



NASACT Comprehensive Annual Financial Report

For the fiscal year ending June 30, 2006



A publication of The National
Association of State Auditors,
Comptrollers and Treasurers

NASACT Comprehensive Annual Financial Report

For the fiscal year ending June 30, 2006



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National Association of State Auditors, Comptrollers and Treasurers

Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2006

INTRODUCTORY SECTION

Letter of Transmittal..... 1
List of Officers and Members of the Executive Committee 4
List of Staff Members..... 5

FINANCIAL SECTION

Independent Auditor's Report on Basic Financial Statements..... 7
Management's Discussion and Analysis 9
Basic Financial Statements:
 Statement of Net Assets 14
 Statement of Revenues, Expenses and Changes in Fund Net Assets 15
 Statement of Cash Flows 16
 Notes to the Financial Statements 17

REQUIRED SUPPLEMENTARY INFORMATION

Budgetary Comparison Schedule..... 23
Independent Auditor's Report on Internal Control Over Financial Reporting and Other Matters Based
on an Audit of the Financial Statements Performed in Accordance with *Government Auditing*
Standards..... 24

STATISTICAL SECTION..... 25

Introductory Section



National Association of State Auditors, Comptrollers and Treasurers

September 29, 2006

EXECUTIVE COMMITTEE OFFICERS

President
JAN I. SYLVIS
Chief of Accounts
Tennessee

First Vice President
VERN LARSON
State Treasurer
South Dakota

Second Vice President
THOMAS H. McTAVISH
Auditor General
Michigan

Secretary
GLEN B. GAINER, III
State Auditor
West Virginia

Treasurer
NANCY KOPP
State Treasurer
Maryland

EXECUTIVE DIRECTOR

R. KINNEY POYNTER
Lexington, Kentucky

CONTACT INFORMATION

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To the Executive Committee and Members of the National Association of State Auditors, Comptrollers and Treasurers:

I am pleased to submit the Comprehensive Annual Financial Report of the National Association of State Auditors, Comptrollers and Treasurers for the fiscal year ended June 30, 2006. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the Association. To the best of our knowledge, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the Association. All disclosures necessary to enable the reader to gain an understanding of the Association's financial activities have been included.

Management of the Association is responsible for establishing and maintaining internal control designed to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against loss from unauthorized use or disposition and the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived, and that the evaluation of costs and benefits requires estimates and judgments by management.

Article VI of the Association's *Constitution and Bylaws* requires that an annual audit be conducted of the Association's financial statements. NASACT's Audit Committee appointed a team of three auditors who conducted the audit of the fiscal year 2006 financial statements in August of 2006. The independent auditor's report is at the beginning of the financial section of this report on page 7.

The Comprehensive Annual Financial Report is presented in three sections, the introductory section, the financial section and the statistical section. The introductory section includes this transmittal letter, a list of the Association's officers and Executive Committee for 2005-2006 and a list of the Association's staff in the Lexington and Washington offices at September 29, 2006. The financial section includes the auditor's report, management's discussion and analysis, the basic financial statements, notes to the financial statements and required supplementary information (the Budgetary Comparison Schedule). The statistical section contains trend information about NASACT's financial position, revenues and debt as well as demographic and operating information.

Profile of NASACT

NASACT was founded in 1915 to allow principal state officials concerned with state financial management to gather annually to discuss issues of mutual interest. Over the years, as state financial management has become increasingly complex, NASACT expanded its services, affiliating with the Council of State Governments and publishing a regular newsletter. With the establishment of the Governmental Accounting Standards Board in 1984 came the need for technical services as well, as members became involved in the process of setting accounting and financial reporting standards.

Now the Association engages in a wide variety of activities to enhance the professionalism of its members and to foster accountability, efficiency and effectiveness in state government. Among these activities are the following:

- Organize conferences and audio conferences.
- Offer training seminars on a variety of finance-related topics, scheduling them at the convenience of member offices.
- Publish a monthly newsletter and a weekly Washington Update while Congress is in session.
- Communicate regularly with standards-setting bodies regarding matters related to governmental accounting, financial reporting and auditing.
- Serve as an advocate for states' interests in the nation's capitol.
- Conduct research on a variety of topics of interest to the members.
- Work cooperatively with sister organizations of state government officials on topics and projects of mutual interest.

Major Initiatives

Fiscal year 2006 has been an eventful year for NASACT and its members. Listed below are some of the initiatives we have focused on during the year:

- **Conferences and Training Opportunities:** NASACT planned several conferences, including the annual conference, a highlight each year for members, and the training directors forum. Our training seminars program has also provided customized training sessions to meet the particular needs of employees in NASACT's member offices.
- **Audio Conferences:** NASACT's quarterly audio conferences have provided low-cost training on a range of timely topics. By working with partner organizations, NASACT has been able to offer five audio conferences during the past year and will continue to offer training to members through this method.
- **Secretariat Support:** Through its two secretariats, the National Association of State Comptrollers and the National State Auditors Association, NASACT has provided technical support, conference and training support and much more to members. These specialized networks address the specific needs of NASACT's constituent groups, while NASACT effectively serves to provide a common ground for examining issues in relation to the bigger picture for state government finance officials.
- **Benchmarking Project:** NASACT has undertaken a benchmarking project that involves the gathering of performance metrics related to business processes in the areas of financial management, human resources/payroll, procurement and information technology. Seven states have either completed benchmarking projects or are presently working on them. We are on our way toward the compilation of the first database of state government metrics, and look forward to the participation of additional member offices.
- **New Headquarters Office:** NASACT staff moved into its new headquarters office in December 2005. The transition went smoothly and member services were back in place the day following the move. The purchase of the office was an excellent investment opportunity for the Association.
- **GASB Funding:** NASACT has continued to work with its industry partners, the Government Finance Officers Association and the National Association of State Treasurers, to address funding issues of the Governmental Accounting Standards Board. An independent standards-setting body is critical for state government, and NASACT continues to support the GASB and its work.

- **Standards-Setting:** Standards-setting bodies have been busy during the past year, and NASACT has been busy examining and responding to the proposed standards and due process documents. Our participation in the process helps ensure that proposed standards are carefully considered prior to implementation and that standards appropriately focus on the problems they are meant to address.
- **Administrative Contracts:** NASACT has continued to provide administrative management for the National Electronic Commerce Coordinating Council, the Association of Local Government Auditors, and the International Consortium on Governmental Financial Management, leveraging common interests and common goals to effect change on a larger scale.

Acknowledgements

The preparation of this report was made possible by the dedicated service of NASACT's finance manager and by the assistance and cooperation of the entire staff at the Association's headquarters.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Kinney Poynter". The signature is written in a cursive style with a large initial "K".

R. Kinney Poynter
Executive Director

NATIONAL ASSOCIATION OF STATE AUDITORS, COMPTROLLERS AND TREASURERS

EXECUTIVE COMMITTEE 2005-2006

OFFICERS

President

R. Thomas Wagner, Jr.
Auditor of Accounts
Delaware

First Vice President

Jan I. Sylvis
Chief of Accounts
Tennessee

Second Vice President

Vern L. Larson
State Treasurer
South Dakota

Treasurer

Thomas H. McTavish
Auditor General
Michigan

Secretary

Glen B. Gainer, III
State Auditor
West Virginia

Immediate Past President

W. Daniel Ebersole
Director, Office of Treasury and
Fiscal Services
Georgia

OTHER MEMBERS

Ernest A. Almonte
Auditor General
Rhode Island

Martin J. Benison
Comptroller
Massachusetts

Michael L. Fitzgerald
State Treasurer
Iowa

Auston Johnson
State Auditor
Utah

Keith Johnson
State Controller
Idaho

Nancy Kopp
State Treasurer
Maryland

Bruce A. Myers
Legislative Auditor
Maryland

Connie K. Nass
Auditor of State
Indiana

Dale Sims
State Treasurer
Tennessee

NATIONAL ASSOCIATION OF STATE AUDITORS, COMPTROLLERS AND TREASURERS

STAFF

(September 29, 2006)

In Lexington

R. Kinney Poynter, M.S., CPA, Executive Director

Patsy R. Hackney, Administrative Assistant

Glenda Johnson, M.A., Publications Coordinator and Program Assistant

David Keller, IT/Web Manager

Patricia Knight, CPA, Finance Manager, Program Manager, and Program Assistant

Fay Kurkijy, Peer Review Program Coordinator and Program Assistant

Donna Maloy, CMP, Conference Coordinator

Patricia A. O'Connor, CPA, NASC Association Manager

Sherri L. Rowland, CPA, NSAA Association Manager

Jessica Smith, Student Intern

In Washington

Cornelia Chebinou, M.A., J.D., Washington Office Director

Tanya Grayson, Administrative Assistant

Neal Hutchko, M.P.A., Policy Analyst

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Financial Section



STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN
State Auditor and Inspector

INDEPENDENT AUDITOR'S REPORT

To The Executive Committee and Members of the National Association of State Auditors, Comptrollers and Treasurers and R. Kinney Poynter, Executive Director

We have audited the accompanying financial statements of the business-type activities of the National Association of State Auditors, Comptrollers and Treasurers (the Association) 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 Association'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 examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes 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 respective financial position of the business-type activities of the Association, as of June 30, 2006, and the respective changes in financial position and cash flows thereof 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 September 1, 2006, on our consideration of the Association'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 and 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 on pages 9 through 13, is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. 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.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Association's basic financial statements. The Budgetary Comparison Schedule, required supplemental information as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. This required supplemental information has not been subjected to the auditing procedures applied in the audit of the

basic financial statements and, accordingly, we express no opinion on it. The introductory section and the statistical section, as listed in the table of contents, have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

A handwritten signature in black ink, appearing to read "Mike Starchman", with a horizontal line extending to the right.

Mike Starchman, CPA
2006 NASACT Audit Team Leader

September 1, 2006

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion about the financial performance of the National Association of State Auditors, Comptrollers and Treasurers provides a narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2006. Readers are encouraged to consider this narrative in conjunction with the information that is furnished in the letter of transmittal, which can be found preceding this analysis, and with the financial statements that follow.

Activities that are normally intended to recover all or a significant portion of their costs through user fees and charges to external users of goods and services are required to report as business-type activities. Since NASACT's activities are expected to recover their costs, the Association reports as a business-type activity.

HIGHLIGHTS

Net Assets. The assets of NASACT exceeded liabilities at fiscal year end by \$1,308,649.67 (presented as Total net assets). Of this amount, \$679,186.59 was reported as "Unrestricted." This compares to the previous year when net assets exceeded liabilities by \$1,058,801.58 and unrestricted net assets were \$1,006,018.22. Unrestricted net assets represent the amount available to meet ongoing obligations.

Change in Net Assets. NASACT's total net assets increased by \$249,848.09 during fiscal year 2006.

OVERVIEW OF THE FINANCIAL STATEMENTS

This overview and analysis is intended to serve as an introduction to the Association's basic financial statements, which include two components: (1) the financial statements and (2) notes to the financial statements. This report also contains required supplementary information, which is the Budgetary Comparison Schedule. These components are described below.

FINANCIAL STATEMENTS

Because NASACT reports as a business-type activity, it presents the statements required for that type of entity. The statements provide both short-term and long-term information about the Association's financial position. These statements are prepared using the flow of economic resources measurement focus and the accrual basis of accounting, the same measurement focus and basis of accounting that is used in the private sector. These financial statements take into account all revenues and expenses related to the fiscal year regardless of whether the cash involved has been received or disbursed. The financial statements include three statements:

1. The Statement of Net Assets (page 14) presents the Association's assets and liabilities, with the difference between the two reported as "Total net assets." Over time, increases or decreases in the Association's net assets serve as an indicator of whether the financial position of NASACT is improving or deteriorating.
2. The Statement of Revenues, Expenses and Changes in Fund Net Assets (page 15) presents information regarding how net assets changed during the fiscal year. All changes in net assets are reported when the underlying event occurs, regardless of the timing of the related cash flow. Thus, revenues and expenses are reported in this statement for items that will not result in cash transactions until future fiscal periods (such as uncollected contract revenues and earned, but not used, personal leave).
3. The Statement of Cash Flows (page 16) presents the cash receipts and cash payments occurring during the fiscal year. In this statement, changes in net cash are reported when the cash transaction occurs, regardless of the timing of the underlying events. This report provides users with the information needed to assess the Association's ability to generate future cash flow and meet obligations as they come due and to assess operating versus investing activity.

NOTES TO THE FINANCIAL STATEMENTS

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements may be found immediately following the financial statements and preceding the required supplementary information, pages 17 through 21.

REQUIRED SUPPLEMENTARY INFORMATION

Following the basic financial statements is required supplementary information that is used to further explain and support the information in the financial statements. The supplementary information is the Budgetary Comparison Schedule, which can be found on page 23.

FINANCIAL ANALYSIS OF NASACT

The condensed information below was derived from NASACT's Statement of Net Assets at June 30, 2006, and June 30, 2005. The net assets at June 30, 2006, are \$1,308,649.67, an increase of \$249,848.09 over fiscal year 2005's net assets of \$1,058,801.58.

	Net Assets as of		Amount	%
	June 30, 2006	June 30, 2005	Change	Change
Current assets	\$ 1,644,207.12	\$ 1,885,941.47	\$ (241,734.35)	-13%
Capital assets	789,088.08	52,783.36	736,304.72	1395%
Other assets	948,341.20	598,150.03	350,191.17	59%
Total assets	<u>\$ 3,381,636.40</u>	<u>\$ 2,536,874.86</u>	<u>\$ 844,761.54</u>	<u>33%</u>
Current liabilities	1,849,198.81	1,389,446.64	459,752.17	33%
Noncurrent liabilities	223,787.92	88,626.64	135,161.28	153%
Total liabilities	<u>\$ 2,072,986.73</u>	<u>\$ 1,478,073.28</u>	<u>\$ 594,913.45</u>	<u>40%</u>
Invested in capital assets	629,463.08	52,783.36	576,679.72	1093%
Unrestricted net assets	679,186.59	1,006,018.22	(326,831.63)	-32%
Total net assets	<u><u>\$ 1,308,649.67</u></u>	<u><u>\$ 1,058,801.58</u></u>	<u><u>\$ 249,848.09</u></u>	<u><u>24%</u></u>

Current assets accounts for cash, investments, deposits, accounts receivable, accrued interest receivable and prepaid expenses. Current assets at June 30, 2006, decreased by \$241,734.35, which is a decrease of 13% from 2005. This decrease is primarily attributed to the purchase of investments with maturity dates extending into fiscal year 2007.

Capital assets accounts for the Association's investment in capital assets including an office building, office furniture, equipment and software applications. During 2006, the Association purchased office space to serve as the headquarters in Lexington, Kentucky. The total cost of the building was \$748,689.16. After accumulated depreciation, capital assets increased by \$736,304.72.

Other assets accounts for amounts that NASACT receives from the states for the financial support of the Governmental Accounting Standards Board, the employee cafeteria plan, and noncurrent investments. At June 30, 2006, the amount collected and due to the Governmental Accounting Standards Board was \$141,768.42 more than at June 30, 2005. The Association also purchased investments maturing during fiscal year 2008 in the amount of \$210,455.41. Other assets were 59% higher at June 30, 2006, than at June 30, 2005.

Total liabilities, which is made up of accounts payable, salaries payable, GASB operations payable, employee cafeteria plan payable, deferred revenue, compensated absences and notes payable, increased by 40% or \$594,913.45 for the year.

The most significant component of the increase is accounts payable. During fiscal year 2006 NASACT contracted with the Hackett Group to provide benchmarking services to the states. Seven states participated in the benchmarking initiative during the year. At June 30, 2006, NASACT had an outstanding payable to the Hackett Group for the project in the amount of \$460,509.57. The remaining increase is related to the note payable, which carries a current balance of \$159,625.00, for the purchase of NASACT's headquarters office.

The larger component of NASACT's net assets (51%) is the unrestricted net assets, which are the resources that may be used at the Association's discretion to meet ongoing obligations. Unrestricted net assets were 32% (\$326,831.63) lower at June 30, 2006, than they were at June 30, 2005. These assets were used as a down payment on the headquarters' office and as a principal payment on the outstanding mortgage.

The remaining net asset balance represents NASACT's investment in capital assets such as an office building, office equipment, furniture and software applications. The Association uses these assets to provide services to members; these assets are not available for future spending. After netting capital asset acquisitions with the related debt, net assets invested in capital assets increased by \$576,679.72.

The following condensed financial information was derived from NASACT's Statement of Revenues, Expenses and Changes in Fund Net Assets for the years ended June 30, 2006, and June 30, 2005. Line items from the statement have been re-categorized into the major functions to summarize the Association's operations for the two fiscal years and to show the changes in the Association's total net assets.

	Statement of Changes in Net Assets for Fiscal Year Ending June 30,		Amount Change	% Change
	2006	2005		
Revenues				
NASACT operating	528,150.70	506,766.62	\$ 21,384.08	4%
Conferences	755,785.00	641,715.00	114,070.00	18%
Training seminars	178,000.00	127,950.00	50,050.00	39%
Technical services	186,300.00	189,800.00	(3,500.00)	-2%
Administrative services	848,851.31	161,448.44	687,402.87	426%
Cooperative efforts	79,886.94	75,371.04	4,515.90	6%
Contracts	197,812.50	416,814.58	(219,002.08)	-53%
Miscellaneous	13,005.87	12,620.72	385.15	3%
Interest income	68,978.65	33,598.48	35,380.17	105%
Total revenues	<u>2,856,770.97</u>	<u>2,166,084.88</u>	<u>690,686.09</u>	<u>32%</u>
Expenses				
NASACT operating	694,838.85	554,009.08	140,829.77	25%
Conferences	524,147.98	430,697.00	93,450.98	22%
Training seminars	136,648.88	92,013.66	44,635.22	49%
Technical services	168,107.40	203,968.20	(35,860.80)	-18%
Administrative services	856,842.92	149,820.46	707,022.46	472%
Cooperative efforts	19,805.19	30,109.37	(10,304.18)	-34%
Contracts	196,660.66	396,381.79	(199,721.13)	-50%
Interest expense	9,871.00	-	9,871.00	100%
Total expenses	<u>2,606,922.88</u>	<u>1,856,999.56</u>	<u>749,923.32</u>	<u>40%</u>
Increase (decrease) in net assets	249,848.09	309,085.32	(59,237.23)	-19%
Net assets - beginning	1,058,801.58	749,716.26	309,085.32	41%
Net assets - ending	<u>1,308,649.67</u>	<u>1,058,801.58</u>	<u>249,848.09</u>	<u>24%</u>

NASACT operating accounts for operating the Lexington and Washington offices, and its primary source of revenue is NASACT annual dues. NASACT operating revenues were \$528,150.70 for the current year, a nominal increase from the previous fiscal year. Expenses for fiscal year 2006 increased by 25% or \$140,829.77 from fiscal year 2005 expenses. Several changes in staff occurred during the year that resulted in the short-term use of consultants. When combined with the expenses related to the relocation

of NASACT's headquarters office (such as utilities, moving fees and interest expense), indirect expenses for the year increased by \$94,953.30.

Conference revenues were \$755,785.00 in fiscal year 2006, an increase of 18% or \$114,070.00 from the prior year. The 2006 Corporate Associates Program contributed \$32,000.00 more in 2006 than in 2005. The NASACT Executive Committee approved an adjustment to the registration fees for the 2006 NASACT Conference. The adjustment resulted in increased revenue of \$20,075.00. NASACT also introduced the Joint Middle Management Conference during the year. The conference is a combined event for mid-level staff from all areas of finance. The conference was extremely successful and is scheduled again for 2007. Registration revenue for the combined conference was \$57,055.00.

Fiscal year 2006 conference expenses increased \$93,450.98 or by 22%. These expenses vary by location and number of attendees. In addition to the 2006 NASC Annual Conference being held in high-priced Alexandria, Virginia, the new Joint Middle Management Conference added \$69,374.30 in expenses that would not have otherwise been incurred.

Training seminars revenue was \$178,000.00 for fiscal year 2006, an increase of \$50,050.00. This increase is directly related to increased promotion of the NASACT Training Seminar Program. During fiscal year 2006, NASACT coordinated 20 seminars, as compared to 6 during 2005. Thus, related consultant services and consultant expenses increased by \$44,635.22.

Technical services remained relatively constant during the 2006 and 2005 fiscal years. Revenues were \$3,500.00 less in fiscal year 2006 than in 2005 and expenses decreased by 18% or \$35,860.80. The decrease in expenses was related to the additional staff time required by the national benchmarking project, which is a component of administrative services.

The administrative services program is comprised of two activities, NSAA's peer review program and the benchmarking initiative. It has two sources of revenue, administrative fees and reimbursements, the latter of which is offset by administrative service expense. Both the revenues and expenses for these activities vary based on program participation during the fiscal year.

Cooperative efforts revenue was \$79,886.94 and expenses were \$19,805.19 for fiscal year 2006, compared to \$75,371.04 and \$30,109.37 in 2005. In conjunction with the Association of Government Accountants, the Association of Local Government Auditors, and the National Association of College and University Business Officers, five audio conferences were conducted during fiscal year 2006. Expenses related to cooperative efforts decreased by 34% or \$10,304.18. NASACT shares profits with the above mentioned associations in the amount of \$75.00 per site registration for their respective members. During 2006, the above mentioned partner organizations received \$4,725.00 in shared profits.

Contract revenue decreased during the fiscal year. During December 2006, the scope of the NECCC contract was reduced, which resulted in \$76,950.00 less in revenue. Additionally, the contract with the U.S. Department of State for the legislative Malaysia exchange program was completed during fiscal year 2005, resulting in \$160,518.61 less revenue than in 2005.

Interest income increased by 105% or \$35,380.17 during 2006. This increase is due not only to rising interest rates, but also as a result of staff's initiative to invest excess reserves in instruments yielding higher returns than the operating account offers.

During fiscal year 2006, indirect items were allocated to individual line items for financial statement presentation.

BUDGETARY HIGHLIGHTS

NASACT's Executive Committee approves the Association's annual budget prior to the beginning of the fiscal year. The budget was amended during fiscal year 2006 to include the expenses related to the purchase and relocation of the Association's headquarters.

NASACT's management is fully aware of the importance of reducing expenses and pursuing cost saving techniques. During the past five fiscal years, we have pursued these initiatives more aggressively.

During fiscal years 2006, 2005, 2004, 2003 and 2002, we either initiated or continued the following cost saving and revenue generating techniques:

- Invested excess reserves in financial instruments yielding higher returns than the operating account.
- Implemented document scanning to eliminate or reduce photocopying, storage, and supplies expense.
- Utilized e-mail to distribute information (including electronic publication of the *NASACT News*), resulting in postage savings.
- Utilized frequent flyer miles to the extent possible, reducing staff travel expenses.
- Utilized hotel point programs to the extent possible, reducing hotel expenses.
- Produced and printed conference-related materials in-house, resulting in significant savings in printing costs.

ECONOMIC CONDITION AND OUTLOOK

The Association experienced an outstanding financial year during 2006. In addition to the Corporate Associates Program exceeding budget for the second year, NASACT received an additional \$19,704.00 in unbudgeted revenue from the benchmarking initiative. Interest income also contributed \$36,978.65 more than budgeted during 2006 and conference participation as well as total organization revenues increased during the year.

For fiscal year 2007, NASACT budgeted an increase in net assets of \$34,115.10.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the finances of the National Association of State Auditors, Comptrollers and Treasurers to interested individuals. Questions concerning any of the information provided in this report or requests for additional information should be addressed to NASACT, 449 Lewis Hargett Circle, Suite 290, Lexington, KY 40503, (859) 276-1147.

National Association of State Auditors, Comptrollers and Treasurers
Statement of Net Assets
June 30, 2006

ASSETS

Current assets:

Cash and cash equivalents (note 2)	\$ 926,348.08
Investments (note 2)	200,000.00
Deposits held in custody by others	3,583.20
Accounts receivable (note 3)	480,907.18
Accrued interest receivable	7,801.73
Prepaid expenses	25,566.93
Total current assets	1,644,207.12

Noncurrent assets:

Restricted cash (note 2)	737,885.79
Investments (note 2)	210,455.41
Capital assets - building, net of accumulated depreciation (note 4)	737,490.82
Capital assets - equipment, net of accumulated depreciation (note 4)	51,597.26
Total noncurrent assets	1,737,429.28
Total assets	\$ 3,381,636.40

LIABILITIES

Current liabilities:

Accounts payable (note 5)	\$ 537,566.76
Salaries payable	53,261.75
GASB operations payable	737,639.76
Employee cafeteria plan payable	246.03
Deferred revenue	486,470.99
Compensated absences (note 6)	19,013.52
Note payable (note 8)	15,000.00
Total current liabilities	1,849,198.81

Noncurrent liabilities:

Compensated absences (note 6)	79,162.92
Note payable (note 8)	144,625.00
Total noncurrent liabilities	223,787.92
Total liabilities	2,072,986.73

NET ASSETS

Invested in capital assets, net of related debt	629,463.08
Unrestricted	679,186.59
Total net assets	1,308,649.67

Total liabilities and net assets	\$ 3,381,636.40
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**National Association of State Auditors, Comptrollers and Treasurers
Statement of Revenues, Expenses and Changes in Fund Net Assets
For the Period Ended June 30, 2006**

Operating Revenues:	
State dues	\$ 526,975.00
Technical service fees	185,000.00
Corporate associates	383,500.00
Sponsor fees	86,000.00
Registration fees	457,689.99
Contract revenue	278,712.50
Administrative service reimbursements	785,647.31
Administrative service fees	63,204.00
Sale of publications	2,319.15
Miscellaneous revenue	18,744.37
Total operating revenues	<u>2,787,792.32</u>
Operating Expenses:	
Salaries	752,562.43
Employee benefits	183,423.32
Supplies	24,415.84
Postage and handling	7,862.97
Telephone	16,031.60
Copying	12,264.31
Equipment repairs and maintenance	9,376.55
Uncollectible receivables	947.00
Continuing education	4,579.96
Consultant services	110,606.68
Consultant expenses	40,139.95
Staff travel	59,927.41
Executive committee/president expense	11,774.79
Meeting expense	387,975.87
Administrative service expense	786,382.09
Printing and typesetting	7,097.00
Books and periodicals	3,356.78
Credit card fees	9,799.93
Miscellaneous	15,938.36
Professional membership dues	750.00
Banking service fees	1,196.73
Data services	3,741.05
Rent	87,353.26
Condomenium association fees	2,341.00
Utilities	1,477.21
Janitorial services	3,495.54
Copier rental	4,391.06
Postage machine rental	2,064.00
Insurance	1,795.40
Legal	11,981.43
Auditing	3,525.01
Depreciation	28,477.38
Total operating expenses	<u>2,597,051.91</u>
Operating income (loss)	<u>190,740.41</u>
Nonoperating revenues (expenses)	
Interest and investment revenue	68,978.65
Interest expense	9,870.97
Total nonoperating revenues (expenses)	<u>59,107.68</u>
Change in net assets	249,848.09
Total net assets - beginning	1,058,801.58
Total net assets - ending	<u>\$ 1,308,649.67</u>

National Association of State Auditors, Comptrollers and Treasurers
Statement of Cash Flows
For the Year Ended June 30, 2006

	Unrestricted Cash	Restricted Cash	Total Cash
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from members	\$ 653,550.00		\$ 653,550.00
Receipts from corporate associates	308,750.00		308,750.00
Receipts from sponsors	55,000.00		55,000.00
Receipts from participants	437,548.85		437,548.85
Receipts from contractors	254,710.28		254,710.28
Receipts from administrative service reimbursements	460,491.62		460,491.62
Receipts from administrative service fees	53,344.00		53,344.00
Receipts from sales of publications	2,319.15		2,319.15
Receipts for GASB		1,131,649.70	1,131,649.70
Receipts for cafeteria plan		5,075.00	5,075.00
Other receipts	18,744.37		18,744.37
Payments to vendors	(1,131,967.77)		(1,131,967.77)
Payments to employees	(938,444.52)		(938,444.52)
Payments to GASB		(987,903.66)	(987,903.66)
Payments to cafeteria plan participants		(9,085.28)	(9,085.28)
Net cash provided by operating activities	174,045.98	139,735.76	313,781.74
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchases of capital assets	(409,426.75)		(409,426.75)
Principal paid on capital debt	(195,375.00)		(195,375.00)
Interest paid on capital debt	(9,870.97)		(9,870.97)
Net cash used by capital and related financing activities	(614,672.72)	-	(614,672.72)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from the sale and maturity of investments	400,000.00		400,000.00
Purchase of investments and securities	(100,000.00)		(100,000.00)
Interest and dividends	73,833.50		73,833.50
Net cash provided by investing activities	373,833.50	-	373,833.50
Net increase (decrease) in cash and cash equivalents	(66,793.24)	139,735.76	72,942.52
Balances - beginning of the year	993,141.32	598,150.03	1,591,291.35
Balances - end of the year	\$ 926,348.08	\$ 737,885.79	\$ 1,664,233.87
Reconciliation of operating income to net cash provided			
by operating activities:			
Operating income	\$ 190,740.41		
Adjustments to reconcile operating income to net cash provided			
by operating activities:			
Increase in depreciation	28,477.38		
Change in assets and liabilities:			
Increase in accounts receivable	(348,926.60)		
Decrease in prepaid expenses	8,202.42		
Increase in accounts payable	461,056.60		
Increase in salaries payable	7,728.35		
Decrease in deferred revenue	(163,045.14)		
Decrease in compensated absences	(10,187.44)		
Net cash provided by operating activities	\$ 174,045.98		

National Association of State Auditors, Comptrollers and Treasurers
Notes to the Financial Statements
June 30, 2006

Note 1 Summary of Significant Accounting Policies

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board. The Association has prepared required supplementary information titled *Management's Discussion and Analysis*, which precedes the financial statements, and required supplementary information, which includes the *Budgetary Comparison Schedule*, which follows these footnotes.

The accompanying financial statements present the financial position of the Association as of and for the year ended June 30, 2006.

a. Reporting Entity

The National Association of State Auditors, Comptrollers and Treasurers, an unincorporated association, is an instrumentality of the states. Its mission, as set forth in its constitution, is to assist state leaders to enhance and promote effective and efficient management of government resources.

Because of the Association's standing as an instrumentality of the states, its financial statements have been prepared in accordance with generally accepted accounting principles as prescribed by GASB.

b. Measurement Focus, Basis of Accounting and Basis of Presentation

The Association is considered a special purpose government and reports as a business-type activity, 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.

Operating revenues and expenses are distinguished from nonoperating items. Operating revenues and expenses result from providing services in connection with ongoing operations. Items not meeting the criteria of operating transactions are recorded as nonoperating.

c. Budgetary Data

The annual budget for fiscal year 2006 was prepared using the full accrual basis of accounting. The Association's Executive Committee approves the budget and any subsequent revisions.

d. Capital Assets

Capital assets, which include an office building, office equipment, furniture, and software, are reported on the Statement of Net Assets. The Association defines capital assets as assets that have a cost of \$1,000.00 or more at the date of acquisition and have an expected useful life of more than one year.

Capital assets are depreciated using the straight-line method over the assets' estimated useful lives.

e. Business-Type Activity Accounting and Financial Reporting

The Association applies all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions and Accounting Research Bulletins (ARBs).

National Association of State Auditors, Comptrollers and Treasurers
Notes to the Financial Statements
June 30, 2006

f. **Basis for Cash Restriction**

NASACT classifies cash into two categories, restricted and unrestricted. Restricted cash balances are cash amounts administered by NASACT, but the principal balance neither belongs to nor is controlled by the Association. Restricted cash balances reported in the financial statements include the balance of the collections from the states to fund the GASB and the balance in the employee cafeteria plan. All other cash held by the Association is considered unrestricted for reporting purposes.

Note 2 Cash and Cash Equivalents, Restricted Cash and Investments

As of June 30, 2006, the Association had the following investments and securities:

<u>Deposit Type</u>	<u>Fair Value</u>
Cash:	
Demand	\$ 1,664,233.87
Investments:	
Certificates of deposit	<u>410,455.41</u>
Total	<u>\$ 2,074,689.28</u>
Net withdrawals and deposits in transit	<u>14,173.30</u>
Total cash and investments in bank	<u><u>\$ 2,088,862.58</u></u>

Custodial Credit Risk. Custodial credit risk is the risk that in the event of a bank failure, the Association's deposits may not be returned to it. The Association's policy requires bank institutions to provide collateralization in excess of the FDIC limit. As of June 30, 2006, \$4,452.88 of the Association's total bank deposits was exposed to custodial credit risk because this portion was uninsured and uncollateralized.

Interest Rate Risk. Managing interest rate risk limits NASACT's exposure to fair value losses arising from changes in interest rates. The Association's investment policy limits investments with maturities of more than 13 months to not more than one-third of the total net assets. As of June 30, 2006, the Association had two investments with a maturity greater than one year.

Note 3 Accounts Receivable

Accounts receivable have been aggregated and presented in the financial statements. Detailed information is presented below:

Benchmarking	\$ 333,869.57
Contracts	93,584.84
Peer review	13,678.83
Registrations	6,211.00
Reimbursements	2,562.94
Sponsors	<u>31,000.00</u>
Accounts receivable, June 30, 2006	<u><u>\$ 480,907.18</u></u>

National Association of State Auditors, Comptrollers and Treasurers
Notes to the Financial Statements
June 30, 2006

Note 4 Capital Assets

The Association's investment in capital assets as of June 30, 2006, amounts to \$789,088.08 (net of accumulated depreciation). This investment in capital assets includes the headquarters office, furniture, equipment and software. Capital asset activity for the year ended June 30, 2006, is summarized below:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets				
Building	\$ -	\$ 748,689.16	\$ -	\$ 748,689.16
Furniture	18,173.31	9,876.60	1,200.00	26,849.91
Equipment	81,583.24	5,117.05	12,282.33	74,417.96
Software	50,939.50	1,099.00	15,988.69	36,049.81
Total capital assets	<u>150,696.05</u>	<u>764,781.81</u>	<u>29,471.02</u>	<u>886,006.84</u>
Less accumulated depreciation				
Building	\$ -	\$ 11,198.34	\$ -	\$ 11,198.34
Furniture	7,927.88	1,774.45	1,200.00	8,502.33
Equipment	61,127.20	8,668.60	12,282.33	57,513.47
Software	28,857.61	6,835.70	15,988.69	19,704.62
Total accumulated depreciation	<u>97,912.69</u>	<u>28,477.09</u>	<u>29,471.02</u>	<u>96,918.76</u>
Capital assets, net	<u>\$ 52,783.36</u>	<u>\$ 736,304.72</u>	<u>\$ -</u>	<u>\$ 789,088.08</u>

Note 5 Accounts Payable

Accounts payable have been aggregated and presented in the financial statements. Detailed information is presented below:

Benchmarking	\$ 460,509.57
Payroll taxes	5,690.71
Peer review	12,011.31
Retirement	2,185.84
Vendors	<u>57,169.33</u>
Accounts payable, June 30, 2006	<u>\$ 537,566.76</u>

Note 6 Compensated Absences

Compensated absences activity for the year ended June 30, 2006, is summarized below. Of this amount, \$19,013.52 is considered a current liability.

Compensated absences, July 1, 2005	\$ 108,363.56
Additions	73,153.83
Deletions	<u>83,340.95</u>
Compensated absences, June 30, 2006	<u>\$ 98,176.44</u>

National Association of State Auditors, Comptrollers and Treasurers
Notes to the Financial Statements
June 30, 2006

Note 7 Operating Leases

The following is a schedule of future minimum rental payments required under operating leases that have initial or remaining non-cancelable lease terms in excess of one year as of June 30, 2006:

Year Ending June 30	Office Space	Postage Machine	Copier	Total
2007	41,497.08	2,098.97	3,504.00	47,100.05
2008	24,206.63		3,504.00	27,710.63
2009			2,044.00	2,044.00
Total future minimum lease payments	<u>\$ 65,703.71</u>	<u>\$ 2,098.97</u>	<u>\$ 9,052.00</u>	<u>\$ 76,854.68</u>

The following schedule shows the composition of total rental expenditures for all operating leases:

	For the Year Ended June 30, 2006
Minimum rentals:	
Lexington	\$ 39,195.84
Washington	40,838.88
Copier	4,128.00
Postage machine	<u>2,364.00</u>
Total	<u>\$ 86,526.72</u>

Note 8 Note Payable

On December 15, 2005, NASACT secured a note in the amount of \$355,000.00 for the purchase of the Association's headquarters office. The note is a five-year balloon with a 5.5% fixed interest rate and is amortized over 20 years. A minimum principal payment of \$15,000.00 must be made annually on the note's anniversary date. There is no prepayment penalty.

Note payable activity for the year ended June 30, 2006, is summarized below. Of this amount, \$15,000.00 is considered a current liability.

Note payable, July 1, 2005	\$ -
Additions	355,000.00
Deletions	<u>195,375.00</u>
Note payable, June 30, 2006	<u>\$ 159,625.00</u>

National Association of State Auditors, Comptrollers and Treasurers
Notes to the Financial Statements
June 30, 2006

Note 9 Retirement Plan

Generally, all employees are eligible to participate in the Teachers' Insurance and Annuity Association/College Retirement Equities Fund, a privately administered, defined contribution retirement plan. Participant eligibility and contributory requirements are established in the Retirement Resolution. Employees contribute 5% of gross wages and the Association contributes 10% of gross wages. The Association will match additional employee contributions up to 4%. After an employee completes 25 years of service and reaches age 60, or after completing 30 years of service and reaching age 55, the Association contributes an additional ten percent of gross wages, for a total employer contribution of 20%. The Association assumes no liability other than its contributions. The plan administrator's annual report may be obtained by writing to TIAA-CREF, 730 Third Avenue, New York, NY 10017.

For the year ended June 30, 2006, the Association had a total payroll of \$752,562.43, of which \$718,064.69 was covered by the plan. Employee contributions for the plan years ending June 30, 2006, 2005, and 2004 were \$37,598.35, \$38,396.00, and \$39,926.88, respectively. Employer contributions for the plan years ending June 30, 2006, 2005, and 2004 were \$101,296.97, \$77,191.79, and \$88,134.05, respectively.

Note 10 Risk Management and Insurance Coverage

Association employee benefits for health, dental, long-term disability and life insurance coverage are fully insured through commercial carriers. A commercial insurance carrier provides coverage for property exposure. There were no reductions in commercial insurance coverage during the fiscal year ended June 30, 2006. The Association does not participate in any risk pools.

Note 11 Disposition of NSAA Portion of Unrestricted Net Assets

In fiscal year 2001, the National State Auditors Association eliminated support for the training packages component of the State Auditor Training Program and designated the remaining balance of \$139,546.82 at June 30, 2001, until further study and analysis could be performed regarding the appropriate distribution of the training packages balance. After applying the provisions of GASB 34, the designated balance was reduced to \$134,883.65 and is reflected as a component of Unrestricted Net Assets.

On March 24, 2003, the NSAA Executive Committee approved a scholarship program to assist members/speakers in attending NSAA conferences. The scholarships will be funded by the interest earned on the training fund; the principal will remain intact.

Note 12 Related Party Transaction with National Electronic Commerce Coordinating Council (eC3)

NASACT and the National Association of Secretaries of State jointly form the eC3. eC3 provides for information sharing and cooperative efforts in the development of electronic commerce. eC3 is a related party to NASACT:

- Two NASACT Executive Committee members are members of the eC3 Board of Directors.
- Since fiscal year 2000, NASACT has been contracted as the administration agent for eC3. Currently, the contract is for a fixed annual fee of \$71,000.

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Required Supplementary Information

**National Association of State Auditors, Comptrollers and Treasurers
Budgetary Comparison Schedule
For the Year Ended June 30, 2006**

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
Operating Revenues:				
State dues	\$ 490,000.00	\$ 490,000.00	\$ 526,975.00	\$ 36,975.00
Technical service fees	181,875.00	181,875.00	185,000.00	3,125.00
Corporate associates	300,000.00	300,000.00	383,500.00	83,500.00
Sponsor fees	55,000.00	55,000.00	86,000.00	31,000.00
Registration fees	391,275.00	391,275.00	457,689.99	66,414.99
Contract revenue	252,700.00	252,700.00	278,712.50	26,012.50
Administrative service reimbursements	140,000.00	140,000.00	785,647.31	645,647.31
Administrative service fees	49,000.00	49,000.00	63,204.00	14,204.00
Sale of publications	500.00	500.00	2,319.15	1,819.15
Miscellaneous revenue	10,000.00	10,000.00	18,744.37	8,744.37
Total operating revenues	<u>1,870,350.00</u>	<u>1,870,350.00</u>	<u>2,787,792.32</u>	<u>917,442.32</u>
Operating Expenses:				
Salaries	816,250.00	816,250.00	752,562.43	63,687.57
Employee benefits	163,223.26	163,223.26	183,423.32	(20,200.06)
Supplies	19,435.00	19,435.00	24,415.84	(4,980.84)
Postage and handling	7,525.00	7,525.00	7,862.97	(337.97)
Telephone	18,400.00	18,400.00	16,031.60	2,368.40
Copying	13,720.00	13,720.00	12,264.31	1,455.69
Equipment repairs and maintenance	6,500.00	6,500.00	9,376.55	(2,876.55)
Uncollectible receivables			947.00	(947.00)
Continuing education	10,000.00	10,000.00	4,579.96	5,420.04
Consultant services	43,650.00	43,650.00	110,606.68	(66,956.68)
Consultant expenses	24,100.00	24,100.00	40,139.95	(16,039.95)
Staff travel	70,000.00	70,000.00	59,927.41	10,072.59
Executive committee/president expense	21,500.00	21,500.00	11,774.79	9,725.21
Meeting expense	332,528.00	332,528.00	387,975.87	(55,447.87)
Administrative service expense	140,000.00	140,000.00	786,382.09	(646,382.09)
Printing and typesetting	4,810.00	4,810.00	7,097.00	(2,287.00)
Duplication - audio/visual aids	100.00	100.00	-	100.00
Books and periodicals	4,650.00	4,650.00	3,356.78	1,293.22
Credit card fees	6,650.00	6,650.00	9,799.93	(3,149.93)
Miscellaneous	13,500.00	13,500.00	15,938.36	(2,438.36)
Professional membership dues			750.00	(750.00)
Banking service fees			1,196.73	(1,196.73)
Data services	4,700.00	4,700.00	3,741.05	958.95
Rent	87,859.28	87,859.28	87,353.26	506.02
Condomenium association fees		3,000.00	2,341.00	659.00
Utilities		2,400.00	1,477.21	922.79
Janitorial services	4,680.00	4,680.00	3,495.54	1,184.46
Copier rental	4,002.00	4,002.00	4,391.06	(389.06)
Postage machine rental	2,364.00	2,364.00	2,064.00	300.00
Insurance	3,500.00	3,500.00	1,795.40	1,704.60
Legal	15,000.00	15,000.00	11,981.43	3,018.57
Auditing	4,000.00	4,000.00	3,525.01	474.99
Depreciation	16,000.00	25,320.00	28,477.38	(3,157.38)
Total operating expenses	<u>1,858,646.54</u>	<u>1,873,366.54</u>	<u>2,597,051.91</u>	<u>(723,685.37)</u>
Operating income (loss)	<u>\$ 11,703.46</u>	<u>\$ (3,016.54)</u>	<u>\$ 190,740.41</u>	<u>\$ 1,641,127.69</u>
Nonoperating revenues (expenses)				
Interest and investment revenue	32,000.00	32,000.00	68,978.65	36,978.65
Interest expense	-	9,500.00	9,870.97	(370.97)
Total nonoperating revenues (expenses)	<u>32,000.00</u>	<u>22,500.00</u>	<u>59,107.68</u>	<u>37,349.62</u>
Change in net assets	43,703.46	19,483.46	249,848.09	230,364.63
Total net assets - beginning	1,058,801.58	1,058,801.58	1,058,801.58	-
Total net assets - ending	<u>\$ 1,102,505.04</u>	<u>\$ 1,078,285.04</u>	<u>\$ 1,308,649.67</u>	<u>\$ 230,364.63</u>



STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN
State Auditor and Inspector

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS

To The Executive Committee and Members of the National Association of State Auditors, Comptrollers and Treasurers and R. Kinney Poynter, Executive Director

We have audited the financial statements of the business-type activities of the National Association of State Auditors, Comptrollers and Treasurers (the Association) as of and for the year ended June 30, 2006 and have issued our report thereon dated September 1, 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 Association'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 an opinion 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 caused by error or fraud in amounts that would be material in relation to the basic 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 Association'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 Executive Committee, Members of the Association, and the Executive Director of the Association and is not intended to be and should not be used by anyone other than these specified parties.

Mike Starchman, CPA
2006 NASACT Audit Team Leader

September 1, 2006

Statistical Section

**National Association of State Auditors, Comptrollers and Treasurers
Statistical Section
For the Fiscal Year Ended June 30, 2006**

This part of NASACT's comprehensive annual financial report presents detailed information in the areas listed below to provide a context for understanding what the information in the financial statements and notes says about the Association's overall financial health.

Content

Financial Trend Information 27

These schedules contain trend information to help the reader understand how the Association's financial performance and fiscal well-being have changed over time.

Revenue Information 28

These schedules present information to help the reader assess NASACT's most significant revenue sources: dues, contract revenue, registration fees, and the corporate associate program.

Debt Information 32

These schedules present information to help the reader assess the Association's current levels of outstanding debt and the ability to incur debt in the future.

Demographic Information 33

These schedules offer demographic and economic indicators to help the reader understand the environment within which the Association's financial activities take place.

Operating Information 34

These schedules contain operating data to help the reader understand how the information in the Association's financial report relates to the services it provides and activities it performs.

Sources:

Information is derived from the financial statements presented in the comprehensive annual financial reports for the relevant years. Non-financial information is derived from various internal sources including, but not limited to, conference databases, source documents, and historical membership files.

Note:

Due to the reporting format and definition changes prescribed by GASB Statement No. 34, information for fiscal years 2002–2006 is available.

National Association of State Auditors, Comptrollers and Treasurers
Statistical Section
For the Fiscal Year Ended June 30, 2006

Financial Trend Information - Net Assets
Last Five Fiscal Years

Net assets	2006	2005	2004	2003	2002
Invested in capital assets, Net of related debt	\$ 629,463	\$ 52,783	\$ 42,440	\$ 42,091	\$ 38,810
Unrestricted	679,187	1,006,018	707,277	503,495	491,422
Total net assets	\$ 1,308,650	\$ 1,058,801	\$ 749,717	\$ 545,586	\$ 530,232

Financial Trend Information - Changes in Net Assets
Last Five Fiscal Years

	2006	2005	2004	2003	2002
Operating Revenues					
NASACT operating	\$ 528,151	\$ 506,767	\$ 501,930	\$ 422,655	\$ 333,214
Conferences	755,785	641,715	718,750	596,060	701,427
Training seminars	178,000	127,950	118,025	115,550	86,400
Technical services	186,300	189,800	188,900	183,475	184,975
Administrative services	848,851	161,448	219,586	188,989	163,771
Cooperative efforts	79,887	75,371	75,369	86,494	250,384
Contracts	197,913	416,815	238,310	229,388	165,400
Miscellaneous	13,005	12,621	20,152	12,252	14,347
Total operating revenues	\$ 2,787,892	\$ 2,132,487	\$ 2,081,022	\$ 1,834,863	\$ 1,899,918
Operating Expenses					
NASACT operating	694,839	554,009	732,860	734,999	763,328
Conferences	524,148	430,697	404,021	373,468	469,241
Training seminars	136,649	92,014	81,381	85,171	52,128
Technical services	168,107	203,968	169,655	158,260	161,429
Administrative services	856,843	149,820	202,553	185,450	155,883
Cooperative efforts	19,805	30,109	42,298	80,321	248,609
Contracts	196,661	396,383	252,834	220,050	146,085
Total operating expenses	2,597,052	1,857,000	1,885,602	1,837,719	1,996,703
Operating income (loss)	190,840	275,487	195,420	(2,856)	(96,785)
Nonoperating Revenues (Expenses)					
Interest revenue	68,979	33,598	12,913	18,209	29,086
Interest expense	9,871	-	-	-	-
Loss on disposal of assets	-	-	4,203	-	-
Nonoperating income (loss)	59,108	33,598	8,710	18,209	29,086
Change in net assets	\$ 249,948	\$ 309,085	\$ 204,130	\$ 15,353	\$ (67,699)

**National Association of State Auditors, Comptrollers and Treasurers
 Statistical Section
 For the Fiscal Year Ended June 30, 2006**

Revenue Information - Membership Dues					
Last Four Fiscal Years	2006	2005	2004	2003	2002
Dues billed	\$ 649,000	\$ 632,375	\$ 622,375	\$ 527,250	\$ 392,500
Dues paid by members	526,975	506,575	496,800	418,625	332,500
Membership dues per tier					
1 (staff > 500)	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	n/a
2 (staff 300 - 499)	4,500	4,500	4,500	3,500	n/a
3 (staff 175 - 299)	4,000	4,000	4,000	3,250	n/a
4 (staff 100 - 174)	3,500	3,500	3,500	3,000	n/a
5 (staff < 100)	3,000	3,000	3,000	2,750	n/a

Note:

The current dues structure was instituted in fiscal year 2003.

**National Association of State Auditors, Comptrollers and Treasurers
Statistical Section
For the Fiscal Year Ended June 30, 2006**

Revenue Information - Registration Fees					
Last Five Fiscal Years	2006	2005	2004	2003	2002
Registration revenue					
Audio conferences	\$ 74,305	\$ 68,078	\$ 69,821	\$ 13,022	\$ 22,460
NASACT	120,875	99,390	87,600	73,244	290,919
NASC	18,550	27,750	22,750	26,245	48,890
NSAA	105,805	105,075	96,900	79,750	85,575
NSAA/NASC	57,055	-	-	-	-
State and local conference	-	-	-	73,150	65,910
Tennessee training seminars	81,100	93,200	92,375	79,150	70,650
Total registration revenue	\$ 457,690	\$ 393,493	\$ 369,446	\$ 344,561	\$ 584,404
Number of conferences held					
Audio conferences	5	4	3	1	1
NASACT	2	2	2	2	3
NASC	2	4	3	5	6
NSAA	4	5	4	3	3
NSAA/NASC	1				
State and local conference				1	1
Tennessee training seminars	4	4	4	4	4
Total number of conferences held	18	19	16	16	18
Number of attendees					
Audio conferences ^a	308	284	287	53	90
NASACT	350	329	280	265	351
NASC	169	223	191	329	294
NSAA	395	364	311	351	266
NSAA/NASC	174				
State and local conference				182	169
Tennessee training seminars	456	492	487	439	429
Total number of attendees	1,852	1,692	1,556	1,619	1,599
CPE credits issued					
Audio conferences	6,728	6,712	6,452	1,034	1,069
NASACT	2,057	1,691	1,102	890	1,590
NASC	734	922	717	958	1,510
NSAA	4,731	4,594	3,958	2,593	3,357
NSAA/NASC	2,305				
State and local conference ^b					
Tennessee training seminars	6,794	8,073	7,710	7,101	5,997
Total CPE credits issued	23,349	21,992	19,939	12,576	13,523

Notes:

^a Registrations for audio conferences are by site, not by individual attendee.

^b The State and Local Government Conference was a joint conference with the Association of Government Accountants. CPE credit was issued through AGA.

**National Association of State Auditors, Comptrollers and Treasurers
Statistical Section
For the Fiscal Year Ended June 30, 2006**

Revenue Information - Contract Revenue					
Last Five Fiscal Years	2006	2005	2004	2003	2002
Contract revenue					
AGA	\$ -	\$ 20,000	\$ -	\$ -	\$ -
ALGA	42,562	38,800	38,163	38,763	41,200
eC3	127,250	164,200	164,200	164,200	124,200
ICGFM	12,000	17,250	20,000	20,000	
Training seminars	96,900	34,750	25,650	36,400	15,750
Urban Institute		16,046	15,947	6,425	
U.S. Department of State		160,519			
Total contract revenue	\$ 278,713	\$ 451,565	\$ 263,960	\$ 265,788	\$ 181,150
Types of services contracted					
AGA		T			
ALGA	A, C, F	A, C, F	A, C, F	A, C, F	A, C, F
eC3	A, C, F, I	A, C, F, I	A, C, F, I	A, C, F, I	A, F, I
ICGFM	A	A, C	A, C	A, C	
Training seminars	T	T	T	T	T
Urban Institute		I, T	I, T	I, T	
U.S. Department of State		A, F, T			
Number of contracts					
AGA		1			
ALGA	1	1	1	1	1
eC3	2	2	2	2	1
ICGFM	1	1	1	2	
Training seminars	20	7	5	7	3
Urban Institute		1	1	1	
U.S. Department of State		1			
Total number of contracts	24	14	10	13	5

Key:

A Administrative
C Conference
F Financial
I Information technology
T Technical

**National Association of State Auditors, Comptrollers and Treasurers
Statistical Section
For the Fiscal Year Ended June 30, 2006**

Revenue Information - Corporate Associates Program			
Last Three Fiscal Years ^a	2006	2005	2004
Corporate associates revenue per level			
Bronze	\$ 90,000	\$ 65,000	\$ 75,000
Silver	112,500	87,500	100,000
Gold	75,000	75,000	200,000
Platinum	90,000	80,000	80,000
Other	16,000	44,000	2,500
Total corporate associates revenue	\$ 383,500	\$ 351,500	\$ 457,500
Corporate associates levels			
Bronze	\$ 5,000	\$ 5,000	\$ 5,000
Silver	12,500	12,500	12,500
Gold	25,000	25,000	25,000
Platinum ^a	40,000	40,000	
Corporate associates level			
Bronze	18	13	15
Silver	9	7	8
Gold	3	3	8
Platinum	2	2	2
Other	7	20	1
Total corporate associates	39	45	34

Notes:

^a Only three years of data are presented for the Corporate Associates Program because the program was established during fiscal year 2004 was the first year of the program.

^b The corporate associate platinum level was created in fiscal year 2005 and is \$40,000 or more.

**National Association of State Auditors, Comptrollers and Treasurers
 Statistical Section
 For the Fiscal Year Ended June 30, 2006**

Debt Information Last Five Fiscal Years	2006	2005	2004	2003	2002
Capital debt, beginning balance	\$ -	\$ -	\$ -	\$ -	\$ -
Capital debt incurred	355,000	-	-	-	-
Capital debt principal payments	195,375	-	-	-	-
Capital debt, ending balance	\$ 159,625	\$ -	\$ -	\$ -	\$ -
Capital debt per dues paying member	\$ -	\$ -	\$ -	\$ -	\$ -
Capital debt incurred	2,630	-	-	-	-
Capital debt principal payments	1,447	-	-	-	-
Capital debt per dues paying member	\$ 1,183	\$ -	\$ -	\$ -	\$ -

**National Association of State Auditors, Comptrollers and Treasurers
Statistical Section
For the Fiscal Year Ended June 30, 2006**

Demographic Information Last Five Fiscal Years	2006	2005	2004	2003	2002
Membership by financial function					
Auditor	55	55	55	57	62
Comptroller	52	50	47	51	52
Treasurer	28	29	28	25	29
Total membership	135	134	130	133	143

**National Association of State Auditors, Comptrollers and Treasurers
Statistical Section
For the Fiscal Year Ended June 30, 2006**

Operating Information - Full-Time Equivalents					
Last Five Fiscal Years	2006	2005	2004	2003	2002
NASACT operating	7.10	6.67	7.18	9.18	8.80
Conferences	1.27	1.45	1.31	0.67	0.86
Training seminars	0.27	0.11	0.10	0.10	0.10
Technical services	1.34	1.76	1.66	1.45	1.68
Administrative services	0.82	0.49	0.67	0.51	0.43
Cooperative efforts	0.12	0.14	0.13	0.06	0.21
Contracts	1.52	2.62	2.52	2.25	1.54
Total full-time equivalents	12.44	13.24	13.57	14.22	13.62

Operating Information - Head Count					
Last Five Fiscal Years	2006	2005	2004	2003	2002
Total head count	13	14	14	15	14

Operating Information - Capital Assets					
Last Five Fiscal Years	2006	2005	2004	2003	2002
Capital assets by classification					
Building	\$ 737,491	\$ -	\$ -	\$ -	\$ -
Furniture	18,348	10,245	11,526		
Equipment	16,904	20,456	22,184	32,535	10,400
Software	16,345	22,082	8,730	9,557	28,410
Total capital assets by classification	\$ 789,088	\$ 52,783	\$ 42,440	\$ 42,092	\$ 38,810

Building					
Square footage	5,200				
Equipment					
Laptops	8	8	7	7	5
Personal computers	7	9	11	12	12
Servers	1	1	1	1	1
Software applications	7	5	5	5	3