

STATE OF NEVADA

REPORT
OF
STATE AUDITOR

DECEMBER 31, 1918

D. J. SULLIVAN



CARSON CITY, NEVADA

STATE PRINTING OFFICE : : JOE FARNSWORTH, SUPERINTENDENT
1919

STATE OF NEVADA

REPORT

OF

INDEX TO STATE AUDITOR'S REPORT

	PAGE
State Accounts.....	7
Funds Statement.....	8
Receipts and Expenditures.....	9
Detail of Receipts.....	10
Detail of Appropriation—Expenditure by Departments.....	11
Bond Investments.....	13
Comparative Financial Statement, 1914-1918.....	15
Comparative Statement of Investments, 1914-1918.....	16
County Accounts.....	19
Uniform System of County Accounts.....	22
Uniform System :	
Classification of Receipts.....	23
Classification of Expenditures.....	24
Assessed Valuation and Bonded Indebtedness of Counties.....	30



CARSON CITY, NEVADA, January 1, 1919.

HON. EMMET D. BOYLE, *Governor of Nevada, Carson City, Nevada.*

DEAR SIR: I have the honor to submit herewith my report for the period ending December 31, 1918. While my examination of accounts covers only the two years prior to that date, I have, for reasons which are hereinafter explained, included a résumé of the financial transactions during the four years beginning January 1, 1915, which covers the entire period of your administration.

In view of the fact that all expenditures are authorized by legislative appropriation, and have been reported to you in detail by the heads of the various departments, it was deemed advisable to avoid the expense incident to a repetition of the information already furnished you and to limit this report, in respect to departmental operations, to a certification that all revenue had been properly accounted for, and that all disbursements were evidenced by properly approved vouchers, furnishing as well a general summary of all financial transactions and the present condition of the State's finances.

Respectfully yours,

D. J. SULLIVAN,
State Auditor.

The office of State Auditor was created by an Act of the Legislature approved March 10, 1917, and under and by virtue of my appointment to that position I entered upon the duties of the office April 1, 1917.

The law, under which the office was created, provides for the annual audit of the books and accounts of all state and county offices, departments, and institutions, and the formulation and installation of a uniform system of accounts.

On taking up the work, which the duties of the office involved, I felt that the best results could be obtained by first making an audit of the books and accounts of the various counties and state offices, departments, and institutions for a period beginning January 1, 1917, and ending on the date on which the audit was begun, thus enabling me to make a general survey of existing conditions before commencing the work of formulating a uniform system of accounts.

My work has been conducted along these lines, and I submit herewith a report of my examination of state offices, departments, and institutions, together with a general reference to audits made of the various counties, which have been the subject of previous reports.

STATE ACCOUNTS

An audit of the books and accounts of each state office, department, and institution, charged with the receipt or expenditure of public funds, was made and reconciled with the State Controller's record of receipts and expenditures.

In the course of my examinations the accounts, generally, of the various departments were found to be in a satisfactory condition. A few clerical errors were discovered, but none were of sufficient importance to require specific mention here.

Changes are being made, whenever it is found necessary, for the betterment of the system of accounting, and a general plan is being worked out which will provide a better check on state revenues and a classification of payments with reference to the cost of departmental activities.

The various offices, departments, and institutions have published reports in detail covering the administration of their respective departments, and these accounts have again been summarized and published in the report of the State Controller, whose accounts and report cover every transaction affecting state funds.

The chief accounting office is that of the State Controller. His accounts have been found to be correct, and the cash and securities, shown by his books and published report, are in the hands of the State Treasurer.

The present Controller has improved the accounting system of his office in many ways, and his report furnishes your office and the taxpayer also with an intelligent statement of the State's financial condition, as well as with a valuable analysis of income and expenses in addition to the statutory requirements of schedules of receipts, disbursements, etc.

In view of the completeness of the Controller's report in this respect, I shall avoid the expense of duplicating the information contained therein and show the total receipts only from the various sources from which state revenue is derived and the total expenditures classified with reference to functional and governmental costs, the present condition of funds, and bond investments.

The reports of the State Controller, Treasurer, and other finance officers are published annually, as required by statute, and cover the transactions of one year only. In order for the taxpayer, or other persons interested in the State's finances, to secure any data of value covering more than the annual period, it is necessary to first obtain reports for several years and then make an exhaustive study of them. For the information of those interested in the financial affairs of the State, I have prepared, and submit with a brief discussion of each, a Comparative Table of Investments and a Comparative Financial Statement, as of December 31, 1914 and December 31, 1918.

A study of these tables shows that the State owes an amount aggregating \$732,000 for bonds it has issued, all of which are held by our own school funds; hence, not a dollar of interest on our bonded indebtedness is paid outside of the State. Of this amount \$380,000 is for old territorial bonds, which are irredeemable. In addition to our own bond issues, we have \$2,058,238.08 invested in bonds of our own country and other States. These tables also offer a fair illustration of the financial progress we have made during the past four years.

FUNDS STATEMENT

December 31, 1918

Administrative Funds:

General	\$205,227.63	
Highway	191,194.00	
Rabies (Overdraft).....	5,554.37	
Automobile Road Repair.....	114.00	
Motor Vehicle License.....	2,113.15	
Fire Insurance.....	1,387.94	
General Insurance.....	4,530.94	
Fish and Game Warden.....	24.08	
Assayer and Inspector.....	80.15	
Immigration	303.19	
Carey Act Trust.....	112.09	
Panama-Pacific Exposition.....	5,577.77	
Panama-California Exposition.....	1,455.14	
State Library.....	27,476.41	
Building and Loan License.....	8.25	
		\$434,005.37

Educational Current Funds:

State Distributive School.....	\$73,869.40	
Emergency School.....	1,250.00	
State School Reserve.....	8,747.44	
Contingent University.....	47,906.92	
University 90,000-Acre-Grant Interest.....	3,319.59	
Clark County Normal.....	300.00	
United States Vocational Education.....	10,602.95	
State Vocational Education.....	2,851.86	
Civic and Physical Training.....	7,548.93	
Teachers' Retirement Salary.....	899.12	
		157,094.21

Educational Investment Funds:

State Permanent School.....	\$58,355.49	
University 90,000-Acre-Grant.....	260.90	
University Irreducible.....	319.98	
School Teachers' Permanent.....	1,645.86	
		60,582.23

Bond Interest and Redemption Funds:

Territorial	\$12,081.79	
State Loan.....	4,639.94	
Contingent Emergency.....	7,425.91	
General Appropriation.....	424.99	
Prison Building.....	11,635.85	
University Agricultural Building.....	923.89	
University Experiment Farm.....	2,258.55	
		39,390.92

Total State Funds..... **\$691,072.73**

Trust Funds:

District Judges' Salary.....	\$209.08	
Sheep Inspection.....	15,452.36	
Stock Inspection.....	16,845.79	
Unapportioned County Settlements.....	582.53	
		33,089.76

Total Available Cash in Treasury..... **\$724,162.49**

RECEIPTS AND EXPENDITURES, 1917-1918

RECEIPTS

County Treasurers: Taxes, licenses, fines, etc.....	\$2,105,871.49	
Secretary of State: Fees, auto licenses, etc.....	124,132.07	
State Controller: Insurance Department receipts.....	31,552.49	
Surveyor-General: Land sales, interest, etc.....	270,157.87	
Clerk of Supreme Court: Fees, licenses.....	5,391.50	
State Treasurer: Interest on special deposits.....	8,619.44	
State Bank Examiner: Banking licenses.....	7,425.00	
State Engineer: Fees.....	16,323.96	
State Assayer and Inspector: Fees.....	1,488.26	
Railroad and Public Service Commissions: Fees.....	161.80	
State Racing Commission: Licenses.....	17,024.99	
Hospital Mental Diseases: Care of patients.....	5,898.50	
Orphans' Home: Care of children.....	14,960.40	
Biological Survey: Sale of furs.....	12,367.38	
Sundry sales and refunds.....	2,023.50	
Canceled warrants.....	5,287.23	
School-teachers' assessments.....	9,500.00	
United States aid vocational education.....	15,000.00	
Interest on bond investments.....	209,898.61	
Total revenue receipts.....		\$2,562,923.99
Bond transactions.....	\$329,100.00	
Agency transactions.....	250,698.34	
		579,798.34
Total receipts.....		\$3,442,722.33
Balance in Treasury, January 1, 1917.....	\$628,440.63	
Outstanding warrants December 31, 1918.....	162,150.55	
		790,591.18
		\$4,233,313.51

EXPENDITURES

Legislative.....	\$54,378.56	
Executive.....	208,345.30	
Judicial.....	72,248.55	
Protection to person and property.....	241,945.62	
Development and conservation natural resources.....	54,854.47	
Health.....	67,272.58	
Highways.....	110,927.58	
Charities, hospitals, and corrections.....	356,148.94	
Education.....	1,039,074.08	
General.....	87,477.81	
Interest on bonded debt.....	57,781.76	
Total governmental cost payments.....		\$2,850,405.20
Construction.....	\$80,000.00	
Investments.....	515,162.83	
Debt redemption.....	101,500.00	
		696,662.83
Agency transactions.....		186,948.83
Total disbursements.....		\$3,234,016.86
Outstanding warrants, January 1, 1917.....	\$112,983.61	
Balance in Treasury, December 31, 1918.....	886,313.04	
		999,296.65
		\$4,233,313.51

DETAIL OF RECEIPTS, 1917-1918

Receipts from Counties:

Property taxes.....	\$1,839,168.66	
Less State's proportion county officers' salaries.....	47,996.26	
Proceeds of mines.....		\$1,791,172.40
Inheritance taxes.....	183,353.95	
Possessory claim fees.....	4,238.26	
Liquor and cigarette licenses.....	82.50	
Dance-hall licenses.....	146,939.45	
Glove-contest licenses.....	1,367.57	
Fish and game licenses.....	1,466.40	
Penal fines.....	5,186.98	
Escheated estates.....	16,882.30	
	5,187.68	
		\$2,105,871.49

Receipts from State Offices, Departments, and Accounts:

Secretary of State: Sale of Statutes and Reports.....	\$2,257.50	
Secretary of State: Fees.....	54,874.32	
Secretary of State: Auto licenses.....	62,800.25	
Secretary of State: Nomination fees.....	4,200.00	
		124,132.07
State Controller: Insurance fees and licenses.....	\$29,891.83	
State Controller: Fire-loss settlements.....	1,660.66	
		31,552.49
Surveyor-General: School land payments.....	\$166,428.15	
Surveyor-General: Mining college land payments.....	77.12	
Surveyor-General: University land payments.....	208.19	
Surveyor-General: School land interest.....	97,813.17	
Surveyor-General: Mining college land interest.....	1,793.61	
Surveyor-General: University land interest.....	996.77	
Surveyor-General: Fees and commissions.....	2,841.86	
		270,157.87
Clerk of Supreme Court: Fees.....	\$3,591.50	
Clerk of Supreme Court: Attorney licenses.....	1,800.00	
		5,391.50
State Treasurer: Interest on deposits.....		8,619.44
State Bank Examiner: Banking licenses.....		7,425.00
State Engineer: Fees.....		16,328.96
State Assayer and Inspector: Fees.....		1,438.26
Railroad and Public Service Commission: Fees.....		161.40
State Racing Commission: Commissions.....		17,024.99
Hospital Mental Diseases: Pay patients.....		5,898.50
Orphans' Home: Care of children.....		14,960.40
Biological Survey: Sale of furs.....		12,867.38
Sundry sales and refunds.....		2,928.50
Canceled warrants.....		5,267.23
School-teachers' assessments.....		9,500.00
United States vocational education.....		15,000.00
Interest on foreign bonds.....	\$152,076.85	
Interest on state bonds.....	57,731.76	
		209,808.61
Bonds redeemed.....	\$175,600.00	
Bonds issued.....	153,500.00	
		329,100.00

Agency Transactions:

Stock inspection taxes.....	\$63,218.02	
Sheep inspection taxes.....	56,995.39	
District Judges' salaries.....	89,052.77	
Forest Reserve receipts.....	41,432.16	
		250,698.34

Total.....		\$3,442,722.33
------------	--	----------------

REPORT OF STATE AUDITOR

11

DETAIL OF APPROPRIATION
Expenditures by Departments

<i>Legislative:</i>		
Expense of Twenty-eighth Session, 1917.....		\$54,278.56
<i>Executive:</i>		
Governor's office.....	\$26,230.33	
Lieutenant-Governor's salary.....	7,200.00	
Secretary of State's office.....	26,384.46	
State Controller.....	15,268.75	
State Auditor.....	11,460.00	
State Treasurer.....	14,841.93	
Tax Commission.....	23,220.12	
Attorney-General.....	19,572.33	
State Board of Investment.....	139.20	
State Board of Capitol Commissioners.....	64,288.18	
		208,345.30
<i>Judicial:</i>		
Supreme Court.....	\$45,537.00	
Clerk of Supreme Court's office.....	8,040.00	
District Judges' expenses.....	12,096.55	
Advertising and publishing decisions.....	6,575.00	
		72,248.55
<i>Protection to Person and Property:</i>		
State Police.....	\$84,237.99	
Adjutant-General's military expenses.....	30,811.95	
Bank Examiner.....	12,743.64	
Insurance Commissioner.....	20,367.22	
Public Service Commission.....	10,671.01	
Railroad Commission.....	37,830.26	
Mine Inspector.....	25,182.71	
Labor Commissioner.....	4,874.63	
State Engineer.....	48,942.58	
State Assayer.....	6,670.31	
Attorney-General: Pollution public waters, prevention.....	3,300.82	
Rewards for capture of outlaws.....	6,812.50	
		241,945.62
<i>Development and Conservation Natural Resources:</i>		
Agricultural Experiment Farms.....	\$3,633.61	
Agricultural Boards.....	10,315.00	
Agricultural Society fairs.....	15,724.21	
Artesian well bounty.....	4,914.45	
Farmers' bulletins.....	155.00	
Fish and game protection.....	17,430.38	
Inspection of apiaries.....	2,681.82	
		54,854.47
<i>Health:</i>		
State Board of Health.....	\$5,568.86	
Rabies Commission.....	61,703.67	
		67,272.53
<i>Highways:</i>		
State Highway Commission.....		110,927.58
<i>Charities, Hospitals, and Corrections:</i>		
Orphans' Home.....	\$55,282.91	
Florence Crittenden Mission.....	4,800.00	
Care of blind, deaf, and mute.....	8,560.60	
Hospital Mental Diseases.....	110,740.12	
State Prison.....	139,728.29	
Nevada School of Industry.....	37,037.02	
		356,148.94
<i>Educational:</i>		
University of Nevada.....	\$339,688.22	
Students' Loan Fund.....	2,000.00	
Historical Society.....	6,100.00	
Civic and physical training.....	4,097.56	
Educational Survey Commission.....	199.78	
Mining schools.....	24,527.11	
Normal schools.....	165.00	
Normal-training schools.....	5,933.28	
Vocational education.....	9,312.83	
Teachers' retirement salary claims.....	4,333.27	
Teachers' institute.....	1,161.15	
Surveyor-General's office.....	22,489.25	
Superintendent of Public Instruction.....	10,775.48	
Deputy Superintendents of Public Instruction.....	30,482.78	
Public schools, support.....	541,953.32	
Emergency schools.....	10,750.00	
State Library.....	25,105.05	
		1,039,074.64
Forwarded.....		\$2,205,195.43

REPORT OF STATE AUDITOR

General:	Forwarded	\$2,205,195.63
State Printing Office.....	\$68,640.28	
Industrial insurance.....	3,401.56	
Pension to V. Cross.....	660.00	
Tax refunds.....	2,686.82	
Land payment refunds.....	200.00	
Auto license refunds.....	3,992.50	
Nomination fees to counties.....	4,200.00	
Election expense.....	996.85	
Expositions.....	1,791.26	
Sundry refunds.....	317.05	
Portrait ex-Governor Oddie.....	591.50	
Interest on bonded debt.....		87,477.81
		57,781.76
Construction:		
University Agricultural Building.....		80,000.00
Investments:		
Bonds purchased.....	\$472,162.83	
University Experiment Farm purchase.....	43,000.00	
		515,162.83
Debt Redemption:		
Bonds redeemed.....		101,500.00
Agency Transactions:		
Sheep Commission (special industry tax).....	\$36,927.76	
Stock Commission (special industry tax).....	15,574.59	
District Judges' salaries (reimbursement).....	93,014.32	
National Forest receipts (reimbursement).....	41,482.16	
		186,948.83
Total		\$8,234,016.86

**STATE OF NEVADA
BOND INVESTMENTS**

Bonds	Inter- rate	Date pur- chased	Par value	Book value	State Permanent School Fund	Irre- deemable University Fund	University 90,000-Acre Grant Fund	Teachers' Permanent Fund	Sheep Inspection Fund	Stock Inspection Fund	Total annual interest
Massachusetts	3 %	1903-08	\$682,000.00	\$682,000.00	\$645,000.00	\$36,000.00	\$1,000.00	-----	-----	-----	\$20,460.00
California	4 %	1914	232,000.00	232,000.00	232,000.00	-----	-----	-----	-----	-----	9,280.00
Idaho	4 %	1914	175,000.00	175,000.00	175,000.00	-----	-----	-----	-----	-----	7,000.00
New Mexico	5 %	1914	125,000.00	125,000.00	125,000.00	-----	-----	-----	-----	-----	6,250.00
United States Liberty Loan	4 1/2 %	1917-18	107,400.00	107,400.00	36,200.00	-----	-----	\$21,200.00	\$20,000.00	\$30,000.00	4,564.50
Churchill County bonds	5 %	1914	4,500.00	4,500.00	4,500.00	-----	-----	-----	-----	-----	225.00
Clark County bonds	6 %	1914	63,000.00	63,000.00	63,000.00	-----	-----	-----	-----	-----	3,780.00
Esmeralda County bonds	6 %	1914	10,000.00	10,000.00	10,000.00	-----	-----	-----	-----	-----	600.00
Esmeralda County school bonds	5 %	1917	30,000.00	30,000.00	30,000.00	-----	-----	-----	-----	-----	1,500.00
Elko County dormitory	6 %	1917	50,000.00	53,237.26	53,237.26	-----	-----	-----	-----	-----	3,000.00
Elko County high-school bonds	6 %	1917	95,000.00	100,699.50	100,699.50	-----	-----	-----	-----	-----	5,700.00
Humboldt County bonds	5 1/2 %	1917	70,000.00	70,000.00	70,000.00	-----	-----	-----	-----	-----	3,850.00
Lincoln County bonds	4 %	1916	406,000.00	368,801.32	306,711.39	-----	-----	-----	-----	-----	16,240.00
White Pine County high-school bonds	5 %	1915	20,000.00	20,000.00	20,000.00	-----	-----	-----	-----	-----	1,000.00
White Pine Co. district-school bonds	6 %	1915-17	16,600.00	16,600.00	16,600.00	-----	-----	-----	-----	-----	996.00
Net bond investments			\$2,066,500.00	\$2,058,238.08	\$1,887,948.15	\$49,696.31	\$49,393.62	\$21,200.00	\$20,000.00	\$30,000.00	\$84,445.50
<i>Nevada State Bonds All Owned by State Funds—</i>											
Irredeemable Territorial	5 %	1879	380,000.00	380,000.00	380,000.00	-----	-----	-----	-----	-----	19,000.00
Refunding	5 %	1913	220,000.00	220,000.00	165,000.00	-----	55,000.00	-----	-----	-----	11,000.00
University Agricultural Bldg. bonds	5 %	1917	72,000.00	72,000.00	72,000.00	-----	-----	-----	-----	-----	3,600.00
University Experiment Farm bonds	5 %	1917	43,000.00	43,000.00	42,000.00	-----	1,000.00	-----	-----	-----	2,150.00
General appropriation	5 %	1917	17,000.00	17,000.00	14,500.00	-----	2,500.00	-----	-----	-----	850.00
Total bond investments			\$2,818,500.00	\$2,790,238.08	\$2,561,448.15	\$49,696.31	\$107,893.62	\$21,200.00	\$20,000.00	\$30,000.00	\$121,045.50
<i>Apportionment of Annual Interest—</i>											
Distributive School Fund					\$111,264.50	-----	-----	-----	-----	-----	-----
Contingent University Fund					-----	\$1,680.00	-----	-----	-----	-----	-----
University 90,000-A.-G. Int. Fund					-----	-----	\$5,075.00	-----	-----	-----	-----
Teachers' Retirement Salary Fund					-----	-----	-----	\$901.00	-----	-----	-----
Sheep Inspection Fund					-----	-----	-----	-----	\$850.00	-----	-----
Stock Inspection Fund					-----	-----	-----	-----	-----	\$1,275.00	-----

FINANCES

The following Comparative Financial Statement, with its accompanying summary, presents the net results of the State's financial transactions for the past four years as briefly as is possible. This statement has been prepared from data contained in the reports of former State Controller J. Eggers for the year 1914 and the present Controller, George A. Cole, for the year 1918, and shows that, in addition to defraying the actual governmental expenses for the past four years, the assets of the State have been increased during that period by \$1,207,775.40.

Beginning with a large general fund overdraft and facing the fact as well that the full amount of general fund revenue due from the various counties would be required to defray the expenses of the then forthcoming legislative session, we find at the end of four years all authorized obligations paid and a healthy increase in the value of state investments and property assets, as well as adequate cash balances in all state funds.

The fact that these results were secured during a period of unprecedented business and financial disturbances and under an average state tax rate of .55625, the lowest ever enjoyed in the State for a similar period, should reflect credit on those having in charge the financial affairs of the State.

It is true that valuations have increased and that likewise revenue from taxes has increased, but it is equally true that new duties are being continually added to the State Government and new functions are being performed by it. It is within the period under discussion that the first state highway tax was levied, and the requirements of this department represent almost 20% of the state tax levy. Many other instances could be cited, to which no reference will be made, as this statement deals with financial transactions and results rather than with revenue and expenditures, furnishing as well incontrovertible proof of an intelligent grasp of financial requirements and a creditable administration of the State's financial program.

FINANCES

Comparative Financial Statement

Assets	Dec. 31, 1914	Dec. 31, 1915	Increase	Decrease
Balance in all State Funds.....	\$227,535.29	\$724,162.49		
Less General Fund overdraft.....	65,130.32			
Less deficiencies.....	20,007.10	52,404.06		
Net cash assets.....	\$142,397.87	\$671,758.43	\$529,360.56	
Collections by and due from counties.....	223,064.96	258,292.71	35,227.75	
Bonds owned by State Funds.....	2,492,594.46	2,790,258.08	297,643.62	
State property valuation.....	1,850,550.00	2,281,093.47	380,543.47	
Totals.....	\$4,708,607.29	\$5,951,882.69	\$1,242,775.40	
Liabilities				
Territorial bonds (irredeemable).....	\$380,000.00	\$380,000.00		
General revenue bonds and interest.....	317,000.00	237,000.00		\$80,000.00
University Farm purchase bonds.....		43,000.00	\$43,000.00	
University Agricultural Building bonds.....		72,000.00	72,000.00	
Totals.....	\$697,000.00	\$732,000.00	\$115,000.00	\$80,000.00
SUMMARY				
Increase in net cash assets.....		\$529,360.56		
Increase in revenue due.....		35,227.75		
Increase in bond investment.....		297,643.62		
Increase in state property valuation.....	\$380,543.47			
Less University Farm and bldg. bonds.....	115,000.00			
Net property increase paid from current funds.....		265,543.47		
General revenue bonds redeemed.....		80,000.00		
Total increase in assets.....		\$1,207,775.40		

INVESTMENTS

By a comparison of the following Table of Educational Fund Investments, as of December 31, 1914, with the table on page 17 giving a description of these investments, as of December 31, 1918, it will be apparent to the most unobservant that had the same business judgment been used in the earlier investments of these funds, as has been evidenced in handling similar transactions in later years, many hundreds of thousands of dollars would have been added to our School Funds.

I refer particularly to the purchase of \$1,110,000 worth of Massachusetts 3 and 3½% bonds, purchased at a time when our own counties and school districts were selling to eastern bond brokers issues bearing interest at from 5 to 7%. A portion of these bonds were purchased by the University 90,000-Acre-Grant Fund, regardless of a specific provision in the Federal Grant prohibiting the investment of such funds at less than 5%.

This particular fund has been relieved by exchanging with the State Permanent School Fund Massachusetts bonds for other securities bearing higher interest rates. Notwithstanding the fact that during 1916 the State Board of Investment was fortunate enough to secure an exchange of \$428,000 worth of these bonds for Lincoln County bonds on a 5% investment basis, we still own \$682,000 worth of 3% bonds due in 1936-1941. Assuming that our School Fund investments should return 5%, we will suffer a loss of 2%, or \$13,640 per annum, on the investment for the next twenty years. This, added to the loss already sustained, would show a loss on this particular bond purchase of approximately half a million dollars, which must be borne by the taxpayers through a higher tax rate than would have been necessary had proper care been exercised in the investment of our permanent school funds.

INVESTMENTS—DECEMBER 31, 1914

**Description, Cost and Value of Securities Owned by the State Educational Funds
December 31, 1914**

(From Report of Controller J. Eggers, 1914)

	<i>Date</i>	<i>Int. rate</i>	<i>Par value</i>	<i>Cost</i>	<i>Annual interest</i>
Territorial bonds (irredeemable).....	1879	.05	\$380,000.00	\$380,000.00	\$19,000.00
Massachusetts 3's.....	1903-8	.03	797,000.00	797,965.00	23,910.00
Massachusetts 3½'s.....	1903-8	.035	313,000.00	335,091.25	10,955.00
Idaho.....	1909	.04	185,000.00	189,867.65	7,400.00
Nevada General Reserve bonds.....	1913	.05	300,000.00	300,000.00	15,000.00
California.....	1913	.04	157,000.00	156,474.26	6,280.00
California (omitted).....	1913	.04	75,000.00	75,000.00	3,000.00
Churchill County bonds.....	1913	.05	6,000.00	6,587.70	300.00
New Mexico.....	1913	.05	125,000.00	129,825.00	7,250.00
Nye County.....	1913	.06	19,000.00	19,516.10	1,140.00
Clark County.....	1913	.06	75,000.00	77,162.50	4,500.00
Esmeralda County.....	1914	.06	25,000.00	25,125.00	1,500.00
Average rate of interest.....		.0402	\$2,457,000.00	\$2,492,594.46	\$100,235.00

INVESTMENTS—DECEMBER 31, 1918

		<i>Par value</i>	<i>Book value</i>	<i>Annual interest</i>
For detail, see Bond Table, page 13.	Total.....	\$2,818,500.00	\$2,790,238.08	\$121,045.50
Annual earnings bond amortization.....				2,020.16
Average rate of interest.....	.0441			\$123,065.66
Increase in interest rate, 1914-1918.....	.0039			
Annual Increase Investment Earnings:				
Value present investments, \$2,790,238.08@.0039.....		\$10,881.93		

COUNTY ACCOUNTS

In auditing the accounts of the counties—the scope of the audit being left to my discretion—I decided that my examination should cover the following subjects:

1. Whether or not the revenue of the county had been fully accounted for by the officers whose duty it was to receive the same.
2. Whether or not means were at hand for the collection of the county's revenue, and whether sufficient safeguards existed to prevent wasteful expenditures.
3. Whether or not the expenditures of the county had been properly authorized, and represented valid claims against the county.
4. Whether or not the present accounting methods were satisfactory, and, if not, to what extent they should be amended in order to bring them to a state of efficiency, and to permit the preparation of useful information concerning the affairs of the county for submission to the governing body, this information being for the benefit of the taxpayers as well.

The results of these examinations have been embodied in the reports made in each case, one copy of which was submitted to the Board of County Commissioners, and others filed in my office where they are at the disposal of the Governor and State Controller, as required by statute.

In addition to the other information, I secured from county records a complete transcript of every bond issue in the State, including state, county, school district, and drainage district bonds.

In my examination of county accounts, I found as many systems as there were counties, and, while there is a similarity in the books used by the several counties, the different ideas of accounting and the various constructions of the terms of the statute by the everchanging county officials are reflected in the numerous methods of handling any given transaction; for instance, I believe (with only a few exceptions where special laws require certain funds) the laws covering funds to be carried and the apportionment of revenue thereto are the same throughout the State, and still I find a great diversity in both the names of funds and the method of apportioning revenue. In some counties transfers are continually being made from one county fund to another, while in other counties all kinds of expenditures are made from the general fund until it is exhausted, and thereafter the same class of expenditures will be paid from some other available fund until such time as the general fund is again replenished by the collection of revenue. This condition makes it impossible to prepare a statement of revenue and expenditures of counties, which would be of any comparative value whatever.

For the above reasons, early in the year 1918 I took up the work of formulating a uniform system of accounts for the office of County Auditor which, of course, is the chief accounting office of all counties.

The system designed provides for a competent and convenient accounting of all revenues and expenditures, and has been installed in

six of the sixteen counties, where it is giving general satisfaction and will, I am confident, produce the desired result.

In designing this system of accounts, simplicity was desired, for the reason that our counties, generally, are small and the Auditor's time, he being also County Recorder, is largely taken up with the duties of the latter office. I have kept in mind, however, the fact that the Auditor's records should at all times reflect the true financial condition of the county, and have arranged the accounts with the view of maintaining a competent check on all revenues, as well as a valuable analysis of expenditures, so that a statement may be readily made from his accounts, which will contain the following information for a given period:

1. General Financial Condition; Property Valuation; Fund Balances; Indebtedness; Investments, etc.
2. Various sources of revenue, and the amount collected and due from each source.
3. Expenditures classified by departments or offices, to show the cost of each department or office, place the responsibility for expenditures on the particular department or office authorizing same, and permitting the comparison of departmental expenses in the various counties.
4. Expenditures classified according to object of the expenditure, summarizing the cost of things or services purchased in the operation of the various departments, and providing a further comparison of the cost of services, material, etc.
5. Expenditures on account of property, or other assets acquired.
6. Expenditures for redemption of indebtedness and the payment of interest.

The requirements of all counties, in so far as records pertaining to revenues are concerned, will be practically the same, but, as conditions differ widely in the various counties, the accounts required for recording expenditures will vary considerably, though the general plan will apply to all. The books installed will contain sufficient elasticity to conveniently provide for the needs of any county, and the information at all times available will be found to be of great value in the preparation of the annual budget, which may hereafter be required by the Tax Commission in greater detail than has heretofore been the custom. The information required by the Federal Government has also been considered in arranging these accounts, and may be easily secured from the following classification of Receipts and Expenditures:

REPORT OF STATE AUDITOR

Miscellaneous: CLASSIFICATION OF RECEIPTS Amount Total

Franchise Tax.....\$

Interest on Deposits.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

CLASSIFICATION OF EXPENDITURES

GENERAL GOVERNMENT

Commissioners: Amount Total

Statutory Salaries.....\$

Mileage.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

Assessor:

Statutory Salaries.....\$

Extra Clerical Assistance.....

Traveling Expense.....

Stationery, Printing, and Postage.....

Office Supplies and Expense.....

.....

.....

.....

.....

.....

.....

.....

.....

<i>Court House; Maintenance:</i>	<i>Amount</i>	<i>Total</i>
Fuel	\$	
Light, Power and Water		
Janitor; Salary		
Gardener; Salary		
Repairs		
Supplies		
.....		
.....	\$	
<i>County Jail:</i>		
Guards; Salary	\$	
Fuel		
Light, Power, and Water		
Prisoners' Meals		
Clothing and Supplies		
Drugs and Medicines		
Repairs		
.....		
.....	\$	
<i>District Jails:</i>		
.....	\$	
.....		
.....		
.....	\$	
<i>Books and Records:</i>		
Clerk	\$	
Treasurer		
Recorder and Auditor		
Assessor		
Sheriff		
Law Library		
.....		
.....	\$	
<i>Telephone and Telegraph:</i>		
Clerk	\$	
Treasurer		
Recorder and Auditor		
Assessor		
Sheriff		
Judges		
.....		
.....	\$	
<i>Publishing and Advertising:</i>		
.....	\$	
.....		
.....	\$	
<i>Elections:</i>		
Registration	\$	
Per Diem—Election Officers		
Printing Ballots and Supplies		
Rental		
Delivering Returns		
Publishing		
.....		
.....	\$	

<i>Orphans:</i>	<i>Amount</i>	<i>Total</i>
.....	\$	
.....		
.....		
	-----	\$

Indigent Allowances:

Cash	\$	
Provisions		
Clothing		
Fuel		
Drugs and Medicine.....		
Medical Attendance.....		
Transportation		
Burial		
.....		
.....		
	-----	\$

Probation Officers:

Salary	\$	
.....		
.....		
	-----	\$

Health Officer:

Salary	\$	
Traveling Expense.....		
Stationery, Printing, and Postage.....		
.....		
.....		
	-----	\$

Miscellaneous:

.....		
.....		
.....		
	-----	\$

Hospital; Furniture and Fixtures:

Surgical Instruments.....	\$	
.....		
.....		
	-----	\$

Hospital; Equipment:

.....	\$	
.....		
.....		
	-----	\$

Buildings and Grounds:

.....	\$	
.....		
.....		
	-----	\$

MISCELLANEOUS

Roads and Bridges:

.....	\$	
.....		
.....		
	-----	\$
.....		
.....		
	-----	\$

**ASSESSED VALUATION AND BONDED INDEBTEDNESS
OF COUNTIES**

	<i>Valuation</i>	<i>Counties</i>	<i>Bonded indebtedness School districts</i>
Churchill.....	\$9,070,568.00	\$105,000.00	\$49,147.00
Clark.....	8,324,429.00	400,000.00	50,500.00
Douglas.....	3,477,879.00	104,500.00	15,000.00
Elko.....	40,791,457.00	303,515.00	98,508.00
Esmeralda.....	5,551,586.00	30,000.00	30,000.00
Eureka.....	6,628,074.00
Humboldt.....	29,744,695.00	235,000.00	24,000.00
Lander.....	6,299,855.00	20,000.00
Lincoln.....	7,067,544.00	250,000.00	12,500.00
Lyon.....	9,784,723.00	41,000.00	45,500.00
Mineral.....	4,901,770.00	14,500.00	4,000.00
Nye.....	11,231,474.00	50,000.00	59,300.00
Ormsby.....	1,750,758.00	30,000.00	26,500.00
Storey.....	1,928,898.00
Washoe.....	32,506,595.00	278,000.00	378,750.00
White Pine.....	18,942,779.00	115,000.00	43,000.00
Totals.....	\$198,003,014.00	\$1,951,515.00	\$856,705.00

