

NASACT Comprehensive Annual Financial Report

For the fiscal year ended June 30, 2011



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

NASACT Comprehensive Annual Financial Report

For the fiscal year ended June 30, 2011



449 Lewis Hargett Circle
Suite 290
Lexington, KY 40503
Phone (859) 276-1147
Fax (859) 278-0507

Hall of the States
444 N. Capitol Street NW
Suite 234
Washington, DC 20001
Phone (202) 624-5451
Fax (202) 624-5473

www.nasact.org

National Association of State Auditors, Comptrollers and Treasurers

Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2011

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Introductory Section

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National Association of State Auditors, Comptrollers and Treasurers

September 16, 2011

EXECUTIVE COMMITTEE OFFICERS

President
RONALD L. JONES
Chief Examiner
Office of Examiner of Public
Accounts, Alabama

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Comptroller
Massachusetts

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Secretary
WILLIAM G. HOLLAND
Auditor General
Illinois

Treasurer
CALVIN McKELVOGUE
Chief Operating Officer
Department of Administrative
Services, Iowa

EXECUTIVE DIRECTOR

R. KINNEY POYNTER
Lexington, Kentucky

CONTACT INFORMATION

Headquarters Office
449 Lewis Hargett Circle
Suite 290
Lexington, KY 40503-3590
(859) 276-1147
Fax (859) 278-0507

Washington Office
444 N. Capitol Street, NW
Suite 234
Washington, DC 20001
(202) 624-5451
Fax (202) 624-5473

www.nasact.org

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, 2011. 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 FY2011 financial statements in September of 2011. The independent auditor's report is at the beginning of the financial section of this report.

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 2010-2011 along with a list of staff in the Lexington and Washington offices at September 16, 2011. The financial section includes the independent auditor's report, management's discussion and analysis, the basic financial statements and notes to the financial statements. The required supplementary information includes 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 became increasingly complex, NASACT expanded its services and offerings to members. With the establishment of the Governmental Accounting Standards Board in 1984 came the need for technical services 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 webinars.
- Offer training seminars on a variety of finance and audit-related topics.
- 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 capital.
- Conduct research on a variety of topics of interest to the members.
- Work cooperatively with peer organizations of state government officials on topics and projects of mutual interest.

Major Projects and Initiatives

Fiscal year 2011 has been an active year for NASACT and its members. Listed below are some of the activities we have focused on during the year:

- **Conferences and Training:** As always, NASACT strives to provide the very best training to members throughout the year. To enable members to attend, NASACT has continued its Travel Assistance Program. Members in good standing are eligible to receive \$1,000 in assistance to attend the annual conference. Training offerings are rounded out by the Training Seminars Program, which offers customized training for members on location at member sites and by quarterly webinars, which provide cost-effective, convenient CPE.
- **Standards Setting:** Standards-setting bodies have been busy during the past year and NASACT has been busy examining and responding to proposed standards and due process documents from GASB, the American Institute of Certified Public Accountants, the U.S. Office of Management and Budget, the Internal Revenue Service, and the U.S. Government Accountability Office. NASACT has provided testimony at GASB hearings. Our participation in this process helps ensure that proposed standards are carefully considered prior to implementation.
- **Recovery Act:** NASACT has continued involvement in efforts to ensure the successful implementation and auditing of the American Recovery and Reinvestment Act of 2009.
- **FFATA:** NASACT led efforts to successfully implement Federal Financial Accountability and Transparency Act reporting, which began on October 1, 2010.
- **Faster Financial Reporting:** NASACT is currently examining how improvements can be made to year-end reporting and has established a Faster Financial Reporting Work Group to examine the issue and to make recommendations on how to improve the timeliness. Ideas such as changing fiscal year ends of either the state or its component units, passing legislation to require faster CAFRs, using estimates to a much greater degree, interim auditing, and re-examining materiality levels, are receiving close scrutiny.
- **GASB Funding:** Recently, the Securities and Exchange Commission directed FINRA (the Financial Industry Regulatory Authority) to develop rules whereby it will collect funds to be used to support the operations of GASB. NASACT will continue working closely with FINRA and the Financial Accounting Foundation as the new process is established.
- **3% Withholding:** NASACT continues to advocate for repeal of the three percent withholding provision of the Tax Increase Prevention and Reconciliation Act, which will require federal, state and local governments to withhold three percent on most payments for goods or services. NASACT is a member of the Withholding Relief Coalition which, in cooperation with the small business community, is working for repeal.

- **Cell-Phone Delisting:** Last fall, President Barack Obama signed legislation that includes a provision to remove employer provided cell phones from the definition of listed property as defined in the tax code. NASACT and several other groups had been advocating the removal of cell phones from the definition of listed property for several years. The new law means that employers will be able to utilize a much less burdensome de minimus personal use policy, much like policies in place for employer-provided desk phones. The change should save employers hours of costly and time-consuming recordkeeping.
- **MSRB:** NASACT participated in two roundtables held by the Municipal Securities Rulemaking Board. The topics discussed included (1) faster financial reporting; (2) SEC field hearings and proposals; (3) implementation of the Dodd-Frank financial reform legislation; (4) public pensions; (5) tax reform and municipal bonds; and (6) debt issuance. NASACT gave a report detailing the association's views/activities on these topics, specifically discussing faster financial reporting and a proposal from the SEC on municipal financial advisors.
- **Muni Market Reform:** NASACT has been actively monitoring and commenting on regulations that are proposed as a result of the Dodd-Frank Act, specifically as they relate to the municipal market, these include:
 - ✓ SEC/MSRB regulation of muni-advisors, including pension advisors.
 - ✓ Scope of MSRB's expanded mission and potential regulatory jurisdiction invoked to protect state and local governments in addition to investors and the public interest.
 - ✓ SEC proposals, including the potential inclusion of municipal securities in the definition of asset backed securities and the forthcoming regulation of the derivatives market as it relates to municipal securities and other investment products.
- **Tax Reform and Municipal Bonds:** NASACT has been closely following tax reform, particularly recommendations of the Debt Commission and any Congressional consideration of doing away with the tax exempt status of municipal bonds. Additionally, NASACT has been monitoring the use of tax credit bonds and the apparent movement away from traditional tax exempt bonds in favor of tax credit bonds.

The preparation of this report was made possible by the dedicated support of NASACT's finance manager along with the assistance of our accounting student intern and input and collaboration by the entire NASACT staff. Questions about this report may be directed to NASACT's headquarters office.

Respectfully submitted,



R. Kinney Poynter
Executive Director

NATIONAL ASSOCIATION OF STATE AUDITORS, COMPTROLLERS AND TREASURERS

EXECUTIVE COMMITTEE 2010-2011

OFFICERS

President

Nancy K. Kopp
State Treasurer
Maryland

First Vice President

Ronald L. Jones
Chief Examiner
Office of the Examiner of Public Accounts
Alabama

Second Vice President

Martin J. Benison
Comptroller
Massachusetts

Secretary

James B. Lewis
State Treasurer
New Mexico

Treasurer

William G. Holland
Auditor General
Illinois

Immediate Past President

Glen B. Gainer III
State Auditor
West Virginia

OTHER MEMBERS

Brenda Bolander
State Comptroller
Oklahoma

Jerry Burnett
State Treasurer
Alaska

Richard Eckstrom
Comptroller General
South Carolina

Richard K. Ellis
State Treasurer
Utah

Walter J. Kucharski
Auditor of Public Accounts
Virginia

David Lillard, Jr.
State Treasurer
Tennessee

Elaine M. Howle
State Auditor
California

D. Clark Partridge
State Comptroller
Arizona

David A. Vautt
Auditor of State
Iowa

NATIONAL ASSOCIATION OF STATE AUDITORS, COMPTROLLERS AND TREASURERS

STAFF

(September 16, 2011)

In Lexington

R. Kinney Poynter, CPA, Executive Director

Patsy Hackney, Administrative Assistant

Glenda Johnson, Communications Manager

Fay Kurkij, Peer Review Coordinator

Donna Maloy, CMP, Conference Manager

Kimberly O’Ryan, CPA, NASC Association Manager

Adrian Puryear, IT / Web Manager

Sherri Rowland, CPA, NSAA Association Director

Matt Shepperd, Student Intern

Lori Slagle, Finance Manager

In Washington

Cornelia Chebinou, J.D., Washington Director

Tanya Grayson, Administrative Assistant

Neal Hutchko, Policy Analyst

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Financial Section

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Office of the Secretary of State

Kate Brown
Secretary of State

Barry Pack
Deputy Secretary of State



Audits Division

Gary Blackmer
Director

255 Capitol St. NE, Suite 500
Salem, OR 97310

(503) 986-2255
fax (503) 378-6767

INDEPENDENT AUDITOR'S REPORT

The Executive Committee and Members
R. Kinney Poynter, Executive Director
National Association of State Auditors, Comptrollers and Treasurers
449 Lewis Hargett Circle, Suite 290
Lexington, Kentucky 40503

We have audited the accompanying basic financial statements of the National Association of State Auditors, Comptrollers and Treasurers (NASACT), as of and for the year ended June 30, 2011, as listed in the table of contents. These financial statements are the responsibility of NASACT's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of NASACT, as of June 30, 2011, and the changes in its financial position and its cash flows 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 16, 2011 on our consideration of NASACT'S internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison schedule, as listed in table of contents, are not a required part of the basic financial statements but are 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 basic financial statements of NASACT. The introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The introductory section and statistical section 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.

OREGON AUDITS DIVISION


Jean M. Hodges, CPA
2011 NASACT Audit Team Leader

September 16, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion about the financial performance of the NASACT provides a narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2011. 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 basic 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 \$2,245,521 (presented as "Total net assets"). Of this amount, \$1,589,040 was reported as "Unrestricted." In FY2010, net assets exceeded liabilities by \$2,075,907 and unrestricted net assets were \$1,390,734. Unrestricted net assets represent the amount available to meet ongoing obligations.

Change in Net Assets

In FY2011, NASACT's total net assets increased by \$169,614.

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 18) 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 19) 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 20) 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 flows and meet obligations as they come due and to assess operating versus investing activities.

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, pages 21 through 25.

Required Supplementary Information

Following the Basic Financial Statements is required supplementary information which further explains and supports the information in the financial statements. The supplementary information is the Budgetary Comparison Schedule, which can be found on page 29.

FINANCIAL ANALYSIS OF NASACT

The condensed information below was derived from NASACT's Statement of Net Assets at June 30, 2011, and June 30, 2010. The net assets at June 30, 2011, are \$2,245,521, an increase of \$169,614 over fiscal year 2010's net assets of \$2,075,907.

	Net Assets as of		Amount	% Change
	June 30, 2011	June 30, 2010	Change	
Current assets	3,119,619	\$ 1,383,509	\$ 1,736,110	125%
Capital assets	656,481	685,173	(28,692)	-4%
Other assets	100,000	1,431,019	(1,331,019)	-93%
Total assets	<u>3,876,100</u>	<u>3,499,701</u>	<u>376,399</u>	<u>11%</u>
Current liabilities	1,538,825	1,340,919	197,906	15%
Noncurrent liabilities	91,754	82,875	8,879	11%
Total liabilities	<u>1,630,579</u>	<u>1,423,794</u>	<u>206,785</u>	<u>15%</u>
Invested in capital assets	656,481	685,173	(28,692)	-4%
Unrestricted net assets	1,589,040	1,390,734	198,306	14%
Total net assets	<u><u>2,245,521</u></u>	<u><u>\$ 2,075,907</u></u>	<u><u>169,614</u></u>	<u><u>8%</u></u>

Current assets include cash, investments, deposits, accounts receivable, accrued interest receivable, prepaid expenses and restricted cash. Current assets at June 30, 2011, increased by 125 percent compared to FY2010. The majority of the increase is due to the change in classification of restricted cash. In prior years, restricted cash, payable to GASB, was presented as a noncurrent asset. NASACT changed the classification to match the asset with the related payable. In addition, several of the Association's investments will mature within the next 12 months. Accounts receivable increased by approximately \$20,000 due to an increase in the amount of peer review reimbursements owed to NASACT at year end. Capital assets decreased by four percent due to depreciation and the retirement of equipment.

Other assets consist of noncurrent investments. Other assets decreased in total by 93 percent. As mentioned in the paragraph above, the classification of restricted cash changed to a current asset. Noncurrent investments decreased by \$700,000. As mentioned above, the maturity dates shifted the classification of investments from noncurrent to current.

Total liabilities include accounts payable, salaries payable, GASB operations payable, deferred revenue and compensated absences. Total liabilities increased by 15 percent for the year. GASB operations payable increased about \$260,000 due to the timing of the payments to GASB. Deferred revenue

decreased by approximately \$30,000. NASACT received less corporate associate revenue for the FY2011 conference than it received during the same period in FY2010.

The larger component of NASACT's net assets (71 percent) 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 14 percent higher at June 30, 2011, than they were at June 30, 2010, mainly due to the positive change in net assets for FY2011.

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, net assets invested in capital assets decreased by approximately \$29,000 or four percent. The decrease is due to depreciation and the retirement of equipment.

The following condensed financial information was derived from NASACT's Statement of Revenues, Expenses and Changes in Net Assets for the years ended June 30, 2011, and June 30, 2010. 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 the Fiscal Year Ended June 30,		Amount Change	% Change
	2011	2010		
Revenues				
NASACT operating	\$ 552,625	\$ 538,925	\$ 13,700	3%
Conferences	701,378	634,560	66,818	11%
Training seminars	133,698	162,600	(28,902)	-18%
Technical services	228,700	218,531	10,169	5%
Administrative services	743,780	248,153	495,627	200%
Cooperative efforts	73,621	78,038	(4,417)	-6%
Contracts	86,695	73,160	13,535	19%
Miscellaneous	19,758	12,327	7,431	60%
Interest income	53,147	62,989	(9,842)	-16%
Total revenues	2,593,402	2,029,283	564,119	28%
Expenses				
NASACT operating	674,415	685,997	(11,582)	-2%
Conferences	522,060	451,013	71,047	16%
Training seminars	111,257	114,645	(3,388)	-3%
Technical services	245,023	238,959	6,064	3%
Administrative services	729,727	263,785	465,942	177%
Cooperative efforts	29,097	32,109	(3,012)	-9%
Contracts	112,209	103,672	8,537	8%
Interest expense	-	1,707	(1,707)	-100%
Total expenses	2,423,788	1,891,887	531,901	28%
Increase (decrease) in net assets	169,614	137,396	32,218	23%
Net assets - beginning	2,075,907	1,938,511	137,396	7%
Net assets - ending	\$ 2,245,521	\$ 2,075,907	\$ 169,614	9%

NASACT operating accounts for the operations of the Lexington and Washington offices. Its primary source of revenue is NASACT annual dues. NASACT operating revenues were \$552,625 for the current year, a three percent increase from the previous fiscal year while operating expenses for fiscal year 2011 decreased by two percent. The increase in revenues came from a higher collection of dues and the decrease of expense was due to a lower allocation of indirect costs.

Conference revenues increased by about \$67,000, or 11 percent, from fiscal year 2010 mainly due to an increase in corporate associates, sponsors and registration fees. Corporate associates for the NASACT

Annual Conference increased by \$33,000 and registrations increased in total by \$24,000 for the NASACT, NASC, NSAA and IT conferences. FY2011 conference expenses increased by 16 percent or about \$71,000, but included in the 2011 expenses is \$73,000 for travel reimbursement for NASACT members to attend conferences.

Training seminars revenue for FY2011 was \$134,000, a decrease of \$29,000 or 18 percent from FY2010. Expenses for training seminars decreased by \$3,000; the decrease is attributed to a combination of increased consultant costs for the Tennessee Training Seminars and decreased consultant costs for state training seminars. NASACT coordinated seven seminars, as compared to 12 during FY2010.

Technical services revenue increased \$10,000 for FY2011 mainly due to an increase in collection of auditor technical services fees. Related expenses for technical services increased by \$6,000, a change attributed to the amount of salaries and indirect costs associated with technical 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. Administrative service reimbursements for peer review and benchmarking totaled \$667,000 for FY2011 offset by the same amount of expenses. Of the total, \$464,000 is from benchmarking alone. Reimbursements for both programs in FY2010 totaled \$184,000. The services fees collected for peer review and benchmarking amounted to \$77,000 for 2011 and \$64,000 for 2010 due to an increase in activity for the benchmarking initiative.

Cooperative efforts consist of webinars offered for the benefit of members and non-members. Revenues are derived from registration fees and expenses are mainly salaries and software. The revenues for cooperative efforts decreased \$4,000 compared to FY2010; related expenses decreased by \$3,000. In conjunction with the Association of Government Accountants and the Association of Local Government Auditors, five webinars were conducted during FY2011. NASACT shares profits with the abovementioned associations in the amount of \$75 per registration site for their respective members.

Contract revenue increased during the fiscal year by about \$14,000, or 19 percent, due to a change in fees and services performed on the new three-year contract with ALGA. Related expenses increased by \$8,500. Expenses relating to contracts are for salaries and applied indirect costs.

Interest income decreased by 16 percent, or \$10,000 during FY2011. This decrease is caused by a continued decline in interest rates resulting in lower interest received on the Association's investments.

For FY2011, indirect costs 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.

NASACT's management is aware of the importance of reducing expenses and pursuing cost-saving techniques. During the past years, staff has aggressively pursued these initiatives. Recently, staff 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 expenses.
- Utilized email to distribute information (including electronic publication of the *NASACT News*), resulting in postage savings.
- Utilized frequent flyer miles to the extent possible, reducing 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

Despite the current economic conditions, the Association experienced a positive financial year due to continued support from members.

For FY2011, NASACT's budget projected a decrease in net assets of \$81,000; however, total revenues were somewhat higher than anticipated which allowed the Association to finish the year with a positive change in net assets of about \$170,000. NASACT anticipates that FY2012 could be challenging due to similar economic conditions. Through various cost-cutting measures and close management of expenses, NASACT expects to meet budget in FY2012.

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, 2011

ASSETS

Current assets:

Cash and cash equivalents	\$ 576,972
Investments	1,500,000
Deposits held in custody by others	3,583
Accounts receivable	72,526
Accrued interest receivable	39,237
Employee cafeteria plan	943
Prepaid expenses	33,110
Restricted cash	893,248
Total current assets	<u>3,119,619</u>

Noncurrent assets:

Investments	100,000
Capital assets - building, net of accumulated depreciation	641,506
Capital assets - equipment, net of accumulated depreciation	14,975
Total noncurrent assets	<u>756,481</u>

Total assets	<u>\$ 3,876,100</u>
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LIABILITIES

Current liabilities:

Accounts payable	\$ 83,095
Salaries payable	35,600
GASB operations payable	893,248
Deferred revenue	502,878
Compensated absences	24,004
Total current liabilities	<u>1,538,825</u>

Noncurrent liabilities:

Compensated absences	91,754
Total noncurrent liabilities	<u>91,754</u>
Total liabilities	<u>1,630,579</u>

NET ASSETS

Invested in capital assets, net of related debt	656,481
Unrestricted	1,589,040
Total net assets	<u>2,245,521</u>

Total liabilities and net assets	<u>\$ 3,876,100</u>
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The notes to the financial statements are an integral part of this statement.

**National Association of State Auditors, Comptrollers and Treasurers
Statement of Revenues, Expenses and Changes in Fund Net Assets
For the Period Ended June 30, 2011**

OPERATING REVENUES:	
State dues	\$ 552,625
Technical service fees	228,500
Corporate associates	403,500
Sponsor fees	61,000
Registration fees	429,207
Contract revenue	98,693
Administrative service reimbursements	666,868
Administrative service fees	76,912
Sale of publications	456
Miscellaneous revenue	19,758
Total operating revenues	2,537,519
OPERATING EXPENSES:	
Salaries	843,982
Employee benefits	199,182
Supplies	27,900
Postage and handling	5,662
Communication services	15,519
Copying	11,765
Repairs and maintenance	235
Continuing education	4,335
Consultant services	42,345
Consultant expenses	24,181
Staff travel	32,043
Executive committee/president expense	10,576
Meeting expense	304,493
Travel reimbursement	72,816
Administrative service expense	667,000
Printing	6,545
Books and periodicals	2,781
Credit card fees	13,410
Miscellaneous	1,923
Professional membership dues	1,420
Banking service fees	3,253
Rent	59,992
Office condo association fees	10,269
Utilities	3,644
Janitorial services	2,600
Copier rental	4,392
Software support	10,175
Insurance	3,483
Auditing	4,006
Depreciation - building	19,197
Depreciation - equipment	11,928
Total operating expenses	2,421,052
Operating income (loss)	116,467
Nonoperating revenues (expenses)	
Interest and investment revenue	53,147
Interest expense	
Total nonoperating revenues (expenses)	53,147
Change in net assets	169,614
Total net assets - beginning	2,075,907
Total net assets - ending	\$ 2,245,521

The notes to the financial statements are an integral part of this statement.

National Association of State Auditors, Comptrollers and Treasurers
Statement of Cash Flows
For the Year Ended June 30, 2011

	Unrestricted Cash	Restricted Cash	Total Cash
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from members	\$ 826,945	\$	\$ 826,945
Receipts from corporate associates	353,500		353,500
Receipts from sponsors	61,000		61,000
Receipts from participants	413,547		413,547
Receipts from contractors	110,914		110,914
Receipts from administrative service reimbursements	636,404		636,404
Receipts from administrative service fees	66,412		66,412
Receipts from sales of publications	456		456
Receipts for GASB		997,128	997,128
Receipts for cafeteria plan		7,079	7,079
Other receipts	18,493		18,493
Payments to vendors	(1,389,095)		(1,389,095)
Payments to employees	(1,032,475)		(1,032,475)
Payments to GASB		(734,900)	(734,900)
Payments to cafeteria plan participants		(8,465)	(8,465)
Net cash provided by operating activities	<u>66,101</u>	<u>260,842</u>	<u>326,943</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchases of capital assets	(2,434)		(2,434)
Interest paid on capital debt	0		0
Principal paid on capital debt	0		0
Net cash used by capital and related financing activities	<u>(2,434)</u>		<u>(2,434)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from the sale and maturity of investments	100,000		100,000
Purchase of investments and securities	(400,000)		(400,000)
Interest and dividends	43,279		43,279
Net cash provided by investing activities	<u>(256,721)</u>		<u>(256,721)</u>
Net increase (decrease) in cash and cash equivalents	(193,054)	260,842	67,788
Balances - beginning of the year	771,413	631,019	1,402,432
Balances - end of the year	<u>\$ 578,359</u>	<u>\$ 891,861</u>	<u>\$ 1,470,220</u>
Reconciliation of operating income to net cash provided			
by operating activities:			
Operating income	\$ 116,467		
Adjustments to reconcile operating income to net cash provided			
by operating activities:			
Depreciation	31,125		
Change in assets and liabilities:			
Increase in accounts receivable	(20,004)		
Increase in prepaid expenses	(6,488)		
Decrease in accounts payable	(37,430)		
Increase in salaries payable	1,432		
Decrease in deferred revenue	(28,256)		
Increase in compensated absences	9,255		
Net cash provided by operating activities	<u>\$ 66,101</u>		

The notes to the financial statements are an integral part of this statement.

National Association of State Auditors, Comptrollers and Treasurers
Notes to the Financial Statements
June 30, 2011

Note 1 Summary of Significant Accounting Policies

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

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 the 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 non-operating 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 non-operating.

c. Budgetary Data

The annual budget for FY2011 was prepared using the full accrual basis of accounting. The Association's budget and any subsequent revisions are approved by the Executive Committee.

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 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 statements and interpretations, Accounting Principles Board opinions and accounting research bulletins.

National Association of State Auditors, Comptrollers and Treasurers
Notes to the Financial Statements
June 30, 2011

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 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, 2011, the Association had the following investments and securities:

Deposit Type	Fair Value
Cash:	
Demand	\$ 1,470,220
Investments:	
Certificates of deposit	1,600,000
Total	3,070,220
Net withdrawals and deposits in transit	23,732
Total cash and investments in bank	\$ 3,093,952

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, 2011, all of the Association's bank deposits were insured and/or collateralized.

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 two-thirds of the total net assets. As of June 30, 2011, the Association had one investment 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:

Peer Review	\$ 40,964
Contracts	27,576
Registrations	2,721
Reimbursements	1,265
Accounts receivable, June 30, 2011	\$ 72,526

National Association of State Auditors, Comptrollers and Treasurers
Notes to the Financial Statements
June 30, 2011

Note 4 Restricted Cash

As stated in Note 1, NASACT collects funds from states in support of GASB. In prior years, these restricted funds were reported as noncurrent assets. In FY 2011, NASACT reclassified the funds as current assets to match GASB operations payable which is classified as current. This change does not affect net assets.

Note 5 Capital Assets

The Association's investment in capital assets as of June 30, 2011, totals \$656,481 (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, 2011, is summarized below:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets				
Building	\$ 748,689	\$	\$	\$ 748,689
Furniture	22,683			22,683
Equipment	65,855	2,434	28,156	40,133
Software	24,373		3,197	21,176
Total capital assets	861,600	2,434	31,353	832,681
Less accumulated depreciation				
Building	87,986	19,197		107,183
Furniture	13,409	2,270		15,679
Equipment	53,205	7,113	28,156	32,162
Software	21,827	2,546	3,197	21,176
Total accumulated depreciation	176,427	31,126	31,353	176,200
Capital assets, net	\$ 685,173	\$ (28,692)	\$ -	\$ 656,481

Note 6 Accounts Payable

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

Vendors	\$ 76,232
Retirement	5,203
Payroll Taxes	1,660
Accounts payable, June 30, 2011	\$ 83,095

National Association of State Auditors, Comptrollers and Treasurers
Notes to the Financial Statements
June 30, 2011

Note 7 Compensated Absences

Compensated absences activity for the year ended June 30, 2011, is summarized below. Of this amount, \$24,004 is considered a current liability.

Compensated absences, July 1, 2010	\$	106,503
Additions		10,217
Deletions		962
Compensated absences, June 30, 2011	\$	<u>115,758</u>

Note 8 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, 2011:

Year Ending June 30	Office Space	Copier	Total
2012	52,861	4,598	57,459
2013	54,156	5,016	59,172
2014	32,039	5,016	37,055
2015	-	5,016	5,016
2016 and thereafter	-	5,434	5,434
Total future minimum lease payments	\$ 139,056	\$ 25,080	\$ 164,136

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

	For the Year Ended June 30, 2011
Minimum rentals:	
Washington	\$ 49,943
Copier	4,392
Total	\$ 54,335

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 five percent of gross wages and the Association contributes 10 percent of gross wages. Previously, the Association matched additional employee contributions up to four percent. The Association's Executive Committee voted in March 2010 to increase the additional match to five percent. 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 percent. 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.

National Association of State Auditors, Comptrollers and Treasurers
Notes to the Financial Statements
June 30, 2011

For the year ended June 30, 2011, the Association had a total payroll of \$843,982, of which \$836,240 was covered by the plan. Employee contributions for the plan years ending June 30, 2011, 2010, and 2009, were \$105,415, \$103,360, and \$127,616, respectively. Employer contributions for the plan years ending June 30, 2011, 2010, and 2009 were \$123,272, \$116,872, and \$115,777, 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, 2011. 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 \$139,547 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 \$134,884 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 are funded by the interest earned on the training fund; the principal will remain intact.

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Required Supplementary Information

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**National Association of State Auditors, Comptrollers and Treasurers
Budgetary Comparison Schedule
For the Year Ended June 30, 2011**

	Budgeted Amounts			Variance
	Original	Final	Actual	Favorable (Unfavorable)
Operating Revenues:				
State dues	\$ 520,000	\$ 520,000	\$ 552,625	\$ 32,625
Technical service fees	209,000	209,000	228,500	19,500
Corporate associates	350,000	350,000	403,500	53,500
Sponsor fees	54,000	54,000	61,000	7,000
Registration fees	386,825	386,825	429,207	42,382
Contract revenue	102,500	102,500	98,693	(3,807)
Administrative service reimbursements	281,000	281,000	666,868	385,868
Administrative service fees	59,630	59,630	76,912	17,282
Sale of publications	200	200	456	256
Miscellaneous revenue	12,500	12,500	19,758	7,258
Total operating revenues	<u>1,975,655</u>	<u>1,975,655</u>	<u>2,537,519</u>	<u>561,864</u>
Operating Expenses:				
Salaries	856,826	856,826	843,982	12,844
Employee benefits	194,147	194,147	199,182	(5,035)
Supplies	18,175	18,175	27,900	(9,725)
Postage and handling	5,470	5,470	5,662	(192)
Communications services	19,500	19,500	15,519	3,981
Copying	10,500	10,500	11,765	(1,265)
Repairs and maintenance	1,000	1,000	235	765
Continuing education	2,000	2,000	4,335	(2,335)
Consultant services	42,500	42,500	42,345	155
Consultant expenses	25,400	25,400	24,181	1,219
Staff travel	43,190	43,190	32,043	11,147
Executive committee/president expense	16,000	16,000	10,576	5,424
Meeting expense	319,371	319,371	304,493	14,878
Travel reimbursement		125,000	72,816	
Administrative service expense	281,000	281,000	667,000	(386,000)
Printing	4,075	4,075	6,545	(2,470)
Books and periodicals	3,800	3,800	2,781	1,019
Credit card fees	12,875	12,875	13,410	(535)
Miscellaneous	7,200	7,200	1,923	5,277
Professional membership dues	200	200	1,420	(1,220)
Banking service fees	3,000	3,000	3,253	(253)
Rent	57,000	57,000	59,992	(2,992)
Condominium association fees	10,000	10,000	10,269	(269)
Utilities	3,000	3,000	3,644	(644)
Janitorial services	2,600	2,600	2,600	-
Copier rental	4,300	4,300	4,392	(92)
Software support	10,000	10,000	10,175	(175)
Insurance	1,750	1,750	3,483	(1,733)
Legal	2,000	2,000		2,000
Auditing	3,000	3,000	4,006	(1,006)
Depreciation - Building	19,197	19,197	19,197	-
Depreciation - Equipment	17,600	17,600	11,928	5,672
Total operating expenses	<u>1,996,676</u>	<u>2,121,676</u>	<u>2,421,052</u>	<u>(351,560)</u>
Operating income (loss)	<u>(21,021)</u>	<u>(146,021)</u>	<u>116,467</u>	<u>210,304</u>
Nonoperating revenues (expenses)				
Interest and investment revenue	65,600	65,600	53,147	(12,453)
Interest expense	(500)	(500)		500
Total nonoperating revenues (expenses)	<u>65,100</u>	<u>65,100</u>	<u>53,147</u>	<u>(11,953)</u>
Change in net assets	44,079	(80,921)	169,614	250,535
Total net assets - beginning	2,075,907	2,075,907	2,075,907	-
Total net assets - ending	<u>\$ 2,119,986</u>	<u>\$ 1,994,986</u>	<u>\$ 2,245,521</u>	<u>\$ 250,535</u>

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Statistical Section

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National Association of State Auditors, Comptrollers and Treasurers
Statistical Section
For the Fiscal Year Ended June 30, 2011

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..... 34

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..... 36

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

Debt Information..... 40

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

Demographic Information..... 41

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..... 41

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

Financial 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 2002-2011 is provided.

**National Association of State Auditors, Comptrollers and Treasurers
Statistical Section
For the Fiscal Year Ended June 30, 2011**

Financial Trend Information - Net Assets										
Last Ten Fiscal Years	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Invested in capital assets, net of related debt	\$ 656,481	\$ 685,173	\$ 557,510	\$ 587,342	\$ 598,231	\$ 629,463	\$ 52,783	\$ 42,440	\$ 42,091	\$ 38,810
Unrestricted	<u>1,589,040</u>	<u>1,390,734</u>	<u>1,381,001</u>	<u>1,338,762</u>	<u>1,072,087</u>	<u>679,187</u>	<u>1,006,018</u>	<u>707,277</u>	<u>503,495</u>	<u>491,422</u>
Total net assets	<u>\$ 2,245,521</u>	<u>\$ 2,075,907</u>	<u>\$ 1,938,511</u>	<u>\$ 1,926,104</u>	<u>\$ 1,670,318</u>	<u>\$ 1,308,650</u>	<u>\$ 1,058,801</u>	<u>\$ 749,717</u>	<u>\$ 545,586</u>	<u>\$ 530,232</u>

National Association of State Auditors, Comptrollers and Treasurers
Statistical Section
For the Fiscal Year Ended June 30, 2011

Financial Trend Information - Changes in Net Assets										
Last Ten Fiscal Years	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Operating Revenues										
NASACT operating	\$ 558,051	\$ 538,925	\$ 543,925	\$ 551,825	\$ 540,151	\$ 528,151	\$ 506,767	\$ 501,930	\$ 422,655	\$ 333,214
Conferences	701,378	634,560	663,815	796,655	735,900	755,785	641,715	718,750	596,060	701,427
Training seminars	133,698	162,600	147,480	236,124	148,435	178,000	127,950	118,025	115,550	86,400
Technical services	228,700	218,531	195,500	192,000	188,600	186,300	189,800	188,900	183,475	184,975
Administrative services	743,780	248,153	635,407	1,630,812	1,313,699	848,851	161,448	219,586	188,989	163,771
Cooperative efforts	73,621	78,038	52,174	55,723	70,430	79,887	75,371	75,369	86,494	250,384
Contracts	86,695	73,160	69,081	114,597	125,322	197,913	416,815	238,310	229,388	165,400
Miscellaneous	11,596	12,027	11,848	12,332	12,589	13,005	12,621	20,152	12,252	14,347
Total operating revenues	2,537,519	1,965,994	2,319,230	3,590,068	3,135,126	2,787,892	2,132,487	2,081,022	1,834,863	1,899,918
Operating Expenses										
NASACT operating	671,679	685,697	676,267	672,173	632,023	694,839	554,009	732,860	734,999	763,328
Conferences	522,060	451,013	578,722	583,759	447,869	524,148	430,697	404,021	373,468	469,241
Training seminars	111,257	114,645	103,770	173,222	113,667	136,649	92,014	81,381	85,171	52,128
Technical services	245,023	238,959	263,913	223,522	196,627	168,107	203,968	169,655	158,260	161,429
Administrative services	729,727	263,785	649,627	1,612,061	1,291,079	856,843	149,820	202,553	185,450	155,883
Cooperative efforts	29,097	32,109	25,673	19,626	12,150	19,805	30,109	42,298	80,321	248,609
Contracts	112,209	103,672	88,102	147,641	161,875	196,661	396,383	252,834	220,050	146,085
Total operating expenses	2,421,052	1,889,880	2,386,074	3,432,004	2,855,290	2,597,052	1,857,000	1,885,602	1,837,719	1,996,703
Operating income (loss)	116,467	76,114	(66,844)	158,064	279,836	190,840	275,487	195,420	(2,856)	(96,785)
Nonoperating Revenues (Expenses)										
Interest revenue	53,147	62,989	88,153	106,648	90,733	68,979	33,598	12,913	18,209	29,086
Interest expense		(1,707)	(8,902)	(8,926)	(8,901)	(9,871)				
Loss on disposal of assets								(4,203)		
Nonoperating income (loss)	53,147	61,282	79,251	97,722	81,832	59,108	33,598	8,710	18,209	29,086
Change in net assets	\$ 169,614	\$ 137,396	\$ 12,407	\$ 255,786	\$ 361,668	\$ 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, 2011

Revenue Information - Membership Dues										
Last Ten Fiscal Years	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Dues billed	\$ 730,500	\$ 702,000	\$ 697,000	\$ 692,000	\$ 691,500	\$ 649,000	\$ 632,375	\$ 622,375	\$ 527,250	\$ 392,500
Dues paid by members	552,625	538,625	543,625	551,625	540,125	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	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	N/A
2 (staff 300 - 499)	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	3,500	N/A
3 (staff 175 - 299)	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	3,250	N/A
4 (staff 100 - 174)	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,000	N/A
5 (staff < 100)	3,000	3,000	3,000	3,000	3,000	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, 2011**

Revenue Information - Registration Fees Last Ten Fiscal Years	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Registration revenue										
Audio conferences/webinars	\$ 73,027	\$ 77,291	\$ 50,539	\$ 54,134	\$ 53,188	\$ 74,305	\$ 68,078	\$ 69,821	\$ 13,022	\$ 22,460
NASACT ^a	87,830	82,875	121,100	136,750	98,825	120,875	99,390	87,600	73,244	290,919
NASC	31,900	20,950	16,400	26,500	26,100	18,550	27,750	22,750	26,245	48,890
NSAA	87,100	69,975	76,220	115,100	102,730	105,805	105,075	96,900	79,750	85,575
NSAA/NASC	27,650	36,260	31,595	46,805	64,995	57,055				
State and local conferences									73,150	65,910
Tennessee training seminars	121,700	130,600	132,480	113,875	113,435	81,100	93,200	92,375	79,150	70,650
Total registration revenue	\$ 429,207	\$ 417,951	\$ 428,334	\$ 493,164	\$ 459,273	\$ 457,690	\$ 393,493	\$ 369,446	\$ 344,561	\$ 584,404
Number of conferences held										
Audio conferences/webinars	6	5	4	4	4	5	4	3	1	1
NASACT	1	1	2	2	2	2	2	2	2	3
NASC	1	1	1	2	2	2	4	3	5	6
NSAA	2	2	2	3	4	4	5	4	3	3
NSAA/NASC Middle Management	1	1	1	1	1	1				
State and local conferences									1	1
Tennessee training seminars	4	4	4	4	4	4	4	4	4	4
Total number of conferences held	15	14	14	16	17	18	19	16	16	18
Number of attendees										
Audio conferences/webinars ^b	328	282	231	196	200	308	284	287	53	90
NASACT	297	301	302	332	316	350	329	280	265	351
NASC	145	91	98	147	164	169	223	191	329	294
NSAA	102	143	257	372	317	395	364	311	351	266
NSAA/NASC Middle Management	107	98	92	135	186	174				
State and local conferences									182	169
Tennessee training seminars	563	523	539	491	518	456	492	487	439	429
Total number of attendees	1,542	1,438	1,519	1,673	1,701	1,852	1,692	1,556	1,619	1,599
CPE credits issued										
Audio conferences/webinars	6,600	7,330	4,878	5,792	6,170	6,728	6,712	6,452	1,034	1,069
NASACT	927	992	1,630	1,581	1,711	2,057	1,691	1,102	890	1,590
NASC	981	855	565	889	907	734	922	717	958	1,510
NSAA	1,125	2,318	3,493	4,860	4,010	4,731	4,594	3,958	2,593	3,357
NSAA/NASC	1,102	1,590	1,433	1,989	2,886	2,305				
Tennessee training seminars	7,861	7,342	8,066	7,425	7,540	6,794	8,073	7,710	7,101	5,997
Total CPE credits issued	18,596	20,427	20,065	22,536	23,224	23,349	21,992	19,939	12,576	13,523

NOTES

- ^a Fiscal year 2002 includes a GASB 34 teleconference
^b Registrations for audio conferences are by site, not by individual attendee.

**National Association of State Auditors, Comptrollers and Treasurers
Statistical Section
For the Fiscal Year Ended June 30, 2011**

Revenue Information - Contract Revenue										
Last Ten Fiscal Years	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Contract revenue										
AGA	\$	\$	\$	\$	\$	\$	\$ 20,000	\$	\$	\$
ALGA	86,695	73,160	69,081	61,380	46,822	42,562	38,800	38,163	38,763	41,200
eC3				53,217	78,500	127,250	164,200	164,200	164,200	124,200
ICGFM						12,000	17,250	20,000	20,000	
Training seminars	11,988	32,000	15,000	122,249	35,000	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	\$ 98,683	\$ 105,160	\$ 84,081	\$ 236,846	\$ 160,322	\$ 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	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, 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	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	1	1	1	1	1
eC3				2	2	2	2	2	2	1
ICGFM						1	1	1	2	
Training seminars	7	11	6	18	7	20	7	5	7	3
Urban Institute							1	1	1	
U.S. Department of State							1			
Total number of contracts	8	12	7	21	10	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, 2011

Revenue Information - Corporate Associates Program								
Last Eight Fiscal Years ^a	2011	2010	2009	2008	2007	2006	2005	2004
Corporate associates revenue per level								
Bronze	\$ 55,000	\$ 72,500	\$ 65,000	\$ 70,000	\$ 95,000	\$ 90,000	\$ 65,000	\$ 75,000
Silver	100,000	114,500	112,500	125,000	112,500	112,500	87,500	100,000
Gold	100,000	50,000	75,000	75,000	75,000	75,000	75,000	200,000
Platinum	145,000	130,000	90,000	90,000	80,000	90,000	80,000	80,000
Other	3,000	3,500	11,500	57,000	10,750	16,000	44,000	2,500
Total corporate associates revenue	\$ 403,000	\$ 370,500	\$ 354,000	\$ 417,000	\$ 373,250	\$ 383,500	\$ 351,500	\$ 457,500
Corporate associates levels								
Bronze	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000
Silver	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500
Gold	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
Platinum ^b	40,000	40,000	40,000	40,000	40,000	40,000	40,000	-
Corporate associates per level								
Bronze	11	14	13	14	19	18	13	15
Silver	8	9	9	10	9	9	7	8
Gold	4	2	3	3	3	3	3	8
Platinum	3	3	2	2	2	2	2	2
Other	1	3	4	5	7	7	20	1
Total number of corporate associates	27	31	31	34	40	39	45	34

NOTES

- ^a Only eight years of data are presented for the Corporate Associates Program because the program was established during fiscal year 2004.
^b Platinum level is \$40,000 and above. This level was established in 2005.

National Association of State Auditors, Comptrollers and Treasurers
Statistical Section
For the Fiscal Year Ended June 30, 2011

Debt Information ^a Last Six Fiscal Years	2011	2010	2009	2008	2007	2006
Capital debt, beginning balance	\$ -	\$ 159,625	\$ 159,625	\$ 159,625	\$ 159,625	\$ -
Capital debt incurred						355,000
Capital debt principal payments		159,625				195,375
Capital debt, ending balance	\$ -	\$ -	\$ 159,625	\$ 159,625	\$ 159,625	\$ 159,625
Capital debt per dues paying member	\$ -	\$ -	\$ 1,200	\$ 1,174	\$ 1,183	\$ -
Capital debt incurred						2,630
Capital debt principal payments						1,447
Capital debt per dues paying member	\$ -	\$ -	\$ 1,200	\$ 1,174	\$ 1,183	\$ 1,183

NOTE

^a Prior to fiscal year 2006 NASACT had no capital debt.

National Association of State Auditors, Comptrollers and Treasurers
Statistical Section
For the Fiscal Year Ended June 30, 2011

Demographic Information										
Last Ten Fiscal Years	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Membership by category										
Auditor	53	55	56	53	55	55	55	55	57	62
Comptroller	55	55	50	52	51	52	50	47	51	52
Treasurer	29	24	27	30	28	28	29	28	25	29
Total membership	137	134	133	135	134	135	134	130	133	143
Operating Information - Full-Time Equivalents										
Last Ten Fiscal Years	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
NASACT operating	7.07	7.13	7.27	6.69	6.82	7.10	6.67	7.18	9.18	8.80
Conferences	1.09	1.08	1.44	1.46	1.43	1.27	1.45	1.31	0.67	0.86
Training seminars	0.16	0.21	0.10	0.23	0.23	0.27	0.11	0.10	0.10	0.10
Technical services	1.72	1.70	1.81	1.44	1.34	1.34	1.76	1.66	1.45	1.68
Administrative services	0.71	0.76	0.68	0.57	0.77	0.82	0.49	0.67	0.51	0.43
Cooperative efforts	0.07	0.10	0.10	0.07	0.02	0.12	0.14	0.13	0.06	0.21
Contracts	1.22	1.11	1.00	1.42	1.42	1.52	2.62	2.52	2.25	1.54
Total full-time equivalents	12.04	12.09	12.40	11.88	12.03	12.44	13.24	13.57	14.22	13.62

**National Association of State Auditors, Comptrollers and Treasurers
Statistical Section
For the Fiscal Year Ended June 30, 2011**

Operating Information - Employee Count										
Last Ten Fiscal Years	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Total employee count	13	13	13	13	13	13	14	14	15	14

Operating Information - Capital Assets										
Last Ten Fiscal Years	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Capital assets by classification										
Building	\$ 641,505	\$ 660,703	\$ 679,900	\$ 699,097	\$ 718,294	\$ 737,491	\$ -	\$ -	\$ -	\$ -
Furniture	7,006	9,274	11,543	13,811	16,080	18,348	10,245	11,526	-	-
Equipment	7,970	12,650	17,392	16,512	10,272	16,904	20,456	22,184	32,535	10,400
Software	-	2,546	8,300	17,547	13,210	16,345	22,082	8,730	9,557	28,410
Total capital assets by classification	\$ 656,481	\$ 685,173	\$ 717,135	\$ 746,967	\$ 757,856	\$ 789,088	\$ 52,783	\$ 42,440	\$ 42,092	\$ 38,810

Building										
Square footage	5,200	5,200	5,200	5,200	5,200	5,200				
Equipment										
Laptops	10	10	9	10	8	8	8	7	7	5
Desktops	3	3	4	5	7	7	9	11	12	12
Servers	1	1	1	1	1	1	1	1	1	1
Software applications	8	8	8	8	7	7	5	5	5	3

Office of the Secretary of State

Kate Brown
Secretary of State

Barry Pack
Deputy Secretary of State



Audits Division

Gary Blackmer
Director

255 Capitol St. NE, Suite 500
Salem, OR 97310

(503) 986-2255
fax (503) 378-6767

The Executive Committee and Members
R. Kinney Poynter, Executive Director
National Association of State Auditors, Comptrollers and Treasurers
449 Lewis Hargett Circle, Suite 290
Lexington, Kentucky 40503

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

We have audited the basic financial statements of the National Association of State Auditors, Comptrollers and Treasurers (NASACT), as of and for the year ended June 30, 2011, and have issued our report thereon dated September 16, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of NASACT is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered NASACT's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of NASACT's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of NASACT's internal control over financial reporting.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether NASACT'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 management, the Executive Committee, Members of the Association, and others within the entity and is not intended to be and should not be used by anyone other than these specified parties.

OREGON AUDITS DIVISION



Jean M. Hodges, CPA
2011 NASACT Audit Team Leader

September 16, 2011