



STATE OF NEVADA  
BOARD OF EXAMINERS FOR SOCIAL WORKERS (BESW)  
4600 Kietzke Lane, Suite C121, Reno, Nevada 89502  
775-688-2555

UPDATE: The in - person location previously scheduled at the Joe Crowley Student Union; University of Nevada is cancelled. **Please join the Board through its virtual meeting location listed below.**

Due to rising rates of COVID-19 infection raising concerns about potential exposure, the Board is holding its January 19th, 2021, meeting virtually. As this meeting was previously scheduled as a hybrid meeting (both in-person and virtual), we have determined that we will host this meeting in a virtual environment only this month. The Board has described this move as temporary. The public will have a chance to comment during this virtual meeting.

**PUBLIC NOTICE OF BOARD MEETING**

**9:00 am on Wednesday, January 19, 2022**

BESW strives to maintain government transparency and protect public safety. We are offering a virtual option for attendance via Zoom conference. Cameras will be on for the duration of the meeting. Supporting materials will be available electronically at the BESW website: <http://socwork.nv.gov/board/Mtgs/>.

\*NOTE: Per Open Meeting Law, before speaking, please state your full name for the record.

**Join BESW Zoom Meeting**

<https://us02web.zoom.us/j/85403968487>

Meeting ID: 854 0396 8487

One tap mobile

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Find your local number: <https://us02web.zoom.us/u/kclonGD05L>

Please Note: The Board of Examiners for Social Workers may address agenda items out of sequence, combine the agenda items, pull, or remove the agenda items, to aid the efficiency or effectiveness of the meeting or to accommodate persons appearing before the Board. The Board may continue agenda items to the next meeting as needed. (NRS 241.020)

Public comment is welcomed by the Board and will be heard at the beginning of the Board meeting following the Call to Order and Roll and at the end of the agenda prior to the adjournment of the Board meeting. Public comment may be limited to three (3) minutes per person. The Board meeting Chair may allow additional time to be given a speaker as time allows and at his/ her sole discretion. Once all items on the agenda are completed the meeting will adjourn. Prior to the commencement and conclusion of a contested case or a quasi-judicial proceeding that may affect the due process rights of an individual, the Board may refuse to consider public comment. See NRS 233B.126.

## AGENDA

Items may be taken out of order; Items may be combined for consideration by the public body; Items may be pulled or removed from the agenda at any time; the public body may place reasonable restrictions on the time, place, and manner of public comments, but may not restrict comments based upon viewpoint.

Pursuant to NRS 241.030 the Board may conduct a closed session to consider the character, allegations of misconduct, professional competence, or physical and mental health of a person.

**1. Call to Order, Roll Call, and Introductions.**

**2. Public Comment.**

*Note: No vote may be taken upon a matter raised under this item of the agenda until the matter itself has been specifically included on an agenda as an item upon which action may be taken. (NRS 241.020). Public comment may be limited to three (3) minutes.*

**3. Board Operations:**

**A. Review and Discuss Board Meeting Minutes for September 21, 2021, and November 23, 2021. (For Possible Action).**

**B. Review and Discuss BESW Financials from July 1, 2021, through December 31, 2021. (For Possible Action).**

**C. Review and Discuss Annual Board Audit through June 30, 2021. (For Possible Action).**

**D. Board Review of Application, Cesar Porcayo-Morales (For Possible Action).**

**E. Formal Administrative Hearing, Kristopher Lee Komarek, License No. 6832-C, (For Possible Action).**

**F. Review and Discuss Request for Removal of Information from November 20, 2015, Board Minutes (for Possible Action).**

**G. Review and Discuss BESW Strategic Plan Process with Social Entrepreneurs (For Discussion Only).**

**H. Issue Regarding Out-of-State Video Relinquishments (For Discussion Only).**

**I. Executive Director's Report (For Discussion Only).**

- i. Update on Data Migration Plan;
- ii. Pending Litigation Matter in the United States District Court for the District of Nevada - Case No. 3:20-cv-571-MMD-WG;
- iii. Future Agenda Items: Understanding Reserves Categories, etc.;
- iv. Next Board Meeting is 9 a.m. Wednesday, February 16, 2022.

**4. Public Comment.**

*Note: No vote may be taken upon a matter raised under this item of the agenda until the matter itself has been specifically included on an agenda as an item upon which action may be taken. (NRS 241.020). Public comment will be limited to three (3) minutes.*

## **5. Adjournment.**

Please contact Karen Oppenlander, LISW at (775) 688-2555 for information regarding the meeting. Supporting materials can be accessed electronically at the BESW website: <http://socwork.nv.gov/board/Mtgs/>.

This notice has been posted at the office of the Board of Examiners for Social Workers; the Board's Web Site [www.socwork.nv.gov](http://www.socwork.nv.gov); and the State of Nevada's Public Notice Website <http://notice.nv.gov>.

3A  
BOARD MEETING  
MINUTES



STATE OF NEVADA

BOARD OF EXAMINERS FOR SOCIAL WORKERS (BESW)  
4600 Kietzke Lane, Suite C121, Reno, Nevada 89502

**Board Minutes - September 10, 2021**

**Call to Order and Roll.** Erickson called the meeting for the Board of Examiners for Social Workers to order at 9:09 a.m. on September 10<sup>th</sup>, 2021 followed by Roll Call: Vikki Erickson, Board President/ Chair, Monique Harris, Board Vice President/ Chair, Jacqueline Sanders, Board Member. Staff Present: Karen Oppenlander, Executive Director, Sandra Lowery, Deputy Director, Asheesh Bhalla, Deputy Attorney General/ Board Counsel. Guests Present: Lisa Disman, Manuel La Fontaine, Susan Hess, Dominga Wilson-Moreno, Barbara Ruth, Anastasia Watson, Bobby Wilson, Carrie Wilson, Deirdre Wilson, Dick Wilson, Elle Dowdy, and Monique Bingham. Absent Board Members: Abigail Klimas, Susan Nielsen.

Erickson introduced **Board Agenda Item 3A - Board Meeting Minutes for May 14th, 2021.**

**Motion was made to approve Board Meeting Minutes from May 14, 2021 by Jacqueline Sanders, Seconded by Monique Harris. Roll call vote: Erickson – Aye, Sanders – Aye, Harris – Aye. Motion passed unanimously.**

Erickson moved to **Agenda Item 3B – License Denial Review, Deirdre Hart Wilson (For Possible Approval).** Erickson continued by stating that the Board may conduct a closed meeting to consider the character allegations of misconduct, professional competence or physical and mental health of a person.

**Monique Harris motioned to close the session; Seconded Jacqueline Sanders. All in favor: Erickson – Aye – Erickson; Harris – Aye; and Sanders – Aye. Motion passed unanimously.**

Erickson closed the first Open Session of the Board meeting at 9:15 a.m.

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Closed Session of the Board of Examiners for Social Workers from 9:16 a.m. – 9:54 a.m.  
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Erickson reconvened the Board meeting in Open Session at 9:55 a.m. She stated that the Board had just met privately and would have public comment take place during Agenda Item 4 Public Comment as previously stated on the Board's Agenda.

At this point, Erickson asked for a motion on Agenda Item 3B (see above) to approve the licensure of Deidre Hart Wilson.

**Jacqueline Sanders made a motion to approve licensure for Deidre Hart Wilson, seconded by Monique Harris. Roll Call Vote: Erickson – Aye, Sanders – Aye, Harris – Aye. Motion passed unanimously.**

Erickson congratulated Ms. Wilson.

**Erickson introduced Item 3C, Review and Discuss Year End Financials through June 30th 2021.** Lowery indicated that BESW had attained approximately 100% of projected budget expectations for the last fiscal year ending June 30 2021. Expenses were 68% of the projected budget. By keeping costs low, BESW was able to end the fiscal year with a balance of \$352,415. That increase is due (in part) to the fee increase that went through during the 2019 legislative session. Therefore, BESW is sitting in a positive financial position after the first full year of fee increases. Of note, portions of that money is encumbered as we are required to have certain amounts in reserves.

**Jacqueline Sanders made a Motion to approve year-end financials through June 30th, 2021; seconded by Harris. Roll Call Vote: Erickson – Aye, Sanders – Aye, Harris – Aye. Motion passed unanimously.**

Next, Erickson moved to **Agenda Item 3D, Review and Approve BESW Representative for Association of Social Work Board Annual Meeting of the Delegate Assembly, November 19-20, 2021. (For Possible Action).** Oppenlander stated that the Association of Social Work Boards (ASWB) customarily provides funding for a delegate, committee chairs, and slated candidates when the annual ASWB meeting is held in-person. However, Boards can send as many attendees as they choose and BESW would typically have to budget and pay if over 1 person is sent to the annual meeting. For this upcoming meeting, we have recently learned that it will be held online instead of “live” in New Orleans. ASWB has indicated that it is important for BESW to select a Delegate and an Alternate to attend. That way, BESW would be able to vote if the Delegate is unable to participate in the voting process for some reason. As Erickson is currently the chair of the ASWB Bylaws Committee, she needs to be at the meeting to make her report. Erickson added that she is also running for the Nominating Committee for ASWB. A brief discussion about member availability ensued.

**Jacqueline Sanders made a motion for Vikki Erickson to be the BESW Delegate for the upcoming ASWB meeting and Monique Harris would be the Alternate; seconded by Monique Harris. Roll Call Vote: Erickson – Aye, Harris – Aye, Sanders – Aye. Motion passed unanimously.**

Erickson moved on to **Agenda Item 3E, Review and Discuss BESW Data Reports.** Lowery shared information in the Board Packet that BESW submits quarterly through the Occupational Boards portal on the Legislative Website. In the last quarter, BESW added 199 licenses; and, one third of those were endorsements; and BESW lost 129 licensees through attrition. BESW received 293 applications during that quarter. The numbers show that this quarter is higher than other quarters of the year as BESW ramps up licensing applications starting in April due to graduating students.

Following, Erickson turned to **Agenda Item 3F, Executive Director Report.** Oppenlander moved to **Item 3F i, Update re: Board Counsel/ Deputy Attorney General Assignment.** She gave an update on Deputy Attorney General (DAG) reassignments that have been made recently. She let the Board know that Board Counsel/ Deputy Attorney General Asheesh Bhalla has been reassigned by his Chief and the new DAG replacement will be Harry Ward. Bhalla commented that it's a standard operating procedure at the Attorney General's Office that board assignments are changed around due to changes in capacity and resources. He let the Board know that he would be presenting a case at our next meeting in October and then the case load will be transferring to DAG Ward. He went on to say that it's been his pleasure and privilege to serve the Board and to be a part of this team. He also wanted to commend Director

**Oppenlander** and the staff for all of the work that they did through the pandemic; as you know, they were onboarding social workers from all over the country and really ensuring that that this Board is functioning very smoothly in a chaotic time period. He'll be at the AG's office and will look forward to working with everyone in various capacities in the future with other state activities. **Harris, Sanders, Erickson, and Oppenlander** thanked **DAG Bhalla** for the time he has spent with the Board and specifically appreciated his guidance, support and education.

Next, **Oppenlander** moved to **Item 3F ii Status of BESW Contracts**. First, the new auditor contract is being hammered out between DAG Ward and the legal counsel for Edie Bailey as their organization wanted to make 10 changes to the State of Nevada standard contract form. Next, the Enterprise IT System (EITS) data migration contract has not been completed and BESW awaits an interlocal agreement from EITS; in the meantime, Business and Industry continues to provide services to BESW. Third, BESW has a two year contract being processed right now with a strategic planning consultant that some Board members have worked with before: Social Entrepreneurs, Inc. And lastly, Capitol Partners closed its doors on August 31 and BESW cancelled its contract.

**Oppenlander** covered **Item 3F iii Setting Dates for Future Board Meetings including Strategic Plan Sessions and Nevada Administrative Code Meetings**. First she discussed upcoming Board meetings in 2021. She reminded the Board of a meeting that is scheduled on Thursday, October 14<sup>th</sup> 2021 for a disciplinary hearing. Next, she cancelled the Friday, November 12<sup>th</sup> 2021 Board meeting due to scheduling conflicts. Then, she added a meeting for a review of the June 30 2021 Audit. That meeting is a Zoom meeting that is scheduled on Tuesday, November 23, 2021 at 9 a.m. At this time, the auditor, **Erickson**, and DAG Ward are available to review the audit. If possible, it would be great to have a quorum of the Board available with an intent to send our Board approved audit (vs a draft audit) to the State of Nevada by the December 1 2021 due date. **Oppenlander** also plans to send out proposed dates for Board meetings in 2022 for regular meetings, meetings to make changes in Nevada Administrative Code; and strategic planning meetings.

Moving to **Item 3F iv Pending Litigation Matter in the United States District Court for the District of Nevada - Case No. 3:20-cv-571-MMD-WG**, she asked **DAG Bhalla** for comment. He stated that in this matter, we filed a motion to dismiss; and, this is awaiting a review and an order from the district court. Despite the change in his assignment, **Bhalla** will continue to represent Director **Oppenlander** and the Board on this matter until it's concluded. At this time, he expects that the motion to dismiss will be granted soon; but, we will have to wait until there's a further action from court.

**Oppenlander** then moved to **Item 3F v Future Agenda Items/ Ideas: Strategic Planning, Understanding Reserves Categories, etc**. She has gathered some initial strategic planning ideas. And one is to strategically plan how to work with the Board's reserves especially as some of our reserves are encumbered. Hearing no additional ideas from the Board at this time, she concluded the executive director's report after reiterating **Item 3F vi Next Board Meeting: Hearing at 9 a.m. Thursday, October 14, 2021**.

**Erickson** thanked Board staff and moved to **Item 4 Public Comment** and asked for public comment at this time asking for those speaking to state their full name for the record.

Manuel La Fontaine spoke first. He's a 42 year old resident of the Greater Bay Area in California. He has three children; they have had the opportunity to meet and spend quality time over the past dozen years with Deirdre Wilson. He shared his family's story and put it into a broader context. He added that he has seen Ms. Wilson tirelessly working in the service of others. He went on to commend the Board for their decision.

The next person during public comment was Susan Hess who is a clinical associate professor at USC School of Social Work and an advisor to a group that Ms. Wilson has chaired. She went on to discuss dismantling the dominant paradigm of judgment and that's what this meeting did. And it gives me so much hope for the field of social work.

The following speaker was Elle Dowdy who has worked with Ms. Wilson for the last year and a half in creating curriculum for a correspondence course for men and women who are incarcerated to teach empathy and victim impact. I have found Ms. Wilson to be a delight to work with, an incredible writer and an incredible editor. You made the right choice. Thank you.

Monique Bingham spoke next. She stated that there aren't very many people that are as hardworking and as compassionate as she is (Deirdre Wilson). And I think that I'm just completely elated. This news feels so warm; like to come to a wild close of 2021. And I just thank you all. And I hope to also witness others come through because there really is a need and a requirement for that lived experience doing the work that we embark on. Thanks.

Erickson asked for additional public comment. Hearing none, she moved to **Agenda Item 5 – Adjournment.**

**Monique Harris made a motion to adjourn the meeting, seconded by Jacqueline Sanders. Roll Call Vote: Erickson – Aye, Harris – Aye, Sanders – Aye. Motion passed unanimously.**

**The meeting was adjourned at 10:33 a.m.**

**Minutes Respectfully Submitted by Karen Oppenlander**





State of Nevada  
**Board of Examiners for Social Workers**  
4600 Kietzke Lane, #C-121, Reno, NV 89502  
(775) 688-2555

### **Board Meeting Minutes, November 23, 2021**

**Call to Order and Roll.** Vikki **Erickson** called meeting of the Board of Examiners for Social Workers (BESW) to order at 9:01 a.m. **Erickson** proceeded with a **Roll Call** of attendees that included Board members Vikki **Erickson**, Jacqueline **Sanders**, Abigail **Klimas**, and Monique **Harris** (9:30 a.m.); Board Counsel/ Deputy Attorney General Harry **Ward**; Board Staff Karen **Oppenlander**; and Guest: Beth Farley, auditor from Eide Bailly.

**Erickson** moved to **Item 2: Public Comment**. Hearing no comment, she moved **Item 3 Board Operations 3A – Presentation, Review, and Discussion of Annual Board Audit through June 30, 2021**.

**Oppenlander** noted that the agenda was sent to Board members with a tagline that said, "for possible approval" and it was sent extremely late the day before the meeting. At the time it was sent, she was waiting on signoffs from the Eide Bailly National Assurance office, which they've since received. At the time that the audit was sent to Board members, she didn't have that. She added that she will post the draft audit as quickly as she can on the BESW website. **Oppenlander** went on to suggest to the Board members that they decide to not approve the draft audit at this time because they have not had ample time to review all the items. However, BESW will be able to submit the audit in time to meet the December 1, 2021, deadline for the State of Nevada. The Board could then come back to the January Board meeting for final approval of the audit.

**Erickson** replied that she thinks that is a good idea because there is so much information for Board members to review. **Erickson** asked **Ward** if it would be okay if audit approval was moved the next board meeting. **Ward** added that when the agenda says the audit is up for possible action does not require action by the Board. He said there doesn't have to be a motion to have it added to the agenda for the next meeting. The Board can just instruct the Executive Director to do so. **Erickson** asked if the other Board members agreed, and they said they did.

**Erickson** suggested that the Board members discuss the AU 260 letter next. Beth Farley explained that the AU 260 letter Board members received is a required Board communication. Most of the language is very standard language as required on auditing standards. The letter goes through Eide Bailly's responsibilities the Board's auditors and includes the plan scope and timing of the audit that was communicated to the Board in the engagement letter.

**Oppenlander** noted that she sent the Board members the draft that was being approved by Eide Bailly's national insurance group. Farley said that is okay. The Board members will have a general idea of what it is, and then they can look at it more specifically. Farley went on to say that on the first page Eide Bailly talks about their responsibilities and then the plan timing of the audit. On the second page, Eide Bailly talks about their required compliance, with their independence and qualitative aspects of the audit. Eide Bailly's letter discusses significant accounting policies, which are all disclosed in Note 1 of the Board's financial statements,

significant accounting estimates, which are the Board's estimate for the net pension liability. Farley mentioned that was the only significant estimate that Eide Bailly noted.

Other items discussed in the Eide Bailly letter are financial statement disclosures that talk about significant ones, and we believe the pension one in Note 6 is a significant one to look at. Eide Bailly also discussed if there were any significant difficulties encountered during the audit, which there were not. On page 3, Eide Bailly talks about corrected and uncorrected misstatements, which are attached to the end of the report. Farley stated that Board members will look at those more specifically, as they go through the audit. Eide Bailly had no disagreements with management and at the end of the audit and to complete the audit, Eide Bailly does ask for representations that the Board has provided for all of the standard information. That is that from those representations, Eide Bailly knows of no other consultations with other accountants that the Board has done and Eide Bailly has no other significant matters findings or issues to disclose to you.

Farley noted that there was a misstatement in prior year financial statements. She stated that she'll discuss the broad picture, and then a more detailed look at the numbers when that section is reached. Eide Bailly staff had a discussion with **Oppenlander** and the Board staff about the recognition of license fees and when those should be recognized in accordance with GASB. Farley stated that there was a change in how those are being recognized, which Eide Bailly believes is in accordance with GASB and also makes it a little easier to recognize because GASB specifically talks about time constraints and previously they were recognized on a monthly basis. Based upon Eide Bailly's reading of GASB and their discussion with **Oppenlander**, those are recognized upon receipt upon the date that the license begins, because there's no other time constraints to not recognize those. Even though licensees have a license for a year, it's effective right away, and there is no refund or anything like that. That is the big change, and those numbers will be reviewed at that point in the audit.

Farley went on to say that on the next page of the letter Eide Bailly showed what that modification of the audit report is, and that it is intended for the Board of Directors and Management of BESW only and is not to be normally shared with anybody outside of those parties. On the next page, Farley explained that there is a picture of all Eide Bailly's adjusting journal entries and reclassifying journal entries. If you look at the trial balance that we provided to **Oppenlander**, the adjusting journal entries, and fund financial statements, these are the current resources. On the reclassifying journal entries, those then get the government-wide financial statements which is full accrual. Farley said that as they go through that, Board members will see what those differences are. Most of these are just the difference between that except for the journal entries that Eide Bailly proposed for that change in deferred revenue as discussed.

On the next page are past adjustments. Farley stated that there was one search for unrecorded liabilities testing, when they are looking for unrecorded accounts payables. Eide Bailly did notate one that was \$1,700. It was immaterial so they passed on making that adjustment. There was also vacation and sick pay accrual adjustment for fiscal year 20. Eide Bailly found a difference in how it was calculated in the prior year and because it was a prior year, and it was not material they passed on making that adjustment as a prior period adjustment as well and passed that through the current year. Farley asked Board members if they had any questions on the letter, the journal or past adjusting journal entries or how that all flows through.

**Oppenlander** noted that she is more familiar than anybody in the group with what is being done here. Since Board members aren't aware, we have not had an auditor make this presentation to the Board. The former audit company would send the audit forward with notes. The Board has not had the luxury if you will, of having the auditor speak directly to the members. As a result, **Oppenlander** stated that Board members might have a different set of questions. As an example, **Oppenlander** doesn't know whether some of the Board members have ever seen adjusting entries. Farley replied that Eide Bailly attaches these to their letter specifically because it is their responsibility to communicate any past or adjusting journal entries to the board to make sure that they understand what changes are being proposed. Farley went on to explain that an adjusting journal entry is a journal entry that Eide Bailly proposes that says, BESW needs to record this, that it's material to get BESW's financial statements in accordance with generally accepted accounting principles. Past journal entries are ones that Eide Bailly says are not material. In conversations with **Oppenlander**, Eide Bailly did not record these e.g., BESW should have had an additional \$1,700.00 in accounts payable that wasn't recorded that will show up as an expense in the next fiscal year. Also, last year's vacation and sick pay accrual adjustment was understated by \$4,600.00 and it will also pass through to current year.

**Klimas** asked for clarification about how were we recording before and how is that different than recording immediately? Was it done monthly before?

**Farley** replied that previously it was evaluated that the license fees should be recognized one twelfth (1/12) once they were received, so every month in essence. There would be ones that had started in May or April that were only a couple of months recognized, but Eide Bailly believes, based upon reading, discussion with **Oppenlander** and evaluating the laws for BESW's licensees, that once somebody pays in May for their start license of May, that it would be fully recognized. There is a little bit of a deferred amount and that's for the license fees that were received from May 15th to June 30th for July licenses. Those would be recognized as of July 1st because people pay a little bit in advance. As there were no further questions, Farley suggested proceeding.

**Farley** asked Board members to scroll down to the independent auditor's report. She said she would talk through the report and Board members can ask questions as they come up. **Farley** explained that the auditor's report is an unmodified opinion, meaning that there are no modifications to be in accordance with generally accepted accounting principles. The first page discusses what the report is, the Board members' responsibility as management for the financial statements, and Eide Bailly's responsibilities. The report states that as your auditors Eide Bailly is auditing an opinion and that there are no material adjustments in the financial statements to be in accordance with generally accepted accounting principles. Page 4 is where the actual opinion is stated. Eide Bailly's opinion is that these are presented fairly. There is the correction of an error that has already been discussed, and there is a disclosure by Eide Bailly that shows those differences. In the next paragraph under Other Matters, there is some required supplementary information, which is your management discussion analysis and pension information. For those Eide Bailly doesn't report. Eide Bailly provides no opinion or assurance on those because that is BESW's information and Eide Bailly doesn't audit your own words. The other reporting Eide Bailly does is issue an opinion in accordance or government auditing standards. That report is further on down.

Farley went to page 5 of of BESW's management discussion analysis. She noted that this is a required section for GASB financial statements presented for general government auditing standards. She said this section discusses BESW's financial highlights, what happened last year, and it is prepared by BESW management. Although Eide Bailly prepares BESW's financial statements for the Board members, they do have **Oppenlander** review the wording. The bottom of this page has an overview of the annual financial report and discusses the different financial statements that are in that. It continues at the top of the next page as well, talking about what those presentation will look like. It also talks about financial analysis and BESW's statement of net position, the GASB standards that it's reported under and any implications. On page 7, there is a summary of the government-wide financial statements.

Farley noted that the report does go on to show a comparison from year over year. When we look at those what we'll see is that Eide Bailly did not restate the numbers for June 30, 2020, due to an error in the deferred revenue. Otherwise Eide Bailly would have had to go back to the beginning of June 30, 2019, and figure out what that number should have been, to be able to restate those numbers; however, June 30, 2021, is fully restated. The report goes on to discuss the changes in net position and then BESW's revenue and expenses and why those changed. Farley stated that she is not going over the numbers now, as she will go over them in more detail when we get to the actual financial statements. On page 8, there are some highlights. Board members are required to discuss BESW's general fund, budgetary highlights, economic factors, capital assets. Farley asked **Oppenlander** if there were any changes to be finalized for Eide Bailly to issue the financial statements. **Oppenlander** replied that there were no further changes.

Farley mentioned that the first year always takes a little longer. Eide Bailly goes through a different level of review on first-year audits and so next year we shouldn't have this last-minute thing. Farley asked Board members to move on to page 9. She stated that this is BESW's statement of net position and governmental fund balance sheet. She noted that the left-hand side, where the general fund is shown, is based upon current resources. Any capital assets, net pension liabilities, or assets or deferred outflows or inflows are not recorded there. This is the financial statement that Board members are used to seeing, what the budget is built from. These do have the license fees received in advance, accounts payable items that are current, not long term. What shows is that BESW has cash, a little bit of accounts payable, and has license fees received in advance. That \$51,000.00 represents license fees received from May 15th to June 30th, for licenses, either July or early August, which need to be recognized. There is an unassigned balance just a little further down for BESW's fund balance of \$293,000.00. When you look at the adjustment's column, those are the things that change between your fund financial statements and government wide (government-wide are full accrual financial statements). The capital assets of \$14,000.00 are at the top of that page just below cash. Farley said that if Board members scroll up a little bit, they can see the \$14,000.00 of capital assets, deferred outflows for net pension liability of \$409,000.00, and then deferred inflows, net pension liability of \$94,000.00. Farley noted that those three items come straight from the PERS audited financial statements that are received by the Board, those are not calculations. Farley always tells Board members that they don't have a net pension liability of \$409,000.00 that they are going to have to write a check for. The Board needs to understand is that the state's net pension liability grows or changes and as those deferred inflows and outflows (which have to do with the actuarial numbers of returns and different things) come from there as well.

As those potentially grow, the pension rate continues to increase. It was 28.25% last year. When Farley started years ago, it was still in the teens. That is where the Board needs to consider it for BESW's budget. BESW is not going to have to write the check but will have to consider it as those rates increase and BESW will have to pay that increased rate. That is how it affects BESW currently. This is always a concern when Board members see that as, "Do we actually have this liability?" and, per the state rules, you don't have to write that full check, but you do have to pay the current rate as set by PERS.

**Oppenlander** asked, if this were an ideal world, the minus \$76,982 would be zero, what would that mean if we had zero there? Farley replied that she will get to that after she finishes this section. The compensated absences are \$9,200.00 for the current portion that's expected to be used in the current year and then compensated absences long-term is \$12,000.00. That is sick pay and accrued vacation. That is another thing that everybody points out, that BESW's net position is negative. Most of the time when Board members look at that they think we should never have a negative unbalanced or negative position because that could look like we're not managing the organization well. Again, BESW's net position really comes from that pension liability adjustment, which, like I said, you are not required to pay. Farley continued, if we look at the total between those three items that relate to the pension, that's a \$362,000.00 net between the deferred inflow, outflow, and liability. If BESW didn't have that, if we didn't have to report that, then BESW would have a positive total net position. It is a hard thing to explain, and it is a requirement under GASB to report. Farley said what she thinks Board members need to be focused on is less on what that net position looks like, the negative, but on how it affects the budget PERS potentially increases.

**Oppenlander** commented that the improvement here is that it was \$432,000 and it improved from minus \$432,000 to minus \$76,000.00. Farley answered it was \$437,000.00. Part of that difference is due to the deferred license amount that we talked about, that change in accounting. So, the increases are approximately 175% net increases. When we look at the next page and we start looking at BESW's revenue versus expenses, it does show that BESW did have a positive increase in BESW's net position. What that means is that BESW had that increase, more revenue than expenses and that is what Board members want to think about going forward and the long-term plan to make sure that you're sustaining the organization.

Farley said if Board members go to the next page, they'll be able to see that as well. So here on the top line, there is your Board operations and as again, or reminder fund financial statements on the left side government-wide, which is full accrual on the right side. BESW had \$430,000 in expenses. What I see here is that you absolutely had an increase in your revenue to match the expenses; we know that BESW had an increase in fees, but that's important because as expenses go up, your fees must be able to match that.

**Klimas** brought up the missing fees because BESW couldn't charge for endorsements due to the Directive from the Governor. She asked if that Directive is still in place for next year and if that is a place that BESW could potentially see more revenue in the future.

**Oppenlander** replied that the Directive is still in place with some modifications, but it still is impacting our fee collection.

**Sanders** asked about the monies that BESW had to forego or waive the cost for; will BESW see some type of credit, any type of governmental write-offs or anything of that nature.

**Oppenlander** said that as she had communicated to **Erickson** about this and that she has asked for a reimbursement from the State General Fund. As brought to Board members in a prior Board meeting about the provisional licenses and the waivers done for endorsements, **Oppenlander** asked for approximately \$92,000.00. As a result, BESW received a notice about a change in the Directive, a modification that benefits BESW slightly, but certainly wasn't a reimbursement. It is possible that the request will be fulfilled later.

Farley directed Board members to the next page which contains the notes to the financial statements. She said she wouldn't go over them in detail today because it would take too long. Farley said that note one is BESW's significant accounting policies. It talks about reporting, how BESW recognizes cash, capital assets, compensated absences, those sorts of things. The next couple of notes are deposits, capital assets, operating leases, and pensions.

The pension section that starts on page 16 goes on for several pages and discusses the vesting contributions, the differences, and the actuarial assumptions. Farley indicated that at the bottom of page 20 there is the net pension liability. Looking at rate sensitivity, they use a seven and a half percent. If they changed that to six and a half percent versus eight and a half percent discount rate. BESW's liability currently sits in the middle, and it could go down or all the way up. She said that it is important when looking at government-wide financial statements to know that there are a lot of estimates that are built into this, about inflation rates, rate of return, productivity pay rates and salary increases. Those are all subject to changes in the future. Farley said it is important to understand, because if it lower, BESW would almost be at a positive net position versus the negative that you're seeing right now.

Farley moved forward to page 22. She said this restatement results from the change in how the unearned license revenue is being recorded. Prior fund balance in that position had these differences. The prior auditor had recorded a difference between the fund balance and the net position. Eide Bailly believes that those are both shown as unearned license revenue on both of those statements. That is why the correction of errors is different between the two presentations. That is the kind of the overall change in the way that Eide Bailly is recognizing those revenues.

Farley went on to say that after this, there are a couple of pages of required supplementary information for pension liability. This talks about the pensions you've paid and the percentage, and etcetera.

On page 25 is BESW's independent auditors report in accordance with government auditing standards. Eide Bailly discusses that they have audited in accordance with those government auditing standards, and internal control over financial reporting. Eide Bailly also mentions that there were some deficiencies notices, material weakness, and one on the very bottom of the page is a significant deficiency. The difference between a material weakness and a significant deficiency is that Eide Bailly believes a material weakness could result in a material adjustment to BESW's financial statement. A significant deficiency is something that Eide Bailly wants to bring to the Board's attention, but they don't believe would create a material adjustment. They

are reported down a little further so Farley will talk about them when we get to them on that page. On the next page down there is compliance and other matters. There were no other compliance items.

Farley went on to page 27 which is about financial reporting, material weakness. One of the things that Eide Bailly looks for is that BESW has a process internally with either BESW's management or somebody on the Board who is looking up new GASBs to understand the new accounting statements that are coming out and can recognize which ones are required to be adopted or not be adopted. Eide Bailly assists as auditors in helping some of those adoptions in place, but Eide Bailly can't be the ones who tell you that because they must maintain independence. It is very common in a small organization, such as BESW, that you don't have a CPA on the Board, or you don't have somebody who is a CPA working in your organization. Sometimes this is a very common finding, because Eide Bailly must maintain independence. Unless BESW has somebody researching these things and staying on top of those GASBs, then Eide Bailly will see that you may not know that there is a new GASB that BESW needs to take to adopt and correctly identify and report. So that's what that one has to do with, and that probably would stay. Eide Bailly can change some of the recommendation and the wording if BESW believes that is not something that BESW would have due to the size of your organization. Sometimes we do that as the view of the responsible officials is that it is not cost effective for us to do this.

The second one is material adjustments, material weakness. That is because Eide Bailly did propose a material adjustment. If in the future BESW does not have material adjustments to correct financial statements, then Eide Bailly wouldn't have this. Materiality is calculated at each entity based upon revenue and assets. Eide Bailly looks at those things, it's a standard calculation. The capitalizing of the capital assets correcting the unearned balances and the compensated absences liabilities were material that we proposed to the Board.

Farley stated that the last item is the review of the actuary report which is the PERS report. What happens on the PERS report is that as you set up a new employee, that information is utilized in that actuary report, the contributions that you pay are utilized, and that's how BESW gets its percentages. Eide Bailly always recommends that management and the Board look at that PERS report, make sure that their contributions make sense, and they understand what went into the PERS correctly. Eide Bailly wants to make sure that somebody is looking at the PERS report, it is not only being looked at by auditors during that audit process. Eide Bailly doesn't think that this is a material weakness, just a significant deficiency, and they recommend that Board members look at that when it's issued and do a quick overview. Farley said she knows that she went through the report quickly and is happy to answer any questions.

**Sanders** asked, if **Oppenlander** is unable to recoup some of the monies lost when we had to waive the licensure requirement, etc., is BESW able to forgo some of those expenses on taxes or any other type of credits? Farley replied that she is not sure. She asked if **Sanders** is talking about like payroll taxes. **Sanders** said no, she thought that we had to present taxes the Board, even though it's an organization where we're licensing, individuals, etc. She thought that we still had to produce taxes. **Sanders** said she is thinking about how much money we've lost and that BESW is not a very rich organization, so she is looking at how we can recoup whatever we can.

Farley replied that looking at the type of expenses, she doesn't know of any expenses that would be able to or would be something from a government level that would say that BESW could reduce some of those expenses. Farley said she thinks the only taxes she knows of that BESW would be paying are federal employment taxes, but she is not sure because of PERS. BESW probably doesn't even pay that much in that area.

**Oppenlander** thanked Farley for calling out the material weakness and deficiencies because this gives BESW an opportunity to build a better foundation and bring us into this era with joint understanding of where some of the weaknesses are in the organization. She said it is a matter of training and so forth. **Oppenlander** also thinks that it's possible through the newer relationship BESW is together with other small boards in the Administrative Collaborative, we might be able to deal with some of these training matters. She stated that she is grateful that Eide Bailly can help BESW move forward.

Farley thanked **Oppenlander** and said Eide Bailly did enjoy working with BESW, and they are glad that they were able to issue a timely report during the first year. She said she is available to answer any further questions about the audit or audit process.

**Oppenlander** asked to go back to page 14. She said there has been a discussion since she came, that was brought up by both the executive branch auditors and the legislative council auditor. It is about BESW's reserves. She said Farley had illuminated them for her in ways that nobody has done for her since she started with the Board in 2018. **Oppenlander** said she has asked for help this. According to the Legislative Council Bureau our Board supposedly has X amount of money in reserves and according to the Executive Branch Auditor, Y amount in reserves, and our Board chose a medium amount to put in reserves, and nobody quite understands that, and then this section begins to spell it out.

Farley replied, yes, it is on the bottom of Page 13 and top of Page 14. In BESW's fund, financial statements, current resources, government can have five different categories, and they are non-spendable. This will be prepaid expenses, deposits on hand that are in that category that BESW doesn't have access to. Farley said she can't imagine BESW would have any deposits on hand that would fit into that category, potentially prepaid expenses. That is not going to affect what we're talking about. Restricted represents amounts that can be spent only for specific purposes because of state or federal laws or somebody that's exposed them outside of BESW. BESW doesn't have any restricted. She noted that a lot of times you see this if there is a loan or debt and then there would be a restricted amount that you're supposed to set aside for debt reserves. That's what you see in governments a lot or some other federal outside exposed conditions. Committed and assigned are the two areas where the Board and Management have a little bit more discretion over. Committed funds represents funds that can be only used for specific purposes, as determined by the Board and it must be a formal action. There must be a formal action to uncommit those as well. This would be potentially if you were meeting a specific set aside of reserves for a reason such as a capital purpose, that you could make a Board action. The assigned represents amounts that are intended by the Board for specific purposes, but don't require an action by the governing board. These don't have to have an approval at the board level. Sometimes boards will have some sort of committed or assigned funds set aside for a specific purpose to show, especially if you're thinking long-term that you need something. That is on the fund financial statements side as you look at the



financials on that left-hand side. The net position at the top of the next page. Net position is the net investment capital assets, whatever you have in capital assets. The restricted net position consists of net position with constraints placed on their use by external groups, creditors, grantors contributors, or through constitutional law provisions or enabling legislation. Everything else is unrestricted. On the net position side, BESW doesn't have any control of what can be considered restricted. Restricted is kind of the same for both sides of those, they are external items. On the government wide side, you really wouldn't show any of the reserves, or the set aside funds, but on the financial statement side, you could show either some committed or assigned funds.

**Oppenlander** stated that the question remains. During the Interim Session, BESW ended up in front of the Sunset Committee and some of legislators wanted to know about how is BESW doing with its reserves? **Oppenlander** said that the Board had made a commitment to have six months of reserves by such and such a date. One Senator said that she understands that Boards need to have 12 months of reserves. And while she knows that Eide Bailly is not going to provide a recommendation because that is not their responsibility, is there ever a situation where the government could or would need to commandeer the reserves from a regulatory agency? Farley replied that she doesn't know of any and that it is outside of the scope of what a CPA would know. **Oppenlander** thanked Eide Bailly for providing the wealth of information that they have so that the Board can make better informed determinations in the future. This presentation was made language that is much more understandable than we've seen in the past.

**Klimas** said that when she was reading through this, at one point it says that BESW has two bank accounts, and then at the other point it said that BESW has three checking accounts. She asked if that was error or if those are two separate things. **Oppenlander** explained that BESW has three accounts at Bank of America, checking, savings and a CD. BESW also has an account at Wells Fargo. The checks to PERS must go through Wells Fargo, which requires us to have an account there. **Farley** pointed out that the information is in note three and part of note one and she will make them say two commercial banks.

**Erickson** asked for any further questions, comments.

**Klimas** commented that for somebody who is new at this. Today was helpful. She said she excited to read it with the guidance that you've given us because it'll help inform how she can interpret it now. **Erickson** commented that this was very interesting. She and **Oppenlander** have had quite a few conversations about this, so she is also excited to read through it.

**Item 4 – Public Comment.** **Erickson** asked for **Public Comment**. Hearing none, she asked for a motion for **Item 5, Adjournment**.

**A motion was made for Adjournment by Jacqueline Sanders, Seconded by Abby Klimas. After a Roll Call Vote, the Motion Passed Unanimously.**

**The meeting was adjourned at 10:11 a.m.**

**Minutes Respectfully Submitted by Caroline Rhuys.**

**3B**

**FINANCIALS**

| December     |  | Annual Budget<br>FY 20/21 | Monthly Budget<br>- December | Monthly Actual<br>- December | Monthly<br>Variance<br>Dollars | Monthly<br>Variance<br>Percent | Annual Year to<br>Date | Annual Variance<br>Dollar | Annual<br>Variance<br>Percent |
|--------------|--|---------------------------|------------------------------|------------------------------|--------------------------------|--------------------------------|------------------------|---------------------------|-------------------------------|
| Fund Balance |  | \$ 352,321.37             |                              |                              |                                |                                | 50%                    |                           |                               |

| <b>INCOME</b>                    |  |                      |                     |                     |                    |            |                      |                        |            |
|----------------------------------|--|----------------------|---------------------|---------------------|--------------------|------------|----------------------|------------------------|------------|
| 40000 · RENEWAL FEES             |  | 505,125.00           | 42,093.75           | 30,000.00           | 12,093.75          | 71%        | 239,250.00           | -265,875.00            | 47%        |
| 41000 · APPLICATION FEE          |  | 27,600.00            | 2,300.00            | 3,612.50            | -1,312.50          | 157%       | 20,400.00            | -7,200.00              | 74%        |
| 42000 · INITIAL LICENSE FEE      |  | 69,000.00            | 5,750.00            | 6,625.00            | -875.00            | 115%       | 42,333.75            | -26,666.25             | 61%        |
| 43000 · ENDORSEMENT FEE          |  | 12,500.00            | 1,041.66            | 2,000.00            | -958.34            | 192%       | 14,593.75            | 2,093.75               | 117%       |
| 44000 · PROVISIONAL LICENSE FEES |  | 2,000.00             | 166.67              | 187.50              | -20.83             | 112%       | 968.72               | -1,031.28              | 48%        |
| 45000 · RENEWAL LATE FEE         |  | 2,000.00             | 166.67              | 300.00              | -133.33            | 180%       | 3,262.50             | 1,262.50               | 163%       |
| 46000 · RESTORATION OF LICENSE   |  | 0.00                 | 0.00                | 0.00                | 0.00               | 0%         | 350.00               | 350.00                 | 0%         |
| 47000 · DISCIPLINARY COSTS       |  | 2,000.00             | 166.66              | 0.00                | 166.66             | 0%         | 0.00                 | -2,000.00              | 0%         |
| 48000 · MISCELLANEOUS            |  | 10,000.00            | 833.33              | 65.00               | 768.33             | 8%         | 3,800.00             | -6,200.00              | 38%        |
| 49000 · INTEREST                 |  | 10.50                | 0.88                | 71.89               | -71.01             | 8169%      | 474.72               | 464.22                 | 4521%      |
| <b>Total Income</b>              |  | <b>\$ 630,235.50</b> | <b>\$ 52,519.62</b> | <b>\$ 42,861.89</b> | <b>\$ 9,657.73</b> | <b>82%</b> | <b>\$ 325,433.44</b> | <b>\$ (304,802.06)</b> | <b>52%</b> |
| Sub-Account Total                |  | <b>\$ 982,556.87</b> |                     |                     |                    |            | <b>\$ 677,754.81</b> |                        |            |

| <b>EXPENSES</b>                  |  |                      |                     |                     |                      |             |                      |                    |            |
|----------------------------------|--|----------------------|---------------------|---------------------|----------------------|-------------|----------------------|--------------------|------------|
| 50050 · Wages                    |  | 245,353.00           | 20,446.08           | 22,687.65           | -2,241.57            | 111%        | 119,301.85           | -126,051.15        | 49%        |
| 50102 · Group Health Insurance   |  | 33,808.00            | 2,817.34            | 2,616.62            | 200.72               | 93%         | 15,991.10            | -17,816.90         | 47%        |
| 50103 · Ins Regis                |  | 3,558.00             | 296.50              | 419.70              | -123.20              | 142%        | 2,524.18             | -1,033.82          | 71%        |
| 50104 · Medicare                 |  | 3,558.00             | 296.50              | 284.69              | 11.81                | 96%         | 1,695.41             | -1,862.59          | 48%        |
| 50105 · PERS-Employer paid       |  | 37,600.00            | 3,133.33            | 2,680.52            | 452.81               | 86%         | 15,992.64            | -21,607.36         | 43%        |
| 50106 · Unemployment Ins.        |  | 3,000.00             | 250.00              | 43.78               | 206.22               | 18%         | 764.35               | -2,235.65          | 25%        |
| 50300 · Workman's Comp.          |  | 5,000.00             | 0.00                | 0.00                | 0.00                 | 0%          | 160.66               | -4,839.34          | 3%         |
| Sub Account Total                |  | <b>\$ 331,877.00</b> | <b>\$ 27,239.75</b> | <b>\$ 28,732.96</b> | <b>\$ (1,493.21)</b> | <b>105%</b> | <b>\$ 156,430.19</b> | <b>-175,446.81</b> | <b>47%</b> |
| 61050 · Contract-Labor           |  | 50,000.00            | 4,166.67            | 2,114.80            | 2,051.87             | 51%         | 10,460.64            | -39,539.36         | 21%        |
| 61100 · Contract-Auditor         |  | 15,000.00            | 1,250.00            | 15,000.00           | -13,750.00           | 1200%       | 15,550.00            | 550.00             | 104%       |
| 61150 · Contract-Legal           |  | 35,000.00            | 2,916.67            | 1,401.80            | 1,514.87             | 48%         | 6,853.89             | -28,146.11         | 20%        |
| 61200 · Contract-Lobbyist        |  | 32,500.00            | 2,708.33            | 0.00                | 2,708.33             | 0%          | 3,000.00             | -29,500.00         | 9%         |
| 61250 · Contract-Payroll Service |  | 2,000.00             | 166.66              | 0.00                | 166.66               | 0%          | 0.00                 | -2,000.00          | 0%         |
| 61300 · Court Reporting          |  | 4,500.00             | 375.00              | 0.00                | 375.00               | 0%          | 0.00                 | -4,500.00          | 0%         |
| 61350 · Investigations           |  | 7,000.00             | 583.34              | 0.00                | 583.34               | 0%          | 0.00                 | -7,000.00          | 0%         |
| 61400 · LCB                      |  | 4,000.00             | 333.33              | 0.00                | 333.33               | 0%          | 0.00                 | -4,000.00          | 0%         |
| 62000 · Operating Costs          |  | 7,000.00             | 583.33              | 979.10              | -395.77              | 168%        | 4,058.84             | -2,941.16          | 58%        |

|                                  |  |                      |                     |                     |                      |             |                      |                        |            |
|----------------------------------|--|----------------------|---------------------|---------------------|----------------------|-------------|----------------------|------------------------|------------|
| 62050 · Printing                 |  | 7,000.00             | 583.34              | 569.65              | 13.69                | 98%         | 1,880.93             | -5,119.07              | 27%        |
| 62100 · Copying                  |  | 0.00                 | 0.00                | 0.00                | 0.00                 | 0%          | 0.00                 | 0.00                   | 0%         |
| 62150 · TORT Claim Fund          |  | 850.00               | 70.83               | 494.30              | -423.47              | 698%        | 1,262.90             | 412.90                 | 149%       |
| 62200 · Rent                     |  | 21,600.00            | 1,800.00            | 1,750.00            | 50.00                | 97%         | 10,500.00            | -11,100.00             | 49%        |
| 62250 · B and G Assessment       |  | 500.00               | 41.67               | 0.00                | 41.67                | 0%          | 50.91                | -449.09                | 10%        |
| 62300 · Records Storage          |  | 1,000.00             | 83.33               | 162.79              | -79.46               | 195%        | 602.55               | -397.45                | 60%        |
| 62350 · Postage                  |  | 6,000.00             | 500.00              | 727.82              | -227.82              | 146%        | 3,739.40             | -2,260.60              | 62%        |
| 62400 · Telephone                |  | 3,000.00             | 250.00              | 199.94              | 50.06                | 80%         | 1,018.04             | -1,981.96              | 34%        |
| 62450 · Internet                 |  | 5,400.00             | 450.00              | 666.29              | -216.29              | 148%        | 2,445.05             | -2,954.95              | 45%        |
| 62500 · Computer Software        |  | 35,000.00            | 2,916.66            | 129.99              | 2,786.67             | 4%          | 1,553.80             | -33,446.20             | 4%         |
| 62550 · Transcription            |  | 0.00                 | 0.00                | 0.00                | 0.00                 | 0%          | 74.00                | 74.00                  | 0%         |
| 62600 · COVID 19 UNK             |  | 1,000.00             | 83.34               | 0.00                | 83.34                | 0%          | 0.00                 | -1,000.00              | 0%         |
| 63050 · Dues & Registration      |  | 0.00                 | 0.00                | 0.00                | 0.00                 | 0%          | 0.00                 | 0.00                   | 0%         |
| 63100 · Professional Dues (ASWB) |  | 15,000.00            | 0.00                | 0.00                | 0.00                 | 0%          | 0.00                 | -15,000.00             | 0%         |
| 64050 · Bank Charges             |  | 120.00               | 10.00               | 0.00                | 10.00                | 0%          | 0.00                 | -120.00                | 0%         |
| 64100 · Credit Card Processing   |  | 10,000.00            | 833.33              | 888.97              | -55.64               | 107%        | 5,589.08             | -4,410.92              | 56%        |
| 65000 · Host Fund                |  | 1,000.00             | 83.33               | 0.00                | 83.33                | 0%          | 0.00                 | -1,000.00              | 0%         |
| 66050 · In State Travel          |  | 5,000.00             | 416.67              | 0.00                | 416.67               | 0%          | 0.00                 | -5,000.00              | 0%         |
| 66100 · Out of State Travel      |  | 0.00                 | 0.00                | 0.00                | 0.00                 | 0%          | 0.00                 | 0.00                   | 0%         |
| 67000 · Training                 |  | 0.00                 | 0.00                | 0.00                | 0.00                 | 0%          | 0.00                 | 0.00                   | 0%         |
| 68050 · Furniture                |  | 0.00                 | 0.00                | 0.00                | 0.00                 | 0%          | 5,175.57             | 5,175.57               | 0%         |
| 68100 · Computers                |  | 10,000.00            | 833.33              | 1,597.00            | -763.67              | 192%        | 1,597.00             | -8,403.00              | 16%        |
| Sub Account Total                |  | <b>\$ 279,470.00</b> | <b>\$ 22,039.16</b> | <b>\$ 26,682.45</b> | <b>\$ (4,643.29)</b> | <b>121%</b> | <b>\$ 75,412.60</b>  | <b>\$ (204,057.40)</b> | <b>27%</b> |
| <b>Total Expenses</b>            |  | <b>\$ 611,347.00</b> | <b>\$ 49,278.91</b> | <b>\$ 55,415.41</b> | <b>\$ (6,136.50)</b> | <b>112%</b> | <b>\$ 231,842.79</b> | <b>\$ (202,057.40)</b> | <b>38%</b> |

|                                   |  |                   |                 |                   |  |  |                   |  |  |
|-----------------------------------|--|-------------------|-----------------|-------------------|--|--|-------------------|--|--|
| <b>Net Position *</b>             |  | <b>18,888.50</b>  | <b>3,240.71</b> | <b>-12,553.52</b> |  |  | <b>93,590.65</b>  |  |  |
| <b>Net Position - Adjusted **</b> |  | <b>371,209.87</b> |                 |                   |  |  | <b>445,912.02</b> |  |  |
| * Net Position                    | Income and Expenses without Fund Balance         |                   |                 |                   |  |  |                   |  |  |
| **Net Position - Adjusted         | Income and expenses with prior year Fund Balance |                   |                 |                   |  |  |                   |  |  |

| <b>CASH BALANCES</b>      |  |  |  |  |  |  |                      |  |  |
|---------------------------|--|--|--|--|--|--|----------------------|--|--|
| Checking                  |  |  |  |  |  |  | 414,579.56           |  |  |
| Savings                   |  |  |  |  |  |  | 5,885.91             |  |  |
| CD                        |  |  |  |  |  |  | 25,446.55            |  |  |
| <b>Total Cash Balance</b> |  |  |  |  |  |  | <b>\$ 445,912.02</b> |  |  |

**3C**  
**AUDIT**



Financial Statements  
June 30, 2021

# Board of Examiners for Social Workers

Board of Examiners for Social Workers

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## Independent Auditor's Report

To the Members of the Board  
Board of Examiners for Social Workers  
Reno, Nevada

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the general fund of the Board of Examiners for Social Workers (Board) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express opinions 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.



We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

#### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and the general fund of the Board of Examiners for Social Workers, as of June 30, 2021, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Correction of Error**

As discussed in Note 10 to the financial statements, certain errors resulting in the overstatement of fund balance and understatement of net assets as of June 30, 2020, were discovered during the current year. Accordingly, amounts reported for fund balance and net assets have been restated in the 2021 financial statements now presented. Our opinions are not modified with respect to this matter.

#### **Other Matters**

##### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 6, pension information – schedule of changes in net pension liability on page 21, and the pension information – schedule of contributions on page 22, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 24, 2021, on our consideration of the Board of Examiners for Social Workers 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 solely 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 effectiveness of Board of Examiners for Social Workers internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Board of Examiners for Social Workers internal control over financial reporting and compliance.



Reno, Nevada  
November 24, 2021

This section of the Board of Examiners for Social Workers (the "Board") annual financial report presents our discussion and analysis of the Board's financial performance during the fiscal year that ended June 30, 2021. Please read it in conjunction with the Board's financial statements, which immediately follow this section.

### **Financial Highlights**

- The Board's revenues were \$619,661, which was a \$150,069 increase from the prior year.
- The Board's current assets at June 30, 2021 were \$342,415, an increase of \$203,693 from the prior year.

Because of the pandemic, we really cut back on what we had initially planned to do during the past year. Despite many challenges, we were able to add an online applications module this year to make the process easier for potential licensees.

Also, there were other unpredictable impacts due to the pandemic e.g., the ongoing Nevada Declaration of Emergency which led to Governor's Directive 11. For example, due to Directive 11, we had more endorsed licenses than anticipated; and if we had been able to collect Endorsement Fees, then we would have higher income in that category. In a second example, we also had to forego potential income when we issued Provisional Licenses without charge as per the Directive. Therefore, we would have had higher income in Provisional Fees if the Directive were not in place.

### **Overview of Annual Financial Report**

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

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

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

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

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

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

#### **Financial Analysis**

The basic financial statements, as well as the required supplementary information, serve as the key financial data for the Board members' and management's monitoring and planning.

#### **Statement of Net Position**

The Board's net position remains strong at year-end with adequate liquid assets to fulfill its responsibilities even though the net position is a deficit at year end. The Board members and management believe the current financial condition and staff capabilities are sufficient to meet anticipated operating expenses and operational objectives. During the year ended June 30, 2015, the Board implemented GASB 68 and 71, Accounting and Financial Reporting for Pensions and Pension Transitions for Contributions Made Subsequent to the Measurement Date., respectively. In March 2016, the GASB issued Statement No. 82, Pension Issues – An Amendment of GASB Statements No. 67, No. 68, and No. 73, effective for periods beginning after June 15, 2016, or June 15, 2017 when an employer's pension liability is measured on a date other than the employer's most recent fiscal year-end. The objective of this statement is to address certain issues that have been raised with respect to GASB Statements No. 67, No. 68, and No. 73 regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. Management has implemented the statement during the year ended June 30, 2018.

The impact of the implementation of these standards to the current year is to include certain deferred inflows and outflows of resources and reflect a net pension liability for the PERS retirement program as it relates to the Board. The financial impact resulted in the net position of the Board being a deficit of \$76,982 and \$437,784 at June 30, 2021 and 2020, respectively.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Net position may serve over time as a useful indicator or a government's financial position. In the case of the Board of Examiners for Social Workers, current assets exceeded current liabilities by \$293,781 as of June 30, 2021.

The following presents a summary of the Board's net position for the following fiscal years.

|   | <u>June 30, 2021</u> | <u>June 30, 2020</u><br>(not restated) |
|---|----------------------|--|
| Current Assets                                    | \$ 352,415           | \$ 148,722                             |
| Capital Assets, Net                               | 14,013               | 8,640                                  |
| Deferred Outflows of Resources                    | 140,977              | 176,766                                |
| Total Assets & Deferred Outflows of Resources     | <u>507,405</u>       | <u>334,128</u>                         |
| Current Liabilities                               | 67,905               | 231,112                                |
| Long-term Liabilities                             | 422,482              | 432,226                                |
| Deferred Inflows of Resources                     | 94,000               | 108,574                                |
| Total Liabilities & Deferred Inflows of Resources | <u>584,387</u>       | <u>771,912</u>                         |
| Net Position                                      |                      |  |
| Invested in Capital Assets                        | 14,013               | 8,640                                  |
| Unrestricted                                      | <u>(90,995)</u>      | <u>(446,424)</u>                       |
| Total Net Position                                | <u>\$ (76,982)</u>   | <u>\$ (437,784)</u>                    |

The June 30, 2020 balances were not restated for the correction of error as discussed in Note 10.

**Changes in Net Position**

The Board's total revenues for the fiscal year ended June 30, 2021 were \$619,661. The total cost of all programs and services were \$445,652. The following is a summary of the changes for the following years:

**Changes in Net Position**

|                                     | <u>June 30, 2021</u> | <u>June 30, 2020</u><br>(not restated) |
|-------------------------------------|----------------------|--|
| Revenue                             |                      |  |
| Program Revenues                    |                      |  |
| Charges for Service                 | \$ 606,915           | \$ 469,592                             |
| Other Income                        | 12,746               | -                                      |
| Total Revenue                       | <u>619,661</u>       | <u>469,592</u>                         |
| Expenses                            |                      |  |
| Operation Expenses                  | 445,652              | 464,278                                |
| Total Expenses                      | <u>445,652</u>       | <u>464,278</u>                         |
| Increase (Decrease) in Net Position | <u>\$ 174,009</u>    | <u>\$ 5,314</u>                        |

The increase in charges for services were as a result from an increase in fees charged for licenses during the current fiscal year.

The June 30, 2020 balances were not restated for the correction of error as discussed in Note 10.

## **FINANCIAL ANALYSIS OF BOARD OF EXAMINERS FOR SOCIAL WORKERS' FUNDS**

As noted earlier, the Board of Examiners for Social Workers uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

### **General Fund Budgetary Highlights**

The Board's actual expenses were less than budgeted due to salaries and operating expenses. The budget is based on prior year's activity plus any anticipated changes. Significant changes in the Board's budget were due unpredictable pandemic-related impacts. Please refer to these changes discussed above under Financial Highlights.

The Board prepares its budget prior to the start of each year. This budget was not subsequently revised during the year. A comparison of this budget with actual results is provided in the supplementary information section of this report.

### **Capital Assets and Debt Administration**

As of June 30, 2021, the Board has \$14,013 invested in capital assets, net of accumulated depreciation. Assets are recorded as expenses in the year they are purchased for governmental fund financial statements. In government-wide financial statements, these assets are reflected at their historical costs less accumulated depreciation. Additional information can be found in the footnotes to these financial statements.

### **Economic Factors and Next Year's Budget and Rates**

The Board uses no specific economic factors in preparing its budget for the next fiscal year. The Board's revenue is limited by maximum license fees specified in the Nevada Revised Statutes. For expenses, the Board typically assumes an increase of 5% to 10% over the prior year for non-contract items.

### **Requests for Information**

This financial report is designed to provide the reader with a general overview of the Board's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Executive Director, Karen Oppenlander, at 4600 Kietzke Lane, Suite C121, Reno, Nevada 89502.

**Board of Examiners for Social Workers**  
**Statement of Net Position and Governmental Fund Balance Sheet**  
**June 30, 2021**

|  | <u>General<br/>Fund</u> | <u>Adjustments<br/>(Note 9)</u> | <u>Statement<br/>of Net Position</u> |
|--|-------------------------|---------------------------------|--------------------------------------|
| <b>Assets</b>  |                         |                                 |                                      |
| <b>Current assets</b>                                      |                         |                                 |                                      |
| Cash   | \$ 352,415              | \$ -                            | \$ 352,415                           |
| <b>Noncurrent assets</b>                                   |                         |                                 |                                      |
| Capital assets, net  | -                       | 14,013                          | 14,013                               |
| <b>Total assets</b>  | <u>352,415</u>          | <u>14,013</u>                   | <u>366,428</u>                       |
| <b>Deferred Outflows of Resources</b>                      |                         |                                 |                                      |
| Net pension liability related                              | -                       | 140,977                         | 140,977                              |
| <b>Total Assets and Deferred Outflows of Resources</b>     | <u>352,415</u>          | <u>154,990</u>                  | <u>507,405</u>                       |
| <b>Liabilities</b>   |                         |                                 |                                      |
| <b>Current liabilities</b>                                 |                         |                                 |                                      |
| Accounts payable   | 6,759                   | -                               | 6,759                                |
| Compensated absences                                       | -                       | 9,271                           | 9,271                                |
| License fees received in advance                           | 51,875                  | -                               | 51,875                               |
| <b>Total current liabilities</b>                           | <u>58,634</u>           | <u>9,271</u>                    | <u>67,905</u>                        |
| <b>Noncurrent liabilities</b>                              |                         |                                 |                                      |
| Compensated absences                                       | -                       | 12,835                          | 12,835                               |
| Net pension liability                                      | -                       | 409,647                         | 409,647                              |
| <b>Total noncurrent liabilities</b>                        | <u>-</u>                | <u>422,482</u>                  | <u>422,482</u>                       |
| <b>Total liabilities</b>                                   | <u>58,634</u>           | <u>431,753</u>                  | <u>490,387</u>                       |
| <b>Deferred Inflows of Resources</b>                       |                         |                                 |                                      |
| Net pension liability related                              | -                       | 94,000                          | 94,000                               |
| <b>Total Liabilities and Deferred Inflows of Resources</b> | <u>58,634</u>           | <u>525,753</u>                  | <u>584,387</u>                       |
| <b>Fund Balance</b>  |                         |                                 |                                      |
| Fund Balance   |                         |                                 |                                      |
| Unassigned   | 293,781                 | (293,781)                       | -                                    |
| <b>Total Liabilities and Fund Balance</b>                  | <u>\$ 352,415</u>       |                                 |                                      |
| <b>Net Position</b>  |                         |                                 |                                      |
| Net investment in capital assets                           |                         | 14,013                          | 14,013                               |
| Unrestricted   |                         | (90,995)                        | (90,995)                             |
| <b>Total Net Position</b>                                  |                         | <u>\$ (76,982)</u>              | <u>\$ (76,982)</u>                   |

**Board of Examiners for Social Workers**  
**Statement of Activities and Governmental Fund Revenue, Expenditures, and Changes in Fund Balance**  
**Year Ended June 30, 2021**

|   | <u>General<br/>Fund</u> | <u>Adjustments<br/>(Note 9)</u> | <u>Statement of<br/>Activities</u> |
|---|-------------------------|---------------------------------|------------------------------------|
| <b>Expenditures/Expenses</b>  |                         |                                 |                                    |
| Board operations  | \$ 430,283              | \$ 15,369                       | \$ 445,652                         |
| <b>Program Revenue</b>  |                         |                                 |                                    |
| Charges for services, licensing revenue                             | 606,915                 | -                               | 606,915                            |
| Net program revenue   | <u>176,632</u>          | <u>(15,369)</u>                 | <u>161,263</u>                     |
| <b>General Revenue</b>  |                         |                                 |                                    |
| Investment income   | 371                     | -                               | 371                                |
| Other income  | <u>12,375</u>           | <u>-</u>                        | <u>12,375</u>                      |
|   | <u>12,746</u>           | <u>-</u>                        | <u>12,746</u>                      |
| <b>Excess (Deficiency) of Revenue over<br/>(under) Expenditures</b> | 189,378                 | (189,378)                       | -                                  |
| <b>Change in Net Position</b>                                       | -                       | 174,009                         | 174,009                            |
| <b>Fund Balance/Net Position</b>                                    |                         |                                 |                                    |
| Beginning of year, as restated                                      | <u>104,403</u>          | <u>(355,394)</u>                | <u>(250,991)</u>                   |
| End of year   | <u>\$ 293,781</u>       | <u>\$ (370,763)</u>             | <u>\$ (76,982)</u>                 |

**Note 1 - Reporting Entity and Summary of Significant Accounting Policies**

The Board of Examiners for Social Workers (the Board) is regulated by the Nevada Revised Statutes, which also specify the authorized activities of the Board. The Board is the licensing and regulatory agency for the practice of social work in the State of Nevada. The Board was created to examine and pass upon the qualifications of the applicants for certification, to certify qualified applicants, to revoke or suspend certificates, and to collect all fees and make disbursements pursuant to the Nevada Revised Statutes Chapter 641B.

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

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

**Reporting Entity**

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

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

**Basis of Presentation**

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



### **Basis of Accounting**

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectable within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

### **Cash**

Cash is maintained in two commercial banks in Reno, Nevada.

### **Capital Assets**

Capital assets, which include office equipment, are reported in the net position column in the government-wide financial statements. Capital assets are defined by the Board as assets with an initial, individual cost of \$1,000 and an estimated useful life of at least one year. Such assets are recorded at historical cost. Donated assets are recorded at acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are expensed as incurred. Capital assets are depreciated using the straight-line method over three to twenty years.

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

### **Compensated Absences**

Compensated absences are accounted for in accordance with GASB Statement 16, Accounting for Compensated Absences, which requires that a liability for compensated absences relating to services already rendered and that are not contingent on a specified event be accrued as an employee earns the rights to the benefits. Compensated absences relating to future services or that are contingent on a specified event will be accounted for in the period those services are rendered, or those events take place. The Board policy permits employees to accumulate earned but unused comp time, vacation and sick benefits subject to certain limitations on hours based on years of service. The sick time paid upon termination is limited to certain payout requirements and has hereby been reflected in the accompanying financial statements based upon these limitations. For the general fund, only the portion of the compensated absences paid from available resources are reflected as a liability, if applicable. The full liability is reflected in the government-wide financial statements.

### **Licensing and License Fees Received in Advance**

Licensing revenue includes fees for applications, registrations and renewals, fines and penalties for late registration and disciplinary fines and charges for administrative duties performed by the Board. The Board receives license fees as specified by the Nevada Revised Statutes. These license fees cover annual periods beginning in the month of licensure.

Licensing fees for renewals received in advance of the licensure period are recorded as licensing fees received in advance.

### **Deferred Outflows and Inflows of Resources**

In addition to assets, a separate section is reported for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. The differences between expected and actual experience, changes in assumptions, changes in proportion, and differences between employer contributions and proportionate share of contributions as well as contributions made after the measurement period for pensions qualify for reporting in this category.

In addition to liabilities, a separate section is reported for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. Differences between expected and actual experience and between projected and actual investment earnings on pension plan investments qualify for reporting in this category.

### **Fund Equity and Net Position**

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

- **Nonspendable** – represents amounts that are either not in a spendable form or are legally or contractually required to remain intact. The Board includes fund balances that have been prepaid for expenses and deposits on hand in this category.
- **Restricted** – represents amounts which can be spent only for specific purposes because of state or federal laws, or externally imposed conditions. The Board has no restricted fund balances.
- **Committed** – represents amounts which can be used only for specific purposes determined by the members of the governing Board's formal action through a resolution or action. The Board has no committed funds.
- **Assigned** – represents amounts that are intended by the Board for specific purposes but do not require action by the governing Board. The Board has no assigned funds.
- **Unassigned** – represents all amounts not included in spendable classifications.

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

In the government wide financial statements equity is classified as net position and displayed in the three following components, as applicable:

- Net invested in capital assets – consists of capital assets, net of accumulated depreciation and any related debt.
- Restricted net position – consists of net position with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- Unrestricted net position – net position that is neither classified as “invested in capital assets” nor as “restricted.”

The Board's policy is to first apply expenditures against restricted net position and then unrestricted balances.

#### **Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources, deferred inflows of resources and pension expense, information about the fiduciary net position of the Public Employees' Retirement System of Nevada (PERS) and additions to/deductions from PERS's fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

#### **Use of Estimates**

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

#### **Note 2 - Compliance with Nevada Revised Statutes and Nevada Administrative Code**

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

**Note 3 - Deposits with Financial Institutions**

The Board maintains its checking and savings accounts in two commercial banks. The accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 in the aggregate per bank for the checking accounts.

The bank balances at June 30, 2021 is covered by the FDIC, and the amount not covered by the FDIC is \$100,664. By provisions of statutes, the Board is required to deposit all money in banks or savings and loan associations located in the State of Nevada.

**Note 4 - Capital Assets**

The Board has custodial responsibility to the State of Nevada for office equipment acquired with resources of the Board. The capital asset activity during the year is as follows:

|                               | July 1, 2020    | Increases       | Decreases      | June 30, 2021    |
|-------------------------------|-----------------|-----------------|----------------|------------------|
| Capital assets                |                 |                 |                |                  |
| Office furniture              | \$ 6,535        | \$ -            | \$ -           | \$ 6,535         |
| Computer equipment            | 38,991          | -               | (1,820)        | 37,171           |
| Software                      | -               | 10,389          | -              | 10,389           |
|                               | <u>45,526</u>   | <u>10,389</u>   | <u>(1,820)</u> | <u>54,095</u>    |
| Less accumulated depreciation |                 |                 |                |                  |
| Office furniture              | (4,653)         | (909)           | -              | (5,562)          |
| Computer equipment            | (32,234)        | (1,640)         | 1,820          | (32,054)         |
| Software                      | -               | (2,466)         | -              | (2,466)          |
|                               | <u>(36,887)</u> | <u>(5,015)</u>  | <u>1,820</u>   | <u>(40,082)</u>  |
| Capital assets, net           | <u>\$ 8,639</u> | <u>\$ 5,374</u> | <u>\$ -</u>    | <u>\$ 14,013</u> |

**Note 5 - Operating Lease**

The Board currently leases office space in Reno, Nevada. The lease expires on July 31, 2025. The monthly rental payments range from \$1,750 to \$1,825.

The following is a schedule by years of future minimum rental payments:

| Years Ending June 30, |           |
|-----------------------|-----------|
| 2022                  | \$ 21,000 |
| 2023                  | 21,550    |
| 2024                  | 21,600    |
| 2025                  | 21,875    |
| Thereafter            | 1,825     |
|                       | \$ 87,850 |

The above lease contains a clause, which terminates the lease immediately for any action on the part of the Nevada State Legislature or the Federal Government that limits, restricts, or impairs the Board's funding or ability to satisfy its rental payment obligations. Total rent expense for the year ended June 30, 2021 includes \$20,950 of office rent.

## Note 6 - Pensions

### General Information About the Pension Plan

#### *Plan Description*

PERS (System) administers a cost-sharing, multiple-employer, defined benefit public employees' retirement system which includes both Regular and Police/Fire members. The System was established by the Nevada Legislature in 1947, effective July 1, 1948. The System is administered to provide a reasonable base income to qualified employees who have been employed by a public employer and whose earnings capacities have been removed or substantially impaired by age or disability.

#### *Benefits Provided*

Benefits, as required by the Nevada Revised Statutes (NRS or statute), are determined by the number of years of accredited service at time of retirement and the member's highest average compensation in any 36 consecutive months with special provisions for members entering the System on or after January 1, 2010 and for members entering the System on or after July 1, 2015. Benefit payments to which participants or their beneficiaries may be entitled under the plan include pension benefits, disability benefits, and survivor benefits.

Monthly benefit allowances for members are computed as 2.5% of average compensation for each accredited year of service prior to July 1, 2001. For service earned on and after July 1, 2001, this multiplier is 2.67% of average compensation. For members entering the System on or after January 1, 2010, there is a 2.5% service time factor and for regular members entering the System on or after July 1, 2015, there is a 2.25% multiplier. The System offers several alternatives to the unmodified service retirement allowance which, in general, allow the retired employee to accept a reduced service retirement allowance payable monthly during his or her lifetime and various optional monthly payments to a named beneficiary after his or her death.

Post-retirement increases are provided by authority of NRS 286.575 – 286.579.

#### *Vesting*

Regular members entering the System prior to January 1, 2010 are eligible for retirement at age 65 with five years of service, at age 60 with 10 years of service, or at any age with thirty years of service. Regular members entering the System on or after January 1, 2010, are eligible for retirement at age 65 with five years of service, or age 62 with 10 years of service, or any age with thirty years of service. Regular members who entered the System on or after July 1, 2015 are eligible for retirement at age 65 with 5 years of service, or at age 62 with 20 years of service or at age 55 with 30 years of service or at any age with 33 1/3 years of service.

The normal ceiling limitation on monthly benefits allowances is 75% of average compensation. However, a member who has an effective date of membership before July 1, 1985, is entitled to a benefit of up to 90% of average compensation. Both Regular and Police/Fire members become fully vested as to benefits upon completion of five years of service.

#### *Contributions*

The authority for establishing and amending the obligation to make contributions and member contribution rates is set by statute. New hires, in agencies which did not elect the Employer-Pay Contribution (EPC) plan prior to July 1, 1983 have the option of selecting one of two contribution plans. Contributions are shared equally by employer and employee. Employees can take a reduced salary and have contributions made by the employer (EPC) or can make contributions by a payroll deduction matched by the employer.

The System's basic funding policy provides for periodic contributions at a level pattern of cost as a percentage of salary throughout an employee's working lifetime in order to accumulate sufficient assets to pay benefits when due.

The System receives an actuarial valuation on an annual basis indicating the contribution rates required to fund the System on an actuarial reserve basis. Contributions actually made are in accordance with the required rates established by the Nevada Legislature. These statutory rates are increased/decreased pursuant to NRS 286.421 and 286.450.

The actuary funding method used is the Entry Age Actuarial Cost Method. It is intended to meet the funding objective and result in a relatively level long-term contributions requirement as a percentage of salary.

## Board of Examiners for Social Workers

Notes to Financial Statements

June 30, 2021

For the fiscal year ended June 30, 2020, the Statutory Employer/employee matching rate was 15.25% for Regular employees. The Employer-pay contribution (EPC) rate was 29.25%, for June 30, 2020 for Regular employees.

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions*

At June 30, 2021, the Board reported a liability of \$409,647 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Board's proportion of the net pension liability was based on total contributions due on wages paid during the measurement period. Each employer's proportion of the net pension liability is based on their combined employer contributions relative to the total combined employer contributions for all employers for the period ended June 30, 2020. At June 30, 2020, the Board's proportion was .00294% percent, which was a decrease of .00011% from its proportion measured at June 30, 2019.

For the year ended June 30, 2021, the Board recognized pension expense of \$45,085. Amounts totaling \$30,793 resulting from Board contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in year ended June 30, 2021. For the year ended June 30, 2021, the Board contributed \$30,793 under the statutes requirements based on covered payroll of \$201,923 which equates to 15.25% overall to the plan. At June 30, 2021, the Board reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

|  | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources |
|--|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience   | \$ 12,727                            | \$ 5,290                            |
| Changes of assumptions   | 11,507                               | -                                   |
| Net difference between projected and actual<br>investment earnings on pension plan investments | -                                    | 15,475                              |
| Changes in proportion  | 85,950                               | 73,235                              |
| Contributions subsequent to the measurement date   | 30,793                               | -                                   |
|  | \$ 140,977                           | \$ 94,000                           |

**Board of Examiners for Social Workers**

Notes to Financial Statements

June 30, 2021

Amounts reported as deferred outflows of resources and deferred inflows of resources, without regard to the contributions subsequent to the measurement date, related to pensions will be recognized in pension expense as follows:

| Years Ending June 30, |    |           |
|-----------------------|----|-----------|
| 2022                  | \$ | 3,523     |
| 2023                  |    | 13,819    |
| 2024                  |    | 12,617    |
| 2025                  |    | (8,766)   |
| 2026                  |    | (4,707)   |
| Thereafter            |    | (302)     |
|                       |    | \$ 16,184 |
|                       |    | \$ 16,184 |

The net difference between projected and actual investment earnings on pension plan investments will be recognized over five years, all the other above deferred outflow and deferred inflows will be recognized over the average expected remaining services lives, which was 6.13 years for the measurement period ending June 30, 2020.

Reconciliation of the net pension liability at June 30, 2021 is as follows:

|  |    |            |
|--|----|------------|
| Beginning net pension liability                  | \$ | 416,417    |
| Pension expense                                  |    | 45,085     |
| Employer contributions                           |    | (30,650)   |
| Current year net deferred (inflows) and outflows |    | (21,205)   |
|  |    | \$ 409,647 |
| Ending net pension liability                     | \$ | 409,647    |

*Actuarial Assumptions*

The System's net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

|                            |  |  |
|----------------------------|--|--|
| Inflation rate             | 2.75%  |  |
| Investment rate of return  | 7.50%  |  |
| Productivity pay increase  | 0.50%  |  |
| Projected salary increases | Regular: 4.25% to 9.15%, depending on service. Rates include inflation and productivity increases. |  |
| Consumer price index       | 2.75%  |  |
| Other assumptions          | Same as those used in the June 30, 2020 funding actuarial valuation                                |  |



Mortality rates for all non-disabled members (Regular and Police/Fire) age 50 and over were based on the Headcount-Weighted RP-2014 Healthy Annuitant Table projected to 2020 with Scape MP- 2016, set forward one year for spouses and beneficiaries. For all non-disabled members under the age of 50, mortality rates were based on the Headcount-Weighted RP-2014 Employee Mortality Tables adjusted by the ratio of the mortality rate for members at age 50 to the mortality rate at age 50 from the Employee mortality tables used for age 50 and over. The mortality rates for ages less than 50 are then projected to 2020 with Scale MP-2016. The mortality table used in the actuarial valuation to project mortality rates for all disabled members (Regular and Police/Fire) is the Headcount-Weighted RP-2014 Disabled Retiree Table, set forward four years.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial valuation completed that same date. There were no changes in actuarial assumptions since the preceding valuation.

The discount rate used to measure the total pension liability was 7.50% as of June 30, 2020. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, the pension plan's fiduciary net position at June 30, 2020, was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2020.

#### *Investment Policy*

The System's policies which determine the investment portfolio target asset allocation are established by the System. The asset allocation is reviewed annually and is designed to meet the future risk and return needs of the System. The following was the System's adopted policy target asset allocation as of June 30, 2020:

| Asset Class           | Target Allocation | Long-Term Geometric Expected Real Rate of Return * |
|-----------------------|-------------------|--|
| Domestic Equity       | 42%               | 5.50%  |
| International Equity  | 18%               | 5.50%  |
| Domestic Fixed Income | 28%               | 0.75%  |
| Private markets       | 12%               | 6.65%  |

\*As of June 30, 2020, PERS' long-term inflation assumption was 2.75%.

#### *Discount Rate and Pension Liability Discount Rate Sensitivity*

The following presents the net pension liability of the PERS as of June 30, 2020, calculated using the discount rate of 7.50%, as well as what the PERS net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.50%) or 1 percentage-point higher (8.50%) than the current discount rate:

|                       | 1% Decrease<br>Discount Rate<br>(6.50%) | Discount Rate<br>(7.50%) | 1% Increase<br>Discount Rate<br>(8.50%) |
|-----------------------|---|--------------------------|---|
| Net pension liability | \$ 638,651                              | \$ 409,647               | \$ 218,965                              |

*Pension Plan Fiduciary Net Position*

Additional information supporting the Schedule of Employer Allocations and the Schedule of Pension Amounts by Employer is located in the PERS Comprehensive Annual Financial Report (CAFR) available on the PERS website at [www.nvpers.org](http://www.nvpers.org) under Quick Links – Publications.

**Note 7 - Compensated Absences**

The current portion of compensated absences is defined as those benefits that would be liquidated with available expendable resources as a result of employees who have terminated employment with 45 days subsequent to year end. The current portion of the cost of compensated absences is recorded as payroll expenditure.

The long-term portions of these costs are reflected as liability included in long-term liabilities of the Board. The additions and deletions to compensated absences were as follows:

|            | Balance<br>June 30, 2020 | Change          | Balance<br>June 30, 2021 |
|------------|--------------------------|-----------------|--------------------------|
| Vacation   | \$ 8,441                 | \$ 830          | \$ 9,271                 |
| Sick leave | 7,368                    | 5,467           | 12,835                   |
|            | <u>\$ 15,809</u>         | <u>\$ 6,297</u> | <u>\$ 22,106</u>         |

These amounts plus the additional retirement costs related to these amounts are reflected in the government-wide financial statements as compensated absences, noncurrent under noncurrent liabilities.

**Note 8 - Litigation**

The Board is subject to legal proceedings and claims, which have arisen in the ordinary course of its business and have not been finally adjudicated. These actions, when ultimately concluded and determined, in the opinion of the Board, will not have a material adverse effect on the financial position of the Board, and, accordingly, no provisions for losses have been recorded.

**Note 9 - Conversion to Government-Wide Financial statements**

Adjustments on the face of the financial statements were made to the fund balance sheet and statement of revenue, expenditures, and changes in fund balance in order to reconcile the fund financial statements to the government-wide statements of net position and activities.

**Statement of Net Position and Governmental Fund Balance Sheet Adjustments – Increase (decreases):**

- Capitalization of fixed assets of \$54,095 accumulated depreciation of (\$40,082) – \$14,013
- Pension activity including deferred inflows and outflows of (\$140,977), net pension liability of \$409,647 and deferred inflow of \$94,000 - \$362,670
- Inclusion of compensated absences - \$22,106
- Elimination of fund balance – (\$293,781)
- Inclusion of net position - (\$76,982)

**Statement of Activities and Governmental Fund Revenue, Expenditures, and Changes in Fund Balances Adjustments – Increases (decreases):**

- Increase (decrease) in operating expenditures/expenses:
  - Increase in net pension liability and related accounts - \$14,445
  - Increase in salaries - \$6,297
  - Addition of depreciation expense - \$5,016
- Removal of capital outlay and services and supplies to capital assets - \$10,389

**Note 10 - Restatement Resulting from Correction of Error**

During the year ended June 30, 2021 the Board identified an error within previously issued financial statements that, when evaluated in the aggregate, warranted restatement of those financial statements. The June 30, 2020 financial statements did not correctly calculate the licensing fees received in advance. Accordingly, amounts reported for beginning fund balance and net position have been restated in the 2020 financial statements now presented.

The following is a summary of the effects of the restatement in the Board's June 30, 2021 Statement of Activities and Governmental Fund Revenue, Expenditures, and Changes in Fund Balance:

|                                 | <u>As Previously<br/>Reported</u> | <u>Correction of<br/>Errors</u> | <u>As Restated</u> |
|---------------------------------|-----------------------------------|---------------------------------|--------------------|
| Fund balance, beginning of year | \$ 134,828                        | \$ (30,425)                     | \$ 104,403         |
| Net position, beginning of year | (437,784)                         | 186,793                         | (250,991)          |

**Board of Examiners for Social Workers**  
**Pension Information – Schedule of Proportionate Share of the Net Pension Liability**  
**Last Ten Fiscal Years**

|   | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Proportion of the net pension liability   | 0.00294%    | 0.00305%    | 0.00372%    | 0.00256%    | 0.00243%    | 0.00243%    | 0.00248%    |
| Proportionate share of the net liability  | \$ 409,647  | \$ 416,417  | \$ 507,744  | \$ 340,782  | \$ 327,186  | \$277,899   | \$ 258,970  |
| Covered payroll   | \$ 200,984  | \$ 202,745  | \$ 238,200  | \$ 158,610  | \$ 142,165  | \$ 141,253  | \$ 142,026  |
| Proportionate share of the net pension liability as a percentage of covered payroll | 203.82%     | 205.39%     | 213.16%     | 214.86%     | 230.15%     | 196.74%     | 182.34%     |
| Plan fiduciary net position as a percentage of the total pension liability          | 77.04%      | 76.50%      | 75.20%      | 74.40%      | 72.20%      | 75.10%      | 76.31%      |

Note: Only seven years of information is available due to reporting changes with GASB 68 for Fiscal Year 2015.

**Board of Examiners for Social Workers**  
**Pension Information – Schedule of Contributions**  
**Last Ten Fiscal Years**

|   | <u>2021</u>       | <u>2020</u>     | <u>2019</u>       | <u>2018</u>     | <u>2017</u>       | <u>2016</u>       | <u>2015</u>       |
|---|-------------------|-----------------|-------------------|-----------------|-------------------|-------------------|-------------------|
| Contractually required contributions                              | \$ 30,793         | \$ 30,650       | \$ 29,398         | \$ 34,539       | \$ 22,999         | \$ 20,614         | \$ 18,716         |
| Contributions in relation to contractually required contributions | <u>(30,793)</u>   | <u>(30,650)</u> | <u>(29,398)</u>   | <u>(34,539)</u> | <u>(22,999)</u>   | <u>(20,614)</u>   | <u>(18,716)</u>   |
| Contribution deficiency (excess)                                  | <u>\$ -</u>       | <u>\$ -</u>     | <u>\$ -</u>       | <u>\$ -</u>     | <u>\$ -</u>       | <u>\$ -</u>       | <u>\$ -</u>       |
| Covered payroll   | <u>\$ 201,923</u> | <u>200,984</u>  | <u>\$ 202,745</u> | <u>238,200</u>  | <u>\$ 158,610</u> | <u>\$ 142,165</u> | <u>\$ 141,253</u> |
| Contributions as a percentage of covered payroll                  | <u>15.25%</u>     | <u>15.25%</u>   | <u>14.50%</u>     | <u>14.50%</u>   | <u>14.50%</u>     | <u>14.50%</u>     | <u>13.25%</u>     |

Note: Only seven years of information is available due to reporting changes with GASB 68 for Fiscal Year 2015.



**Independent Auditor's Report on Internal Control over Financial Reporting and  
on Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards***

To the Board of Directors  
Board of Examiners for Social Workers  
Reno, Nevada

We have audited, 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, the financial statements of the governmental activities and the remaining fund information of the Board of Examiners for Social Workers (Board), as of and for the year then ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements and have issued our report thereon dated November 24, 2021.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Board's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2021-001 and 2021-002 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying findings and questioned costs as item 2021-003 to be a significant deficiency.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Board's financial statements are free from 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 financial statements. 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*.

**The Board's Response to Findings**

The Board's response to the findings identified in our audit are described in the accompanying *schedule of findings and responses*. The Board's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Reno, Nevada  
November 24, 2021

**2021-001: Financial Reporting Material Weakness**

*Criteria:* Management is responsible for establishing and maintaining an effective system of internal control over financial reporting. One of the key components of an effective system of internal control over financial reporting is having the capability to prepare full disclosure financial statements in accordance with generally accepted accounting principles (GAAP).

*Condition:* As auditors, we assisted in the preparation of the financial statements including posting government-wide journal entries. The Board does not have the experience to prepare full disclosure financial statements in accordance with generally accepted accounting principles.

*Cause:* Procedures have not been implemented to ensure Board personnel possess the experience to prepare the Board's full disclosure financial statements in accordance with generally accepted accounting principles.

*Effect:* Financial information prepared by the Board may not comply with generally accepted accounting principles.

*Recommendation:* We recommend the Board implement procedures to provide training in the preparation of governmental full disclosure financial statements in accordance with generally accepted accounting principles.

*Views of Responsible Officials:* The Board of Examiners for Social Workers agrees with this finding.

**2021-002: Material Adjustments Material Weakness**

*Criteria:* Management is responsible for establishing and maintaining an effective system of internal control over financial statement reporting. One of the components of an effective system of internal control over financial reporting is oversight over account reconciliations and using reliable, correct supporting evidence in calculations of balances.



*Condition:* We proposed material adjustments to capitalize capital assets, correct beginning and ending unearned revenue balances, and to correct the compensated absences liability. An overall review and oversight over these balances did not occur after all year-end adjustments were complete. The conditions indicate that errors in the year end close out process are not detected and corrected in the normal course of business.

*Cause:* Procedures have not been put into place to review and approve these account balances.

*Effect:* Data used by the Board to prepare financial information may not be reliable.

*Recommendation:* We recommend the Board implement procedures to provide training in management review and approval over account balances and to retain such supporting documents.

*Views of Responsible Officials:* The Board of Examiners for Social Workers agrees with this finding.

**2021-003: Review of the Actuary Reports - Significant Deficiency**

*Criteria:* Management is responsible for establishing and maintaining an effective system of internal control over financial reporting. Properly reviewing the actuary report on the pension (PERS) is a key component to effective internal control over financial reporting.

*Condition:* During our testing over PERS, we noted the actuary reports were not adequately reviewed by Management to ensure consistency with current information and reasonableness over the assumptions used by the actuaries.

*Cause:* The Board did not have adequate controls to provide for the review of the PERS account balances.

*Effect:* PERS obligation balances at year-end may be misstated and contributions paid into these plans are not appropriate.

*Recommendation:* We recommend the Board implement internal controls to provide for the review of the actuarial reports and retain evidence of such a review.

*Views of Responsible Officials:* The Board of Examiners for Social Workers agrees with this finding.

**3D**

**BOARD REVIEW OF APPLICATION,**

**CESAR PORCAYO-MORALES**

3E

FORMAL ADMINISTRATIVE HEARING,  
KOMAREK, LCSW, 6832-C

3F

REQUEST FOR REMOVAL OF  
INFORMATION



**3G**

**STRATEGIC PLAN PROCESS**

3H

**OUT-OF-STATE VIDEO  
RELINQUISHMENTS**

## EXEC. DIRECTOR'S REPORT

- I. Executive Director's Report (For Discussion Only).**
- i. Update on Data Migration Plan;
  - ii. Pending Litigation Matter in the United States District Court for the District of Nevada - Case No. 3:20-cv-571-MMD-WG;
  - iii. Future Agenda Items: Understanding Reserves Categories, etc.;
  - iv. Next Board Meeting is 9 a.m. Wednesday, February 16, 2022.