CASEY NEILON

December 20, 2023

To the Board of Directors and Managements
Board of Examiners for Social Workers
4600 Kietzke Lane, #C121
Reno, NV 89502

We have audited the financial statements of the governmental activities and major fund of the Board of Examiners for Social Workers (the "Board") for the year ended June 30, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated August 10, 2023. Professional standards also require that we communicate to you the following information related to our audit.

<u>Significant Audit Matters</u>

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Board are described in Note 1 to the financial statements. New accounting policies GASB 96 were adopted during 2023. We noted no transactions entered into by the Board during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the Board's financial statements were:

> Management's estimate of the liabilities for pension and other post-employment benefits were based on information provided by the State of Nevada. These liabilities were supported by actuarial opinions, as required by generally accepted accounting standards. We evaluated the key factors and assumptions used to develop the liabilities in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the Board's financial statements relate to the pension and other post-employment benefits information.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The following material misstatements detected as a result of audit procedures were corrected by management:

Adjusting Journal Entries JE # 5 **8201**
To record accrual pension expense

50105	Payroll:Employer Payroll Expenses:PERS-Employer paid	3,292.00	
23520	Accrued Liabilities		3,292.00
Total		**3,292.00**	**3,292.00**

Adjusting Journal Entries JE # 11 **8202**
To reverse OPEB Ins Regus adjustment recorded by bookkeeper

23520	Accrued Liabilities	544.00	
50103	Payroll:Employer Payroll Expenses:Ins Regis		544.00
Total		**544.00**	**544.00**

Adjusting Journal Entries JE # 18 **3002**
To zero out capital assets and accumulated depreciation to zero under fund

11500	Capital Assets	8,500.00	
12050	Accum Depreciation		2,780.00
6900	Depreciation Expense		5,720.00
Total		**8,500.00**	**8,500.00**

Adjusting Journal Entries JE # 21 **4304**
To reverse AJE for PTO paid to Loni on 7/6/2023

23520	Accrued Liabilities	16,243.00	
23010	Payroll Liabilities:Compensated Absences- Current		7,792.00
50107	Payroll:Employer Payroll Expenses:PTO Expense		8,451.00
Total		**16,243.00**	**16,243.00**

Additionally we recorded entries to convert the fund financial statements to government wide financial statements as follows:

Reclassifying Journal Entries JE # 4		**4502**		
To record CY pension expense for PERS				
25000	Deferred Inflows Related to Pension		235,239.00	
50057	PERS		24,295.00	
13000	Deferred Outflows Related to Pension			92.00
24000	Net Pension Liability			259,442.00
Total			**259,534.00**	**259,534.00**
Reclassifying Journal Entries JE # 6		**3002**		
To record current year depreciation expense				
6900	Depreciation Expense		5,208.00	
12050	Accum Depreciation			5,208.00
Total			**5,208.00**	**5,208.00**
Reclassifying Journal Entries JE # 7		**3005**		
To remove disposed assets during FY23				
12050	Accum Depreciation		1,121.00	
62000	Operating Costs		151.00	
11500	Capital Assets			1,272.00
Total			**1,272.00**	**1,272.00**
Reclassifying Journal Entries JE # 12		**4504**		
To record FY23 GASB 75 adjustments				
25600	Net OPEB Liability		10,260.00	
50100	PEBP Expense		10,843.00	
13050	Deferred Outflows Related to OPEB			3,976.00
25500	Deferred Inflows Related to OPEB			11,734.00
50103	Payroll:Employer Payroll Expenses:Ins Regis			5,393.00
Total			**21,103.00**	**21,103.00**
Reclassifying Journal Entries JE # 22		**4304**		
To adjust accrued compensated absences to board actual payout				
50050	Payroll:Wages		7,648.00	
23010	Payroll Liabilities:Compensated Absences- Current			7,648.00
Total			**7,648.00**	**7,648.00**

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 20, 2023.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Board's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Board's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

<u>Other Matters</u>

We applied certain limited procedures to supplementary budgetary comparison, pension and other post-employment benefits information, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

<u>Restriction on Use</u>

This information is intended solely for the information and use of the Board and management of the Board and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Casey Neilon, Inc.

BOARD OF EXAMINERS FOR SOCIAL WORKERS
FINANCIAL STATEMENTS
JUNE 30, 2023

Casey Neilon, Inc.
Accountants and Advisors

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and the major fund of the Board of Examiners for Social Workers (the "Board"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Board, as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Board and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Board's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Board's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Board's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-7, the budgetary comparison schedule on page 26, the pension information on page 27-28, and other postemployment benefits information on page 29-30 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 December 20, 2023 on our consideration of the Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 the Board's 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 the Board's internal control over financial reporting and compliance.

Carson City, Nevada
December 20, 2023

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, 2023. Please read it in conjunction with the Board's financial statements, which immediately follow this section.

Financial Highlights

- The Board's revenues were $743,986, which was a $60,744 increase from the prior year. This increase is attributable primarily to the increase in renewal applications.
- The Board's current assets on June 30, 2023 were $788,909, an increase of $209,845 from the prior year.

During the past year, the Board has continued to make improvements to its online applications and launched online internship application modules in its licensee database. Despite ongoing COVID challenges for staffing coverage throughout the State of Nevada, the Board has been able to make internal processes easier for potential licensees and interns. During the next year, the Board plans to add a new module to bring 35 years of legacy programmatic information into its database. The intent is for the Board to continue to find ways to streamline and improve its processes for efficiency and effectiveness in response to public requests for historical information.

The pandemic has had other unexpected impacts that will continue to affect the productivity of regulatory agencies and other State of Nevada agencies e.g. the Board. Of note, there are significant shortages in all mental health professions across the State of Nevada. We have also learned that overall workforce challenges for the State of Nevada are predicted to continue. Understanding that workforce development is not inherently in the purview of regulatory boards, the Board is working together with other communities around licensure, policy, and regulation. As the challenges being faced are multifaceted, the Board is studying all avenues for deploying best strategies that will reduce social worker gaps and shortages with intent to create a safer and healthier Nevada.

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 expenditures 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 Statements No. 68 and No. 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 implemented the statement during the year ended June 30, 2018.

During the year ended June 30, 2022, the Board implemented GASB Statement No. 75, *Accounting and Financial Reporting For Post-Employment Benefits other than Pensions*. The objective of this statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This statement was effective for periods beginning after June 15, 2017. Management implemented the statement during the year ended June 30, 2022.

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 and a net OPEB liability for the Public Employees' Benefit Program as it relates to the Board. The financial impact resulted in the net position of the Board being a surplus of $132,188 and a deficit of $12,106 at June 30, 2023 and 2022, 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, total assets and deferred outflows of resources exceeded total liabilities and deferred inflows of resources by $132,188 as of June 30, 2023.

Net Position

	June 30, 2023	June 30, 2022
Current assets	$ 788,909	$ 579,064
Capital assets, net	4,517	9,876
Right-of-use assets, net	50,747	74,607
Deferred outflows of resources	221,397	225,465
Total Assets & Deferred Outflows of Resources	1,065,570	889,012
Current liabilities	130,293	101,495
Long-term liabilities	740,319	513,348
Deferred inflows of resources	62,770	286,275
Total Liabilities & Deferred Inflows of Resources	933,382	901,118
Net position		
Invested in capital assets, net of related debt	3,627	8,870
Unrestricted	128,561	(20,976)
Total Net Position	$ 132,188	$ (12,106)

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

Changes in Net Position

The Board's total revenues for the fiscal year ended June 30, 2023 were $743,986. The total cost of all programs and services were $599,692. The following is a summary of the changes for the following years:

Changes in Net Position

	June 30, 2023	June 30, 2022
Revenue		
Program Revenues		
Charges for services, licensing revenue	$ 736,465	$ 673,396
Other income	7,521	9,846
Total Revenue	743,986	683,242
Expenses		
Operation expenses	599,692	441,404
Total Expenses	599,692	441,404
Increase (Decrease) in Net Position	$ 144,294	$ 241,838

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 contract services, operating expenses and professional dues. The budget is based on prior year's activity plus any anticipated changes. 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 required supplementary information section of this report.

Capital Assets and Debt Administration

As of June 30, 2023, the Board has $8,627 invested in capital assets, net of related debt. 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 amortization and 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, Vikki Erickson, at 4600 Kietzke Lane, Suite C121, Reno, Nevada 89502.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Statement of Net Position and Governmental Fund Balance Sheet

June 30, 2023

	Government Fund	Adjustments (Note 10)	Statement of Net Position
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	$ 783,999	$ -	$ 783,999
Prepaid expenses	4,910	-	4,910
Total Current Assets	788,909	-	788,909
NONCURRENT ASSETS			
Capital assets, net of accumulated depreciation	-	4,517	4,517
Right-of-use assets, net of accumulated amortization	-	50,747	50,747
Total Noncurrent Assets	-	55,264	55,264
DEFERRED OUTFLOWS OF RESOURCES			
Net pension liability related	-	209,530	209,530
Net OPEB liability related	-	11,867	11,867
Total Deferred Outflows of Resources	-	221,397	221,397
Total Assets and Deferred Outflows of Resources	$ 788,909	276,661	1,065,570
LIABILITIES			
CURRENT LIABILITIES			
Accounts payables	$ 21,322	-	21,322
Current portion of accrued compensated absences	16,243	-	16,243
Accrued expenses	7,077	-	7,077
Current portion of lease liabilities	-	24,089	24,089
License fees received in advance	61,562	-	61,562
Total Current Liabilities	106,204	24,089	130,293
NONCURRENT LIABILITIES			
Accrued compensated absences	-	1,878	1,878
Net pension liability	-	527,733	527,733
Net OPEB liability	-	183,160	183,160
Lease liabilities	-	27,548	27,548
Total Noncurrent Liabilities	-	740,319	740,319
DEFERRED INFLOWS OF RESOURCES			
Net pension liability related	-	41,347	41,347
Net OPEB liability related	-	21,423	21,423
Total Deferred Inflows of Resources	-	62,770	62,770
Total Liabilities and Deferred Inflows of Resources	106,204	827,178	933,382
FUND BALANCE/NET POSITION			
FUND BALANCE			
Unassigned	682,705	(682,705)	-
Total Liabilities and Fund Balance	$ 788,909		
NET POSITION			
Investment in capital assets, net of related debt		3,627	3,627
Unrestricted		128,561	128,561
Total Net Position		$ 132,188	$ 132,188

See Notes to Financial Statements

	Government Fund	Adjustments (Note 10)	Statement of Activities
Expenditures/Expenses			
Board operations	$ 573,299	$ 26,393	$ 599,692
Program Revenue			
Charges for services, licensing revenue	736,465	-	736,465
Net Program Revenue	163,166	(26,393)	136,773
General Revenue			
Investment income	10	-	10
Other income	7,511	-	7,511
Total General Revenue	7,521	-	7,521
Excess (Deficiency) of Revenue over (under) Expenditures	170,687	(170,687)	-
Change in Net Position	-	144,294	144,294
Fund Balance/Net Position			
Fund Balance/Net Position, June 30, 2022	512,018	(524,124)	(12,106)
Fund Balance/Net Position, June 30, 2023	$ 682,705	$ (550,517)	$ 132,188

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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 by the provisions of NRS 590.485 and chapters 623 to 625A, inclusive, 628, 630 to 644A inclusive, 648, 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 Statement No. 34 financial statements under an optional reporting method which combines the fund and government-wide statements into a single presentation. Under GASB Statement No. 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.

Note 1 - Reporting Entity and Summary of Significant Accounting Policies (continued)

Basis of Accounting (continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as 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 and Cash Equivalents

Cash is maintained in one commercial bank in Reno, Nevada. The Board participates in the State of Nevada collateralization program to assure that funds deposited are protected.

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

The Board has not adopted formal policies that limit the allowable deposits and address the specific types of risk to which the Board is exposed. Due to the nature of holdings, the Board does not believe it is exposed to significant risk.

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 the estimated useful lives of three to twenty years.

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

Lease

For long term leases, a lease liability and a right-to-use (RTU) intangible asset are recognized at the commencement of the lease term. RTU assets represent the Board's right to use an underlying asset for the lease term and lease liabilities represent the Board's obligation to make lease payments arising from the lease. RTU assets and lease liabilities are recognized at the lease commencement date based on the estimated present value of lease payments over the lease term.

Note 1 - Reporting Entity and Summary of Significant Accounting Policies (continued)

Compensated Absences

Compensated absences are accounted for in accordance with GASB Statement No. 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 and other post-employment benefits 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 and other post-employment benefits qualify for reporting in this category.

Note 1 - Reporting Entity and Summary of Significant Accounting Policies (continued)

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, right-of-use lease assets, net of accumulated amortization 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.

Note 1 - Reporting Entity and Summary of Significant Accounting Policies (continued)

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, related deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Self Insurance Trust Fund, Public Employees' Benefits Program (PEBP) and additions to/deductions from PEBP's fiduciary net position have been determined on the same basis as they are reported by PEBP. For this purpose, PEBP recognizes benefit payments when due and payable in accordance with the benefit terms. PEBP's cash and cash equivalents consist of short-term, highly liquid investments that are both (a) readily convertible to known amounts of cash and (b) so near to materiality that they present insignificant risk of changes in value due to changing interest rates.

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.

New Accounting Pronouncements

In May 2020, the GASB issued Statement No. 96, Subscription-Based Information Technology Arrangements (SBITAs). The primary objective of this Statement is to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscriptions asset – an intangible asset – and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. GASB Statement No. 96 was implemented for the Board for fiscal year ending June 30, 2023. Under this statement the Board was not required to recognize a right-of-use asset and subscription liability.

Subsequent Events

In preparing these financial statements, the Board has evaluated events and transactions for potential recognition or disclosure through December 20, 2023, the date the financial statements were available to be issued.

On October 12, 2023, the Board was notified by PERS that a member under the employer-pay contribution plan was inappropriately reported under the wrong plan. It has been determined that the misstatement will not have a material adverse effect on the financial position of the Board, and, accordingly, a correction has been recorded as of June 30, 2023

The 2023 Nevada Legislature passed Senate Bill 431. Section 19 of Senate Bill 431 ("SB 431") created the Office of Nevada Boards, Commissions and Councils Standards within the Department of Business and Industry. The Board is under the purview of the Office of Nevada Boards, Commissions and Councils as provided in Section 20(2)(a) of SB 431. Pursuant to Section 147, Sections 19 and 20 of SB 431 became effective July 1, 2023. The implications of SB 431 on the Board's operations and reporting structure are not known at this time.

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 under Nevada Revised Statutes.

Note 3 - Deposits with Financial Institutions

The Board maintains its checking and certificate of deposit accounts in one commercial bank. Custodial credit risk is the risk that in the event of a bank failure, the Board's deposits may not be returned. The time certificates of deposit are held in the name of the Board. The accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 in the aggregate per bank for the checking accounts.

The bank balance at June 30, 2023 that is not covered by the FDIC is $532,848. 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 furniture, fixtures and equipment acquired with resources of the Board. The capital asset activity during the year is as follows:

	June 30, 2022	Additions	Deletions	June 30, 2023
Capital assets				
Office furniture	$ 4,233	$ -	$ (1,272)	$ 2,961
Computer equipment	38,514	-	-	38,514
Software	10,389	-	-	10,389
	53,136	-	(1,272)	51,864
Less accumulated depreciation				
Office furniture	(3,658)	(15)	1,121	(2,552)
Computer equipment	(33,673)	(1,730)	-	(35,403)
Software	(5,929)	(3,463)	-	(9,392)
	(43,260)	(5,208)	1,121	(47,347)
Capital assets, net	$ 9,876	$ (5,208)	$ (151)	$ 4,517

Note 5 – Leases

The Board currently leases office space in Reno, Nevada. The existing lease commenced on August 1, 2020 and is set to expire on July 31, 2025. The monthly rental payment ranges from $1,750 to $1,825. In addition, the Board leases a multifunction printer and a postage machine. The existing lease of the multifunction printer commenced on July 1, 2020 and is set to expire on June 30, 2025. The existing lease of the postage machine commenced on February 1, 2022 and is set to expire on January 1, 2027.

At the time of initial measurement there was no interest rate specified in the original lease agreement. Accordingly, the Board has used an incremental borrowing rate equal to the five year treasury rate as reported by the US Treasury Department to discount the annual lease payments to recognize the intangible right to use this asset and the lease liability as of June 30, 2023.

Note 5 – Leases (continued)

		June 30, 2022	Additions	Deletions	June 30, 2023
Lease assets:					
Right-of-Use Assets: Building	$	106,405	$ -	$ -	$ 106,405
Right-of -Use Assets: Multifunction printer		8,937	-	-	8,937
Right-of-Use Assets: Postage machine		3,958	-	-	3,958
Less: accumulated amortization		(44,693)	(23,860)	-	(68,553)
	$	74,607	$ (23,860)	$ -	$ 50,747

	June 30, 2022	Additions	Deletions	June 30, 2023	Amount due in one year
Lease liabilities:					
Right-of-Use Assets: Building	$ 66,561	$ -	$ 21,410	$ 45,151	$ 21,505
Right-of -Use Assets: Multifunction printer	5,379	-	1,787	3,592	1,793
Right-of-Use Assets: Postage machine	3,673	-	779	2,894	791
	$ 75,613	$ -	$ 23,976	$ 51,637	$ 24,089

Annual requirements to amortize long- term obligations and related interest are as follows:

Year Ending June 30	Principal	Interest
2024	$ 24,089	$ 153
2025	24,428	90
2026	2,638	25
2027	482	8
	$ 51,637	$ 276

Note 6 - Pensions

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.

Note 6 – Pensions (continued)

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 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 486.450.0

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

For the year ended June 30, 2022, the Statutory Employer/employee matching rate was 15.5% for Regular employees. The Employer-pay contribution (EPC) rate was 29.75%, for June 30, 2022 for Regular employees.

Note 6 – Pensions (continued)

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

At June 30, 2023, the Board reported a liability of $527,733 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, 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, 2022. At June 30, 2022, the Board's proportion was 0.00292%.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

For the year ended June 30, 2023, the Board recognized pension expense of $59,996. Amounts totaling $35,773 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, 2024. For the year ended June 30, 2023, the Board contributed $35,773 under the statutes requirements based on covered payroll of $230,795 which equates to 15.5% overall to the plan. At June 30, 2023, the Board reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 68,333	$ 377
Changes of assumptions	67,791	-
Net difference between projected and actual earnings on pension plan investments	6,439	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	31,194	40,970
Contributions subsequent to the measurement date	35,773	-
	$ 209,530	$ 41,347

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,	
2024	$ 31,031
2025	8,017
2026	12,638
2027	70,912
2028	9,812
Thereafter	-
	$ 132,410

Note 6 – Pensions (continued)

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 5.70 years for the measurement period ending June 30, 2022.

Reconciliation of the net pension liability at June 30, 2023 is as follows:

Beginning net pension liability	$ 268,291
Pension expense	59,996
Employer contributions	(32,152)
Current year net deferred (inflows) and outflows	231,598
Ending net pension liability	$ 527,733

Actuarial Assumptions

The System's net pension liability was measured as of June 30, 2022, 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	2.50%
Investment rate of return	7.25%
Productivity pay increase	0.50%
Projected salary increases	4.2% to 9.1%, depending on service
	Rates include inflation and productivity increases
Other assumptions	Same as those used in the June 30, 2022 funding actuarial valuation

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of the experience study covering the period from July 1, 2016 to June 30, 2020.

The discount rate used to measure the total pension liability was 7.25% as of June 30, 2022. 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, 2022, was projected to be available to make all projected future benefit payments for 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, 2022.

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, 2022:

Note 6 – Pensions (continued)

Asset Class	Target Allocation	Long-Term Geometric Expected Real Rate of Return *
U.S. Stocks	42%	5.50%
International Stocks	18%	5.50%
U.S. Bonds	28%	0.75%
Private Markets	12%	6.65%

*As of June 30, 2022, PERS' long-term inflation assumption was 2.5%.

Discount Rate and Pension Liability Discount Rate Sensitivity

The following presents the net pension liability of the PERS as of June 30, 2022, calculated using the discount rate of 7.25%, 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 (6.25%) or 1 percentage-point higher (8.25%) than the current discount rate:

	1% Decrease (6.25%)	Discount Rate (7.25%)	1% Increase (8.25%)
Net pension liability	$ 809,429	$ 527,733	$ 294,324

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 Annual Comprehensive Fiscal Report (ACFR) available on the PERS website at www.nvpers.org under Quick Links – Publications.

Note 7 - Other Post-Employment Benefits (OPEB)

Plan Description

Employees of the Board are provided with OPEB through the Self Insurance Trust Fund, Public Employees' Benefits Program (PEBP) – a cost-sharing multiple employer defined benefit OPEB plan administered by the Public Employees' Benefits Program Board (PEBP Board) which was created in 1983 by the Nevada Legislature to administer group health, life and disability insurance for covered employees, both active and retired, of the State, and certain other participating public employers within the State of Nevada. PEBP does not provide for refunds of employee contributions. The Self Insurance Trust Fund issues a publicly available financial report that can be obtained at https://pebp.state.nv.us.

Benefits Provided

PEBP provides medical, dental, vision, mental health and substance abuse and also offers fully insured HMO products. Long-term disability and life insurance benefits are fully insured by outside carriers.

Note 7 - Other Post-Employment Benefits (OPEB) (Continued)

Contributions

Per NRS 287 contribution requirements of the participating entities and covered employees are established and may be amended by the PEBP board. The Boards' contractually required contribution for the year June 30, 2023, was $5,184, actuarially determined as an amount that is expected to finance the costs of benefits earned by employees during the year. Employees are not required to contribute to the OPEB plan.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2023, the Board reported a liability of $183,160 for its proportional share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The Board's proportion of the net OPEB liability was based on a projection of the Board's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating state agencies, actuarially determined. At June 30, 2022 the Board's proportion was 0.0127%.

For the year ended June 30, 2023, the Board recognized OPEB expense of $10,843. At June 30, 2023, the Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 6,099
Changes of assumptions	6,683	15,249
Net difference between expected and actual earnings on OPEB plan investments	-	75
System contributions subsequent to the measurement date	5,184	-
	$ 11,867	$ 21,423

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

Year ending June 30,	
2024	$ (4,351)
2025	(4,765)
2026	(5,617)
2027	(7)
2028	-
	$ (14,740)

Note 7 - Other Post-Employment Benefits (OPEB) (Continued)

Actuarial Assumptions

The total OPEB liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation rate	2.50%
Discount rate	3.54%
Investment rate of return	2.50%
Productivity pay increase	0.50%
Promotional and merit salary increase	Regular: 1.20% to 6.10%, 2.78% average
Healthcare cost trend rates	4.8% initial, 4.50% ultimate

Healthy Mortality rates were based on the Public Retirement Plans General Mortality Table weighted by Headcount, projected by MP-2020 for civilians, and on the Public Retirement Plans Safety Mortality Table weighted by Headcount, projected by MP-2020 for officers. Disabled Mortality rates were based on the Public Retirement Plans General Disabled Mortality Table weighted by Headcount, projected by MP-2020 for civilians, and on the Public Retirement Plans Safety Disabled Mortality Table weighted by Headcount, projected by MP-2020 for officers.

Plan fiduciary net position (plan asset) was valued as of the measurement date of June 30, 2022 and the total OPEB liability was determined from actuarial valuation using data as of measurement date June 30, 2022.

Discount Rate

The discount rate basis under GASB Statement No. 75 is required to be consistent with a 20-year Municipal Bond Index. The Bond Buyer General Obligation 20-Bond Municipal Bond Index is used for the determination of the discount rate.

The discount rate as of June 30, 2022 was 3.54%. Additional detail regarding the discount rates as of June 30, 2022 is provided in the "Actuarial Assumptions and Actuarial Cost Method" section of the report provided by the PEBP Board.

Sensitivity of the Board's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following presents the Board's proportionate share of the net OPEB liability, as well as what the Board's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	1% Decrease (2.54%)	Current Discount Rate (3.54%)	1% Increase (4.54%)
Net OPEB liability	$ 201,411	$ 183,160	$ 167,360

Note 7 - Other Post-Employment Benefits (OPEB) (Continued)

Sensitivity of the Board's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates

The following presents the Board's proportionate share of the net OPEB liability, as well as what the Board's proportionate share of the net OPEB liability would be if it were calculated using health care cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current health care cost trend rates:

	Health Care Cost Trend Rates		
	1% Decrease	Trend rate	1% Increase
Net OPEB liability	$ 174,305	$ 183,160	$ 193,301

OPEB Plan fiduciary Net Position

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued PEBP financial report.

Note 8 - 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 60 days subsequent to year end. The current portion of the cost of compensated absences is recorded as a payroll expenditure.

The additions and deletions to compensated absences were as follows:

	Balance June 30, 2022	Increase (Decrease)	Balance June 30, 2023
Vacation	$ 10,473	$ (5,939)	$ 4,534
Sick leave	-	13,587	13,587
Accrued compensated absences	$ 10,473	$ 7,648	$ 18,121

These amounts are reflected in the government-wide financial statements as compensated absences, under current and noncurrent liabilities.

Note 9 - 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 10 - 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 $51,864 accumulated depreciation of ($47,347) – $4,517
Capitalization of right of use assets of $119,300 accumulated depreciation of ($68,553) - $50,747
Inclusion of lease liabilities of ($51,637)
Pension activity including deferred outflows of $209,530, net pension liability of ($527,733) and deferred inflow of ($41,347) - ($359,550)
OPEB activity including deferred outflows of $11,867, net OPEB liability of ($183,160) and deferred inflow of ($23,247) – ($192,716)
Inclusion of compensated absences – ($1,878)

Note 10 - Conversion to Government-Wide Financial statements (continued)

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 - $24,295
Increase in net OPEB liability and related accounts - $5,450
Decrease in salaries – ($8,595)
Increase in interest expense - $217
Addition of depreciation expense - $5,208
Addition of lease expense - $23,860
Disposal of capital assets – $151
Removal of rental payment to right of use assets – ($24,193)

REQUIRED SUPPLEMENTARY INFORMATION

	Original Budget	Final Budget	Actual	Over (Under) Budget
REVENUES				
Program revenues	$ 638,225	$ 638,225	$ 736,465	$ 98,240
Investment income	11	11	10	(1)
Other income	9,500	9,500	7,511	(1,989)
Total revenue	647,736	647,736	743,986	96,250
EXPENDITURES				
Salaries, wages and benefits	345,632	345,632	362,955	17,323
Contract services	169,700	169,700	123,718	(45,982)
Operating costs	87,500	87,500	69,145	(18,355)
Professional dues	15,250	15,250	121	(15,129)
Bank charges and credit card processing	12,120	12,120	13,912	1,792
Host fund	1,000	1,000	-	(1,000)
Travel	5,000	5,000	2,754	(2,246)
Office equipment	1,500	1,500	694	(806)
Total expenditures	637,702	637,702	573,299	(64,403)
Excess (Deficiency) of revenue over expenditures	$ 10,034	$ 10,034	$ 170,687	$ 160,653

DRAFT

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Proportion of the net pension liability	0.00292%	0.00294%	0.00294%	0.00305%	0.00372%	0.00256%	0.00243%	0.00243%	0.00248%
Proportionate share of the net pension liability	$ 527,733	$ 268,291	$ 409,647	$ 416,417	$ 507,744	$ 340,782	$ 327,186	$ 277,899	$ 258,970
Covered payroll	$ 207,524	$ 201,923	$ 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 its covered payroll	254.30%	132.87%	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	75.12%	86.51%	77.04%	76.50%	75.20%	74.40%	72.20%	75.10%	76.31%

Note: GASB Statement No. 68 requires ten years of information to be presented in these tables. However, until a full 10-year trend is compiled, the Board will present information for those years for which information is available.

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contributions	$ 35,773	$ 32,225	$ 30,793	$ 30,650	$ 29,398	$ 34,539	$ 22,999	$ 20,614	$ 18,716
Contributions in relation to contractually required contributions	(35,773)	(32,225)	(30,793)	(30,650)	(29,398)	(34,539)	(22,999)	(20,614)	(18,716)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Board's covered employee payroll	$ 230,795	$ 207,524	$ 201,923	$ 200,984	$ 202,745	$ 238,200	$ 158,610	$ 142,165	$ 141,253
Contributions as a percentage of covered payroll	15.50%	15.53%	15.25%	15.25%	14.50%	14.50%	14.50%	14.50%	13.25%

Note: GASB Statement No. 68 requires ten years of information to be presented in these tables. However, until a full 10-year trend is compiled, the Board will present information for those years for which information is available.

Board of Examiners for Social Workers

Other Postemployment Benefits information – Schedule of Proportionate Share of the Net OPEB Liability

Last Ten Fiscal Years

	2022	2021	2020	2019	2018	2017
Proportion of the net OPEB liability	0.01270%	0.01250%	0.01210%	0.01240%	0.01270%	0.00690%
Proportionate share of the net OPEB liability	$ 183,160	$ 193,420	$ 181,448	$ 172,871	$ 167,661	$ 89,984
Covered payroll	$ 289,265	$ 261,285	$ 247,648	$ 246,941	$ 240,150	$ 114,806
Proportionate share of the net OPEB liability as a percentage of its covered payroll	63.32%	74.03%	73.27%	70.01%	69.82%	78.38%
Plan fiduciary net position as a percentage of the total OPEB liability	-1.41%	-0.65%	-0.38%	0.02%	0.12%	0.11%

Note: GASB Statement No. 85 requires ten years of information to be presented in these tables. However, until a full 10-year trend is compiled, the Board will present information for those years for which information is available.

	2023	2022	2021	2020	2019	2018
Contractually required contributions	$ 5,184	$ 5,049	$ 4,937	$ 5,295	$ 5,079	$ 5,022
Contributions in relation to contractually required contributions	(5,184)	(5,049)	(4,937)	(5,295)	(5,079)	(5,022)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
Board's covered employee payroll	$ 230,795	$ 289,265	$ 261,285	$ 247,648	$ 246,941	$ 240,150
Contributions as a percentage of covered payroll	2.25%	1.75%	1.89%	2.14%	2.06%	2.09%

Note: GASB Statement No. 85 requires ten years of information to be presented in these tables. However, until a full 10-year trend is compiled, the Board will present information for those years for which information is available.

COMPLIANCE SECTION

Casey Neilon, Inc.
Accountants and Advisors

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 of
Board of Examiners for Social Workers
Reno, Nevada

We have audited, in accordance with the auditing standards generally accepted in the United States 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 major fund of the Board of Examiners for Social Workers (the "Board") as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements, and have issued our report thereon dated December 20, 2023.

Report on 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.

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. 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.

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. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2023-001, 2023-002 and 2023-003 to be material weaknesses.

Report on 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 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.

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 Board's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and in considering the Board's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Carson City, Nevada
December 20, 2023

2023-001: **Financial Reporting Material Weakness**
Continued Finding

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.

Identification of Repeat Finding: This is a repeat finding from the immediate previous audit.

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...

Current Year Status: In April 2023, the Board hired a contractor with the requisite skills, knowledge and experience necessary to prepare the year end accrual entries to report the general fund using the modified accrual method of accounting and to prepare the schedules and year end entries to convert the general fund financial statements to government-wide financial statements using the full accrual method of accounting. This resulted in a more complete set of books and year end reconciliations at June 30, 2023.

2023-002: Material Adjustments Material Weakness
Continued Finding

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 correct the compensated absences liability and to record the government-wide entries for GASB Statement No. 68 and 75 adjustments. 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.

Identification of Repeat Finding: This is a repeat finding from the immediate previous audit.

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...

Current Year Status: In April 2023, the Board hired a contractor with the requisite skills, knowledge and experience necessary to provide accounting services at the close of the fiscal year. This resulted in a reduction of the material adjustments that were required in the prior fiscal year audit.

2023-003: Financial Close and 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 an effective review process over significant unusual.

Condition: The amount of accrued vacation and sick that was paid out upon the death of a long-term employee shortly after year end was not calculated in accordance with the State of Nevada's Employee Handbook or NRS 284.355, which was the policy in place during her employment. The employee was hired in 2003, the employment records tracking the employee's sick leave could only be substantiated as far back as 2018 which made calculating the amount of benefit due at 6/30/2023 undeterminable.

Cause: Procedures have not been implemented to ensure that the amount calculated was appropriately reviewed and approved prior to payment. Additionally, there was a fundamental lack of knowledge on how the amounts should be calculated and a lack of resources available to provide support.

Effect: Amounts paid by the Board may not be in compliance with stated policies and could result in an overpayment of accrued sick leave.

Recommendation: We recommend the Board implement procedures to provide for detailed review of significant unusual payments prior to initiating.

Views of Responsible Officials: The Board...