

Nevada State Board of Professional
Engineers and Land Surveyors
Reno, Nevada

Financial Report
Year Ended June 30, 2017

Nevada State Board of Professional Engineers and Land Surveyors

Year Ended June 30, 2017

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Independent Auditor's Report

To the Members of the Board
Nevada State Board of Professional
Engineers and Land Surveyors

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of the Nevada State Board of Professional Engineers and Land Surveyors (the "Board"), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States; 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 opinions on these financial statements based on our audit. We conducted our audit in accordance with 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. 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 obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

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 Nevada State Board of Professional Engineers and Land Surveyors as of June 30, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States require that the management's discussion and analysis on pages 3 through 6 and budgetary comparison information on page 16 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, 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 May 29, 2018, 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 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.

Wipfli LLP



May 29, 2018
Madison, Wisconsin

Management Discussion and Analysis

Nevada State Board of Professional Engineers and Land Surveyors

Management Discussion and Analysis

The Board members' and management's discussion and analysis of the Nevada State Board of Professional Engineers and Land Surveyors (the "Board") financial position and activities for the fiscal year ended June 30, 2017 is presented in conjunction with the audited financial statements.

Financial Highlights

- In 2017, net position (\$1,631,050) increased by \$190,755 when compared to 2016 (\$1,440,295).
- Total revenue increased by \$101,247 primarily due to the economic improvement causing an increase in renewals and new licensees.
- Total expenses increased \$129,940 in 2017 over 2016.

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 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 and liabilities, with the difference reported as net position. Over time, increases and decreases in net position 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 Revenues, 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 focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year, 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 timing of the related cash flows. This statement also provides certain information about the Board's recovery of its costs.

Nevada State Board of Professional Engineers and Land Surveyors

Management Discussion and Analysis

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.

Condensed Financial Information

Net position is summarized in the table below.

Condensed Statement of Net Position June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Assets:		
Current Assets	\$2,250,744	\$2,044,521
Non-current Assets:		
Capital assets	<u>71,069</u>	<u>77,156</u>
Total Assets	<u>2,321,813</u>	<u>2,121,677</u>
Liabilities:		
Current Liabilities	<u>41,917</u>	<u>28,562</u>
Deferred Inflows	<u>648,846</u>	<u>652,820</u>
Net Position:		
Net investment in capital assets	71,069	77,156
Unrestricted	<u>1,559,981</u>	<u>1,363,139</u>
Total net position	<u>\$1,631,050</u>	<u>\$1,440,295</u>

The 2016 balances were restated as explained in the notes to the financial statements.

The net position increased by \$190,755 due to an increase in revenue and controlling of expenses.

Nevada State Board of Professional Engineers and Land Surveyors

Management Discussion and Analysis

Condensed Financial Information (Continued)

Revenues, expenses, and changes in net position are summarized in the table below.

Condensed Statement of Activities For Fiscal Year Ending June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Revenues:		
Program:		
Charges for services	\$ 954,593	\$918,960
General:		
Other	<u>67,910</u>	<u>2,296</u>
Total revenue	<u>1,022,503</u>	<u>921,256</u>
Expenses:		
Board expenditures	<u>831,748</u>	<u>701,808</u>
Change in net position	<u>\$ 190,755</u>	<u>\$219,448</u>

Total expenses increased by \$129,940 in 2017 compared to 2016.

General Fund Budgetary Comparison

The original budget was passed with revenues expected to exceed expenditures by \$215,543. The original budgeted expenditures were amended by an increase of \$65,000, which included \$40,000 for a new phone system and video conferencing, \$15,000 for a strategic planning session and \$10,000 for exam expenses. Actual results show revenues exceeded the final budget by \$101,701 mainly due to the realized gain from the sale of investments exceeding budget by \$66,345. Expenditures exceeded the final budget by \$44,357 mainly due to increased travel from the strategic planning session that caused travel to exceed budget by \$34,842. Total revenues exceeded expenditures by \$188,625.

Capital assets

The Board has a total of \$71,069 in capital assets as of the year ended June 30, 2017. These assets include intangible web design costs, office equipment and furnishings. See Note 4 for additional information on the Board's Capital Assets.

Nevada State Board of Professional Engineers and Land Surveyors

Management Discussion and Analysis

Economic and Other Factors

Nevada's economy continues to grow at a slow but steady rate. Despite remaining in a recovery mode, Nevada's economy has continued to gain momentum, outpacing the nation since 2015. Continued efforts to diversify Nevada's economy have resulted in rapid professional sector expansion. Companies such as Tesla and the eBay data center in northern Nevada, and Switch, Farady Future, and Premium Waters in southern Nevada, continue to grow and are creating an increased demand for professional engineering services. In fiscal year 2016/2017 Nevada added 946 new licensees bringing the number of licensed engineers to 16,208 and the number of licensed land surveyors to 1,206. We continue to see the number of licensed land surveyors decrease in Nevada due a reduction in numbers pursuing careers in land surveying, and the evolution of technology requiring fewer numbers. Decreasing numbers of land surveyors is not unique to Nevada. It also continues to be a national trend. The Board continues to work with Nevada's university system to ensure Nevada continues to have a quality land surveying education program to meet the state's licensing requirements.

Program Enhancements

The Board continues to work to decrease expenses. The goal is to improve current automated processes related to initial licensure and renewals and to automate other customer services such as firm registration and corporate name requests while also improving customer service. In automating processes, staff time is reduced resulting in lower labor costs and expenses are reduced by eliminating paper, printing, and mailing costs. During this next year the focus will be on improving customer service while streamlining and speeding the licensing process. The Board will continue automating processes, improving customer experience, and reducing staff time and resources needed to complete transactions.

Contacting the Board's Financial Management

This financial report is designed to provide a general overview of the Board's finances and to demonstrate the Board's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact the Board at (775) 688-1231.

Basic Financial Statements

Nevada State Board of Professional Engineers and Land Surveyors
Statement of Net Position and Governmental Fund Balance Sheet
June 30, 2017

	General Fund	Adjustments (Note 9)	Statement of Activities
Assets			
Cash and cash equivalents	\$ 2,248,044	\$ 0	\$ 2,248,044
Accounts receivable	2,700	0	2,700
Capital assets:			
Depreciated, net of accumulated depreciation	0	71,069	71,069
Total capital assets	0	71,069	71,069
Total assets	\$ 2,250,744	71,069	2,321,813
Liabilities			
Accounts payable	\$ 13,556	0	13,556
Accrued payroll	12,760	0	12,760
Accrued compensated absences	0	15,601	15,601
Total liabilities	26,316	15,601	41,917
Deferred Inflows of Resources			
License fees received in advance	648,846	0	648,846
Fund Balance/Net Position			
Fund balance:			
Unassigned	1,575,582	(1,575,582)	0
Total liabilities, deferred inflows and fund balance	\$ 2,250,744		
Net position:			
Net investment in capital assets		71,069	71,069
Unrestricted		1,559,981	1,559,981
Total net position		\$ 1,631,050	\$ 1,631,050

Nevada State Board of Professional Engineers and Land Surveyors

Statement of Activities and Governmental Fund Revenues, Expenditures

and Changes in Fund Balance

For the year ended June 30, 2017

	General Fund	Adjustments (Note 9)	Statement of Activities
Expenditures/Expenses			
Board expenditures	\$ 829,904	\$ 1,844	\$ 831,748
Program Revenues			
Charges for services	969,881	(15,288)	954,593
Net program revenues	139,977	(17,132)	122,845
General Revenues			
Investment income	67,910	0	67,910
Excess of revenues over expenditures	207,887	(207,887)	0
Change in net position	0	190,755	190,755
Fund Balance/Net Position			
Beginning of year, as restated	1,367,695	72,600	1,440,295
End of year	\$ 1,575,582	\$ 55,468	\$ 1,631,050

Nevada State Board of Professional Engineers and Land Surveyors

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies

Introduction

The Nevada State Board of Professional Engineers and Land Surveyors (the "Board") was created in 1919 and is regulated by the Nevada Revised Statutes (NRS) 625, which also specifies the authorized activities of the Board. The fund is used to account for the proceeds of licensing and examination fees and other revenues that are legally restricted to expenditures for specified purposes.

The financial statements of the Board have been prepared in conformity with accounting principles generally accepted in the United States (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting principles and policies utilized by the government are described below.

Description of Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

Financial Reporting Entity

The accompanying financial statements present the primary government, organizations for which the primary government is financially accountable, and other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials are financially accountable or whose exclusion would render the financial statements misleading because of nature and significance of their relationship.

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.

Nevada State Board of Professional Engineers and Land Surveyors

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Basis of Presentation – Government-wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds.

Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the government's funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. Major individual governmental funds are reported as separate columns in the fund financial statements.

The government reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government.

Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus. The government-wide financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The government considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Charges for services and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except compensated absences, which are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Nevada State Board of Professional Engineers and Land Surveyors

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Budgetary Basis of Accounting

The Executive Director prepares an annual budget. Approval and revisions of the budget are performed by the Administrative Oversight Committee. The final budget is prepared on a basis similar to generally accepted accounting principles and is approved by the Board Members in May of each year for the upcoming fiscal year.

Cash and Cash Equivalents

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments

Investments, which consist primarily of time certificates of deposit, are included in cash and cash equivalents and are stated at cost which approximates fair market value. By statutes, all investments must be deposited in entities that are located in the state of Nevada.

Capital Assets

Capital assets, which include intangible web site costs, furniture, fixtures, and equipment, are reported in the applicable governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of two years. Donated assets are recorded at their 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 not capitalized. Capital assets are depreciated using the straight-line method over five to ten years. Intangible web site costs are amortized over twenty-four months.

Compensated Absences

It is the Board's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Unused vacation pay will be paid upon termination to all employees. Sick pay will be paid upon termination to those employees hired prior to April 1, 2000. Vacation and sick pay are accrued when incurred and reported as a liability in the government-wide financial statements. They are reported as a liability in the fund statements only when payment is due.

Deferred Inflows of Resources

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section of 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 so will *not* be recognized as an inflow of resources (revenues) until that time. License fees related to future periods are deferred and recognized as an inflow of resources in the year the license fees relate.

Nevada State Board of Professional Engineers and Land Surveyors

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Net Position Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

Fund Balance Flow Assumptions

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance). Below are definitions of the how these balances are reported.

Nonspendable Fund Balance - The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example inventories and prepaid amounts. The Board does not have any nonspendable balances.

Restricted Fund Balance - The restricted fund balance classification refers to amounts that are subject to outside restrictions, not controlled by the entity. Examples of these restrictions could be those imposed by creditors, grantors, contributors, or laws and regulations of other governments, or imposed by law through constitutional provisions or enabling legislation. The Board has no restricted fund balances.

Committed Fund Balance - The Board commits fund balance by making motions or passing resolutions to adopt policy or to approve contracts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contract requirements. The Board has no balances that are committed at year end.

Nevada State Board of Professional Engineers and Land Surveyors

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Fund Balance Policies (Continued)

Assigned Fund Balance - The assigned fund balance classification refers to amounts that are constrained by the Board's intent to be used for a specific purpose, but are neither restricted nor committed. Intent may be expressed by the Board to assign amounts to be used for specific purposes. The Board has no balances that are assigned at year end.

Unassigned Fund Balance - The unassigned fund balance classification is the residual classification for amounts in the General Fund for amounts that have not been restricted, committed, or assigned to specific purposes within the General Fund.

Program Revenues

Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All interest income is reported as general revenues rather than as program revenues.

Prior Period Adjustment

Net position as of July 1, 2016 has been restated for the following reasons as reported in the table below: The Board determined that they held investments in stock that was purchased through their worker's compensation expenses in previous years that they were not aware when the prior financial statements were issued. The amount below is the value of those investments at July 1, 2016. In addition, compensated absences were recorded in the General Fund when they should have only been reported in the governmental activities since no payments were due in the upcoming year.

	Governmental Activities	General Fund
Net position as previously reported at July 1, 2016	\$1,209,528	\$1,117,084
Prior period adjustment:		
Investments not reported	230,767	230,767
Compensated absences reported	0	19,844
Total prior period adjustment	230,767	250,611
Net position as restated, July 1, 2016	\$1,440,295	\$1,367,695

Note 2: Compliance with Nevada Revised Statutes and the Nevada Administrative Code

It is believed that the Board conformed to all significant statutory constraints on its financial administration during the year under Nevada Revised Statutes 218 and 625.

Nevada State Board of Professional Engineers and Land Surveyors

Notes to Financial Statements

Note 3: Cash Deposits with Financial Institutions

Custodial credit risk-deposits. In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. As of June 30, 2017, the government's bank balance was \$2,257,859 and the entire amount was insured or collateralized with securities held by the pledging or financial institution's trust department or agent in the government's name.

Note 4: Capital Assets

The governmental activities capital asset activity for the year ended June 30, 2017, is as follows:

	<u>Balance July 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2017</u>
Capital assets being depreciated:				
Web site costs	\$ 20,000	\$ 0	\$ 0	\$ 20,000
Furniture, fixtures and equipment	<u>176,743</u>	<u>11,128</u>	<u>33,003</u>	<u>154,868</u>
Total capital assets being Depreciated	<u>196,743</u>	<u>11,128</u>	<u>33,003</u>	<u>174,868</u>
Less accumulated depreciation for:				
Web site costs	0	3,333	0	3,333
Furniture, fixtures and equipment	<u>119,587</u>	<u>13,882</u>	<u>33,003</u>	<u>100,466</u>
Total accumulated depreciation	<u>119,587</u>	<u>17,215</u>	<u>33,003</u>	<u>103,799</u>
Total capital assets	<u>\$ 77,156</u>	<u>\$ (6,087)</u>	<u>\$ 0</u>	<u>\$ 71,069</u>

Note 5: Defined Contribution Pension Plan

The Nevada State Board of Professional Engineers and Land Surveyors contribute to a SEP-IRA established January 1, 1994. To be eligible for these benefits, the employees must be eighteen years of age, full-time status, and have provided six months of service. The Board contributed 5% of gross wages, or \$8,418, for eligible employees, for the year ended June 30, 2017.

Nevada State Board of Professional Engineers and Land Surveyors

Notes to Financial Statements

Note 6: Operating Leases

The Board currently leases office space in Reno, Nevada. The lease term commenced on September 1, 2016 and expires August 31, 2019, with monthly rental payments of \$4,349.

Rent expenditures for the above lease totaled \$51,691 for the year ended June 30, 2017.

The following is a schedule by years of future minimum rental payments for the remaining terms of the leases for the years ending June 30:

2018	\$52,191
2019	52,191
2020	8,698

Note 8: Risk Management

The government is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. In order to handle such risks of loss, the government purchases insurance coverage. The amounts of settlements have not exceeded insurance coverage for any of the past three years.

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 revenues, expenditures, and changes in fund balance in order to reconcile the fund financial statements to the government-wide statements of net position and activities.

Adjustments to the fund balance sheet include the effect of the capitalization of fixed assets of \$174,868, net of accumulated depreciation of (\$100,466) and the recording of accrued compensated absences of (\$15,601). The adjustments to the statement of revenues, expenditures, and changes in fund balance include the effects of depreciation expense of \$13,882 offset by (\$11,128) in capital asset additions, and the decrease in compensated absences of (\$4,243). It also includes \$15,288 in penalties that was previously deferred in the General Fund.

Note 10: Pending Accounting Pronouncements

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement 75 "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions". The Board is required to implement this standard for the fiscal year ending June 30, 2018.

GASB Statement No. 82, *Pension Issues – an amendment of GASB Statements No. 67, No. 68, and No. 73* amends the required the presentation to include the covered payroll, defined as the payroll on which contributions to a pension plan are based, and ratios that use that measure. The requirements of this Statement are effective for reporting period in which the measurement date of the pension liability is after June 15, 2017.

Nevada State Board of Professional Engineers and Land Surveyors

Notes to Financial Statements

Note 10: Pending Accounting Pronouncements (Continued)

GASB Statement No. 83, *Certain Asset Retirement Obligations* establishes criteria for determining the timing and pattern recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations, and requires the current value of a government's asset retirement obligations to be adjusted for the effects of general inflation or deflation at least annually. The requirements of this Statement are effective for reporting period in which the measurement date of the pension liability is after June 15, 2018.

Management has not completed its assessment of these pending standards as to the effect, if any, they may have on the financial statements.

Note 11: Reissuance of Financial Statements

The financial statements are being reissued due to the application of revenue recognition for exchange transactions related to license fees. Previously, all license fees were recorded as revenue at the beginning of the license period as opposed to recognized as revenue evenly throughout the duration of the license. This application resulted in the recording of deferred inflows of resources in the form of deferred license fees in the amount of \$648,846 as of June 30, 2017.

Required Supplementary Information

Nevada State Board of Professional Engineers and Land Surveyors

Budgetary Comparison Schedule - General Fund

For the year ended June 30, 2017

(With Comparative Totals for the year ended June 30, 2016)

	2017			2016 Actual	
	Original Budget	Final Budget	Actual	Over (Under) Budget	(Memo Only)
Revenues					
Fees and fines:					
Application fees	\$ 155,930	\$ 155,930	\$ 203,048	\$ 47,118	\$ 169,480
Renewal fees	616,725	616,725	611,316	(5,409)	599,545
Examination fees	8,970	8,970	4,810	(4,160)	10,170
Corporate registrations	70,000	70,000	75,050	5,050	68,151
Penalties and fines	25,000	25,000	23,318	(1,682)	30,988
Wet stamps	18,000	18,000	17,360	(640)	15,470
Document fees	11,000	11,000	1,625	(9,375)	12,500
Other operating revenue	28,900	28,900	33,354	4,454	28,184
Interest income	1,565	1,565	67,910	66,345	2,296
Total revenue	\$ 936,090	\$ 936,090	\$ 1,037,791	\$ 101,701	\$ 936,784
Expenditures					
Current:					
Personnel services					
Board member per diem	\$ 21,750	\$ 21,750	\$ 19,699	\$ (2,051)	\$ 12,439
Salaries	320,969	320,969	295,233	(25,736)	309,706
Retirement	15,928	15,928	8,418	(7,510)	15,571
Payroll taxes	31,875	31,875	27,300	(4,575)	30,940
Employee group insurance	60,000	60,000	55,274	(4,726)	60,038
Total personnel services	450,522	450,522	405,924	(44,598)	428,694
Operating					
Audit	7,500	7,500	7,716	216	7,500
Contract services	900	15,900	36,493	20,593	8,790
Database/website design	5,000	5,000	29,108	24,108	-
Program services	21,125	31,125	31,794	669	375
Equipment lease	8,000	8,000	5,976	(2,024)	6,555
Equipment/furniture	13,000	53,000	31,027	(21,973)	1,029
Insurance	1,750	1,750	1,685	(65)	1,677
Legal	73,500	73,500	94,823	21,323	71,417
Lobbying	9,000	9,000	9,000	-	11,500
Miscellaneous	20,000	20,000	23,397	3,397	15,835
Office rent	53,200	53,200	51,691	(1,509)	49,795
Office supplies	5,500	5,500	7,545	2,045	5,876
Postage	8,750	8,750	9,979	1,229	7,683
Printing and copying	2,800	2,800	1,484	(1,316)	3,908
Travel	29,000	29,000	63,842	34,842	30,148
State administrative fees	5,000	5,000	12,183	7,183	7,409
Telephone	6,000	6,000	6,237	237	7,551
Total operating	270,025	335,025	423,980	88,955	237,048
Total expenditures	720,547	785,547	829,904	44,357	665,742
Excess of revenue over expenditures	\$ 215,543	\$ 150,543	\$ 207,887	\$ 57,344	\$ 271,042



Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters

To the Members of the Board
Nevada State Board of Professional
Engineers and Land Surveyors

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 Nevada State Board of Professional Engineers and Land Surveyors (the "Board") as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements, and have issued our report thereon dated May 29, 2018.

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 opinion 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 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.

Wipfli LLP

A handwritten signature in black ink that reads "Wipfli LLP". The signature is written in a cursive, flowing style.

May 29, 2018
Madison, Wisconsin