

**NEVADA STATE BOARD OF ACCOUNTANCY**

**FINANCIAL STATEMENTS**

**JUNE 30, 2011**

NEVADA STATE BOARD OF ACCOUNTANCY  
JUNE 30, 2011

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## 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, 2011, 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, 2011, 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 October 4, 2011, 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 grant agreements 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 2 through 8 and 20 through 21 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Reno, Nevada  
October 4, 2011

A handwritten signature in black ink, appearing to read 'Kohn Colodny'.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The Board members' and management's discussion and analysis of the Nevada State Board of Accountancy's (the "Board") financial condition and activities for the fiscal year ended June 30, 2011 is presented in conjunction with the audited financial statements.

### Financial Highlights

- Program revenue for the fiscal year ended June 30, 2011 was approximately \$568,000 representing a \$64,000 decrease over the fiscal year ended June 30, 2010. The decrease is due to the Board no longer collecting fees for wall certificates, decrease in the number of firm registrations and fewer fees obtained from penalties and disciplinary action activity.
- There was a decrease of over \$4,000 in interest income primarily due to the extreme economic situation and lowering of interest rates.

### 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 the Board members' and 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 internal financial statement reporting. The financial statements have been prepared in accordance with generally accepted accounting principles as they apply to governmental units. The financial statements include a statement of net assets and governmental fund balance sheet, a statement of activities and governmental fund revenue, expenditures and changes in fund balance and notes to the financial statements.

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

The Statement of Net Assets and Governmental Fund Balance Sheet provide 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 presents 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 during the independent external audit process.

#### Financial Analysis

The basic financial statements, as well as the required supplementary information, the Statement of Revenue and Expenditures – Budget and Actual, serve as the key financial data for the Board members' and management's monitoring and planning. Comments regarding budget-to-actual variances and year-to-year variances are included in the following Results of Operations by the name of the statement or account.

NEVADA STATE BOARD OF ACCOUNTANCY  
CONDENSED STATEMENTS OF NET ASSETS  
JUNE 30, 2011 AND 2010

	2011 Actual Government- Wide	2010 Actual Government- Wide
	<u>                    </u>	<u>                    </u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,159,460	\$ 1,091,694
Accounts receivable	25,600	42,661
Reimbursements receivable	1,262	1,805
Capital assets, net of accumulated depreciation	<u>12,991</u>	<u>27,605</u>
Total assets	<u>1,199,313</u>	<u>1,163,765</u>
<b>LIABILITIES</b>		
Current liabilities	235,716	233,665
Long-term capital lease payable	<u>1,531</u>	<u>3,022</u>
Total liabilities	<u>237,247</u>	<u>236,687</u>
<b>NET ASSETS</b>		
Net assets		
Invested in capital assets, net of related debt	9,969	23,396
Unrestricted	<u>952,097</u>	<u>903,682</u>
Total net assets	<u>\$ 962,066</u>	<u>\$ 927,078</u>

NEVADA STATE BOARD OF ACCOUNTANCY  
 CONDENSED STATEMENTS OF CHANGES IN NET ASSETS  
 FOR THE YEARS ENDED JUNE 30, 2010 AND 2009

	<u>2011 Actual Government- Wide</u>	<u>2010 Actual Government- Wide</u>
<b>EXPENSES</b>		
Operations	\$ 240,956	\$ 248,904
Personnel	248,197	272,458
Travel	49,300	45,237
Total expenses	<u>538,453</u>	<u>566,599</u>
<b>PROGRAM REVENUE</b>		
Fees, licensing, and permits (charges for services)	567,627	632,348
Other operating revenue	1,150	875
Total program revenue	<u>568,777</u>	<u>633,223</u>
<b>GENERAL REVENUE</b>		
Investment income	<u>4,664</u>	<u>8,693</u>
Total revenue	<u>573,441</u>	<u>641,916</u>
Change in net assets	34,988	75,317
<b>NET ASSETS</b>		
Beginning of year	<u>927,078</u>	<u>851,761</u>
End of year	<u>\$ 962,066</u>	<u>\$ 927,078</u>



### Statement of Net Assets

The Board's net assets remain strong at year-end with adequate liquid assets to fulfill its responsibilities. The Board members and management believe the current financial condition and staff capabilities are sufficient to meet anticipated operating expenses and operational objectives.

### Statement of Activities

Revenues: The program 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 ended June 30, 2011 was \$568,777 representing a \$64,446 decrease over the fiscal year ended June 30, 2010.

There was a decrease of \$31,816 in Fee Recovery primarily due to fewer fees obtained from penalties and disciplinary action activity.

There was a decrease of \$4,029 in interest income primarily due to the extreme economic situation and lowering of interest rates

Expenses: Operating expenses for the fiscal year ended June 30, 2011 were \$538,453 representing a decrease over the fiscal year ended June 30, 2010 of \$28,146. The decrease noted from prior year was due to \$26,151 to the personnel expense based on the decreased program reviews that required increased costs in prior year for outside contracted services. An increase of \$4,063 occurred in the area of Travel Expenses due to increased attendance at conferences and increased airline expenses due to the economy. There was an increase in legal fees over the prior year of \$14,192. The increase is based on the handling of matters during the 2011 Legislative Session and increased disciplinary activity. In addition, the Board's continued automation of its processes and on-line responses have continued to cause a decrease in office supplies, postage, printing and copying.

### General Fund Budgetary Highlights

Total revenue received was less than the budgeted amount by \$26,367. The categories of license fees, examination fees, fee recovery, reciprocity fees, certificate fees and investment income in the aggregate were \$28,842 lower than the budgeted amounts, while the categories of firm registration and other operating revenue were \$2,475 higher than the budgeted amounts.

Total expenses were lower than the budgeted amounts by \$71,454. The primary areas where expenses were lower than the amounts budgeted were in the categories of contracted employees and operating. The Board's budget was prepared assuming all board members would attend conferences. However, not all members attended, so the actual costs of travel were less than those budgeted. In addition, the contracted employees' category was budgeted high to anticipate additional investigations, longer time spent reviewing the practice monitoring program, and more time for the certificate of attest experience review program. However, changes were made that utilize Board Staff versus a contracted employee as well as a decrease in time needed for the other review programs. The categories of legal and lobbying were lower than the budget due to it being a non-legislative year and the extensive time spent at the prior year 2009 Legislative Session. Lastly, the category of equipment/software came in approximately \$29,369 less than the budgeted amount primarily due to staff's time spent in other areas of the Board's operations.

### Economic Factors and Next Year's Budget

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.

To this end, the Board has implemented a variety of changes that include continued software development to automate various job functions which provides cost savings in personnel services, in addition to small overhead due to the staff size. 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 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 the Board members' and management's 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, 2011

	General Fund	Adjustments (Note 9)	Statement of Net Assets
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,159,460	\$ -	\$ 1,159,460
Accounts receivable	12,380	13,220	25,600
Reimbursements receivable	1,262	-	1,262
Capital assets, net of accumulated depreciation	-	12,991	12,991
<b>Total assets</b>	<b>\$ 1,173,102</b>	<b>26,211</b>	<b>1,199,313</b>
<b>LIABILITIES</b>			
Accounts payable	\$ 1,362	-	1,362
Accrued compensated absences	2,692	18,048	20,740
Deferred revenue	212,123	-	212,123
Capital lease obligation			
Due within one year	-	1,491	1,491
Due in more than one year	-	1,531	1,531
<b>Total liabilities</b>	<b>216,177</b>	<b>21,070</b>	<b>237,247</b>
<b>FUND BALANCE / NET ASSETS</b>			
Fund balance			
Unassigned	956,925	(956,925)	-
<b>Total liabilities and fund balance</b>	<b>\$ 1,173,102</b>		
<b>Net assets</b>			
Invested in capital assets, net of related debt		9,969	9,969
Unrestricted		952,097	952,097
<b>Total net assets</b>		<b>\$ 962,066</b>	<b>\$ 962,066</b>

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, 2011

	General Fund	Adjustments (Note 9)	Statement of Activities
<b>EXPENDITURES/EXPENSES</b>			
Accountancy board operations	\$ 521,272	\$ 17,181	\$ 538,453
Capital outlay	4,182	(4,182)	-
Total expenditures/expenses	<u>525,454</u>	<u>12,999</u>	<u>538,453</u>
<b>PROGRAM REVENUE</b>			
Charges for services	567,282	1,495	568,777
Net program revenue	<u>41,828</u>	<u>(11,504)</u>	<u>30,324</u>
<b>GENERAL REVENUE</b>			
Investment income	4,664	-	4,664
Excess of revenue over expenditures	46,492	(46,492)	-
Change in net assets	-	34,988	34,988
<b>FUND BALANCE / NET ASSETS</b>			
Beginning of year	910,433	16,645	927,078
End of year	<u>\$ 956,925</u>	<u>\$ 5,141</u>	<u>\$ 962,066</u>

See accompanying notes

**NOTES TO FINANCIAL STATEMENTS**

NEVADA STATE BOARD OF ACCOUNTANCY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011

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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) 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 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.

NEVADA STATE BOARD OF ACCOUNTANCY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2011

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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 collectible 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 two commercial banks in Reno, Nevada. The Board participates in the State of Nevada collateralization program to assure that funds deposited are protected.

Cash also consists of time certificates of deposit, which are stated at fair value. The net increase (decrease) in the fair value of the investments is the difference between the cost (if purchased during the fiscal year) or the fair value of the investments at the beginning of the year, and the fair value of the investments at the end of the year. Changes in fair value of the certificates are reflected, together with interest income, as investment income in the accompanying financial statements. The Board's certificates are held in its name and it participates in the State of Nevada collateralization program to assure that funds deposited are protected. By statutes, all cash must be deposited in entities that are located in the state of Nevada.

Accounts Receivable

For the governmental fund financial statements, the accounts receivable represent fees and fines collected within 60 days subsequent to year end that are an available resource for the current year.

For the government-wide financial statements the accounts receivable represents fees and fines due as of year end. All amounts are considered collectible by management.

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 \$2,500 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.



NEVADA STATE BOARD OF ACCOUNTANCY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2011

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

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 vacation or sick leave on the general fund balance sheet as no amounts were paid within 60 days subsequent to year end. Accumulated unused vacation and sick leave earned as of June 30, 2011, is reflected in the statement of net assets.

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.

Fund Equity

In the governmental fund financial statement, fund balances are classified as follows:

Nonspendable - represents amounts that are either not in a spendable form or are legally or contractually required to remain intact. The Board has no nonspendable fund balances.

Restricted - represents amounts which can be spent only for specific purposes because of state or federal laws, or externally imposed conditions. The Board has no restricted fund balances.

Committed - represents amounts which can be used only for specific purposes determined by the members of the governing Board's formal action through a resolution or action. The Board has no committed funds.

Assigned - represents amounts that are intended by the Board for specific purposes but do not require action by the governing Board. The Board has no assigned funds.

Unassigned - represents all amounts not included in other classifications.

The Board's policy is to first apply expenditures against nonspendable fund balances and then unassigned balances. On an annual basis assigned fund balances are determined based upon available resources.

Subsequent Events

Subsequent events have been evaluated through the report date, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NEVADA STATE BOARD OF ACCOUNTANCY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2011

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

Memorandum Only – Total Columns

Total columns in the consolidated financial statements are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, changes in net assets or cash flows in conformity with generally accepted accounting principles.

NOTE 2 - CASH AND CASH EQUIVALENTS

The Board maintains its checking accounts and certificates of deposit in two major commercial banks. The time certificates of deposit are held in the name of the Board. The accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 in the aggregate per bank for the checking accounts and \$250,000 for the time deposits.

The bank balances at June 30, 2011, totaled \$1,180,283 with \$487,409 not covered by the FDIC, but are collateralized with securities held by the Nevada Pooled Collateral program.

By provisions of statutes, the Board is required 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 capital asset activity during the year is as follows:

	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011
<u>Capital assets not being depreciated</u>				
None	\$ -	\$ -	\$ -	\$ -
<u>Capital assets being depreciated</u>				
Office equipment and furniture	119,946	2,145	-	122,091
<u>Less: accumulated depreciation</u>				
Office equipment and furniture	92,341	16,759	-	109,100
Capital assets being depreciated, net	27,605	(14,614)	-	12,991
Total capital assets, net	\$ 27,605	\$ (14,614)	\$ -	\$ 12,991

NOTE 4 - LONG-TERM OBLIGATIONS ACTIVITY

The Board leases a copier under a capital lease agreement, which bears interest at the rate of 23% annually and is payable in monthly installments of \$170, including interest. The cost of equipment acquired under capital lease obligations is \$6,015 with accumulated depreciation of \$3,810 at June 30, 2011.

NEVADA STATE BOARD OF ACCOUNTANCY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2011

NOTE 4 - LONG-TERM OBLIGATIONS ACTIVITY (Continued)

The annual debt service requirements to maturity on the capital lease are as follows:

Year ending June 30,	
2012	\$ 2,037
2013	1,697
	<u>3,734</u>
Less amount representing interest	(712)
	<u>\$ 3,022</u>

	Balance July 1, 2010	Additions	Reductions	Balance June 30, 2011
<u>Business Type Activities</u>				
Leases				
Copier	\$ 4,209	\$ -	\$ (1,187)	\$ 3,022
Other Liabilities				
Compensated absences	18,476	2,264	-	20,740
Total business type activities	<u>\$ 22,685</u>	<u>\$ 2,264</u>	<u>\$ (1,187)</u>	<u>\$ 23,762</u>

NOTE 5 - OPERATING LEASE

The Board currently leases office space in Reno, Nevada. The lease term began September 1, 2008 and expires August 31, 2013. The monthly rental payment is currently \$1,843 with 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,	
2012	\$ 23,277
2013	23,912
2014	4,003

NOTE 6 - 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 be amended only 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.

NEVADA STATE BOARD OF ACCOUNTANCY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2011

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NOTE 6 - DEFINED BENEFIT PENSION PLAN (Continued)

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, 2011, 2010, and 2009 were 20.50%. The Board contributed \$33,295, \$30,495, and \$30,135 for the years ending June 30, 2011, 2010, and 2009, respectively.

NOTE 7 - POST EMPLOYMENT RETIREMENT 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, 2011, the Board paid the State \$19,115 for current benefits and this additional fee for post employment retirement benefits. 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's employees. Representatives of PEBP's have indicated that the post employment benefit liability is at the PEBP's level and the Board merely pays its annual required contribution based on the fees charged by the State. The Plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the Plan and no financial reports are issued.

NOTE 8 - 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 9 - 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 accounts receivable of \$13,220, the capitalization of fixed assets of \$122,091, accumulated depreciation of \$109,100, depreciation expense of \$16,759, and the recognition of liabilities for the capital lease obligation of \$3,022, vacation payable \$10,261 and unpaid sick leave of \$7,786.

**REQUIRED SUPPLEMENTARY INFORMATION**

NEVADA STATE BOARD OF ACCOUNTANCY  
STATEMENT OF REVENUE AND EXPENDITURES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2011  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2010)

	2011			2010 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	\$ 436,660	\$ 422,732	\$ (13,928)	\$ 420,622
Examination fees	42,000	39,800	(2,200)	41,400
Fee recovery	62,500	59,250	(3,250)	91,066
Temporary permit fees	-	-	-	875
Reciprocity fees	40,500	31,750	(8,750)	40,500
Certificate fees	-	-	-	11,760
Firm registration fees	10,400	12,600	2,200	21,000
Other operating revenue	875	1,150	275	875
Investment income	5,378	4,664	(714)	8,693
Total revenue	<u>598,313</u>	<u>571,946</u>	<u>(26,367)</u>	<u>636,791</u>
<b>EXPENDITURES</b>				
Current				
Personnel services				
Contracted employees	58,640	25,216	33,424	59,355
Board member per diem	16,800	10,350	6,450	11,250
Salaries	155,000	157,692	(2,692)	144,000
State retirement	33,088	33,325	(237)	30,495
Payroll taxes	6,733	4,148	2,585	6,557
Employee group insurance	17,893	17,893	-	16,660
Workers' compensation insurance	-	1,645	(1,645)	4,151
	<u>288,154</u>	<u>250,269</u>	<u>37,885</u>	<u>272,468</u>
Travel	57,806	49,300	8,506	45,237
Operating				
Audit	6,450	6,450	-	6,450
Bank charges	17,000	15,613	1,387	15,426
Background investigation	7,800	6,241	1,559	8,777
Committee and miscellaneous	1,000	1,161	(161)	1,073
Dues and registration	15,820	15,045	775	16,635
Equipment repairs and maintenance	4,500	3,682	818	4,269
Equipment and support	53,653	24,449	29,204	-
Insurance	6,664	2,518	4,146	2,368
Investigation	-	7,988	(7,988)	-
Legal	79,500	84,573	(5,073)	70,381
Lobbying	10,000	9,500	500	-
Office rent	22,694	22,694	-	22,059
Office supplies	2,100	2,465	(365)	2,746

See accompanying notes

NEVADA STATE BOARD OF ACCOUNTANCY  
 STATEMENT OF REVENUE AND EXPENDITURES - BUDGET AND ACTUAL (CONTINUED)  
 FOR THE YEAR ENDED JUNE 30, 2011  
 (WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2010)

	2011			2010 Actual (Memorandum Only)
	Original and Final Budget	Actual Amounts Budgetary Basis	Variance to Final Budget Favorable (Unfavorable)	
<b>EXPENDITURES (Continued)</b>				
<b>Current (Continued)</b>				
<b>Operating (Continued)</b>				
Postage	\$ 5,000	\$ 5,510	\$ (510)	\$ 5,440
Printing and copying	2,100	953	1,147	6,263
Refunds	500	160	340	-
State fee assessment	1,020	1,078	(58)	3,306
Telephone	7,800	7,243	557	7,458
Transcript	3,000	4,380	(1,380)	3,319
	<u>246,601</u>	<u>221,703</u>	<u>24,898</u>	<u>175,970</u>
Total current expenditures	592,561	521,272	71,289	493,675
<b>Capital outlay</b>				
Equipment and furniture	4,347	4,182	165	48,681
Total expenditures	<u>596,908</u>	<u>525,454</u>	<u>71,454</u>	<u>542,356</u>
Excess of revenue over expenditures	\$ <u>1,405</u>	\$ <u>46,492</u>	\$ <u>45,087</u>	\$ <u>94,435</u>

See accompanying notes

**REPORT ON INTERNAL CONTROL AND COMPLIANCE**





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, 2011, and have issued our report thereon dated October 4, 2011. 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 Board's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Board's financial statements are free of material misstatement, 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.

A handwritten signature in black ink, appearing to read 'Kohn Colodny'.

Reno, Nevada  
October 4, 2011