science Examination conducted the first Tuesday after the first Monday of June 1961. The amount was forwarded to the State Treasurer on July 10, 1961. I reviewed July's report from the State Treasurer's office to determine that the amount was properly forwarded on July 10th. Dr. Kemp informed me that due to the press of final examinations early in June at the University of Nevada and the press of other business he was unable to prepare the necessary transmittal report until July 10, 1961. My examination disclosed that all other receipts were deposited early in the month the examination was given, in other words, shortly after the fees had been received.

Section 353.250, Nevada Revised Statutes, provides for the payment of receipts into the State Treasury monthly. The Section states that "Every state officer, department or commission which may receive any monies of the State of Nevada or for its use and benefit shall pay into the state treasury on the first Monday of each month all monies received by such officer, department or commission during the previous calendar month, together with a complete itemized statement covering all financial transactions during the month." The Section also provides that failure to comply with the provisions

of the Section shall be considered a misdemeanor in office.

The Board purchased a letter and card file from the Nevada State Purchasing Agent in June, 1960, at the cost of $77.13. No other office fixtures were noted during my examination. The fixtures 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, 1961.

Unappropriated surplus increased from $8,951.83 as of July 1, 1960 to $9,748.54 at June 30, 1961. The increase amounted to $796.71 and represented the excess of revenues over expenditures for the fiscal year ended June, 1961 as set forth in Exhibit B.

Revenues and expenditures compared with actual for the Nevada State Board of Examiners in Basic Sciences for the year ended June 30, 1961 - exhibit B

There were no significant differences between budgeted and actual expenditures. Budgeted revenues estimated at $4,800.00 were $1,520.00 in excess of the actual licenses and fees collected. Dr. J. E. Moose, Board Chairman, informed me that anticipated increases in examination applications based on the previous year's trend, did not materialize and, therefore, the current year's revenues were considerably less than budgeted.

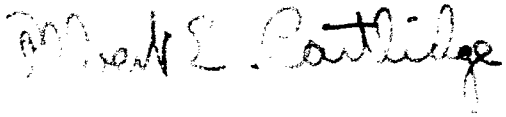
OPINION

I have examined the Statement of Financial Condition of the Nevada State Board of Examiners in Basic Sciences as of June 30, 1961, and the related Statement of Revenue and Expenditures for the year then ended. My examination was made in accordance with generally accepted auditing standards and accordingly,

included such tests of the accounting records and other auditing procedures as I considered necessary in the circumstance.

In my opinion, the accompanying Statement of Financial Condition and Statement of Revenue and Expenditures present fairly the financial position of the Nevada State Board of Examiners in Basic Sciences as of June 30, 1961, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

Sincerely,



NEVADA STATE BOARD OF EXAMINERS IN BASIC SCIENCES
STATEMENT OF FINANCIAL CONDITION
JUNE 30, 1961

EXHIBIT A

Assets		
Cash on deposit in State Treasury	$ 8,682.54	
Cash on hand	1,065.00	
Office fixtures	1.00	$ 9,748.54
Liabilities		
None		-
Unappropriated surplus		9,748.54
Represented by:		
Balance, July 1, 1960	8,951.83	
Add: Excess of revenues over expenditures for the year ended June 30, 1961	796.71	
Balance, June 30, 1961	9,748.54	

NEVADA STATE BOARD OF EXAMINERS IN BASIC SCIENCES EXHIBIT B
STATEMENT OF BUDGETED REVENUES AND EXPENDITURES COMPARED WITH ACTUAL
FOR THE YEAR ENDED JUNE 30, 1961

	Budgeted	Actual	Difference
Revenues			
Licenses and fees	$ 4,800.00	$3,280.00	$ 1,520.00
Expenditures			
Salaries	1,800.00	1,800.00	-
Travel - Out of state	255.00	244.10	10.90
Travel - In state	20.00	-	20.00
Dues	50.00	50.00	-
Rent	2.00	1.60	.40
Postage	55.00	32.38	22.62
Printing	75.00	36.82	38.18
Telephone	5.00	-	5.00
Supplies	28.00	18.39	9.61
Contract secretarial services	300.00	300.00	-
Bond premium	5.00	-	5.00
	2,595.00	2,483.29	111.71
Excess of revenues over expenditures	2,205.00	796.71	(1,408.29)