

NEVADA STATE BOARD OF ACCOUNTANCY

AUDIT OF FINANCIAL STATEMENTS

JUNE 30, 2020

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NEVADA STATE BOARD OF ACCOUNTANCY

JUNE 30, 2020

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**NEVADA STATE BOARD OF ACCOUNTANCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020**

Our discussion and analysis of the Nevada State Board of Accountancy's (Board) financial condition and activities for the fiscal year ended June 30, 2020 is presented in conjunction with the audited financial statements.

Financial Highlights

- The Board's net position decreased by approximately \$59,000 during the current fiscal year.
- Program revenue for the fiscal year ended June 30, 2020 was approximately \$635,000 representing a \$19,000 decrease from the fiscal year ended June 30, 2019. The decrease is primarily due to less revenue from penalties and disciplinary action activity.
- Operations expense increased by approximately \$28,000 due primarily to an increase in legal fees.

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 required supplementary information. The MD&A represents 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 of the Board have been prepared in accordance with generally accepted accounting principles as applied to governmental units. The financial statements include a Statement of Net Position and Governmental Fund Balance Sheet, a Statement of Activities and Governmental Fund Revenue, Expenditures and Changes in Fund Balance and Notes to Financial Statements.

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

While the Statement of Net Position and Governmental Fund Balance Sheet provides information about the nature and amount of resources and obligations as of 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 net position or fund balance changed during the year. The fund balance changes under the modified accrual method when revenue is received or the expenditure is made, while changes in net position 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 from the detailed books and records of the Board. The financial statements were audited and adjusted, if material, during the independent external audit process.

**NEVADA STATE BOARD OF ACCOUNTANCY
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
JUNE 30, 2020**

CONDENSED STATEMENTS OF NET POSITION

	2020 Actual Government- Wide	2019 Actual Government- Wide
ASSETS		
Cash and cash equivalents	\$ 1,264,148	\$ 1,269,188
Accounts receivable	240	20,060
Capital assets, net of accumulated depreciation	10,813	15,842
Total assets	1,275,201	1,305,090
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows of resources (Note 5 and Note 6)	87,750	84,442
Total assets and deferred outflows of resources	1,362,951	1,389,532
LIABILITIES		
Current liabilities	\$ 318,508	\$ 276,413
Non-current liabilities	619,698	645,766
Total liabilities	938,206	922,179
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows of resources (Note 5 and Note 6)	64,973	48,815
Total liabilities and deferred inflows of resources	1,003,179	970,994
NET POSITION		
Net investment in capital assets	10,813	15,842
Unrestricted	348,959	402,696
Total net position	\$ 359,772	\$ 418,538

**NEVADA STATE BOARD OF ACCOUNTANCY
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
JUNE 30, 2020**

CONDENSED STATEMENTS OF ACTIVITIES

	2020 Actual		2019 Actual
	Government- Wide	2020 Budget	Government- Wide
	<u> </u>	<u> </u>	<u> </u>
EXPENDITURES			
Operations	\$ 259,018	\$ 288,831	\$ 230,777
Personnel	391,408	397,030	397,988
Depreciation	5,029	-	4,647
Travel	51,748	53,000	45,254
	<u>707,203</u>	<u>738,861</u>	<u>678,666</u>
PROGRAM REVENUE			
Fees, licensing, and permits (charges for service)	634,206	673,380	653,647
Other operating income	475	300	225
	<u>634,681</u>	<u>673,680</u>	<u>653,872</u>
GENERAL REVENUE			
Investment return, net	13,756	12,500	12,234
	<u>648,437</u>	<u>686,180</u>	<u>666,106</u>
Change in net position	(58,766)	(52,681)	(12,560)
NET POSITION			
Beginning of year	418,538	418,538	431,098
End of year	<u>\$ 359,772</u>	<u>\$ 365,857</u>	<u>\$ 418,538</u>

**NEVADA STATE BOARD OF ACCOUNTANCY
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
JUNE 30, 2020**

Financial Analysis

The basic financial statements and the required supplementary information serve as the key financial data for the Board members' and management's monitoring and planning. Comments regarding budget-to-actual variances and year-to-year variances are included in the following Results of Operations section.

Financial Condition

The Board's financial condition remains strong as of year-end with adequate liquid assets. The current financial condition and staff capabilities are sufficient to meet anticipated operating expenses and operational objectives.

Results of Operations

Revenues: The program revenue received by the Board is generated through the registration, renewal and licensure of certified public accountants. Total revenue received by the Board for fiscal year ended June 30, 2020 was approximately \$635,000 representing a \$19,000 decrease from the fiscal year ended June 30, 2019. When compared to budgeted amounts, program revenues were approximately \$39,000 less than expected due to primarily to expected reciprocity fees.

Expenses: Total expenses for the fiscal year totaled approximately \$707,000. When compared to the fiscal year ending June 30, 2019, this represents an increase of approximately \$29,000 resulting primarily from an increase in operations expenses. When compared to budget, overall expenses were approximately \$32,000 less than expected due primarily to less than anticipated legal fees.

Personnel expenses decreased by approximately \$7,000 when compared to the prior fiscal year. This is primarily the result of a change in estimate as related to the pension and other post-retirement benefits liabilities and related expenses.

Operating expenses increased by approximately \$28,000 when compared to the prior fiscal year. This increase is primarily related to an increase in legal expenses.

Travel expenses increase by approximately \$6,000 when compared to the prior fiscal year. This is primarily related to an automobile allowance granted to management personnel.

Economic Factors

The Board is charged with, and given statutory authority, to provide public protection through the licensure and regulation of Certified Public Accountants. The Board provides direction of staff actions toward its mission of public protection through licensure and disciplinary measures.

In connection with the Coronavirus (COVID-19) pandemic, there have been significant global, federal, state and local developments. As a result of this worldwide pandemic, which is driving economic uncertainty, the Board may experience volatility that may impact results and/or impede general operations. The Board continues to monitor this unprecedented situation and evaluate the impact of this pandemic on their results.

INDEPENDENT AUDITOR'S REPORT

To the Members of the Board
Nevada State Board of Accountancy

We have audited the accompanying financial statements of the Nevada State Board of Accountancy (the Board), as of and for the year ended June 30, 2020, and the related notes to financial statements, which collectively comprise the Board's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Nevada State Board of Accountancy as of June 30, 2020, and the changes in financial position thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information and Prior Period Financial Statements

The 2019 financial statements of the Board were audited by Eide Bailly, LLP on November 20, 2019, and whose report dated November 20, 2019 expressed an unmodified audit opinion on those audited financial statements. In our opinion, the summarized comparative budget and actual information presented herein as of and for the year ended June 30, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, pension and other post-employment benefits information on pages 1-4, 25-26, 27 through 30, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on this required 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 September 3, 2020, 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 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.

Houldsworth, Russo & Company, P.C.

Las Vegas, Nevada
September 3, 2020

NEVADA STATE BOARD OF ACCOUNTANCY
STATEMENT OF NET POSITION AND GOVERNMENTAL FUND BALANCE SHEET
JUNE 30, 2020

	General Fund	Adjustments (Note 7)	Government Wide
ASSETS			
Cash and cash equivalents	\$ 1,264,148	\$ -	\$ 1,264,148
Accounts receivable	240	-	240
Capital assets, net of accumulated depreciation	-	10,813	10,813
Total assets	<u>1,264,388</u>	<u>10,813</u>	<u>1,275,201</u>
DEFERRED OUTFLOWS OF RESOURCES			
Other post-employment benefits	-	9,141	9,141
Pension benefits	-	78,609	78,609
Total deferred outflows of resources	<u>-</u>	<u>87,750</u>	<u>87,750</u>
Total assets and deferred outflows of resources	<u>\$ 1,264,388</u>	98,563	1,362,951
LIABILITIES			
Current liabilities			
Accounts payable	\$ 5,431	-	5,431
Accrued compensated absences	59,720	-	59,720
Licensing fees received in advance	253,357	-	253,357
Total current liabilities	<u>318,508</u>	<u>-</u>	<u>318,508</u>
Non-current liabilities			
Net other post-employment benefits liability	-	177,416	177,416
Net pension liability	-	442,282	442,282
Total non-current liabilities	<u>-</u>	<u>619,698</u>	<u>619,698</u>
Total liabilities	<u>318,508</u>	<u>619,698</u>	<u>938,206</u>
DEFERRED INFLOWS OF RESOURCES			
Other post-employment benefits	-	10,778	10,778
Pension benefits	-	54,195	54,195
Total deferred inflows of resources	<u>-</u>	<u>64,973</u>	<u>64,973</u>
Total liabilities and deferred inflows of resources	<u>318,508</u>	<u>684,671</u>	<u>1,003,179</u>
FUND BALANCE / NET POSITION			
Fund Balance			
Unassigned	945,880	(945,880)	-
Total liabilities and fund balance	<u>\$ 1,264,388</u>		
Net Position			
Net investment in capital assets		10,813	10,813
Unrestricted		348,959	348,959
Total net position		<u>\$ 359,772</u>	<u>\$ 359,772</u>

See notes to the financial statements

**NEVADA STATE BOARD OF ACCOUNTANCY
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND REVENUE,
EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2020**

	General Fund	Adjustments (Note 7)	Government Wide
	<u> </u>	<u> </u>	<u> </u>
EXPENDITURES			
Board operations	\$ 740,392	\$ (38,218)	\$ 702,174
Depreciation	-	5,029	5,029
	<u> </u>	<u> </u>	<u> </u>
Total expenditures	740,392	(33,189)	707,203
 PROGRAM REVENUE			
Fees, licensing, and permits (charges for service)	644,717	(10,511)	634,206
Other operating income	475	-	475
	<u> </u>	<u> </u>	<u> </u>
Total program revenue (expense)	645,192	(10,511)	634,681
 Net program expense	(95,200)	22,678	(72,522)
 GENERAL REVENUE			
Investment income	13,756	-	13,756
	<u> </u>	<u> </u>	<u> </u>
Excess (deficiency) of revenues over (under) expenditures	(81,444)	81,444	
 Change in net position		(58,766)	(58,766)
 FUND BALANCE / NET POSITION			
Beginning of year	1,027,324	(608,786)	418,538
	<u> </u>	<u> </u>	<u> </u>
End of year	\$ 945,880	\$ (586,108)	\$ 359,772
	<u> </u>	<u> </u>	<u> </u>

See notes to the financial statements

**NEVADA STATE BOARD OF ACCOUNTANCY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Nevada State Board of Accountancy (Board) was created in 1913 and obtained statutory authority in 1960. 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 accounting in the State of Nevada.

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 significant accounting policies used by the Board.

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 Nevada 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 and 625A, inclusive, 628, 630 and 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 general-purpose 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 Financial 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, as amended by GASB 63, under an optional reporting method which combines the fund and government-wide statements into a single presentation. Under standard 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.

**NEVADA STATE BOARD OF ACCOUNTANCY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, requires the Board to apply all applicable GASB pronouncements and, unless they conflict with or contradict GASB pronouncements all Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins issued on or before November 30, 1989. Accordingly, the Board has not applied FASB pronouncements issued after that date.

Fund Accounting

Under Chapter 628.140 of the Nevada Revised Statutes, the general fund of the Board is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures to be used solely for the Board's benefit. According to statute, any money deposited to Nevada State Board of Accountancy does not revert to the State of Nevada's general fund. The net assets of the general fund are restricted solely to be used by the Board to meet its obligation of licensing and regulating the practice of public accounting in the state of Nevada.

Basis of Accounting

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

The Board has only governmental fund types.

Budget Data

The Board prepares an annual budget. The budget is prepared on a basis similar to generally accepted accounting principles under the full accrual basis of accounting. All annual appropriations lapse as of fiscal year-end.

Accounts Receivable

For the governmental fund financial statements, the accounts receivable represents fees and fines collected within 60 days subsequent to year end that are an available resource for the current year. For the government-wide financial statements the accounts receivable represents fees and fines due as of year-end. All amounts are considered collectible by management.

**NEVADA STATE BOARD OF ACCOUNTANCY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 collateralization 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 furniture, fixtures, and equipment, are reported in the government-wide financial statements. Capital assets are defined by the Board as assets with an initial, individual cost of \$2,500 and an estimated useful life of at least one year. Such assets are recorded at historical cost. Donated assets are recorded at estimated fair market 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 3 to 20 years.

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

Compensated Absences

It is the Board's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. No liability is reported for unpaid accumulated vacation or sick leave on the general fund balance sheet as no amounts were paid within 60 days subsequent to year end. Accumulated unused vacation and sick leave earned as of June 30, 2020, is reflected in the statement of net position.

Licensing Fees Received in Advance

By provisions of statute, the Board administers its licensing registration on a calendar year basis. Licensing fees received in advance represents revenue from the calendar year renewals that relates ratably over the next fiscal year.

**NEVADA STATE BOARD OF ACCOUNTANCY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

Fund Equity and Net Position

As defined in GASB 54, in the governmental fund financial statement, 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.
- Restricted – amounts that can be used only for specific purposes due to (a) constitutional provisions or enabling legislation or (b) externally imposed constraints.
- Committed – amounts that can be used only for specific purposes due to a formal action of the governing body.
- Assigned – amounts intended to be used for specific purposes that do not meet the criteria to be classified as restricted or committed.
- Unassigned – represents all amounts not included in other classifications.

The Board's policy is to first apply expenditures against restricted fund balances. In instances where an unrestricted fund balance type could be used, it is the Board's policy to first apply expenditures against committed fund balances. On an annual basis, when applicable, assigned fund balances are determined based upon available resources.

In the government-wide financial statements, net position is classified, as follows:

- Net investment in capital assets – amount of capital assets, net of accumulated depreciation and any related debt.

**NEVADA STATE BOARD OF ACCOUNTANCY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Equity and Net Position (Continued)

- 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 - amounts not included in other classifications.

The Board's policy is to first apply restricted net position when an expenditure is incurred for which both restricted and unrestricted net position are available.

Pensions

For purposes of measuring the net pension liability, related 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.

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 maturity 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.

Memorandum Only – Total Columns

Total columns in the financial statements are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, changes in net assets or cash flows in conformity with generally accepted accounting principles.

**NEVADA STATE BOARD OF ACCOUNTANCY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events

Subsequent events have been evaluated through September 3, 2020, which is the date the financial statements were available to be issued.

NOTE 2. CASH AND CASH EQUIVALENTS

The Board maintains its deposit accounts and certificates of deposit in one major commercial bank. 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 per institution, per depositor.

The bank balances at June 30, 2020 totaled \$1,275,084. Of this amount, \$250,000 was insured by the FDIC and the balance of \$1,025,084 was collateralized with securities held by the Nevada Pooled Collateral program.

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 3. 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:

	2019	Increases	Decreases	2020
Capital assets, being depreciated:				
Office furniture and equipment	\$ 110,494	\$ -	\$ -	\$ 110,494
Less: accumulated depreciation	(94,652)	(5,029)	-	(99,681)
Net capital assets	\$ 15,842	\$ (5,029)	\$ -	\$ 10,813

**NEVADA STATE BOARD OF ACCOUNTANCY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 4. OPERATING LEASES

The Board currently leases office space in Reno, Nevada. The lease term began September 1, 2013 and expires August 31, 2023. The monthly rental payment is currently \$1,610 per month with a 1.5% escalation per annum.

The Board also leases a copier and postal machine with fixed monthly payments of \$230 and \$136 respectively, with additional charges for usage as detailed in the lease agreements. The copier lease term commenced on January 6, 2018 and expires on January 6, 2023. Additionally, the postal meter lease term commenced on July 31, 2015 and will expire in September 2020.

Future minimum payments required under these leases are as follows:

2021		\$	22,311
2022			22,605
2023			21,525
2024			3,366
		\$	69,807

Rent expense for the year ended June 30, 2020 was \$24,965.

NOTE 5. PENSION

General Information about the Pension Plan

Plan Description

Public Employees' Retirement System of Nevada (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 as of the 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 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.

**NEVADA STATE BOARD OF ACCOUNTANCY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 5. PENSION (CONTINUED)

Monthly benefit allowances for members are computed as 2.5% of average compensation for each accredited year of service completed prior to July 1, 2001. For service earned on or after July 1, 2001, this factor 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% factor. 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 as of age 65 with 5 years of service, as of age 60 with 10 years of service, or as of any age with 30 years of service. Regular members entering the System on or after January 1, 2010, are eligible for retirement as of age 65 with 5 years of service, as of age 62 with 10 years of service, or any age with 30 years of service. Regular members who entered the System on or after July 1, 2015, are eligible for retirement as of age 65 with 5 years of service, or as of age 62 with 10 years of service or as of age 55 with 30 years of service or 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 5 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. In one plan, contributions are shared equally by employer and employee. In the other plan, employees can take a reduced salary and have contributions made by the employer.

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

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

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

**NEVADA STATE BOARD OF ACCOUNTANCY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 5. PENSION (CONTINUED)

For the fiscal year ended June 30, 2020 the Statutory Employer/employee matching rate was 14.50% for Regular members. The EPC rate was 28% for Regular members.

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

At June 30, 2020, the Board reported a liability of \$442,282 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, 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 its combined employer and members contributions relative to the total combined employer and member contributions for all employers for the period ended June 30, 2019. At June 30, 2019, the Board's proportion was .00324%.

For the year ended June 30, 2020, the Board recognized pension expense of \$45,512. Amounts totaling \$33,239 resulting from Board contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021.

As of June 30, 2020, the Board reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between actual and expected experience	\$ 16,585	\$ 12,757
Change in assumptions	17,999	-
Net difference between projected and actual investment earnings on pension plan investments	-	22,002
Changes in proportion and differences between employer contributions and proportionate share of contributions	10,786	19,436
Contributions subsequent to the measurement date	<u>33,239</u>	<u>-</u>
	<u>\$ 78,609</u>	<u>\$ 54,195</u>

**NEVADA STATE BOARD OF ACCOUNTANCY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 5. PENSION (CONTINUED)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions, without regard to the contribution subsequent to the measurement date, will be recognized in pension expense (contribution) as follows during the year ended June 30:

2021	\$	1,357
2022		(9,650)
2023		(338)
2024		18
2025		(107)
2026		(105)
		\$ (8,825)

The net difference between projected and actual investment earnings on pension plan investments will be recognized over 5 years. All the other above deferred outflows and deferred inflows will be recognized over the average expected remaining service lives, which was 6.18 years for the period ended June 30, 2019.

Reconciliation of the net pension liability as of June 30, 2020 is as follows:

Beginning net pension liability	\$	452,779
Pension expense		45,512
Employer contributions		(31,223)
Prior year net deferred outflows		(24,786)
		\$ 442,282

Actuarial Assumptions

The System's net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation rate	2.75%
Productivity pay increase	0.5%
Projected salary increases	Regular: 4.25% to 9.15%, depending on service; rates include inflation and productivity increases
Investment rate of return	7.50%
Other assumptions	Same as those used in the June 30, 2019 funding actuarial valuation

Actuarial assumptions used in the June 30, 2019 valuation were based on the results of the experience study for the period of July 1, 2012 through June 30, 2016.

**NEVADA STATE BOARD OF ACCOUNTANCY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 5. PENSION (CONTINUED)

The discount rate used to measure the total pension liability was 7.50% as of June 30, 2019. The projection of cash flows used to determine the discount rate assumed plan contributions will be made consistent with statutory provisions and recognizing the plan's current funding policy and cost-sharing mechanism between employers and members. For this purpose, all contributions that are intended to fund benefits for all plan members and their beneficiaries are included, except that projected contributions that are intended to fund the service costs for future plan members and their beneficiaries are not included.

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members. 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, 2019.

Investment Policy

The System's policies which determine the investment portfolio target asset allocation are established by the Retirement Board. The asset allocation is reviewed annually and is designed to meet the future risk and return needs of the System.

The following was the Retirement Board's adopted policy target asset allocation as of June 30, 2019:

Asset Class	Target Allocation	Long-Term Geometric Expected Real Rate of Return*
Domestic stocks	42%	5.50%
International stocks	18%	5.50%
U.S. bonds	28%	0.75%
Private markets	12%	6.65%

*As of June 30, 2019, PERS' long-term inflation assumption was 2.75%

Discount Rate and Pension Liability Discount Rate Sensitivity

The following presents the Board's proportionate share of net pension liability of the System as of June 30, 2019, calculated using the discount rate of 7.50%, as well as what the System net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.50%) or 1 percentage-point higher (8.50%) than the current discount rate:

	1% Decrease in Discount Rate (6.50%)	Discount Rate (7.50%)	1% Increase in Discount Rate (8.50%)
Net pension liability	\$ 684,082	\$ 442,282	\$ 240,412

**NEVADA STATE BOARD OF ACCOUNTANCY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 5. PENSION (CONTINUED)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in PERS' Comprehensive Annual Financial Report (CAFR), available on the PERS website www.nvpers.org.

Additional Information

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 as of www.nvpers.org under Quick Links – Publications.

NOTE 6. 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 of Nevada (State), and certain other participating public employers within the State. 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/>. The Board is reporting plan information consistently with the PEBP's accounting methods and assumptions as disclosed in the annual report. No information has come to our attention that indicates significant changes to the plan's disclosures.

OPEB Benefits

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.

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 ended June 30, 2020 was \$5,212, 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.

**NEVADA STATE BOARD OF ACCOUNTANCY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 6. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

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

At June 30, 2020, the Board reported a liability of \$177,416 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2019, 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, 2020, the Board's proportion was 0.0127%.

For the year ended June 30, 2020, the Board recognized OPEB expense of \$9,671. At June 30, 2020, the Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between actual and expected experience	\$ -	\$ 3,170
Changes of assumptions	3,823	7,578
Asset experience	-	30
Contributions made subsequent to the measurement date	<u>5,318</u>	<u>-</u>
	<u>\$ 9,141</u>	<u>\$ 10,778</u>

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

2021	\$ (3,543)
2022	(2,944)
2023	(599)
2024	<u>131</u>
	<u>\$ (6,955)</u>

Actuarial Assumptions

The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation rate	2.75%
Salary increases	4.58%, average
Investment rate of return	3.87%
Healthcare cost trend rates	6.50% for 2020, see report for additional years

**NEVADA STATE BOARD OF ACCOUNTANCY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 6. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Pre-retirement mortality rates were based on the Headcount-weighted RP-2014 Employee table projected to 2020 with Scale MP-2016. Post-retirement mortality rates were based on the Headcount-weighted RP-2014 Health Annuitant table projected to 2020 with Scale MP-2016, set forward one year for spouses and beneficiaries. Disabled mortality rates were based on the Headcount-weighted RP-2014 Disabled Retiree table, set forward four years.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial valuation date of January 1, 2018, adjusted by using roll-forward procedures to determine the liability at the measurement date.

Discount Rate

The discount rate basis under GASB 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 rates as of the measurement date of June 30, 2019 was 3.51%. Additional detail regarding the discount rates as of June 30, 2019 are provided in the "Actuarial Assumptions and Methods" 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:

	<u>1% Decrease</u>	<u>Trend Rate</u>	<u>1% Increase</u>
Net OPEB liability	\$ 195,615	\$ 177,416	\$ 161,626

Sensitivity of the Board's Proportionate Share of the Net OPEB Liability to Changes in the Healthcare 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 healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	<u>1% Decrease</u>	<u>Trend Rate</u>	<u>1% Increase</u>
Net OPEB liability	\$ 164,604	\$ 177,416	\$ 192,635

OPEB Plan Fiduciary Net Position

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

**NEVADA STATE BOARD OF ACCOUNTANCY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 7. 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. The amounts reported for the governmental activities in the statement of activities are different due to the adjustments as explained below.

Governmental funds report cash outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. Additionally, revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Reconciliation between the Governmental Fund Revenue, Expenditures and Changes in Fund Balance and the Statement of Activities

Net change in fund balance – total governmental fund	\$	(81,444)
Change in capital assets:		
Depreciation expense	<u>(5,029)</u>	(5,029)
Change in deferred outflows:		
Other post-employment benefits	(5,833)	
Pension benefits	<u>9,141</u>	3,308
Change in liabilities:		
Accrued compensated absences	45,609	
Net other post-employment benefits liability	(5,038)	
Net pension liability	<u>10,497</u>	51,068
Change in deferred inflows:		
Other post-employment benefits	(16,938)	
Pension benefits	<u>780</u>	(16,158)
Change in revenues:		
Prior year accounts receivable not collected within 60 days	<u>(10,511)</u>	<u>(10,511)</u>
Net change in net position – governmental activities	\$	<u>(58,766)</u>

**NEVADA STATE BOARD OF ACCOUNTANCY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 7. CONVERSION TO GOVERNMENT-WIDE FINANCIAL STATEMENTS (CONTINUED)

Reconciliation between the Governmental Fund Balance Sheet and the Statement of Net Position

Fund balance – total governmental fund	\$	945,880
Change in capital assets:		
Capital assets, net as of beginning of year		15,842
Depreciation expense		<u>(5,029)</u>
		10,813
Change in deferred outflows:		
Other post-employment benefits		9,141
Pension benefits		<u>78,609</u>
		87,750
Change in liabilities:		
Net other post-employment benefits liability		(177,416)
Net pension liability		<u>(442,282)</u>
		(619,698)
Change in deferred inflows:		
Other post-employment benefits		(10,778)
Pension benefits		<u>(54,195)</u>
		<u>(64,973)</u>
Net position – governmental activities	\$	<u>359,772</u>

NOTE 8. COMPLIANCE WITH NEVADA REVISED STATUTES AND NEVADA ADMINISTRATIVE CODE

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

NOTE 9. RECLASSIFICATIONS

Certain reclassifications have been made to the 2019 financial statements to conform to the 2020 presentation.

NOTE 10. SUBSEQUENT EVENTS

As of September 3, 2020, the date these financial statements were able to be issued, in connection with the Coronavirus (COVID-19) pandemic, there have been significant global, federal, state and local developments. As a result of this worldwide pandemic, which is driving economic uncertainty, the Board may experience volatility that may impact results and/or impede general operations. The Board continues to monitor this unprecedented situation and evaluate the impact of this pandemic on its results.

**NEVADA STATE BOARD OF ACCOUNTANCY
BUDGET AND ACTUAL COMPARISON - ACCRUAL BASIS
FOR THE YEAR ENDED JUNE 30, 2020
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2019)**

	2020			2019
	Original and Final Budget	Actual Amounts Budgetary Basis	Variance to Final Budget Favorable (Unfavorable)	Actual (Memo Only)
REVENUE				
Fines and fees				
License fees	\$ 517,380	\$ 501,878	\$ (15,502)	\$ 491,706
Examination fees	45,000	46,700	1,700	46,000
Fee recovery	45,500	33,288	(12,212)	50,341
Reciprocity fees	50,000	41,240	(8,760)	50,000
Firm registration fees	15,500	11,100	(4,400)	15,600
Other operating revenue	300	475	175	225
Investment return, net	12,500	13,756	1,256	12,234
	<u>686,180</u>	<u>648,437</u>	<u>(37,743)</u>	<u>666,106</u>
Total revenue				
EXPENDITURES				
Personnel				
Contracted employees	32,500	22,396	10,104	42,304
Board member per diem	23,700	15,150	8,550	17,700
Salaries	237,980	247,139	(9,159)	240,111
State retirement	67,938	78,752	(10,814)	62,835
Payroll taxes	5,854	5,069	785	6,437
Group insurance	29,058	22,902	6,156	28,601
	<u>397,030</u>	<u>391,408</u>	<u>5,622</u>	<u>397,988</u>
Total personnel expenditures				
Travel	53,000	51,748	1,252	45,254

NEVADA STATE BOARD OF ACCOUNTANCY
BUDGET AND ACTUAL COMPARISON - ACCRUAL BASIS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2019)

	2020			2019
	Original and Final Budget	Actual Amounts Budgetary Basis	Variance to Final Budget Favorable (Unfavorable)	Actual (Memo Only)
Operating				
Audit	\$ 8,200	\$ 8,200	\$ -	\$ 7,700
Annual software fees and technology support	35,000	30,292	4,708	29,074
Bank charges	17,600	18,154	(554)	17,611
Background investigation	6,440	6,507	(67)	7,220
Community outreach	12,000	4,977	7,023	9,295
Committee and miscellaneous	6,500	6,456	44	6,238
Dues and registration	16,000	17,166	(1,166)	15,110
Repairs and maintenance	6,000	5,674	326	6,056
Exam expense	3,000	1,345	1,655	1,063
Fines to state	6,000	14,109	(8,109)	14,891
Insurance	5,400	5,230	170	4,511
Legal	105,000	82,008	22,992	58,980
Lobbying	19,800	20,700	(900)	18,000
Office rent	19,291	19,291	-	19,006
Office supplies	3,500	2,668	832	3,735
Postage	2,500	2,120	380	2,261
Printing and copying	1,000	925	75	1,173
Telephone	7,600	7,265	335	7,431
Transcript	1,500	387	1,113	1,422
	<u>282,331</u>	<u>253,474</u>	<u>28,857</u>	<u>230,777</u>
Capital				
Equipment and furniture	6,500	5,544	956	-
Depreciation	-	5,029	(5,029)	4,647
	<u>6,500</u>	<u>10,573</u>	<u>(4,073)</u>	<u>4,647</u>
Total operating expenditures	<u>288,831</u>	<u>264,047</u>	<u>24,784</u>	<u>235,424</u>
Total expenditures	<u>738,861</u>	<u>707,203</u>	<u>31,658</u>	<u>678,666</u>
Change in net position	<u>\$ (52,681)</u>	<u>\$ (58,766)</u>	<u>\$ (6,085)</u>	<u>\$ (12,560)</u>

**NEVADA STATE BOARD OF ACCOUNTANCY
SCHEDULE OF EMPLOYER'S SHARE OF NET PENSION LIABILITY
NEVADA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST 10 FISCAL YEARS***

	2019	2018	2017	2016	2015	2014
Proportion of the net pension liability	0.00324%	0.00332%	0.00334%	0.00347%	0.00326%	0.00325%
Proportionate share of the net pension liability	\$ 442,282	\$ 452,779	\$ 444,769	\$ 467,082	\$ 373,165	\$ 338,834
Covered payroll	\$ 223,025	\$ 220,000	\$ 214,404	\$ 210,200	\$ 195,204	\$ 190,200
Proportionate share of the net pension liability as a percentage of its covered payroll	198.31%	205.81%	207.44%	222.21%	191.17%	178.15%
Plan fiduciary net position as a percentage of the total pension liability	76.46%	75.24%	74.40%	72.20%	75.10%	76.30%

*GASB Statement 68 requires 10 years of information to be presented in this table. However, until 10 years of data is available, the Board will present information only for those years for which information is available.

**NEVADA STATE BOARD OF ACCOUNTANCY
SCHEDULE OF EMPLOYER CONTRIBUTIONS
NEVADA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST 10 FISCAL YEARS***

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contributions	\$ 33,239	\$ 31,224	\$ 30,800	\$ 30,017	\$ 29,293	\$ 25,132
Contributions in relation to those contractually required	<u>(33,239)</u>	<u>(31,224)</u>	<u>(30,800)</u>	<u>(30,017)</u>	<u>(29,293)</u>	<u>(25,132)</u>
Board's covered payroll	\$ 237,465	\$ 223,025	\$ 220,000	\$ 214,404	\$ 209,236	\$ 195,204
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%	14.00%	12.87%

*GASB Statement 68 requires 10 years of information to be presented in this table. However, until 10 years of data is available, the Board will present information only for those years for which information is available.

**NEVADA STATE BOARD OF ACCOUNTANCY
SCHEDULE OF EMPLOYER'S SHARE OF NET OPEB LIABILITY
NEVADA PUBLIC EMPLOYEES' BENEFITS PROGRAM
LAST 10 FISCAL YEARS***

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Proportion of the net OPEB liability	0.0127%	0.0130%	0.0130%
Proportionate share of the net OPEB liability	\$ 177,416	\$ 172,586	\$ 173,046
Board's covered payroll	\$ 223,025	\$ 220,000	\$ 214,404
Proportionate share of the net OPEB liability as a percentage of its covered payroll	79.55%	78.45%	80.71%
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%

*GASB Statement 75 requires 10 years of information to be presented in this table. However, until 10 years of data is available, the Board will present information only for those years for which information is available.

**NEVADA STATE BOARD OF ACCOUNTANCY
SCHEDULE OF EMPLOYER CONTRIBUTIONS
NEVADA PUBLIC EMPLOYEES' BENEFITS PROGRAM
LAST 10 FISCAL YEARS***

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contributions	\$ 5,212	\$ 5,163	\$ 5,054
Contributions in relation to those contractually required	<u>(5,212)</u>	<u>(5,163)</u>	<u>(5,054)</u>
Board's covered payroll	\$ 223,025	\$ 220,000	\$ 214,404
Contributions as a percentage of covered payroll	2.34%	2.35%	2.36%

*GASB Statement 75 requires 10 years of information to be presented in this table. However, until 10 years of data is available, the Board will present information only for those years for which information is available.

**NEVADA STATE BOARD OF ACCOUNTANCY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 1. CHANGES IN ASSUMPTIONS

Pension

Amounts reports in 2020 reflect actuarial assumption changes effective June 30, 2019 based on the results of an actuarial experience study completed in 2016. As of the measurement date of June 30, 2019, the discount rate of 7.50% as unchanged when compared to the prior measurement date of June 30, 2018.

OPEB

Amounts reports in 2020 reflect actuarial assumption changes effective June 30, 2019 based on the results of an actuarial experience study completed in 2016. This includes changes to the mortality tables, disability incidence rates, retirement rates, administrative expenses, salary scale and percent married assumption. As of the measurement date of June 30, 2019, the discount rate decreased from 3.87% to 3.51% when compared to the prior measurement date of June 30, 2018.

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 Members of the Board
Nevada State Board of Accountancy

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Nevada State Board of Accountancy (Board), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Board’s basic financial statements, and have issued our report thereon dated September 3, 2020.

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) to determine the 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 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Houldsworth, Russo & Company, P.C.

Las Vegas, Nevada
September 3, 2020