



**Mark Fakler, PE**  
Executive Director

**Angelo A Spata, PE**  
Board Chair (6/30/24)  
**L Brent Wright, PE/SE**  
Board Vice Chair (6/30/26)  
**Michael Kidd, PLS**  
Board Member (6/30/26)

**Thomas Matter**  
Public Member (6/30/25)  
**Greg DeSart, PE**  
Board Member (6/30/24)  
**Matt Gingerich, PLS**  
Board Member (6/30/25)

**Robert M Fyda, PE**  
Board Member (6/30/24)  
**Jay Dixon, PE**  
Board Member (8/31/26)  
**Karen D Purcell, PE**  
Board Member (6/30/24)

November 15, 2024

Daniel L Crossman, Legislative Auditor  
Audit Division  
Legislative Counsel Bureau  
401 South Carson Street  
Carson City, NV 89701-4747

RE: Annual Audit Documents – Nevada State Board of Professional Engineers and Land Surveyors

Dear Mr Crossman:

Please find enclosed the reporting documents requested pursuant to NRS 218G.400.

The audit documents are indexed according to instructions received. Should you have any questions or need any further clarification, please feel free to contact me.

Best Regards,

Mark Fakler, PE  
Executive Director  
775.688.1231  
mfakler@nvbpels.nv.gov

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

**Financial Report  
Year Ended June 30, 2024**

# Nevada State Board of Professional Engineers and Land Surveyors

Year Ended June 30, 2024

---

## Table of Contents

<b>Independent Auditor’s Report</b>	1 - 3
<b>Management’s Discussion and Analysis</b>	4 - 7
<b>Basic Financial Statements</b>	
Statement of Net Position and Governmental Fund Balance Sheet	8
Statement of Activities and Governmental Fund Revenues, Expenditures and Changes in Fund Balance	9
Notes to Financial Statements	10 - 22
<b>Required Supplementary Information</b>	
Budgetary Comparison Schedule - General Fund	23
Schedule of Changes in Other Post Employment Benefits Liability and Related Ratios	24
<b>Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards</b>	25 - 26
Schedule of Findings and Questioned Costs	27
Summary Schedule Prior Audit Findings	28

Casey Neilon, Inc.  
Accountants and Advisors

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Nevada State Board of Professional Engineers and Land Surveyors  
Reno, Nevada

### ***Report on the Audit of the Financial Statements***

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities and the major fund of the Nevada State Board of Professional Engineers and Land Surveyors ("the Board") as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Board, as of June 30, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Board, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management for the Financial Statements***

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

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

## ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Board's ability to continue as a going concern for a reasonable period of time.

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

## ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and the schedule of changes in other postemployment benefits be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements.

We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 7, 2024, 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.

A handwritten signature in cursive script that reads "Casey Nelson".

Carson City, Nevada  
November 7, 2024

**Management's Discussion and Analysis**

Nevada State Board of Professional Engineers and Land Surveyors  
Management's Discussion and Analysis  
June 30, 2024

---

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, 2024 is presented in conjunction with the audited financial statements.

**Financial Highlights**

- As of June 30, 2024, net position was \$1,347,515, which was a decrease of \$134,571 when compared to the 2023 balance of \$1,482,086.
- Total program revenues increased by \$40,992 compared to the prior year. The Board experienced an increase in interest income due to the increase in rates. The Board also saw an increase in application, renewal and registration fees.
- Total expenses increased by \$216,678 compared to the prior year. The increase is primarily due to increases in salaries, merchant service fees, program service fees, and legal expenses.

**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 fund financial statement reporting. The financial statements have been prepared in accordance with generally accepted accounting principles as they apply to governmental units. The fund financial statements include a balance sheet, a statement of revenues, expenditures, and changes in fund balance, and notes to the financial statements.

The Statement of Net Position and Governmental Fund Balance Sheet present the financial position of the Board on both the modified accrual basis under the general fund and the full accrual basis as net position. This statement provides information on the Board's assets 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 focuses 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.



**Overview of Annual Financial Report (Continued)**

The notes to the financial statements provide required disclosures and other information that are essential to a full understanding of material data provided in the basic financial 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**

**Condensed Statement of Net Position  
 For Fiscal Years Ended June 30, 2024 and 2023**

	<u>2024</u>	<u>2023</u>
<b>Assets:</b>		
Current assets	\$ 2,657,713	\$ 2,656,490
Non-current assets:	<u>623,253</u>	<u>694,576</u>
Total Assets	<u>3,280,966</u>	<u>3,351,066</u>
<b>Deferred Outflows</b>	<u>22,916</u>	<u>14,666</u>
<b>Liabilities</b>		
Current liabilities	1,123,271	1,050,932
Noncurrent liabilities	<u>801,039</u>	<u>801,036</u>
Total Liabilities	<u>1,924,310</u>	<u>1,851,968</u>
<b>Deferred Inflows</b>	<u>32,057</u>	<u>31,678</u>
<b>Net Position:</b>		
Investment in capital assets, net of related debt	132,292	129,327
Unrestricted	<u>1,215,223</u>	<u>1,352,759</u>
Total Net Position	<u>\$ 1,347,515</u>	<u>\$ 1,482,086</u>

Total net position decreased by \$134,571 compared to the prior year due to the current year budgeted net loss for planned deferred work.

**Condensed Financial Information (Continued)**

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

**Condensed Statement of Activities  
 For Fiscal Years Ended June 30, 2024 and 2023**

	<u>2024</u>	<u>2023</u>
<b>Revenues:</b>		
Program:		
Charges for services	\$ 1,113,155	\$ 1,072,163
General:		
Other	<u>92,529</u>	<u>44,350</u>
Total revenue	<u>1,205,684</u>	<u>1,116,513</u>
<b>Expenses:</b>		
Board expenditures	<u>1,340,255</u>	<u>1,123,577</u>
Change in net position	<u>\$ (134,571)</u>	<u>\$ (7,064)</u>

As noted in the financial highlights, increases in total expenses are attributable to salaries, merchant service fees, program service fees, and legal expenses.

**General Fund Budgetary Comparison**

The original budget was passed with expenditures expected to exceed revenues by \$268,850. Actual results show revenues exceeded the final budget by \$121,284, mainly due to interest exceeding budget by \$57,529, application fees exceeding budget by \$18,828, renewal fees exceeding budget by \$18,326 and penalties and fines exceeding budget by \$14,931. Expenditures were less than the final budget by \$64,901, mainly due to database and website design being less than budgeted by \$66,820, payroll taxes being less than budgeted by \$18,201, salaries being less than budgeted by \$15,589, employee group insurance being less than budgeted by \$14,055 and travel being less than budgeted by \$13,744. Total expenditures exceeded revenues by \$82,665.

**Noncurrent assets**

The Board has a total of \$76,094 in net capital assets as of the year ended June 30, 2024. These assets include intangible web design costs, office equipment and furnishings. See Note 4 for additional information on the Board’s capital assets. The Board also has \$86,898 for capital assets in progress for a registration software that is not yet completed and \$460,261 in net right-of-use lease assets.

***Economic and Other Factors***

It's been over a decade since the Great Recession impacted Nevada's economy. Out of all the US states in recent years, Nevada experienced the greatest employment growth during the recovery period, and that included growth in numbers of engineers seeking licensure in Nevada. Nevada's efforts to diversify its economy resulted in professional sector expansion. Eclectic companies relocated to Nevada and we experienced growth in small, medium, and large technology companies.

In fiscal year 2023/2024 Nevada had 191 professional engineers and 8 professional land surveyors retire or withdraw their license and added 1,404 new licensees (1,373 engineers and 31 land surveyors) bringing the total number of current licensed professionals to 15,985 (15,324 engineers and 661 land surveyors). About 14% of the new licensees are licensed for the first time and the remaining 86% are licensed by comity/endorsement. An indeterminate number of licensees chose to not renew their license. A licensee can renew their license within six months of license expiration with a late fee. After six months of non-renewal, a licensee is considered delinquent.

***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 has been to improve current automated processes related to 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. Because of the Board's healthy reserves built up during the recovery period following the Great Recession, the focus continues to be on addressing deferred enhancements. These include improving customer service while streamlining and speeding the licensing process and eliminating manual processing and manual office functions where possible. The Board is committed to 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.

**Nevada State Board of Professional Engineers and Land Surveyors**  
**Statement of Net Position and Governmental Fund Balance Sheet**  
**June 30, 2024**

	General Fund	Adjustments (Note 9)	Statement Net Position
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	\$ 452,422	\$ -	\$ 452,422
Investments	2,188,754	-	2,188,754
Prepaid expenses	16,537	-	16,537
Total current assets	2,657,713	-	2,657,713
<b>Noncurrent assets</b>			
Capital assets:			
Depreciated, net of accumulated depreciation	-	76,094	76,094
Capital assets in progress	-	86,898	86,898
Right-of-use lease asset, net of accumulated amortization	-	460,261	460,261
	-	623,253	623,253
Total assets	\$ 2,657,713	623,253	3,280,966
<b>Deferred Outflows of Resources</b>			
Deferred outflows related to OPEB	-	22,916	22,916
Total deferred outflows of resources	-	22,916	22,916
<b>Liabilities</b>			
<b>Current liabilities</b>			
Accounts payable	\$ 58,180	-	58,180
Accrued payroll	14,409	-	14,409
License fees received in advance	934,944	-	934,944
Current portion of lease liability	-	77,742	77,742
Accrued compensated absences	-	37,996	37,996
Total current liabilities	1,007,533	115,738	1,123,271
<b>Noncurrent liabilities</b>			
Lease liability	-	413,219	413,219
Net OPEB liabilities	-	387,820	387,820
Total current liabilities	-	801,039	801,039
Total liabilities	1,007,533	916,777	1,924,310
<b>Deferred Inflows of Resources</b>			
Deferred inflows related to OPEB	-	32,057	32,057
Total deferred inflows of resources	-	32,057	32,057
<b>Fund Balance/Net Position</b>			
Fund balance:			
Nonspendable	16,537	(16,537)	-
Assigned	380,000	(380,000)	-
Unassigned	1,253,643	(1,253,643)	-
Total fund balance	1,650,180	(1,650,180)	-
Total liabilities, deferred inflows, and fund balance	\$ 2,657,713		
<b>Net Position</b>			
Investment in capital and right of use assets, net of related debt		132,292	132,292
Unrestricted		1,215,223	1,215,223
Total net position		\$ 1,347,515	\$ 1,347,515

**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, 2024**

	General Fund	Adjustments (Note 9)	Statement of Activities
<b>Expenditures/Expenses</b>			
Board expenditures	\$ 1,288,349	\$ 51,906	\$ 1,340,255
<b>Program Revenues</b>			
Charges for services	1,113,155	-	1,113,155
Net program expenses	(175,194)	(51,906)	(227,100)
<b>General Revenues</b>			
Investment income	92,529	-	92,529
Excess/(deficit) of revenues over expenditures	(82,665)	82,665	-
<b>Change in net position</b>	-	(134,571)	(134,571)
<b>Fund Balance/Net Position</b>			
Beginning of year	1,732,845	(250,759)	1,482,086
End of year	\$ 1,650,180	\$ (302,665)	\$ 1,347,515

**Basic 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 of America (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. 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. According to this criteria, the Board has not identified any component units that are required to be included in the basic financial statements.

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.

**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.

**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.



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

**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 \$2,500 and an estimated useful life in excess of two years. Donated assets are recorded at their estimated acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are depreciated using the straight-line method over five to fifteen years.

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Board has \$22,916 attributable to other post-employment benefits (“OPEB”) that qualifies for reporting in this category.

In addition to liabilities, the statement of net position and/or governmental fund 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. The Board has \$32,057 attributable to OPEB that qualifies for reporting in this category.

**Deferred Revenue**

The Board administers its licensing registration on a rotating biennial basis. Licensing fees are received at the beginning of the licensing period and are recognized ratably over the renewal period. Renewals are for two years and occur on a rotating schedule based on the licensees last name. Renewals take place on 6/30 and 12/31 over the two year period.

**Compensated Absences**

It is the Board's policy to permit employees to accumulate earned but unused vacation benefits up to 240 hours. 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 are not paid to employees or carried over to the next calendar year.

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

**OPEB Liabilities**

For purposes of measuring the OPEB liabilities, deferred outflows/inflows of resources, and benefit expenses, information about the fiduciary net position of the Public Employees' Benefit Program (PEBP) and PEBP's fiduciary net positions have been determined on the same basis as they are reported by PEBP. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**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 of \$16,537 relating to prepaid amounts.

***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.

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

**Fund Balance Policies (Continued)**

**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. The Board has unassigned balances of \$1,253,643 at year end.

**Minimum Fund Balance Policy** - It is the desire of the Board to maintain an 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.

**Adoption of New Accounting Pronouncements**

During the year ended June 30, 2024, the Authority implemented the provisions of GASB Statement No. 100, *Accounting Changes and Error Corrections*. Issued in June 2022, the primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. There is no impact to the Authority for implementing this standard.

**New Accounting Pronouncements (not yet adopted)**

The following GASB pronouncements have been issued, but are not effective as of June 30, 2024:

GASB Statement No. 101, *Compensated Absences*. Issued in June 2022, Governments commonly provide benefits to employees in the form of compensated absences. The primary objective of this Statement is to better meet the information needs of financial statement users by updating the

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

**New Accounting Pronouncements (not yet adopted) (Continued)**

recognition and measurement guidance for compensated absences. Statement No. 101 will be effective for the Board for fiscal year ending June 30, 2025.

GASB Statement No. 102, *Certain Risk Disclosures*. Issued in December 2023, the primary objective of this Statement is to enhance the quality and completeness of financial reporting by ensuring that stakeholders are informed about significant risks that could impact the entity's financial position. Statement No. 102 will be effective for the Board for fiscal year ending June 30, 2025.

The Board will implement new GASB pronouncements no later than the required effective date. The Board is currently evaluating whether or not the above listed new GASB pronouncements will have a significant impact on the Board's financial statements.

**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.

**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, 2024, the government's bank balance was \$2,611,463 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.

Nevada State Board of Professional Engineers and Land Surveyors  
 Notes to Financial Statements  
 June 30, 2024

**Note 4: Capital Assets**

The governmental activities capital asset activity for the year ended June 30, 2024, is as follows:

	Balance July 1, 2023	Additions	Deletions	Balance June 30, 2024
Capital assets being depreciated:				
Web site costs	\$ 20,000	\$ -	\$ -	\$ 20,000
Furniture, fixtures and equipment	310,533	-	-	310,533
Total capital assets being depreciated:	330,533	-	-	330,533
Less accumulated depreciation for:				
Web site costs	20,000	-	-	20,000
Furniture, fixtures and equipment	216,285	18,154	-	234,439
Total accumulated depreciation	236,285	18,154	-	254,439
Total capital assets	\$ 94,248	\$ (18,154)	\$ -	\$ 76,094

**Note 5: Defined Contribution Benefit 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 8% of gross wages, or \$41,681, for eligible employees, for the year ended June 30, 2024.

**Note 6: Leases**

The Board currently leases office space in Reno, Nevada. The lease term commenced on October 10, 2018 and expires on December 31, 2028, with monthly rental payments ranging from \$4,380 to \$4,930. The Board also currently leases office space in Las Vegas, Nevada. The lease term commenced on January 15, 2018 and ended January 31, 2023, with monthly rental payments starting at \$2,275 per month for the first year and increasing each year to \$2,589 per month in the final year. The Board signed a new lease for the Las Vegas Office that commenced in February 2023 and expires January 31, 2033, with payments ranging from \$2,038 per month in the first year to \$2,659 in the final year. In addition the Board pays for their proportionate share of operating expenses. At the time of initial measurement there was no interest rate specified in the original lease agreement.

Nevada State Board of Professional Engineers and Land Surveyors  
 Notes to Financial Statements  
 June 30, 2024

**Note 6: Leases (Continued)**

Accordingly, the Board has used an incremental borrowing rate equal to the three year treasury rate as reported by the Wall Street Journal to discount the annual lease payments to recognize the intangible right-to-use assets and the lease liabilities as of June 30, 2024.

	Balance July 1, 2023	Additions	Deletions	Balance June 30, 2024
Right-of-use lease assets:				
Lease assets, office	\$ 816,345	\$ -	\$ -	\$ 816,345
Less: accumulated amortization	274,450	81,634	-	356,084
	<u>\$ 541,895</u>	<u>\$ (81,634)</u>	<u>\$ -</u>	<u>\$ 460,261</u>

Lease obligations are as follows:

	Balance July 1, 2023	Additions	Deletions	Balance June 30, 2024	Amount due in one year
Lease liabilities:					
Office	\$ 565,249	\$ -	\$ (74,288)	\$ 490,961	\$ 77,742

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 separated in the amounts to be recorded as principal and interest related to the lease liabilities:

Year Ending June 30	Principal	Interest
2025	\$ 77,742	\$ 9,606
2026	81,338	8,628
2027	85,087	7,581
2028	88,989	6,459
2029	57,731	5,259
Thereafter	100,074	9,906
	<u>\$ 490,961</u>	<u>\$ 47,439</u>

Nevada State Board of Professional Engineers and Land Surveyors  
 Notes to Financial Statements  
 June 30, 2024

---

**Note 7: Subscription Based Information Technology Agreements**

The Board had a contract with InLumon for the hosting and maintenance of the Board’s database that qualifies for capitalization under GASB Statement No. 96. The contract is for two years beginning in July 2022, ending in June 2024. The payment is \$1,575 monthly for the life of the agreement. At the time of initial measurement there was no interest rate specified in the original agreement. Accordingly, the Board has used an incremental borrowing rate equal to the three year treasury rate as reported by the Wall Street Journal to discount the annual lease payments to recognize the intangible right-to-use asset and the subscription liability as of June 30, 2024. As of June 30, 2024, the right-to-use asset and subscription liability have been fully amortized, and the term of the arrangement has ended. Consequently, the right-to-use asset and subscription liability has been removed from the financial statements. The removal of the fully amortized right-to-use asset and subscription liability does not affect the current financial position as the right-to-use asset and liability had already been fully amortized by the end of the arrangement's term. The Board has not entered into any new subscription-based IT arrangements to replace the fully amortized liability.

	Balance July 1, 2023	Additions	Deletions	Balance June 30, 2024
Subscription assets:				
Subscription assets, office	\$ 34,430	\$ -	\$ (34,430)	\$ -
Less: accumulated amortization	17,215	-	(17,215)	-
	<u>\$ 17,215</u>	<u>\$ -</u>	<u>\$ (17,215)</u>	<u>\$ -</u>

Subscription obligations are as follows:

	Balance July 1, 2023	Additions	Deletions	Balance June 30, 2024	Amount due in one year
Subscription liabilities:					
Office	\$ 18,822	\$ -	\$ (18,822)	\$ -	\$ -

**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 statement of activities. Adjustments to the fund balance sheet include the effect of the capitalization of fixed assets of



# Nevada State Board of Professional Engineers and Land Surveyors

## Notes to Financial Statements

June 30, 2024

---

### **Note 9: Conversion to Government-Wide Financial Statements (Continued)**

\$330,533, net of accumulated depreciation of (\$254,439), the recording of capital assets in progress of \$86,898, the recording of accrued compensated absences of \$37,996, the recording of the GASB Statement No. 87 right-of-use asset of \$816,345 less accumulated amortization of (\$356,084), the recording and removal of GASB Statement No. 96 Subscription right-of-use asset of \$17,215 less accumulated amortization of (\$17,215), the current portion of lease liability of \$77,742, and the corresponding lease liability of \$413,219, the recording and removal of the subscription liability of \$18,822, the recording of net OPEB liabilities of \$387,820, the recording of deferred outflows related to OPEB of \$22,916 and, the recording of deferred inflows related to OPEB of \$32,057. The adjustments to the statement of revenues, expenditures, and changes in fund balance include the effects of depreciation and amortization expense of \$117,003, the increase in compensated absences of \$3,819, the decrease in rent expense due to GASB 87 of (\$84,805), the decrease in website expenses due to the capitalization of capital assets in progress of (\$45,680), the decrease in website hosting due to GASB Statement No. 96 of (\$18,900), the increase in interest expense due to GASB Statements No. 87 and 96 of \$10,595, and net OPEB expense of \$69,874.

### **Note 10: Subsequent Events**

The Board has evaluated subsequent events through November 7, 2024, the date which the financial statements were available to be issued.

### **Note 11: Other Postemployment Benefit Obligation**

The Board has implemented GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. This statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. The Board recognizes the cost of post-employment healthcare in the year when the employee services are received, reports the accumulated liability from prior years, and provides information useful in assessing potential demands on the Board's future cash flows. The annual funding, if paid on an ongoing basis, is projected to cover normal costs each year and to amortize any unfunded liabilities (or funding excess) over a period not to exceed thirty years.

### **Plan Description and Eligibility**

Certain employees of the State of Nevada ("State") are provided with OPEB through the Public Employees' Benefits Program (PEBP) – which administers a cost-sharing multiple employer defined benefit OPEB plan administered by the Public Employees' Benefits Program Board (PEBP Board) which was created in 1983 by the Nevada Legislature to administer group health, life and disability insurance for covered employees, both active and retired, of the State, and certain other participating public employers within the State of Nevada. PEBP does not provide for refunds of employee contributions. PEBP issues a publicly available financial report that can be obtained at <https://pebp.state.nv.us/>. The Board is reporting plan information consistently with the PEBP's accounting methods and assumptions as disclosed in the annual report. No information has come to our attention that indicates significant changes to the plan's disclosures.



**Note 11: Other Postemployment Benefit Obligation (Continued)**

**Contributions**

Legislation affords public employees of the State of Nevada (State) the opportunity to enroll, upon their retirement, PEBP health insurance plan. The legislation obligates the State for a portion of the medical premiums for those retired employees who elect to enroll in the PEBP health insurance plan and retired prior to October 1, 2010 at a rate that is based upon years of service prior to retirement. For employees that retired between October 1, 2010 and September 30, 2012, the State’s obligation for a portion of the medical premiums is dependent upon the PERS eligibility requirements in effect at the time of retirement. Employees that retire after October 1, 2012 may elect to enroll in the PEBP health insurance plan, but the State is not obligated for any portion of their premiums.

There are no retired employees eligible to participate in this plan as the Board does not participate in the State’s retirement plan. The State is charging an annual fee to the Board based on a rate determined by the State and the salaries of the Board. During the year ended June 30, 2024, the Board paid the State \$17,466 for this additional fee for post-employment retirement benefits.

This annual cost is expected to continue and possibly increase based on future decisions by the State to allocate post-employment retirement benefits to the Board’s employees. Representatives of PEBP have indicated that the post-employment benefit liability is at PEBP’s level and the Board merely pays its annual required contribution based on the fees charged by the State.

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

At June 30, 2024, the Board reported a liability of \$387,820 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The Board's proportion of the net OPEB liability was based on a projection of the Board's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating state agencies, actuarially determined. At June 30, 2023, the Board's proportion was 0.0266%.

For the year ended June 30, 2024, the Board recognized OPEB expense of \$69,874. At June 30, 2024, the Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 7,608
Changes of assumptions	5,451	24,336
Net difference between projected and actual investment earnings on OPEB plan investments	-	113
System contributions subsequent to the measurement date	<u>17,465</u>	<u>-</u>
	<u><u>\$ 22,916</u></u>	<u><u>\$ 32,057</u></u>

**Note 11: Other Postemployment Benefit Obligation (Continued)**

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)**

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year ending June 30,</u>	
2025	\$ (11,114)
2026	(12,901)
2027	(1,150)
2028	(1,135)
2029	(306)
	<u>\$ (26,606)</u>

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

Inflation rate	2.50%
Salary increases	4.2% to 9.1%, for regular members and 4.6% to 14.5% for police/fire members
Discount rate	3.65%
Healthcare cost trend rates	Medical/ Prescription Drug: 4.8% initial, 4.5% final Dental: 4% Administrative costs: 3% Part B Reimbursement: 0% and 27.17%, effective July 1, 2023 and 2024, Respectively, then 4.5%

Healthy mortality rates were based on the PUB-2010 Public Retirement Plans Safety Mortality Table weighted by Headcount, projected by MP-2020 for officers, and PUB-2010 Public Retirement Plans General Mortality Table weighted by Headcount, projected by MP2020 for civilians. Disabled mortality rates were based on the PUB-2010 Public Retirement Plans Safety Disabled Mortality Table weighted by Headcount, projected by MP-2020 for officers, and PUB-2010 Public Retirement Plans General Disabled Mortality Table weighted by Headcount, projected by MP-2020 for civilians.

The actuarial assumptions used in the June 30, 2023 valuation were based upon certain demographic and other actuarial assumptions as recommended by the actuary, in conjunction with the State and guidance from the GASB statement.

**Note 12: Disciplinary Proceedings and Contingencies**

In connection with the Board’s enforcement program as prescribed by statute and regulation, it may seek recovery from licensees for costs incurred related to the investigative and disciplinary actions taken by the Board. Judgments made by the Board included stipulations for cost recoveries; these recovery amounts are presented as part of operating revenue. In addition, the

**Note 12: Disciplinary Proceedings and Contingencies (Continued)**

Board is authorized to impose administrative fines. The Board acts as an agent for the State of Nevada with respect to the administrative fine; thus, fines collected by the Board are remitted to the State of Nevada.

Certain claims, suits and complaints associated with the Board's ordinary course of business are pending or may arise. The Board believes the cases are without merit and intends to vigorously defend its positions. Accordingly, these financial statements do not include a liability for amounts that may arise from these cases.

## **Required Supplementary Information**

**Nevada State Board of Professional Engineers and Land Surveyors**  
**Budgetary Comparison Schedule - General Fund**  
**For the year ended June 30, 2024**  
**(With comparative totals for the year ended June 30, 2023)**

	2024			Over (Under) Budget	2023
	Original Budget	Final Budget	Actual		Actual (Memo Only)
<b>Revenues</b>					
Fees and fines:					
Application fees	\$ 178,500	\$ 178,500	\$ 197,328	\$ 18,828	\$ 181,575
Renewal fees	778,500	778,500	796,826	18,326	773,254
Examination fees	2,000	2,000	3,100	1,100	1,700
Corporate registrations	90,000	90,000	98,750	8,750	90,500
Penalties and fines	-	-	10,949	10,949	15,650
Document fees	100	100	1,650	1,550	25
Other operating revenue	300	300	4,552	4,252	9,459
Interest income	35,000	35,000	92,529	57,529	44,350
<b>Total revenue</b>	<b>1,084,400</b>	<b>1,084,400</b>	<b>1,205,684</b>	<b>121,284</b>	<b>1,116,513</b>
<b>Expenditures</b>					
Current:					
Personnel services					
Board member per diem	10,000	10,000	9,975	(25)	7,425
Salaries	581,000	581,000	565,411	(15,589)	475,693
Retirement	30,000	30,000	41,681	11,681	38,521
Payroll taxes	64,050	64,050	45,849	(18,201)	39,056
Employee group insurance	70,000	70,000	55,945	(14,055)	43,999
<b>Total personnel services</b>	<b>755,050</b>	<b>755,050</b>	<b>718,861</b>	<b>(36,189)</b>	<b>604,694</b>
Operating					
Audit and accounting fees	25,000	25,000	26,339	1,339	25,324
Contract services	15,000	15,000	14,390	(610)	6,811
Database/website design	115,000	115,000	48,180	(66,820)	46,225
Program services	47,500	47,500	57,590	10,090	31,775
Equipment lease	5,000	5,000	3,361	(1,639)	3,465
Equipment/furniture	3,800	3,800	8,023	4,223	35,842
Insurance	6,100	6,100	4,402	(1,698)	5,400
Legal	80,000	80,000	75,476	(4,524)	65,283
Government liaison	24,000	24,000	24,000	-	24,000
Merchant service fees	48,000	48,000	71,010	23,010	54,628
Miscellaneous	-	-	272	272	6,177
Office rent	87,600	87,600	91,295	3,695	81,566
Office supplies	16,000	16,000	20,385	4,385	13,114
Postage	11,000	11,000	20,008	9,008	17,629
Printing and copying	6,500	6,500	8,187	1,687	8,566
Professional services	21,700	21,700	22,729	1,029	30,185
Training and conferences	18,000	18,000	10,962	(7,038)	5,048
Travel	53,000	53,000	39,256	(13,744)	50,863
Professional development event	3,500	3,500	-	(3,500)	-
State administrative fees	4,500	4,500	3,574	(926)	1,647
Telephone	7,000	7,000	9,100	2,100	9,515
Disciplinary fees paid to General Fund	-	-	10,949	10,949	15,650
<b>Total operating</b>	<b>598,200</b>	<b>598,200</b>	<b>569,488</b>	<b>(28,712)</b>	<b>538,713</b>
<b>Total expenditures</b>	<b>1,353,250</b>	<b>1,353,250</b>	<b>1,288,349</b>	<b>(64,901)</b>	<b>1,143,407</b>
<b>Excess/(deficit) of revenue over expenditures</b>	<b>\$ (268,850)</b>	<b>\$ (268,850)</b>	<b>\$ (82,665)</b>	<b>\$ 186,185</b>	<b>\$ (26,894)</b>

Nevada State Board of Professional Engineers and Land Surveyors  
**Schedule of Changes in Other Post Employment Benefits Liability and Related Ratios**  
**Year Ended June 30, 2024**

**Schedule of Changes in Net OPEB Liability**  
**Last Ten Fiscal Years \***

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Proportion of the net OPEB liability	0.0266%	0.0215%	0.0215%	0.0216%	0.0230%	0.0190%
Proportionate share of the net OPEB liability	\$ 387,820	\$ 310,075	\$ 334,024	\$ 325,474	\$ 341,931	\$ 251,807
Covered payroll	\$ 630,964	\$ 489,701	\$ 449,411	\$ 442,082	\$ 470,736	\$ 378,377
Proportionate share of the net OPEB liability as a percentage of its covered payroll	61.46%	63.32%	74.32%	73.62%	72.64%	66.55%
Plan fiduciary net position as a percentage of the total OPEB liability	-2.09%	-1.39%	-0.65%	-0.38%	0.02%	0.12%

**Schedule of Contributions**  
**Last Ten Fiscal Years \***

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually required contributions	\$ 10,959	\$ 8,534	\$ 8,525	\$ 9,498	\$ 9,506	\$ 9,023
Contributions in relation to contractually required contributions	<u>(10,959)</u>	<u>(8,534)</u>	<u>(8,525)</u>	<u>(9,498)</u>	<u>(9,506)</u>	<u>(9,023)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

\*GASB Statement No. 75 requires ten years of information to be presented in these tables. However, until a full 10-year trend is compiled, the Board will present information for those years for which information is available.

*Casey Neilson, Inc.*  
**Accountants and Advisors**

**INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors of  
Nevada State Board of Professional Engineers and Land Surveyors  
Reno, Nevada

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the 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, 2024, and the related notes to the financial statements, which collectively comprise the Board’s basic financial statements, and have issued our report thereon dated November 7, 2024.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Board’s internal control over financial reporting (“internal control”) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Board’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Board’s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control 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 or significant deficiencies may exist that were not identified.

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Board's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **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* in considering the Board's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Handwritten signature of Casey Nalon in cursive.

Carson City, Nevada  
November 7, 2024



Nevada State Board of Professional Engineers and Land Surveyors  
Schedule of Findings and Questioned Costs  
June 30, 2024

---

**None.**

**2023-001: Deferred Revenue - Significant Deficiency**

*Criteria:* Management is responsible for establishing and maintaining an effective system of internal control over financial reporting. Management review of schedules prepared to determine financial statement amounts is a key component to effective internal control over financial reporting.

*Condition:* During the course of the audit, the audit team was provided with deposit and other supporting documentation to assist the Board with calculating deferred revenue. During the course of the current year audit it was determined that the data provided for the prior year inadvertently omitted the receipts for new licenses for the purposes of calculating the amount deferred to the subsequent year, resulting in an understatement of deferred revenue.

*Cause:* During the prior year audit the Board’s contracted bookkeeper was implementing new processes for tracking deposits and deferred revenue and had not implemented the process for both new licenses and renewals.

*Effect:* Understatement of deferred revenue in fiscal year 2022 in the amount of \$43,355

*Recommendation:* The Board has already implemented processes to track the deferred revenue and are taking steps to make the adjustments for deferred revenue as part of their normal processes. We recommend that management provide a final review of these calculations during the year-end close.

*Current Status:* The Board implemented processes to track and adjust deferred revenue as part of their normal processes. The Board also completed a final review of these calculations during the year-end close and made appropriate adjustments.