

September 24, 2018

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

Dear Board:

We have audited the financial statements of the Nevada State Board of Professional Engineers and Land Surveyors (the "Board") for the year ended June 30, 2018. Professional standards require that we provide you with the following information related to our audit:

**Our Responsibility Under Auditing Standards Generally Accepted in the United States and Government Auditing Standards**

As stated in our engagement letter dated June 1, 2018, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States. Our audit of the financial statements does not relieve you or management of your responsibilities.

As part of our audit, we considered the internal control of the Board. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we also performed tests of the Board's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our tests was not to provide an opinion on compliance with such provisions.

**Required Supplementary Information Accompanying Audited Financial Statements**

We applied certain limited procedures to the management's discussion and analysis and budgetary comparison information, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

### **Planned Scope and Timing of the Audit**

We performed the audit according to the planned scope and timing previously communicated to your representative, Patty Mamola, in our meeting about planning matters on August 7, 2018, in addition to our engagement letter dated June 1, 2018, accepted by Patty Mamola.

### **Qualitative Aspects of Accounting Practices**

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Board are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the period under audit.

We noted no transactions entered into by the Board during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

The disclosures in the financial statements are neutral, consistent, and clear.

### **Difficulties Encountered in Performing the Audit**

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

### **Corrected and Uncorrected Misstatements**

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. The attached listing of adjusting journal entries were misstatements noted during our audit and were corrected by management.

### **Disagreements With Management**

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

### **Management Representations**

We have requested certain representations from management that are included in the management representation letter dated September 24, 2018, a copy of which accompanies this letter.

### **Management Consultations With Other Accountants**

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

### **Other Audit Findings or Issues**

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

### **Other Matters**

#### *Accrual entries*

Before we began our audit procedures we were asked to reverse the prior year accrual entries for receivables and payables and record the current year amounts as noted in the adjusting journal entries attached. The information for these entries was provided by management and they understood and agreed to these entries. However, since we made these entries, by definition this is a control deficiency and we ask that these entries be made by management in the future. This deficiency is a repeat from the prior year, but due to the change in personnel during the year, the deficiency was not able to be addressed this year, but the hope is to address the issue in the subsequent year.

We thank the employees and administration of Nevada State Board of Professional Engineers and Land Surveyors for the cooperation and assistance given us during our engagement. Should you require additional information on the above communications, we would welcome the opportunity to discuss it with you.

This communication is intended solely for the information and use of management, the Members of the Board, others within the organization, and the State of Nevada and includes a description of the scope of our testing of internal control over financial reporting and the results of that testing. The communication related to considering the Board's internal control over financial reporting is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Board's internal control over financial reporting. Accordingly, this communication is not suitable for any other purpose.

Sincerely,



Wipfli LLP  
Enc.



Patty Mamola, PE  
Executive Director

Robert O LaRiviere, PLS  
Chairman (6/30/19)

Karen D Purcell, PE  
Vice Chairman (6/30/21)

L Brent Wright, PE/SE  
Member (6/30/20)

Gregory P DeSart, PE  
Member (9/30/19)

Michael G Kidd, PLS  
Member (6/30/20)

Angelo Spata, PE  
Member (6/30/21)

Thomas K Matter  
Public Member (6/30/19)

Kent B Anderson, PE  
Member (6/30/21)

Tracy Larkin-Thomason, PE  
Member (6/30/20)

September 24, 2018

Wipfli LLP  
2501 West Beltline Highway, Suite 401  
Madison, WI 53713

This representation letter is provided in connection with your audit of the financial statements of Nevada State Board of Professional Engineers and Land Surveyors which comprise the respective financial position of the governmental activities and each major fund as of June 30, 2018, and the respective changes in financial position for the year then ended, and the related notes to financial statements, for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States (GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of the date of this letter, the following representations made to you during your audit:

#### Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated June 1, 2018, including our responsibility for the preparation and fair presentation of the financial statements in accordance with GAAP and for preparation of the supplementary information in accordance with the applicable criteria.
2. The financial statements referred to above are fairly presented in accordance with GAAP and include all properly classified funds and other financial information of the primary government and all component units required by GAAP to be included in the financial reporting entity.
3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
4. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.

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5. Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with the requirements of GAAP.
6. Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements.
7. We agree with the adjusting journal entries proposed by you and which are given effect to in the financial statements.
8. The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with GAAP.
9. Material concentrations, if any, have been properly disclosed in accordance with GAAP.
10. Guarantees, whether written or oral, under which the Nevada State Board of Professional Engineers and Land Surveyors is contingently liable, if any, have been properly recorded or disclosed in accordance with GAAP.

#### Information Provided

11. We have provided you with:
  - a. Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
  - b. Additional information that you have requested from us for the purpose of the audit.
  - c. Unrestricted access to persons within the Nevada State Board of Professional Engineers and Land Surveyors from who you determined it necessary to obtain audit evidence.
  - d. Minutes of the meetings of Nevada State Board of Professional Engineers and Land Surveyors Board or summaries of actions of recent meetings for which minutes have not yet prepared.
12. All material transactions have been recorded in the accounting records and are reflected in the financial statements.
13. We have disclosed to you the results of our assessment of risk that the financial statements may be materially misstated as a result of fraud.
14. We have no knowledge of any fraud or suspected fraud affecting the Nevada State Board of Professional Engineers and Land Surveyors involving:

- a. Management.
  - b. Employees who have significant roles in internal control.
  - c. Others where the fraud could have a material effect on the financial statements.
15. We have no knowledge of any allegations of fraud or suspected fraud affecting the Nevada State Board of Professional Engineers and Land Surveyors' financial statements communicated by employees, former employees, regulators, or others.
  16. We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.
  17. We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with GAAP on no attorneys were consulted during the year regarding these items.
  18. We have disclosed to you the identity of the Nevada State Board of Professional Engineers and Land Surveyors' related parties and all the related party relationships and transactions of which we are aware.
  19. We have made available to you all financial records and related data.
  20. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
  21. We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
  22. We have no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.
  23. We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts, and legal and contractual provisions for reporting specific activities in separate funds.
  24. We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that we believe have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.

25. We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that we believe have a material effect on the determinations of financial statement amounts or other financial data significant to the audit objectives.
26. We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.
27. There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting noncompliance.
28. As part of your audit, you assisted with preparation of the financial statements and related notes. We have designated an individual with suitable skill, knowledge, or experience to oversee your services and have made all management decisions and performed all management functions. We have reviewed, approved, and accepted responsibility for those financial statements and related notes.
29. The Nevada State Board of Professional Engineers and Land Surveyors has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any material asset been pledged as collateral.
30. The Nevada State Board of Professional Engineers and Land Surveyors has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
31. The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
32. The financial statements properly classify all funds and activities in accordance with GASB Statement No. 34.
33. All funds that meet the quantitative criteria in GASB Statement Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial users.
34. Components of net position (net investment in capital assets; restricted; and unrestricted) and components of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.
35. Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.

36. Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
37. Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
38. Deposits and investment securities are properly classified as to risk, and investments are properly valued and disclosed.
39. Capital assets, including infrastructure assets, are properly capitalized, reported, and, if applicable, depreciated.
40. The Nevada State Board of Professional Engineers and Land Surveyors has identified all accounting estimates that could be material to the financial statements, including the key factors and significant assumptions underlying those estimates, and we believe the estimates are reasonable in the circumstances.
41. There are no estimates that may be subject to a material change in the near term that have not been properly disclosed in the financial statements. We understand that near term means the period within one year of the date of the financial statements. In addition, we have no knowledge of concentrations existing at the date of the financial statements that make the District vulnerable to the risk of severe impact that have not been properly disclosed in the financial statements.

Best Regards,

Nevada State Board of Professional Engineers and Land Surveyors



Patty Mamola  
Executive Director



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

**Financial Report  
Year Ended June 30, 2018**

# Nevada State Board of Professional Engineers and Land Surveyors

Year Ended June 30, 2018

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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, 2018, 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, 2018, 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 September 24, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Board's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Board's internal control over financial reporting and compliance.

Wipfli LLP



September 24, 2018  
Madison, Wisconsin

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**Management Discussion and Analysis**

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# Nevada State Board of Professional Engineers and Land Surveyors

## Management Discussion and Analysis

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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, 2018 and 2017

	<u>2018</u>	<u>2017</u>
<b>Assets:</b>		
Current Assets	\$2,367,024	\$2,250,744
Non-current Assets:		
Capital assets	<u>89,934</u>	<u>71,069</u>
<b>Total Assets</b>	<u>2,456,958</u>	<u>2,321,813</u>
<b>Liabilities:</b>		
Current Liabilities	<u>35,973</u>	<u>41,917</u>
<b>Deferred Inflows</b>	<u>704,144</u>	<u>648,846</u>
<b>Net Position:</b>		
Net investment in capital assets	89,934	71,069
Unrestricted	<u>1,626,907</u>	<u>1,559,981</u>
<b>Total net position</b>	<u>\$1,716,841</u>	<u>\$1,631,050</u>

The net position increased by \$85,791 due to an increase in revenue and controlling of expenses.

# Nevada State Board of Professional Engineers and Land Surveyors

## Management Discussion and Analysis

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### 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, 2018 and 2017

	<u>2018</u>	<u>2017</u>
<b>Revenues:</b>		
Program:		
Charges for services	\$985,823	\$ 954,593
General:		
Other	<u>9,234</u>	<u>67,910</u>
Total revenue	<u>995,057</u>	<u>1,022,503</u>
<b>Expenses:</b>		
Board expenditures	<u>909,266</u>	<u>831,748</u>
Change in net position	<u>\$ 85,791</u>	<u>\$190,755</u>

Total expenses increased by \$77,518 in 2018 compared to 2017 primarily due to added costs associated with establishing and operating a new office in Las Vegas.

### General Fund Budgetary Comparison

The original budget was passed with revenues expected to exceed expenditures by \$1,585. The original budgeted expenditures were amended by an increase of \$104,943, which included \$24,000 for additional lobbying expenses, \$16,455 for a Las Vegas lease, \$4,849 for Las Vegas Network Infrastructure, \$9,639 for Las Vegas office furniture, \$15,000 for additional travel expenses, and \$35,000 for additional professional fees. Actual results show revenues exceeded the final budget by \$37,432 mainly due to the application fees exceeding budget by \$62,250. Expenditures were less than the final budget by \$127,915 mainly due to personnel services being less than the budgeted amount by \$88,568 as well as office rent being less than the budgeted amount by \$28,198. Total revenues exceeded expenditures by \$61,989.

### Capital assets

The Board has a total of \$89,934 in capital assets as of the year ended June 30, 2018. 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

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### **Economic and Other Factors**

Nevada's economy continues to grow at a 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 create an increased demand for professional engineering services. In fiscal year 2017/2018 Nevada added 1,031 new licensees bringing the number of licensed engineers to 17,225 and the number of licensed land surveyors to 1,220. The number of land surveyors is essentially stagnant when compared to the previous year, and previous years have had a steady downward trend. Decreasing numbers of land surveyors is not unique to Nevada. It is 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 and maintain an adequate number of licensed land surveyors to meet market demands.

### **Program Enhancements**

In 2008, the downturn in the Nevada economy significantly impacted the number of Nevada licensees. According to the Nevada chapter of American Consulting Engineering Companies, Nevada lost 60% of its engineers. The loss of licensees negatively impacted Board revenues requiring the Board to aggressively cut expenses and defer expenses related to 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. Deferred enhancements and program improvements are described in the Board's Business Plan. During this next year the focus will be on addressing deferred enhancements and 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.



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**Basic Financial Statements**

Nevada State Board of Professional Engineers and Land Surveyors  
Statement of Net Position and Governmental Fund Balance Sheet  
June 30, 2018

	General Fund	Adjustments (Note 9)	Statement of Activities
<b>Assets</b>			
Cash and cash equivalents	\$ 835,226	\$ 0	\$ 835,226
Investments	1,511,829	0	1,511,829
Accounts receivable	10,926	0	10,926
Prepaid expenses	9,043	0	9,043
Capital assets:			
Depreciated, net of accumulated depreciation	0	89,934	89,934
<b>Total assets</b>	<b>\$ 2,367,024</b>	<b>89,934</b>	<b>2,456,958</b>
<b>Liabilities</b>			
Accounts payable	\$ 11,497	0	11,497
Accrued payroll	13,812	0	13,812
Accrued compensated absences	0	10,664	10,664
<b>Total liabilities</b>	<b>25,309</b>	<b>10,664</b>	<b>35,973</b>
<b>Deferred Inflows of Resources</b>			
License fees received in advance	704,144	0	704,144
<b>Fund Balance/Net Position</b>			
Fund balance:			
Nonspendable	9,043	(9,043)	0
Assigned	380,000	(380,000)	0
Unassigned	1,248,528	(1,248,528)	0
<b>Total fund balance</b>	<b>1,637,571</b>	<b>(1,637,571)</b>	<b>0</b>
<b>Total liabilities, deferred inflows and fund balance</b>	<b>\$ 2,367,024</b>		
Net position:			
Net investment in capital assets		89,934	89,934
Unrestricted		1,626,907	1,626,907
<b>Total net position</b>		<b>\$ 1,716,841</b>	<b>\$ 1,716,841</b>

See accompanying notes to financial statements.

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, 2018

	General Fund	Adjustments (Note 9)	Statement of Activities
<b>Expenditures/Expenses</b>			
Board expenditures	\$ 933,068	\$ (23,802)	\$ 909,266
<b>Program Revenues</b>			
Charges for services	985,823	0	985,823
Net program revenues	52,755	23,802	76,557.00
<b>General Revenues</b>			
Investment income	9,234	0	9,234
Excess of revenues over expenditures	61,989	(61,989)	0
Change in net position	0	85,791	85,791
<b>Fund Balance/Net Position</b>			
Beginning of year	1,575,582	55,468	1,631,050
End of year	\$ 1,637,571	\$ 79,270	\$ 1,716,841

See accompanying notes to financial statements.

# Nevada State Board of Professional Engineers and Land Surveyors

## Notes to Financial Statements

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### 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

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### **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

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### **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 Board's Administrative Procedures Oversight Committee. The final budget is prepared on a basis similar to generally accepted accounting principles and is approved by the Board Members at a public meeting held typically 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 consisting of time certificates of deposit are stated at cost which approximates fair market value and are not subject to fair value reporting requirements. 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 benefits. Unused vacation pay will be paid upon termination to all employees. Vacation pay is accrued when incurred and reported as a liability in the government-wide financial statements. It is reported as a liability in the fund statements only when payment is due. It is also the Board's policy to grant regular full-time employees 80 hours per year of PTO (personal time off). Each eligible employee is given 80 hours of PTO effective January of each calendar year. Unused PTO hours at the end of the year is not paid to employees or carried over to the next calendar year.

# Nevada State Board of Professional Engineers and Land Surveyors

## Notes to Financial Statements

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### Note 1: Summary of Significant Accounting Policies (Continued)

#### 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.

#### 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 has nonspendable balances relating to prepaid amounts.

# Nevada State Board of Professional Engineers and Land Surveyors

## Notes to Financial Statements

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### Note 1: Summary of Significant Accounting Policies (Continued)

#### Fund Balance Policies (Continued)

**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.

**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 assigned a total of \$380,000 at year end, which includes \$30,000 for website improvements – Phase 2, \$175,000 for a Data System Comprehensive Upgrade, and \$175,000 for an Electronic Submittal/Digital Signature Pathway.

**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.

**Minimum Fund Balance Policy** - It is the desire of the Board to maintain adequate General Fund balance to maintain liquidity and in anticipation of economic downturns or natural disasters. The Board has adopted a financial standard to maintain a General Fund minimum fund balance of 18 months of budgeted expenditures.

#### 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.

### 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

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### 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, 2018, the government's bank balance was \$2,353,704 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, 2018, is as follows:

	<u>Balance July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2018</u>
Capital assets being depreciated:				
Web site costs	\$ 20,000	\$ 0	\$ 0	\$ 20,000
Furniture, fixtures and equipment	<u>154,868</u>	<u>33,167</u>	<u>0</u>	<u>188,035</u>
Total capital assets being Depreciated	<u>174,868</u>	<u>33,167</u>	<u>0</u>	<u>208,035</u>
Less accumulated depreciation for:				
Web site costs	3,333	3,333	0	6,666
Furniture, fixtures and equipment	<u>100,466</u>	<u>10,969</u>	<u>0</u>	<u>111,435</u>
Total accumulated depreciation	<u>103,799</u>	<u>14,302</u>	<u>0</u>	<u>118,101</u>
Total capital assets	<u>\$ 71,069</u>	<u>\$ 18,865</u>	<u>\$ 0</u>	<u>\$ 89,934</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 \$15,517, for eligible employees, for the year ended June 30, 2018.

### 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. The Board currently leases office space in Las Vegas, Nevada. The lease term commenced on January 15, 2018 and expires January 31, 2023, with monthly rental payments starting at \$2,275/month for the first year and increasing each year to \$2,503/month in the final year. Rent expenditures for the above leases totaled \$64,723 for the year ended June 30, 2018.

# Nevada State Board of Professional Engineers and Land Surveyors

## Notes to Financial Statements

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### Note 6: Operating Leases (Continued)

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:

2019	\$79,821
2020	36,994
2021	28,980
2022	29,682
2023	17,521

### Note 7: 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 8: 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 \$208,035, net of accumulated depreciation of (\$118,101) and the recording of accrued compensated absences of (\$10,664). The adjustments to the statement of revenues, expenditures, and changes in fund balance include the effects of depreciation expense of \$14,302 offset by (\$33,167) in capital asset additions, and the decrease in compensated absences of (\$4,937).

### Note 9: Pending Accounting Pronouncements

GASB Statement No. 84, Fiduciary Activities establishes criteria for identifying fiduciary activities of all state and local governments. This statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018.

GASB Statement No. 87, Leases, will be effective for the Board beginning with its year ending June 30, 2021. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.

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

**Required Supplementary Information**

# Nevada State Board of Professional Engineers and Land Surveyors

## Budgetary Comparison Schedule - General Fund

For the year ended June 30, 2018

(With Comparative Totals for the year ended June 30, 2017)

	2018			2017 Actual	
	Original Budget	Final Budget	Actual	Over (Under) Budget	(Memo Only)
<b>Revenues</b>					
Fees and fines:					
Application fees	\$ 153,700	\$ 153,700	\$ 215,950	\$ 62,250	\$ 203,048
Renewal fees	643,725	643,725	632,211	(11,514)	611,316
Examination fees	2,200	2,200	2,960	760	4,810
Corporate registrations	70,000	70,000	66,100	(3,900)	75,050
Penalties and fines	25,000	25,000	9,244	(15,756)	23,318
Wet stamps	18,000	18,000	16,360	(1,640)	17,360
Document fees	1,000	1,000	7,025	6,025	1,625
Other operating revenue	36,000	36,000	35,973	(27)	33,354
Interest income	8,000	8,000	9,234	1,234	67,910
<b>Total revenue</b>	<b>\$ 957,625</b>	<b>\$ 957,625</b>	<b>\$ 995,057</b>	<b>\$ 37,432</b>	<b>\$ 1,037,791</b>
<b>Expenditures</b>					
Current:					
Personnel services					
Board member per diem	\$ 16,200	\$ 16,200	\$ 14,094	\$ (2,106)	\$ 19,699
Salaries	385,705	385,705	323,687	(62,018)	295,233
Retirement	18,616	18,616	15,517	(3,099)	8,418
Payroll taxes	35,298	35,298	30,898	(4,400)	27,300
Employee group insurance	60,000	60,000	43,055	(16,945)	55,274
<b>Total personnel services</b>	<b>515,819</b>	<b>515,819</b>	<b>427,251</b>	<b>(88,568)</b>	<b>405,924</b>
Operating					
Audit	15,000	15,000	15,057	57	7,716
Contract services	42,480	42,480	42,799	319	36,493
Database/website design	3,000	3,000	8,469	5,469	29,108
Program services	25,850	25,850	24,575	(1,275)	31,794
Equipment lease	8,000	8,000	6,142	(1,858)	5,976
Equipment/furniture	41,900	56,388	56,951	563	31,027
Insurance	1,900	1,900	1,380	(520)	1,685
Legal	105,000	140,000	113,774	(26,226)	94,823
Lobbying	9,000	33,000	30,956	(2,044)	9,000
Merchant service fees	17,000	17,000	26,030	9,030	5,946
Miscellaneous	5,000	5,000	5,211	211	5,946
Office rent	74,191	90,646	62,448	(28,198)	51,691
Office supplies	6,000	6,000	12,245	6,245	7,545
Postage	12,400	12,400	9,385	(3,015)	9,979
Printing and copying	4,500	4,500	2,348	(2,152)	1,484
Travel	48,000	63,000	69,922	6,922	63,842
State administrative fees	14,500	14,500	11,861	(2,639)	12,183
Telephone	6,500	6,500	6,264	(236)	6,237
<b>Total operating</b>	<b>440,221</b>	<b>545,164</b>	<b>505,817</b>	<b>(39,347)</b>	<b>412,475</b>
<b>Total expenditures</b>	<b>956,040</b>	<b>1,060,983</b>	<b>933,068</b>	<b>(127,915)</b>	<b>818,399</b>
<b>Excess of revenue over expenditures</b>	<b>\$ 1,585</b>	<b>\$ (103,358)</b>	<b>\$ 61,989</b>	<b>\$ 165,347</b>	<b>\$ 219,392</b>



**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, 2018, 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 24, 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



September 24, 2018  
Madison, Wisconsin