

BOARD OF EXAMINERS FOR SOCIAL WORKERS
FINANCIAL STATEMENTS
JUNE 30, 2022

FINAL DRAFT

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FINAL DRAFT

Casey Neilon, Inc.
Accountants and Advisors

INDEPENDENT AUDITOR'S REPORT

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

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, 2022, 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, 2022, 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, budgetary comparison schedule and pension information on pages 4-7 and 24-26 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 14, 2022, 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 14, 2022

FINAL DRAFT

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, 2022. Please read it in conjunction with the Board's financial statements, which immediately follow this section.

Financial Highlights

The Board's revenues were \$673,396, which was a \$63,581 increase from the prior year.

The Board's current assets on June 30, 2022 were \$579,064, an increase of \$226,649 from the prior year.

During the past year, the Board has continued to make improvements to its online applications and 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. 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 \$175,160 at June 30, 2022 compared to a deficit of \$77,474 at June 30, 2021.

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 \$501,545 as of June 30, 2022.

Net Position

	<u>June 30, 2022</u>	<u>June 30, 2021</u> (restated)
Current Assets	\$ 579,064	\$ 352,415
Capital Assets, Net	9,876	14,013
Right of Use Assets, Net	74,607	94,047
Deferred Outflows of Resources	<u>209,622</u>	<u>140,977</u>
Total Assets & Deferred Outflows of Resources	<u>873,169</u>	<u>601,452</u>
Current Liabilities	77,519	67,905
Long-term Liabilities	268,291	422,482
Lease Liabilities	75,613	94,539
Deferred Inflows of Resources	<u>276,586</u>	<u>94,000</u>
Total Liabilities & Deferred Inflows of Resources	<u>698,009</u>	<u>678,926</u>
Net Position		
Invested in Capital Assets, net of related debt	9,876	14,013
Unrestricted	<u>165,284</u>	<u>(91,487)</u>
Total Net Position	<u>\$ 175,160</u>	<u>\$ (77,474)</u>

The June 30, 2021 balances were restated for the implementation of GASB 87, see New Accounting Pronouncement in Note 1 for additional information

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, 2022 were \$683,242. The total cost of all programs and services were \$430,608. The following is a summary of the changes for the following years:

Changes in Net Position

	June 30, 2022	June 30, 2021 restated
Revenue		
Program Revenues		
Charges for Service	\$ 673,396	\$ 606,915
Other Income	\$ 9,846	\$ 12,746
Total Revenue	\$ 683,242	\$ 619,661
Expenses		
Operation Expenses	\$ 430,608	\$ 446,144
Total Expenses	\$ 430,608	\$ 446,144
Increase in Net Position	\$ 252,634	\$ 173,517

The June 30, 2021 balances were restated for the implementation of GASB 87, see New Accounting Pronouncement in Note 1 for additional information.

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 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 to 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, 2022, the Board has \$9,876 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.

FINAL DRAFT

GOVERNMENT-WIDE FINANCIAL STATEMENTS

FINAL DRAFT

Board of Examiners for Social Workers
Statement of Net Position and Governmental Fund Balance Sheet
June 30, 2022

	General Fund	Adjustments (Note 9)	Statement of Net Position
ASSETS			
CURRENT ASSETS			
Cash	\$ 578,970	\$ -	\$ 578,970
Accounts receivables	94	-	94
Total Current Assets	579,064	-	579,064
NONCURRENT ASSETS			
Capital assets, net of accumulated depreciation	-	9,876	9,876
Right of use assets, net of accumulated amortization	-	74,607	74,607
Total Noncurrent Assets	-	84,483	84,483
DEFERRED OUTFLOWS OF RESOURCES			
Net pension liability related	-	209,622	209,622
Total Assets and Deferred Outflows of Resources	579,064	294,105	873,169
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	10,571	-	10,571
Accrued compensated absences	-	10,473	10,473
Current portion of lease liability	-	23,976	23,976
License fees received in advance	56,475	-	56,475
Total Current Liabilities	67,046	34,449	101,495
NONCURRENT LIABILITIES			
Net pension liability	-	268,291	268,291
Lease liabilities	-	51,637	51,637
Total Noncurrent Liabilities	-	319,928	319,928
DEFERRED INFLOWS OF RESOURCES			
Net pension liability related	-	276,586	276,586
Total Liabilities and Deferred Inflows of Resources	67,046	630,963	698,009
FUND BALANCE/NET POSITION			
FUND BALANCE			
Unassigned	512,018	(512,018)	-
Total Liabilities and Fund Balance	\$ 579,064		
NET POSITION			
Investment in capital assets, net of related debt		9,876	9,876
Unrestricted		165,284	165,284
Total Net Position		\$ 175,160	\$ 175,160

Board of Examiners for Social Workers
Statement of Activities and Governmental Fund Revenue, Expenditures, and Changes in Fund Balance
Year Ended June 30, 2022

	General Fund	Adjustments (Note 9)	Statement of Activities
Expenditures/Expenses			
Board operations	\$ 465,005	\$ (34,397)	\$ 430,608
Program Revenue			
Charges for services, licensing revenue	673,396	-	673,396
Net program revenue	208,391	34,397	242,788
General Revenue			
Investment income	8	-	8
Other income	9,838	-	9,838
Total General Revenue	9,846	-	9,846
Excess (Deficiency) of Revenue over (under) Expenditures	218,237	(218,237)	-
Change in Net Position	-	252,634	252,634
Fund Balance/Net Position			
Fund Balance/Net Position, June 30, 2021 as previously reported	293,781	(370,763)	(76,982)
Prior period adjustment Change in accounting principle, implementation of GASB 87	-	(492)	(492)
Fund Balance/Net Position, June 30, 2021	293,781	(371,255)	(77,474)
Fund Balance/Net Position, June 30, 2022	\$ 512,018	\$ (336,858)	\$ 175,160

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.

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

Cash is maintained in one commercial bank 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 the estimated useful lives of 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.

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

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.

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

Fund Equity and Net Position (continued)

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.

New Accounting Pronouncements

During the year ended June 30, 2022, the Board implemented the provisions of GASB Statement No. 87, Leases. The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement increases the usefulness of the Board’s financial statements by requiring recognition of certain lease assets and liabilities for leases that were previously classified as operating leases. Under this statement a lessee is required to recognize a lease liability and an intangible right-to-use asset. Accordingly, the Board implemented the standard for the earliest period presented resulting in an adjustment to beginning net position at July 1, 2021 of \$492.

New Accounting Pronouncements (continued)

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 will be effective for the Commission for fiscal year ending June 30, 2023. The Board is currently evaluating the full effect that the adoption of this standard will have on the financial statements.

Subsequent Events

In preparing these financial statements, the Board has evaluated events and transactions for potential recognition or disclosure through December 14, 2022 the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.

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 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 balances at June 30, 2022 that are not covered by the FDIC is \$339,221. 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:

Note 4 - Capital Assets (continued)

	<u>June 30, 2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2022</u>
Capital assets				
Office furniture	\$ 6,535	\$ -	\$ (2,302)	\$ 4,233
Computer equipment	37,171	1,343	-	38,514
Software	10,389	-	-	10,389
	<u>54,095</u>	<u>1,343</u>	<u>(2,302)</u>	<u>53,136</u>
Less accumulated depreciation				
Office furniture	(5,562)	(398)	2,302	\$ (3,658)
Computer equipment	(32,054)	(1,619)	-	(33,673)
Software	(2,466)	(3,463)	-	(5,929)
	<u>(40,082)</u>	<u>(5,480)</u>	<u>2,302</u>	<u>(43,260)</u>
Capital assets, net	<u>\$ 14,013</u>	<u>\$ (4,137)</u>	<u>\$ -</u>	<u>\$ 9,876</u>

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, 2022.

Note 5 – Leases (continued)

	June 30, 2021	Additions	Deletions	June 30, 2022
Lease assets:				
Building	\$ 106,405	\$ -	\$ -	\$ 106,405
Multifunction printer	8,937	-	-	8,937
Postage machine	-	3,958	-	3,958
Less: accumulated amortization	21,295	23,398	-	44,693
	<u>\$ 94,047</u>	<u>\$ (19,440)</u>	<u>\$ -</u>	<u>\$ 74,607</u>

	June 30, 2021	Additions	Deletions	June 30, 2022	Amount due in one year
Lease liabilities:					
Building	\$ 87,378	\$ -	\$ 20,817	\$ 66,561	\$ 21,410
Multifunction printer	7,161	-	1,782	5,379	1,787
Postage machine	-	3,958	285	3,673	779
	<u>\$ 94,539</u>	<u>\$ 3,958</u>	<u>\$ 22,884</u>	<u>\$ 75,613</u>	<u>\$ 23,976</u>

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

Year Ending June 30	Principal	Interest
2023	\$ 23,976	\$ 217
2024	24,089	153
2025	24,428	90
2026	2,638	25
2027	482	8
	<u>\$ 75,613</u>	<u>\$ 493</u>

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.

Note 6 – Pensions (continued)

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 of cost as a percentage of salary throughout an employee's working lifetime in order to accumulate sufficient assets to pay benefits when due.

Note 6 – Pensions (continued)

Contributions (continued)

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 fiscal year ended June 30, 2022, the Statutory Employer/employee matching rate was 15.25% for Regular employees. The Employer-pay contribution (EPC) rate was 29.25%, for June 30, 2022 for Regular employees.

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

At June 30, 2022, the Board reported a liability of \$268,291 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, 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, 2021. At June 30, 2021, the Board's proportion was 0.00294% percent, which was same as its proportion measured at June 30, 2020.

For the year ended June 30, 2022, the Board recognized pension expense of \$4,812. Amounts totaling \$32,225 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, 2022. For the year ended June 30, 2022, the Board contributed \$32,225 under the statutes requirements based on covered payroll of \$207,524 which equates to 15.5% overall to the plan. At June 30, 2022, 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
	<u> </u>	<u> </u>
Differences between expected and actual experience	\$ 29,718	\$ 1,888
Changes of assumptions	89,077	-
Net difference between projected and actual earnings on pension plan investments	-	218,916
Changes in proportion and differences between employer contributions and proportionate share of contributions	58,602	55,782
Contributions subsequent to the measurement date	32,225	-
	<u>\$ 209,622</u>	<u>\$ 276,586</u>

Note 6 – Pensions (continued)

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

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:

<u>Years ending June 30,</u>	
2023	\$ (17,723)
2024	(20,739)
2025	(43,760)
2026	(39,155)
2027	19,482
2028 and Thereafter	2,706
	<u>\$ (99,189)</u>

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 6.14 years for the measurement period ending June 30, 2021.

Reconciliation of the net pension liability at June 30, 2022 is as follows:

Beginning net pension liability	\$ 409,647
Pension expense	4,812
Employer contributions	(30,793)
Current year net deferred (inflows) and outflows	(115,375)
Ending net pension liability	<u>\$ 268,291</u>

Actuarial Assumptions

The System's net pension liability was measured as of June 30, 2021, 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
Consumer price index	2.75%
Other assumptions	Same as those used in the June 30, 2021 funding actuarial valuation

Note 6 – Pensions (continued)

Actuarial Assumptions (continued)

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 ration 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, 2021 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 7.25% as of June 30, 2021. 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, 2021, 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, 2021.

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, 2021:

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, 2021, PERS' long-term inflation assumption was 2.5%.

Note 6 – Pensions (continued)

Discount Rate and Pension Liability Discount Rate Sensitivity

The following presents the net pension liability of the PERS as of June 30, 2021, 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/ (asset)	\$ 533,793	\$ 268,291	\$ 48,938

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 under Quick Links – Publications.

Note 7 - Compensated Absences

The 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 additions and deletions to compensated absences were as follows:

	Balance June 30, 2021	Increase (Decrease)	Balance June 30, 2022
Vacation	\$ 9,271	\$ 1,202	\$ 10,473
Sick leave	12,835	(12,835)	-
Accrued compensated absences	\$ 22,106	\$ (11,633)	\$ 10,473

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 \$53,136 accumulated depreciation of (\$43,260) – \$9,876
Capitalization of right of use assets of \$119,300 accumulated depreciation of (\$44,693) - \$74,607
Inclusion of lease liabilities of (\$75,613)
Pension activity including deferred outflows of \$209,622, net pension liability of (\$268,291) and deferred inflow of (\$276,586) - (\$335,255)
Inclusion of compensated absences – (\$10,473)
Elimination of fund balance – (\$512,018)
Inclusion of net position - \$175,160

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

Increase (decrease) in operating expenditures/expenses:
Decrease in net pension liability and related accounts - (\$27,415)
Decrease in salaries – (\$11,633)
Increase in interest expense - \$270
Addition of depreciation expense - \$5,480
Addition of lease expense - \$23,398
Removal of capital outlay and services and supplies to capital assets – (\$1,343)
Removal of rental payment to right of use assets – (\$23,154)

Note 10 - Risks and Uncertainties

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a “Public Health Emergency of International Concern” and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of COVID-19 include restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. The pandemic and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which the Association operates. It is unknown how long these conditions will last and what the complete financial effect will be to Board operations.

REQUIRED SUPPLEMENTARY INFORMATION

FINAL DRAFT

Board of Examiners for Social Workers
 Budgetary Comparison Schedule – General Fund
 For the year ended June 30, 2022

	Original Budget	Final Budget	Actual	Over (Under) Budget
Revenues				
Program revenues	\$ 618,225	\$ 618,225	\$ 673,396	\$ 55,171
Investment income	11	11	8	(3)
Other income	12,000	12,000	9,838	(2,162)
Total revenues	<u>630,236</u>	<u>630,236</u>	<u>683,242</u>	<u>53,006</u>
Expenditures				
Salaries, wages and benefits	331,877	331,877	315,174	16,703
Contract services	150,000	150,000	65,020	84,980
Operating costs	88,350	88,350	65,849	22,501
Professional dues	15,250	15,250	250	15,000
Bank charges and credit card processing	10,120	10,120	10,540	(420)
Host fund	1,000	1,000	-	1,000
Travel	5,000	5,000	-	5,000
Office equipment	10,000	10,000	8,172	1,828
Total expenditures	<u>611,597</u>	<u>611,597</u>	<u>465,005</u>	<u>146,592</u>
Excess of revenue over expenditures	<u>\$ 18,639</u>	<u>\$ 18,639</u>	<u>\$ 218,237</u>	<u>\$ 199,598</u>

FINAL DRAFT

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

	2021	2020	2019	2018	2017	2016	2015	2014
Proportion of the net pension liability	0.00294%	0.00294%	0.00305%	0.00372%	0.00256%	0.00243%	0.00243%	0.00248%
Proportionate share of the net pension liability	\$268,291	\$409,647	\$416,417	\$507,744	\$340,782	\$327,186	\$277,899	\$258,970
Covered payroll	\$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	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	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.

FINAL DRAFT

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

	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contributions	\$ 32,225	\$ 30,793	\$ 30,650	\$ 29,398	\$ 34,539	\$ 22,999	\$ 20,614	\$ 18,716
Contributions in relation to contractually required contributions	(32,225)	(30,793)	(30,650)	(29,398)	(34,539)	(22,999)	(20,614)	(18,716)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered employee payroll	\$ 207,524	\$ 201,923	\$ 200,984	\$ 202,745	\$ 238,200	\$ 158,610	\$ 142,165	\$ 141,253
Contributions as a percentage of covered payroll	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.

FINAL DRAFT

COMPLIANCE SECTION

FINAL DRAFT

Casey Neilson, 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, 2022, 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 14, 2022.

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.

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 questioned costs 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 responses as item 2021-003 to be a significant deficiency.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider 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 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 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
November 14, 2022

STATUS OF PRIOR YEAR FINDINGS

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.

Current Year

Status No change

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.

Current Year

Status No change

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.

Current Year

Status No change