



Financial Statements  
June 30, 2020

# Nevada State Board of Psychological Examiners

Nevada State Board of Psychological Examiners

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June 30, 2020

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## Independent Auditor's Report

To the Members of the Board  
Nevada State Board of Psychological Examiners  
Reno, Nevada

### Report on the Financial Statements

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

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

### **Opinions**

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

### **Restatement Resulting from Correction of Error**

As discussed in Note 7 to the financial statements, certain errors in the 2019 financial statements were discovered by management of the Board. Accordingly, amounts reported for beginning deferred outflows of resources, fund balance, beginning net position, grant revenue, licensing fees received in advance, charges for services, licensing revenue, and personnel expenses have been restated in the 2019 financial statements now presented. Our opinions are not modified with respect to this matter.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison and pension information on pages 4-6, 19 and 20, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the management's discussion and analysis and pension 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.

The budgetary comparison has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2020, on our consideration of the Nevada State Board of Psychological Examiners 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 Nevada State Board of Psychological Examiners internal control over financial reporting and compliance.

*Eide Bailly LLP*

Reno, Nevada  
November 30, 2020

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

#### Financial Highlights

- The Board's net position increased \$19,868 during the current fiscal year.
- Program revenue for the fiscal year ended June 30, 2020 was \$196,026 representing a \$69,763 decrease from the fiscal year ended June 30, 2019 as restated.

#### Overview of Annual Financial Report

Management's Discussion and Analysis (MD&A) serves as an introduction to, and should be read in conjunction with, the basic audited financial statements and supplementary information. The MD&A represents the Board members' and management's examination and analysis of the Board's financial condition and performance. Summary financial statement data, key financial and operational indicators used in the Board's strategic plan, budget, and other management tools were used for this analysis.

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

The Statement of Net Position and Governmental Fund Balance Sheet present the financial position of the Board on both the modified accrual basis under the general fund and the full accrual basis as net position. This statement provides information on the Board's assets, deferred outflows, liabilities and deferred inflows, 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 Revenue, Expenditures and Changes in Fund Balance presents the results of the activities over the course of the fiscal year and information as to how the fund balance and net position changed during the year. The fund balance changes under the modified accrual method when revenue is received or the expenditure is made, while changes in net assets under the full accrual method are recorded as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. This statement also provides certain information about the Board's recovery of its costs.

The notes to financial statements provide required disclosures and other information that are essential to a full understanding of material data provided in the statements. The notes present information about the Board's accounting policies, significant account balances and activities, material risks, obligations, commitments, contingencies and subsequent events, if any.

The financial statements were prepared by the Board's staff from the detailed books and records of the Board. The financial statements were audited during the independent external audit process.

Financial Analysis

The basic financial statements, as well as the required supplementary information, the Statement of Revenue and Expenditures – Budget and Actual, serve as the key financial data for the Board members' and management's monitoring and planning. The Budget is now being presented as a biennial budget representing the term of the licenses issued. Therefore, the previous fiscal year end of June 30, 2019 is also presented, as is the current fiscal year end of June 30, 2020. Variances are based on the two-year actual.

Statement of Net Position

The Board's net position remains strong at year-end with adequate liquid assets to fulfill its responsibilities. The Board members and management believe the current financial condition and staff capabilities are sufficient to meet anticipated operating expenses and operational objectives.

	2020	2019 (Restated)	Variance
<b>ASSETS</b>			
Cash and certificates of deposit	\$ 163,929	\$ 283,042	\$ (119,113)
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
<b>- PENSION REQUIREMENT</b>	94,485	114,796	(20,311)
Total assets and deferred			
outflows of resources	258,414	397,838	(139,424)
<b>LIABILITIES</b>			
Accounts payable and other liabilities	7,388	17,869	(10,481)
Licensing fees received in advance	-	128,500	(128,500)
Net pension liability	129,905	129,645	260
Total liabilities	137,293	276,014	(138,721)
<b>DEFERRED INFLOWS OF RESOURCES</b>			
<b>- PENSION REQUIREMENT</b>	10,210	6,636	3,574
Total liabilities and deferred			
inflows of resources	147,503	282,650	(135,147)
<b>FUND BALANCE / NET POSITION</b>			
Total net position	\$ 110,911	\$ 115,188	\$ (4,277)

Statement of Activities

Revenue: The program revenue received by the Board is generated through the registration, renewal and licensure of Psychological Examiners. Total revenue received by the Board for fiscal year ended June 30, 2020 was \$196,026 representing a \$69,763 decrease over the fiscal year ended June 30, 2019 as restated.

Expenses: Operating expenses for the fiscal year ended June 30, 2020 were \$176,158, representing a decrease over the fiscal year ended June 30, 2019 of \$21,220. The decrease primarily relates to cost-cutting efforts on behalf of the Board. Due to a foreseen change in revenue, the Board adjusted spending.

	2020	2019 (Restated)	Variance
<b>PROGRAM REVENUE</b>	\$ 196,026	\$ 265,789	\$ (69,763)
<b>EXPENDITURES</b>	(200,303)	(197,378)	(2,925)
	\$ (4,277)	\$ 68,411	\$ (72,688)

General Fund Budgetary Highlights

Total revenue received for the biennial period ended June 30, 2020, was greater than the budgeted amount by \$130,515. The increase is due to increased licensing and application fees.

Total expenses were less than the budgeted biennial amounts by \$10,614. The primary areas where expenses were higher was professional and examination fees.

Economic Factors and Next Year's Budget

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

To this end, the Board has implemented a variety of changes that include continued software development to automate various job functions which provides cost savings in personnel services. Staff has been directed to continue seeking areas in which operating expenses can be reduced without jeopardizing the high level of customer service the licensees and public have come to know.

Through the Board's review of the annual budget and monthly income and expense statements, it is expected that these tools will continue to provide the Board with sufficient long and short-term planning information.



Nevada State Board of Psychological Examiners  
Statement of Net Position and Governmental Fund Balance Sheet  
June 30, 2020

	General Fund	Adjustments (Note 6)	Statement of Net Position
<b>Assets</b>			
Cash and cash equivalents	\$ 163,929	\$ -	\$ 163,929
Total assets	163,929	-	163,929
Deferred Outflows of Resources - Pension Requirement	-	94,485	94,485
Total assets and deferred outflows of resources	<u>\$ 163,929</u>	<u>\$ 94,485</u>	<u>\$ 258,414</u>
<b>Liabilities</b>			
Accounts payable	\$ 4,610	\$ -	\$ 4,610
Other liabilities	2,778	-	2,778
Net pension liability	-	129,905	129,905
Total liabilities	7,388	129,905	137,293
Deferred Inflows of Resources - Pension Requirement	-	10,210	10,210
Total deferred inflows of resources	-	10,210	10,210
Total liabilities and deferred inflows of resources	<u>7,388</u>	<u>140,115</u>	<u>147,503</u>
<b>Fund Balance/Net Position</b>			
Fund balance			
Unassigned	156,541	(156,541)	-
Total liabilities and fund balance	<u>\$ 163,929</u>		
Net position			
Unrestricted		110,911	110,911
Total net position		<u>\$ 110,911</u>	<u>\$ 110,911</u>

Nevada State Board of Psychological Examiners  
Statement of Activities and Governmental Fund Revenue, Expenditures, and Changes in Fund Balance  
June 30, 2020

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	General Fund	Adjustments (Note 6)	Statement of Activities
Expenditures/Expenses			
Psychological board operations	\$ 176,158	\$ 24,145	\$ 200,303
Total expenditures/expenses	176,158	24,145	200,303
Program Revenue			
Charges for services, licensing revenue	196,026	-	196,026
Net program revenue	19,868	(24,145)	(4,277)
Fund Balance/Net Position			
Beginning of year, as restated	136,673	(21,485)	115,188
End of year	\$ 156,541	\$ (45,630)	\$ 110,911

**Note 1 - Reporting Entity and Summary of Significant Accounting Policies**

The Nevada State Board of Psychological Examiners (Board), created in 1963, is the licensing and regulatory agency for the practice of Psychologist and Behavioral Analyst in the State of Nevada. The Board was created pursuant to and is regulated by Nevada Revised Statutes (NRS) Chapter 641. Effective January 1, 2019 the licensing and regulatory practice of the Behavioral Analyst were transferred to another agency.

The financial statements of the Board have been prepared in accordance with generally accepted accounting principles as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies.

**Reporting Entity**

Effective July 1, 2001, NRS Chapter 353 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 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 is considered a special revenue fund for the State of Nevada. The Board's financial statements are not included in the financial statements of the State of Nevada since the State does not exercise financial or administrative control over the board. This is in conformance with GASB codification Section 2100, Defining the Government Reporting Entity.

**Basis of Presentation**

The Board is defined as a single-program special-purpose entity under GASB Statement No. 14, paragraph 131 as amended by GASB Statement No. 39. This classification allows for the preparation of GASB 34 financial statements under an optional reporting method which combines the fund and government-wide statements into a single presentation. Under standard GASB 34 methodology, the government-wide statement of net assets and statement of activities are presented independently from the respective fund balance sheet and statement of revenues, expenditures, and fund balance. A reconciliation of adjustments provided on the modified financial statements demonstrates the changes from the fund financial statements to the government-wide financial statements in order to assist the reader in evaluating these statements. The Board has utilized this optional method of presentation.

**Basis of Accounting**

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

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

### **Fund Accounting**

The general fund of the Board is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures to be used solely for the Board's benefit. The net assets of the general fund are restricted solely to be used by the Board to meet its obligation of licensing and regulating the practice of psychology in the state of Nevada.

### **Budget Data**

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

### **Cash and Cash Equivalents**

The Board may only invest in the types of securities specified in NRS 355.140. Eligible investments include bonds and certificates of the United States and its agencies; bonds of any state, county, or municipality; bonds of Nevada school Boards and certain general improvement Boards; negotiable certificates of deposits issued by commercial banks or insured savings and loans associations; and with certain restrictions, repurchase agreements and bankers' acceptances.

### **Licensing Fees Received in Advance**

By provisions of statute, the Board administers its licensing registration on a biennial period, due on the first day of January or each odd-numbered year. Licensing fees received in advance represents revenue from license renewals that relates to each annual period over two fiscal years. The current biennial period ends December 31, 2020, therefore all amounts were recognized as of January 1, 2020 for the period ending December 31, 2020.

### **Equity Classifications**

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

- Restricted net position – consists of net assets with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation. The Board has no items that are considered to be restricted net assets.
- Unrestricted net position – all other net assets that do not meet the definition of "invested in capital assets" or "restricted."

In the governmental fund financial statement, fund balances are classified as follows:

- Non-spendable – represents amounts that are either not in a spendable form or are legally or contractually required to remain intact. The Board includes fund balances that have been prepaid for rent in this category.
- Restricted – represents amounts which can be spent only for specific purposes because of state or federal laws, or externally imposed conditions. The Board has no restricted fund balances.
- Committed – represents amounts which can be used only for specific purposes determined by the members of the governing Board’s formal action through a resolution or action. The Board has no committed funds.
- Assigned - represents amounts that are intended by the Board for specific purposes but do not require formal resolution or action and include a policy statement to ensure the ongoing financial integrity of the Nevada State Board of Psychological Examiners. The policy statement established an operating contingency equal to one year’s operating expenses based on the preceding year’s budget and established certain other reserves for specific purposes as detailed in the accompanying financial statements.
- Unassigned – represents all amounts not included in spendable classifications.

The Board’s policy is to first apply expenditures against non-spendable fund balances and then unassigned balances. On an annual basis, assigned fund balances are determined based upon available resources.

#### **Deferred Outflows and Inflows of Resources**

In addition to assets, a separate section is reported for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. The changes in proportion and differences between employer contributions and proportionate share of contributions as well as contributions made after the measurement period for pensions qualify for reporting in this category.

In addition to liabilities, a separate section is reported for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. Differences between expected and actual experience and between projected and actual investment earnings on pension plan investments and other post-employment benefits qualify for reporting in this category.

#### **Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources, deferred inflows of resources and pension expense, information about the fiduciary net position of the Public Employees' Retirement System of Nevada (PERS) and additions to/deductions from PERS's fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Use of Estimates**

The preparation of financial statements in conformity with 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 reported amount of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

**Note 2 - Compliance with Nevada Revised Statutes and Nevada Administrative Code**

The Board conformed to all significant statutory constraints on its financial administration during the fiscal year, with the exception of the annual audit filing requirements.

**Note 3 - Cash and Investments**

The Board maintains its checking account and time certificates of deposit with one bank. The accounts are insured up to \$250,000. The Board had no uninsured balances at June 30, 2020.

**Note 4 - Operating Leases**

The Board leases office space for its Reno operations under a lease agreement that became effective on February 1, 2014. The Board exercised a lease amendment on January 7, 2020 and entered into an extended lease through January 31, 2023 with a starting monthly rent of \$1,030. Additionally, the Board entered into a 60-month equipment lease for \$138 per month for 60 months.

During the year ended June 30, 2020, the Board incurred total rental expense of \$12,159. The following is a schedule of future minimum lease payments required under the operating lease agreements described above:

<u>Years Ending June 30,</u>		
2021	\$	12,490
2022		12,802
2023		7,574

**Note 5 - Pensions****General Information About the Pension Plan***Plan Description*

PERS (System) administers a cost-sharing, multiple-employer, defined benefit public employees' retirement system which includes both Regular and Police/Fire members. The System was established by the Nevada Legislature in 1947, effective July 1, 1948. The System is administered to provide a reasonable base income to qualified employees who have been employed by a public employer and whose earnings capacities have been removed or substantially impaired by age or disability.

*Benefits Provided*

- a. Benefits, as required by the Nevada Revised Statutes (NRS or statute), are determined by the number of years of accredited service at time of retirement and the member's highest average compensation in any 36 consecutive months with special provisions for members entering the System on or after January 1, 2010. Benefit payments to which participants or their beneficiaries may be entitled under the plan include pension benefits, disability benefits, and survivor benefits.
- b. Monthly benefit allowances for members are computed as 2.5% of average compensation for each accredited year of service prior to July 1, 2001. For service earned on and after July 1, 2001, this multiplier is 2.67% of average compensation. For members entering the System on or after January 1, 2010, there is a 2.5% multiplier. The System offers several alternatives to the unmodified service retirement allowance which, in general, allow the retired employee to accept a reduced service retirement allowance payable monthly during his or her lifetime and various optional monthly payments to a named beneficiary after his or her death. Monthly benefit allowances for members are computed as 2.5% of average compensation for each accredited year of service prior to July 1, 2001. For service earned on and after July 1, 2001, this multiplier is 2.67% of average compensation. For members entering the System on or after January 1, 2010, there is a 2.5% service time factor and for regular members entering the System on or after July 1, 2015, there is a 2.25% multiplier. The System offers several alternatives to the unmodified service retirement allowance which, in general, allow the retired employee to accept a reduced service retirement allowance payable monthly during his or her lifetime and various optional monthly payments to a named beneficiary after his or her death.
- c. Post-retirement increases are provided by authority of NRS 286.575 – 286.579.

*Vesting*

- a. Regular members entering the System prior to January 1, 2010 are eligible for retirement at age 65 with five years of service, at age 60 with 10 years of service, or at any age with thirty years of service. Regular members entering the System on or after January 1, 2010, are eligible for retirement at age 65 with five years of service, or age 62 with 10 years of service, or any age with thirty years of service. Regular members who entered the System on or after July 1, 2015 are eligible for retirement at age 65 with 5 years of service, or at age 62 with 20 years of service or at age 55 with 30 years of service or at any age with 33 1/3 years of service.

- b. The normal ceiling limitation on monthly benefits allowances is 75% of average compensation. However, a member who has an effective date of membership before July 1, 1985, is entitled to a benefit of up to 90% of average compensation. Both Regular and Police/Fire members become fully vested as to benefits upon completion of five years of service.

#### *Contributions*

- a. The authority for establishing and amending the obligation to make contributions and member contribution rates is set by statute. New hires, in agencies which did not elect the Employer-Pay Contribution (EPC) plan prior to July 1, 1983 have the option of selecting one of two contribution plans. Contributions are shared equally by employer and employee. Employees can take a reduced salary and have contributions made by the employer (EPC) or can make contributions by a payroll deduction matched by the employer.
- b. The System's basic funding policy provides for periodic contributions at a level pattern of cost as a percentage of salary throughout an employee's working lifetime in order to accumulate sufficient assets to pay benefits when due.
- c. The System receives an actuarial valuation on an annual basis indicating the contribution rates required to fund the System on an actuarial reserve basis. Contributions actually made are in accordance with the required rates established by the Nevada Legislature. These statutory rates are increased/decreased pursuant to NRS 286.421 and 286.450.
- d. The actuary funding method used is the Entry Age Normal Cost Method. It is intended to meet the funding objective and result in a relatively level long-term contributions requirement as a percentage of salary.
- e. For the fiscal year ended June 30, 2019, respectively, the Statutory Employer/employee matching rate was 14.50%% for Regular employees. The Employer-pay contribution (EPC) rate was 28.00%, for June 30, 2019 for Regular employees.

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

At June 30, 2020, the Board reported a liability of \$129,905 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Board's proportion of the net pension liability was based on total contributions due on wages paid during the measurement period. Each employer's proportion of the net pension liability is based on its combined employer and member contributions relative to the total combined employer and member contributions for all employers for the period ended June 30, 2019. At June 30, 2020, the Board's proportion was .00095%, which represents no change from its proportion measured at June 30, 2018.



Nevada State Board of Psychological Examiners

Notes to Financial Statements

June 30, 2020

For the year ended June 30, 2020, the Board recognized pension expense of \$33,328. Amounts totaling \$9,171 resulting from Board contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. At June 30, 2020, the Board reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 4,871	\$ 3,747
Changes of assumptions	5,287	-
Net difference between projected and actual investment earnings on pension plan investments	-	6,463
Changes in proportion and differences between employer contributions and proportionate share contributions	75,144	-
Contributions subsequent to the measurement date	9,183	-
	<u>\$ 94,485</u>	<u>\$ 10,210</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions, without regard to the contributions subsequent to the measurement date, are expected to be recognized in pension expense as follows:

<u>Years Ending June 30,</u>	
2021	\$ 19,649
2022	19,650
2023	19,539
2024	13,379
2025	2,783
2026	92
	<u>\$ 75,092</u>

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

Nevada State Board of Psychological Examiners

Notes to Financial Statements

June 30, 2020

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

Beginning net pension liability	\$ 129,645
Pension expense	33,328
Employer contributions	(9,171)
Current year net deferred (inflows) and outflows	<u>(23,897)</u>
Ending net pension liability	<u>\$ 129,905</u>

*Actuarial Assumptions*

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

Inflation rate	2.75%
Payroll growth	5.00%, including inflation
Productivity pay increase	0.50%
Projected salary increases	4.25% to 9.15%, depending on service Rates include inflation and productivity increases
Investment rate of return	7.50%
Consumer price index	2.75%
Post-Retirement Benefit increases	2.75%, in line with inflation

Actuarial assumptions used in the June 30, 2019 valuation were based on the results of the experience review completed in 2019.

The discount rate used to measure the total pension liability was 7.50% as of June 30, 2019. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, the pension plan's fiduciary net position at June 30, 2019, was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2019.

*Investment Policy*

The System's policies which determine the investment portfolio target asset allocation are established by the Retirement Board. The asset allocation is reviewed annually and is designed to meet the future risk and return needs of the System. The following was the Retirement Board's adopted policy target asset allocation as of June 30, 2019:

Asset Class	Target Allocation	Long-Term Geometric Expected Real Rate of Return*
Domestic equity	42%	5.50%
International equity	18%	5.75%
Domestic fixed income	28%	0.75%
Private markets	12%	6.65%

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

#### *Discount Rate and Pension Liability Discount Rate Sensitivity*

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

	1% Decrease in Discount Rate (6.50%)	Discount Rate (7.50%)	1% Increase in Discount Rate (8.50%)
Net pension liability	\$ 200,580	\$ 129,905	\$ 70,491

#### *Pension Plan Fiduciary Net Position*

Additional information supporting the Schedule of Employer Allocations and the Schedule of Pension Amounts by Employer is located in the PERS Comprehensive Annual Financial Report (CAFR) available on the PERS website at [www.nvpers.org](http://www.nvpers.org) under Quick Links – Publications.

#### **Note 6 - Conversion to Government-Wide Financial Statements**

Adjustments on the face of the financial statements were made to the fund balance sheet and statement of revenue, expenditures, and changes in fund balance in order to reconcile the fund financial statements to the government-wide statements of net position and activities. These adjustments detail the effect of the deferred inflows and outflows of resources due to the pension requirements that net to \$84,275 and net pension liability of \$129,905.

**Note 7 - Restatement Resulting from Correction of Error**

During the year ended June 30, 2020 the Board identified an error within previously issued financial statements that, when evaluated in the aggregate, warranted restatement of those financial statements. The June 30, 2019 financial statements did not correctly calculate the licensing fees received in advance. Accordingly, amounts reported for licensing fees received in advance; charges for services, licensing revenue; and beginning fund balance and net position have been restated in the 2019 financial statements now presented.

The following is a summary of the effects of the restatement in the Board's June 30, 2020 Statement of Activities and Governmental Fund Revenue, Expenditures and Changes in Fund Balance:

	<u>As Previously Reported</u>	<u>Correction of Errors</u>	<u>As Restated</u>
Fund Balance, Beginning of year	\$ 72,423	\$ 64,250	\$ 136,673
Net Position, Beginning of year	50,938	64,250	115,188

The following is a summary of the effects of the restatement in the Board's June 30, 2019 condensed schedule of net position:

	<u>As Previously Reported</u>	<u>Correction of Errors</u>	<u>As Restated</u>
License fees received in advance	\$ 192,750	\$ (64,250)	\$ 128,500
Total liabilities	340,264	(64,250)	276,014
Total liabilities and deferred inflows of resources	346,900	(64,250)	282,650
Net Position, unrestricted	50,938	64,250	115,188
Total Net Position	50,938	64,250	115,188

The following is a summary of the effects of the restatement in the Board's June 30, 2019 condensed schedule of activities:

	<u>As Previously Reported</u>	<u>Correction of Errors</u>	<u>As Restated</u>
Charges for services, licensing revenue	\$ 201,539	\$ 64,250	\$ 265,789
Net program revenue	4,161	64,250	68,411



Required Supplementary Information  
June 30, 2020

# Nevada State Board of Psychological Examiners

Nevada State Board of Psychological Examiners  
Statement of Revenue and Expenditures – Budget and Actual  
June 30, 2020

	Original and Final Biennial Budget	Actual Amounts Budgetary Basis 2019 (Restated)	Actual Amounts Budgetary Basis 2020	Total	Variance to Final Budget Favorable (Unfavorable)
<b>Revenue</b>					
Program revenue					
Licensing fees	\$ 270,425	\$ 226,100	\$ 157,379	\$ 383,479	\$ 113,054
Examination fees	26,500	13,825	8,733	22,558	(3,942)
Application fees	28,700	19,680	23,036	42,716	14,016
Other operating fees	5,675	6,184	6,878	13,062	7,387
Investment income	-	-	-	-	-
Total licenses and certifications	<u>331,300</u>	<u>265,789</u>	<u>196,026</u>	<u>461,815</u>	<u>130,515</u>
<b>Expenditures</b>					
<b>Current</b>					
<b>Personnel services</b>					
Staff Salaries	168,000	82,475	84,131	166,606	1,394
Board per diem	19,000	9,975	6,413	16,388	2,612
Health insurance	6,800	3,400	2,086	5,486	1,314
Payroll taxes	5,000	2,825	11,466	14,291	(9,291)
Retirement	17,000	11,224	-	11,224	5,776
Workers compensation	3,000	1,556	1,377	2,933	67
Other	2,500	-	-	-	2,500
	<u>221,300</u>	<u>111,455</u>	<u>105,473</u>	<u>216,928</u>	<u>4,372</u>
<b>Travel</b>					
Out of state	6,250	3,576	1,521	5,097	1,153
In state	2,750	1,579	514	2,093	657
	<u>9,000</u>	<u>5,155</u>	<u>2,035</u>	<u>7,190</u>	<u>1,810</u>
<b>Operating</b>					
Attorney fees	47,500	19,484	16,315	35,799	11,701
Examination expenses	4,750	3,375	3,125	6,500	(1,750)
Information technology	5,750	5,660	3,355	9,015	(3,265)
Miscellaneous	2,500	1,400	(2,021)	(621)	3,121
Office Supplies	4,100	5,755	1,916	7,671	(3,571)
Operating expenses	6,000	179	219	398	5,602
Postage and shipping	3,000	2,106	1,296	3,402	(402)
Printing and copying	4,250	2,131	1,877	4,008	242
Professional fees	40,500	23,715	25,330	49,045	(8,545)
Rent	24,000	11,320	12,085	23,405	595
Subscriptions	4,000	2,763	2,707	5,470	(1,470)
Telephone	7,500	2,880	2,446	5,326	2,174
	<u>153,850</u>	<u>80,768</u>	<u>68,650</u>	<u>149,418</u>	<u>4,432</u>
Total expenditures	<u>384,150</u>	<u>197,378</u>	<u>176,158</u>	<u>373,536</u>	<u>10,614</u>
Excess (Deficiency) of Revenue over (under) Expenditures	<u>\$ (52,850)</u>	<u>\$ 68,411</u>	<u>\$ 19,868</u>	<u>\$ 88,279</u>	<u>\$ (141,129)</u>

Nevada State Board of Psychological Examiners  
Supplementary Pension Information  
June 30, 2020

Schedule of Changes in Net Pension Liability  
Last Ten Fiscal Years

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Proportion of the Net Pension Liability (Asset)	0.00095%	0.00095%	0.00051%
Proportionate Share of the Net Pension Liability (Asset)	\$ 129,905	\$ 129,645	\$ 67,952
Covered Payroll	\$ 60,739	\$ 63,250	\$ 63,827
Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	213.87%	204.97%	106.46%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	76.46%	75.24%	74.42%

Schedule of Contributions  
Last Ten Fiscal Years

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually Required Contributions	\$ 9,183	\$ 9,171	\$ 9,255
Contributions in Relation to Contratually Required Contributions	<u>(9,183)</u>	<u>(9,171)</u>	<u>(9,255)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 60,739	\$ 63,250	\$ 63,827
Contributions as A Percentage of Covered Payroll	15.12%	14.50%	14.50%

\* GASB Statement No. 68 requires ten years of information to be presented in this table. However, until ten years of of data is available, the Board will present information only for those years for which information is available.



**Independent Auditors Report on Internal Control Over Financial Reporting  
and on Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards***

To the Members of the Board  
Nevada State Board of Psychological Examiners  
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 of the Nevada State Board of Psychological Examiners (the Board), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements, and have issued our report thereon dated November 30, 2020.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Nevada State Board of Psychological Examiners' 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 Nevada State Board of Psychological Examiners' internal control. Accordingly, we do not express an opinion on the effectiveness of the Nevada State Board of Psychological Examiners' 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 over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material



weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying *of findings and responses* as items 2020-001, 2020-002, and 2020-003 that we consider to be material weaknesses.

### **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 of 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*.

### **Nevada State Board of Psychological Examiner's Response to Finding**

Nevada State Board of Psychological Examiner's response to the finding identified in our audit is described in the schedule of finding and responses. The Board's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

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

The image shows a handwritten signature in cursive script that reads "Eric Sully LLP".

Reno, Nevada  
November 30, 2020

**2020-001: Financial Reporting Material Weakness and Material Adjustments**

*Criteria:* Management is responsible for establishing and maintaining an effective system of internal control over financial statement reporting. One of the components of an effective system of internal control over financial reporting is the preparation of full disclosure financial statements that do not require adjustment as part of the audit process.

*Condition:* As auditors, we assisted in the preparation of the full disclosure financial statements and proposed several material journal entries. Substantially all the entries were to adjust accounts in which reconciliations were not properly prepared, completed or reviewed at the end of the year. The need for these adjustments indicates that the Board's interim financial information is not materially correct, which may affect management decisions made during the year.

*Cause:* Procedures have not been implemented to ensure Board personnel possess the experience to prepare the Board's full disclosure financial statements in accordance with generally accepted accounting principles.

*Effect:* Financial information prepared by the Board may not comply with generally accepted accounting principles.

*Recommendation:* We recommend the Board provide training in the preparation of governmental financial statements in accordance with generally accepted accounting principles and management review and approve all reconciliations and retain evidence of such review.

*Views of Responsible Officials:* Nevada State Board of Psychological Examiners agrees with this finding.

**2020-002: PERS Expenditures Material Weakness**

*Criteria:* Management is responsible for establishing and maintaining an effective system of internal control over financial statement reporting. One of the components of an effective system of internal control over financial reporting is oversight over expenditures.

*Condition:* The PERS monthly reports did not include the proper wage and there were inconsistencies noted between the amounts paid and the reports completed.

*Cause:* Procedures have not been implemented to ensure Board personnel have the proper oversight over expenditures.

*Effect:* PERS amounts paid may not be appropriate.

*Recommendation:* We recommend the Board implement procedures for oversight over PERS amounts paid to verify proper amounts are paid and review over the monthly PERS filings.

*Views of Responsible Officials:* Nevada State Board of Psychological Examiners agrees with this finding.

**2020-003:                    Posting and Review of Journal Entries Material Weakness**

*Criteria:*                    Management is responsible for establishing and maintaining an effective system of internal control over financial statement reporting. One of the components of an effective system of internal control over financial reporting is oversight over posting of journal entries.

*Condition:*                As auditors, we select journal entries for testing to ensure existence and appropriateness. There were multiple instances where review and approval of such entries was not apparent and supporting documents for the entries were not readably available. These instances indicate that the Board’s interim financial information is prepared with transactions that are not substantiated, which may affect management decisions made during the year.

*Cause:*                     Procedures have not been put into place to require journal entries to be reviewed and approved.

*Effect:*                    Data used by the Board to prepare financial information may not be reliable.

*Recommendation:*      We recommend the Board implement procedures to provide training in management review and approval of journal entries and to retain the such supporting documents.

*Views of Responsible  
Officials:*                Nevada State Board of Psychological Examiners agrees with this finding.