

NEVADA STATE BOARD OF ACCOUNTANCY

FINANCIAL STATEMENTS

JUNE 30, 2006

NEVADA STATE BOARD OF ACCOUNTANCY  
JUNE 30, 2006

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# KOHN COLODNY LLP

CERTIFIED PUBLIC ACCOUNTANTS & MANAGEMENT CONSULTANTS

## INDEPENDENT AUDITORS' REPORT

To the Members of the Board  
Nevada State Board of Accountancy

We have audited the accompanying financial statements of the Nevada State Board of Accountancy as of and for the year ended June 30, 2006, as listed in the table of contents. These financial statements are the responsibility of the Nevada State Board of Accountancy's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Nevada State Board of Accountancy as of June 30, 2006, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 11, 2006, on our consideration of the Nevada State Board of Accountancy's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 2 through 8 and 18 through 19, respectively, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Reno, Nevada  
August 11, 2006

MANAGEMENT'S DISCUSSION AND ANALYSIS

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the Nevada State Board of Accountancy's financial condition and activities for the fiscal year ended June 30, 2006 is presented in conjunction with the audited financial statements.

### Financial Highlights

- The Board's net assets increased by \$176,446 during the current fiscal year from the changes in financial position from the prior year.
- Revenue for the year was approximately \$607,306 representing an increase over fiscal year 2004/2005 primarily from licensing and temporary permit fees.

### Overview of Annual Financial Report

Management's Discussion and Analysis (MD&A) serves as an introduction to, and should be read in conjunction with, the basic audited financial statements and supplementary information. The MD&A represents management's examination and analysis of the Board's financial condition and performance. Summary financial statement data, key financial and operational indicators used in the Board's strategic plan, budget, and other management tools were used for this analysis.

The Board uses the modified accrual basis of accounting for financial statement reporting. The financial statements have been prepared in accordance with generally accepted accounting principles as it applies to governmental units. The financial statements include a balance sheet; a statement of revenues, expenditures budget and actual, and changes in fund balance, and notes to the financial statements.

The Statement of Net Assets and Governmental Balance Sheet presents the financial position of the Board on both the modified accrual basis under general fund and the full accrual historical cost basis as net assets. This statement provides information on the Board's assets and liabilities, with the difference reported as net assets. Overtime, increases and decreases in net assets are one indicator of whether the financial position of the Board is improving or deteriorating.

While the Statement of Assets and Governmental Balance Sheet provides information about the nature and amount of resources and obligations at year-end, the Statement of Activities and Governmental Fund Revenue, Expenditures and Changes in Fund Balance present the results of the activities over the course of the fiscal year and information as to how the fund balance and net assets changed during the year. The fund balance changes under the modified accrual method when revenue is received or the expenditure is made, while changes in net assets under the full accrual method are recorded as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. This statement also provides certain information about the Board's recovery of its costs.

The notes to financial statements provide required disclosures and other information that are essential to a full understanding of material data provided in the statements. The notes present information about the Board's accounting policies, significant account balances and activities, material risks, obligations, commitments, contingencies and subsequent events, if any.

The financial statements were prepared by the Board's staff from the detailed books and records of the Board. The financial statements were audited and adjusted, if material, during the independent external audit process.

#### Summary of Organization and Business

The Nevada State Board of Accountancy was created in 1913 and obtained statutory authority in 1960. The Board is regulated by Nevada Revised Statutes, which also specify the authorized activities of the Board. The Board is the licensing and regulatory agency for the practice of accounting in the State of Nevada.

Effective July 1, 2001, Chapter 353 of the Nevada Revised Statutes (NRS) was amended to exempt certain professional and occupational boards from the state budget act and the provisions governing the administration of state funding. The provisions of Chapter 353 do not apply to boards created pursuant to chapters 623 to 625A, inclusive, 628, 630 to 640A inclusive, 641 to 644, inclusive, 654 and 656 of the NRS and the officers and employees thereof. Accordingly, the Board's budgeting and accounting practices and procedures have been removed from the oversight of the Department of Administration.

The Board's financial statements are not included in the general-purpose financial statements of the State of Nevada since the State does not exercise financial or administrative control over the Board. This presentation is in conformance with GASB codification Section 2100 *Defining the Government Reporting Entity*.

#### Financial Analysis

The following comparative condensed financial statements and other selected information serve as the key financial data for management's monitoring and planning. Comments regarding budget-to-actual variances and year-to-year variances are included in each section by the name of the statement or account.

NEVADA STATE BOARD OF ACCOUNTANCY  
CONDENSED NET ASSETS  
JUNE 30, 2006 AND 2005

	2006 Actual Government- Wide	2005 Actual Government- Wide
<b>ASSETS</b>		
Current assets	\$ 645,167	\$ 536,860
Accounts receivable	14,700	-
Capital assets, net of accumulated depreciation	<u>51,039</u>	<u>10,589</u>
Total assets	710,906	547,449
<b>LIABILITIES</b>		
Current liabilities	216,659	229,648
<b>NET ASSETS</b>		
Net assets		
Invested in capital assets	51,039	10,589
Unrestricted	<u>443,208</u>	<u>307,212</u>
Total net assets	<u>\$ 494,247</u>	<u>\$ 317,801</u>

NEVADA STATE BOARD OF ACCOUNTANCY  
 CONDENSED CHANGES IN NET ASSETS  
 FOR THE YEARS ENDED JUNE 30, 2006 AND 2005

	2006 Actual Government- Wide	2005 Actual Government- Wide
	<u>                    </u>	<u>                    </u>
EXPENDITURES		
Operations	\$ 193,177	\$ 182,680
Personnel	208,215	195,796
Travel	29,468	31,699
Total expenditures	<u>430,860</u>	<u>410,175</u>
PROGRAM REVENUE		
Fees, licensing, and permits	600,172	571,643
Other operating revenue	1,951	1,502
Total program revenue	<u>602,123</u>	<u>573,145</u>
GENERAL REVENUE		
Investment income	5,183	1,807
Total revenue	<u>607,306</u>	<u>574,952</u>
Change in net assets	176,446	164,777
NET ASSETS		
Beginning of year	<u>317,801</u>	<u>153,024</u>
End of year	<u>\$ 494,247</u>	<u>\$ 317,801</u>



### Financial Condition

The Board's financial condition remains strong at year-end with adequate liquid assets. The current financial condition and staff capabilities are sufficient to meet anticipated operating expenses.

### Results of Operations

Revenues: The revenue received by the Board is generated through the registration, renewal and licensure of Certified Public Accountants. Total revenue received by the Board for fiscal year 2005/2006 was \$607,306 representing a \$32,354 increase from the prior fiscal year.

The Board realized an increase within the licensure fee category of over \$9,000. In addition, there were increases in the temporary permits and exam fees categories of approximately \$19,625. The increase in applications for temporary permits was primarily from the State of Nevada's Mortgage Lending Division requiring non Nevada license holders to obtain Nevada licensure before accepting financial statements filed with their agency.

Expenses: Operating expenses for fiscal year 2005/2006 were \$430,860 representing an increase over fiscal year 2004/2005.

### Final Comments

The Board is charged with and given statutory authority to provide public protection through the licensure and regulation of Certified Public Accountants. The Board provides direction of staff actions toward its mission of public protection through licensure and disciplinary measures.

The Board has implemented a variety of changes from staff decreases to office relocation in an effort to achieve cost savings. Staff has been directed to continue seeking areas in which operating expenses can be reduced without jeopardizing the high level of customer service the licensees and public have come to know.

It is anticipated that revenue will continue to grow in the area of licensure renewal and applications. In addition, the number of candidates for the CPA examination has steadily increased since the implementation of the computerized exam.

It is projected that expenses will increase within the Equipment category based on additional components and configurations being added to the Board's licensing software. These additions to the software will enable Board staff to track the licensing requirements more efficiently.

Through Board review of the annual budget and monthly income and expense statements, it is expected that these tools will continue to provide the Board with sufficient long and short term planning information.

## BASIC FINANCIAL STATEMENTS

NEVADA STATE BOARD OF ACCOUNTANCY  
STATEMENT OF NET ASSETS AND GOVERNMENTAL FUND BALANCE SHEET  
JUNE 30, 2006

	General Fund	Adjustments (Note 8)	Statement of Net Assets
<b>ASSETS</b>			
Cash	\$ 645,167	\$ -	\$ 645,167
Accounts receivable	14,700	-	14,700
Capital assets, net of accumulated depreciation	<u>-</u>	<u>51,039</u>	<u>51,039</u>
Total assets	<u>\$ 659,867</u>	51,039	710,906
<b>LIABILITIES</b>			
Accrued compensated absences	\$ 4,821	2,500	7,321
Deferred revenue	<u>209,338</u>	<u>-</u>	<u>209,338</u>
Total liabilities	214,159	2,500	216,659
<b>FUND BALANCE / NET ASSETS</b>			
Fund balance			
Unreserved, undesignated	<u>445,708</u>	<u>(445,708)</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 659,867</u>		
Net assets			
Invested in capital assets		51,039	51,039
Unrestricted		<u>443,208</u>	<u>443,208</u>
Total net assets		<u>\$ 494,247</u>	<u>\$ 494,247</u>

See accompanying notes

NEVADA STATE BOARD OF ACCOUNTANCY  
 STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND REVENUE, EXPENDITURES,  
 AND CHANGES IN FUND BALANCE  
 FOR THE YEAR ENDED JUNE 30, 2006

	<u>General Fund</u>	<u>Adjustments (Note 8)</u>	<u>Statement of Activities</u>
<b>EXPENDITURES</b>			
Accountancy board operations	\$ 418,916	\$ 11,944	\$ 430,860
Capital outlay	<u>52,394</u>	<u>(52,394)</u>	<u>-</u>
Total expenditures	471,310	(40,450)	430,860
<b>PROGRAM REVENUE</b>			
Charges for services	<u>602,123</u>	<u>-</u>	<u>602,123</u>
Net program revenue	130,813	40,450	171,263
<b>GENERAL REVENUE</b>			
Investment income	<u>5,183</u>	<u>-</u>	<u>5,183</u>
Excess of revenue over expenditures	135,996	(135,996)	-
Change in net assets	-	176,446	176,446
<b>FUND BALANCE / NET ASSETS</b>			
Beginning of year	<u>309,712</u>	<u>8,089</u>	<u>317,801</u>
End of year	\$ <u><u>445,708</u></u>	\$ <u><u>48,539</u></u>	\$ <u><u>494,247</u></u>

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Nevada State Board of Accountancy (the Board) was created in 1913 and obtained statutory authority in 1960. The Board is regulated by the Nevada Revised Statutes, which also specify the authorized activities of the Board. The Board is the licensing and regulatory agency for the practice of accounting in the State of Nevada.

The financial statements of the Board have been prepared in accordance with generally accepted accounting principles as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The following is a summary of the more significant accounting policies.

Reporting Entity

Effective July 1, 2001, Chapter 353 of the Nevada Revised Statutes (NRS) were amended to exempt certain professional and occupational boards from the state budget act and the provisions governing the administration of state funding. The provisions of Chapter 353 do not apply to boards created pursuant to chapters 623 to 625A, inclusive, 628, 630 to 640A inclusive, 641 to 644, inclusive, 654 and 656 of the NRS and the officers and employees thereof. Accordingly, the Board's budgeting and accounting practices and procedures have been removed from the oversight of the Department of Administration.

The Board's financial statements are not included in the financial statements of the State of Nevada since the State does not exercise financial or administrative control over the Board. This is in conformance with GASB codification Section 2100, *Defining the Government Reporting Entity*.

Basis of Presentation

The Board is defined as a single-program special-purpose entity under GASB Statement No. 14, paragraph 131 as amended by GASB Statement No. 39. This classification allows for the preparation of GASB 34 financial statements under an optional reporting method which combines the fund and government-wide statements into a single presentation. Under standard GASB 34 methodology, the government-wide statement of net assets and statement of activities are presented independently from the respective fund balance sheet and statement of revenues, expenditures, and fund balance. A reconciliation of adjustments provided on the modified financial statements demonstrates the changes from the fund financial statements to the government-wide financial statements in order to assist the reader in evaluating these statements. The Board has utilized this optional method of presentation.

Fund Accounting

The general fund of the Board is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures to be used solely for the Board's benefit. The net assets of the general fund are restricted solely to be used by the Board to meet its obligation of licensing and regulating the practice of public accounting in the state of Nevada.

Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

NOTE 1 - REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(Continued)

Basis of Accounting (Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as they are both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectable within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

The Board has only governmental fund types.

Budget Data

The Board prepares an annual budget. The budget is prepared on a basis similar to generally accepted accounting principles under the modified accrual basis of accounting. All annual appropriations lapse at fiscal year end.

Cash and Cash Equivalents

Cash is maintained in four commercial banks in Reno, Nevada. The Board does not currently have a deposit policy related to custodial credit risk.

Accounts Receivable

Accounts receivable represent fees collected within 60 days subsequent to year end that are an available resource for the current year.

Capital Assets

Capital assets, which include furniture, fixtures, and equipment are reported in the net asset column in the government-wide financial statements. Capital assets are defined by the Board as assets with an initial, individual cost of \$500 and an estimated useful life of at least one year. Such assets are recorded at historical cost. Donated assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are expensed as incurred. Capital assets are depreciated using the straight-line method over three to twenty years.

Under the modified accrual basis of accounting, acquisitions are considered expenditures in the year purchased.

Compensated Absences

It is the Board's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. No liability is reported for unpaid accumulated sick leave on the general fund balance sheet. Vacation pay is accrued when incurred and reported as a fund liability. Accumulated unpaid sick leave earned by the Executive Director as of June 30, 2006, is reflected in the statement of net assets in the amount of \$2,500.

Deferred Revenue

By provisions of statute, the Board administers its licensing registration on a calendar year basis. Deferred revenue represents revenue from the calendar year renewals that relates ratably over the next fiscal year.



NEVADA STATE BOARD OF ACCOUNTANCY  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2006

NOTE 2 - CASH

The Board maintains its checking and money market accounts in two major commercial banks. The accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$100,000 in the aggregate per bank for the checking accounts and \$100,000 for the savings accounts.

The bank balances of at June 30, 2006, totaled \$659,976, \$160,269 of which is not covered by the FDIC and is thereby exposed to custodial credit risk. In the unlikely event that the institution would encounter severe financial difficulties, the Board would be at risk for the uninsured amount.

By provisions of statutes, the Board is authorized to deposit all money in banks or savings and loan associations located in the State of Nevada.

NOTE 3 - CAPITAL ASSETS

The Board has custodial responsibility to the State of Nevada for furniture, fixtures and equipment acquired with resources of the Board. The balance of furniture, fixtures and equipment at June 30 is:

	<u>2005</u>	<u>Increases</u>	<u>Decreases</u>	<u>2006</u>
<u>Capital assets, not being depreciated</u>				
None				
<u>Capital assets, being depreciated</u>				
Office furniture and equipment	\$ 69,511	\$ 52,394	\$ 2,406	\$ 119,499
<u>Less accumulated depreciation</u>				
Office furniture and equipment	<u>58,922</u>	<u>11,944</u>	<u>2,406</u>	<u>68,460</u>
Total capital assets, being depreciated, net	<u>10,589</u>	<u>40,450</u>	<u>-</u>	<u>51,039</u>
Net capital assets	\$ <u>10,589</u>	\$ <u>40,450</u>	\$ <u>-</u>	\$ <u>51,039</u>

NOTE 4 - OPERATING LEASE

The Board currently leases office space in Reno, Nevada. The lease term began August 12, 2003, and expires August 31, 2008. The monthly rental payment is \$1,589 with minimal escalation clauses as detailed in the lease occurring subsequent to year end. The following is a schedule by years of future minimum rental payments:

Year ending June 30:

2007	\$ 20,735
2008	21,371

NEVADA STATE BOARD OF ACCOUNTANCY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2006

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NOTE 5 - DEFINED BENEFIT PENSION PLAN

Plan Description. The Nevada State Board of Accountancy contributes to the Public Employees Retirement System of the State of Nevada (PERS), a cost-sharing, multiple-employer defined benefit pension plan administered by the Public Employees Retirement System of the State of Nevada. PERS provides retirement, disability, and death benefits, including annual cost-of-living adjustments, to plan members and their beneficiaries. Chapter 286 of the Nevada Revised Statutes establishes the benefit provisions provided to the participants of PERS. These benefit provisions may only be amended through legislation. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Public Employees Retirement System of the State of Nevada, 693 West Nye Lane, Carson City, Nevada 89703-1599 or by calling (775) 687-4200.

Funding Policy. The Board is enrolled in the employer-pay contribution plan. In this plan, the Board is required to contribute all amounts due. The contribution requirements of plan members and the Board are established under Chapter 286 of the Nevada Revised Statutes. The Board's contribution rate for the years ending June 30, 2006, 2005 and 2004 were 19.75%, 20.25% and 20.25%, respectively. The Board contributed \$23,503, \$21,951, and \$22,729 for the years ending June 30, 2006, 2005, and 2004, respectively.

NOTE 6 - POST EMPLOYMENT HEALTH INSURANCE BENEFITS

Legislation affords public employees of the state of Nevada (State) the opportunity to enroll, upon their retirement, in the Public Employees Benefit Program (PEBP) health insurance plan. The legislation obligates the State for a portion of the medical premiums for those retired employees who elect to enroll in the PEBP health insurance plan. There is currently one retired employee participating in this plan. The Board has not been billed directly for its cost of this post employment retirement benefit. However, the State is charging an annual fee to the Board based on a rate determined by the State and the budgeted salaries of the Board. During the year ended June 30, 2006, the Board paid the State \$2,713 for this benefit. This annual cost is expected to continue and possibly increase based on future decisions by the State to allocate post employment retirement benefits to the Board. The amount of such liability cannot be reasonably estimated at this time.

NOTE 7 - COMPLIANCE WITH NEVADA REVISED STATUTES AND NEVADA ADMINISTRATIVE CODE

The Board conformed to all significant statutory constraints on its financial administration during the fiscal year.

NOTE 8 - CONVERSION TO GOVERNMENT-WIDE FINANCIAL STATEMENTS

Adjustments on the face of the financial statements were made to the fund balance sheet and statement of revenue, expenditures, and changes in fund balance in order to reconcile the fund financial statements to the government-wide statements of net assets and activities. These adjustments detail the effect of the capitalization of fixed assets of \$119,499, of which \$52,394 were current year additions and \$2,406 were current year deletions, accumulated depreciation of \$68,460, depreciation expense of \$11,944, and the recognition of a liability for unpaid sick leave of \$2,500.

NOTE 9 - NEW ACCOUNTING PRONOUNCEMENTS

The Governmental Accounting Standards Board has issued new standards relating to other post-employment benefits which the Board has not yet implemented. Implementation is required for the year ended June 30, 2010. At that time, the District is expected to obtain the required information necessary to implement the new standards from the State of Nevada Public Employees Benefits Program.

REQUIRED SUPPLEMENTARY INFORMATION

NEVADA STATE BOARD OF ACCOUNTANCY  
STATEMENT OF REVENUE AND EXPENDITURES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2006  
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2005)

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	2006			2005 Actual (Memorandum Only)
	Original and Final Budget	Actual Amounts Budgetary Basis	Variance to Final Budget Favorable (Unfavorable)	
<b>REVENUE</b>				
Fines and fees				
License fees	\$ 428,835	\$ 425,372	\$ (3,463)	\$ 415,680
Examination fees	21,000	26,200	5,200	20,950
Fee recovery	50,500	64,960	14,460	52,423
Temporary permit fees	12,500	27,225	14,725	12,850
Reciprocity fees	44,000	39,340	(4,660)	47,390
Certificate fees	11,500	11,975	475	11,600
Firm registration fees	9,500	5,100	(4,400)	10,750
Other operating revenue	1,250	1,951	701	1,502
Investment income	1,500	5,183	3,683	1,807
Total revenue	<u>580,585</u>	<u>607,306</u>	<u>26,721</u>	<u>574,952</u>
<b>EXPENDITURES</b>				
Current				
Personnel services				
Practice enhancement program	38,500	38,945	(445)	39,967
Board member per diem	7,280	5,760	1,520	6,320
Salaries	119,000	119,510	(510)	107,269
State retirement	23,503	23,503	-	21,951
Payroll taxes	4,671	5,354	(683)	4,032
Employee group insurance	12,048	12,048	-	13,498
Workers' compensation insurance	4,043	3,095	948	2,759
	<u>209,045</u>	<u>208,215</u>	<u>830</u>	<u>195,796</u>
Travel	41,800	29,468	12,332	31,699
Operating				
Audit	3,900	3,900	-	3,800
Bank charges	5,500	6,516	(1,016)	5,528
Budget assessment	3,650	4,439	(789)	3,849
Committee and miscellaneous	5,800	4,633	1,167	5,950
Dues and registration	14,485	16,795	(2,310)	13,039
Equipment maintenance	13,850	11,949	1,901	14,131
Equipment rental	1,050	514	536	1,146
Insurance	2,150	2,122	28	2,109
Investigation	13,850	11,573	2,277	13,205
Legal	68,000	62,046	5,954	67,988
Office rent	20,163	20,163	-	19,644
Office supplies	3,200	7,852	(4,652)	3,371
Postage	9,850	8,723	1,127	9,906
Printing and copying	12,500	10,449	2,051	11,268

See accompanying notes

NEVADA STATE BOARD OF ACCOUNTANCY  
 STATEMENT OF REVENUE AND EXPENDITURES - BUDGET AND ACTUAL (CONTINUED)  
 FOR THE YEAR ENDED JUNE 30, 2006  
 (WITH COMPARATIVE TOTALS FOR JUNE 30, 2005)

	2006			2005 Actual (Memorandum Only)
	Original and Final Budget	Actual Amounts Budgetary Basis	Variance to Final Budget Favorable (Unfavorable)	
EXPENDITURES (Continued)				
Current (Continued)				
Operating (Continued)				
Refunds	\$ 1,000	\$ 3,230	\$ (2,230)	\$ 975
Telephone	3,850	4,615	(765)	3,847
Transcript	1,950	1,714	236	2,297
	<u>184,748</u>	<u>181,233</u>	<u>3,515</u>	<u>182,053</u>
Total current expenditures	435,593	418,916	16,677	409,548
Capital outlay				
Equipment and furniture	65,000	52,394	12,606	-
Total expenditures	<u>500,593</u>	<u>471,310</u>	<u>29,283</u>	<u>409,548</u>
Excess of revenue over expenditures	\$ <u>79,992</u>	\$ <u>135,996</u>	\$ <u>56,004</u>	\$ <u>165,404</u>

See accompanying notes

REPORT ON INTERNAL CONTROL AND COMPLIANCE



# KOHN COLODNY LLP

CERTIFIED PUBLIC ACCOUNTANTS & MANAGEMENT CONSULTANTS

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND  
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Members of the Board  
Nevada State Board of Accountancy

We have audited the financial statements of the Nevada State Board of Accountancy, as of and for the year ended June 30, 2006, and have issued our report thereon dated August 11, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Nevada State Board of Accountancy's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Nevada State Board of Accountancy's financial statements are free of material misstatements, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board members and management and is not intended to be and should not be used by anyone other than these specified parties.

*Kohn Colodny*

Reno, Nevada  
August 11, 2006