Financial Statements
June 30, 2023 and 2022
Nevada State Board of Funeral
& Cemetery Services

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### **Independent Auditor's Report**

To the Members Nevada State Board of Funeral & Cemetery Services Reno, Nevada

### Report on the Audit of the Financial Statements

I have audited the accompanying financial statements of the governmental activities and the major fund of Nevada State Board of Funeral & Cemetery Services (Board) as of and for the years ended June 30, 2023 and 2022, 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 my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Nevada State Board of Funeral & Cemetery Services, as of June 30, 2023 and 2022, and the changes in financial position thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

# **Basis of Opinion**

I conducted my audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of Nevada State Board of Funeral & Cemetery Services and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.<sup>3</sup>

## **Change in Accounting Principle**

As described in Note 1 to the financial statements, effective July 1, 2021, the Nevada State Board of Funeral & Cemetery Services adopted new accounting guidance, GASB Statement No. 87, *Leases*. My opinion is not modified with respect to this matter.

# Responsibilities of Management 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.

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 Nevada State Board of Funeral & Cemetery Services' 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

My 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 my 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 GAAS 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 GAAS, I:

- 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 Nevada State Board of Funeral & Cemetery Services' internal
  control. Accordingly, no such opinion is expressed.<sup>5</sup>
- 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 my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Nevada State Board of Funeral & Cemetery Services' ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.

#### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management discussion and analysis, budgetary comparison information, schedule of changes in other postemployment benefits (OPEB) liability, and schedule of contributions on pages 3-6, and 20-23, 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. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I 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

Christian Accounting Network

In accordance with *Government Auditing Standards*, I have also issued my report dated November 15, 2023, on my consideration of the Nevada State Board of Funeral & Cemetery Services' internal control over financial reporting and on my 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 my 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 Nevada State Board of Funeral & Cemetery Services' 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 Nevada State Board of Funeral & Cemetery Services' internal control over financial reporting and compliance.

Reno, Nevada November 15, 2023

Dei 15, 2023

Our discussion and analysis of the Nevada State Board of Funeral & Cemetery Services (Board) financial condition and activities for the fiscal years ended June 30, 2023 and 2022 is presented in conjunction with the audited financial statements.

### **Financial Highlights**

- In accordance with Nevada SB286, effective January 1, 2016, the Board changed from an annual licensing period to a two-year licensing period ending December 31, of odd numbered years.
   Renewal fees remained the same but are allocated over a longer period.
- The funeral industry has been significantly impacted by the COVID-19 pandemic that was declared
  in March 2020. The Board has modified operations as necessary to maintain oversight of funeral
  homes and licensees during the times of mandated stay at home orders and restrictions on travel
  and public gatherings.

The Management's Discussion and Analysis (MD&A) serves as an introduction to, and should be read in conjunction with, the basic audited financial statements and required supplementary information. The MD&A represents 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 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 Statement of Net Position and Governmental Fund Balance Sheet, a Statement of Activities and Governmental Fund Revenue, Expenditures and Changes in Fund Balance and Notes to the Financial Statements.

The Governmental Fund Balance Sheet and the Statement of Net Position 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 Governmental Fund Balance Sheet and the Statement of Net Position provide information about the nature and amount of resources and obligations at year end. The Governmental Fund Revenue,

Expenditures and Changes in Fund Balance and the Statement of Activities present 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 position under the full accrual method are recorded as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. This statement also provides certain information about the Board's recovery of its costs.

The notes to financial statements provide required disclosures and other information that are essential to a full understanding of material data provided in the statements. The notes present information about the Board's accounting policies, significant account balances and activities, material risks, obligations, commitments, contingencies, and subsequent events, if any. The financial statements were prepared from the detailed books and records of the Board. The financial statements were audited 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 and Schedule of Changes in Other Postemployment Benefit (OPEB) Liability and Related Ratios, serve as the key financial data for the Board members' and management's monitoring and planning. Comments regarding budget-to-actual variances and year-to-year variances are included in the following Results of Operations by the name of the statement or account.

		2023		2022	2021
ASSETS	•				
Cash	\$	360,068	\$	446,724	\$ 359,957
Other current assets		36,017		33,493	31,456
Right of use asset, net		30,899		50,415	-
Capital assets, net		7,024		2,655	5,191
	•	434,008	•	533,287	 396,604
DEFERRED OUTFLOWS OF RESOURCES		32,699		56,829	 81,803
	\$	466,707	\$	590,116	\$ 478,407
LIABILITIES					
Current liabilities	\$	71,083	\$	113,310	\$ 62,204
Long-term liabilities					
Due within one year		48,307		32,054	4,945
Due in more than one year		168,800		202,821	159,712
	•	288,190	-	348,185	 226,861
DEFERRED INFLOWS OF RESOURCES		17,712		6,277	9,991
NET POSITION					
Net invested in capital assets		7,024		2,655	5,191
Unrestricted		153,781		232,999	 236,364
	•	160,805		235,654	 241,555
	\$	466,707	\$	590,116	\$ 478,407

#### **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.

CONDENSED STATEMENTS OF ACTIVITIES					
		2023		2022	2021
REVENUE					
Nevada regulatory fees	\$	288,650	\$	324,530	\$ 313,650
Renewal and licensing fees		82,369		87,218	72,752
Fines and miscellaneous fees		7,148		9,868	9,150
Total revenue	•	378,167	-	421,616	395,552
EXPENDITURES					
Personnel services		348,164		298,119	280,830
Travel		15,105		11,466	6,883
Attorney General - legal fees		12,470		32,641	9,231
Contractual services		7,908		9,507	8,818
Office lease		19,166		19,303	18,792
Other operating costs		50,203		56,481	39,367
Total expenditures		453,016		427,517	 363,921
CHANGE IN NET POSITION	\$	(74,849)	\$	(5,901)	\$ 31,631

#### Statement of Activities

Revenue: The program revenue received by the Board is generated through the registration, renewal and licensure of funeral homes, cemeteries, crematories, and individuals. The fluctuations in program revenue are due primarily to fluctuations in regulatory fees, which increased significantly during the pandemic.

Expenses: Operating expenses increased in fiscal years 2023 and 2022 due to primarily to increases in staffing costs, legal fees, and travel.

### **General Fund Budgetary Highlights**

Increases in revenue were budgeted for each of the fiscal years 2023 and 2022 based on increased revenue. However, revenue declined in 2023 due to fewer deaths in the state, which drives the regulatory fees.

Total expenses were more than the budgeted amounts in fiscal years 2023 and 2022 primarily because of legal fees and staffing costs.

### **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 funeral and cemetery service providers. The Board provides direction of staff actions toward its mission of public protection through licensure and disciplinary measures.

Staff continues seeking areas in which operating expenses can be reduced without jeopardizing the high level of customer service the licensees and public expect.

Through the Board members' and management'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.

	General		-	2023 ustments	Statement		
•		Fund		Note 8)	of N	et Position	
Assets Cash Accounts receivable Prepaid expenses Security deposit	\$	360,068 34,380 137 1,500	\$	- - -	\$	360,068 34,380 137 1,500	
Right of use assets, net Capital assets, net		- -		30,899 7,024		30,899 7,024	
Total assets		396,085		37,923		434,008	
Deferred Outflows of Resources Deferred outflows related to OPEB				32,699		32,699	
Total assets and deferred outflows of resources	\$	396,085		70,622		466,707	
Liabilities							
Accounts payable	\$	14,592		-		14,592	
Accrued payroll Licensing fees received in advance Long-term liabilities		13,778 42,713		-		13,778 42,713	
Due within one year:  Compensated absences payable  Lease liability  Due in more than one year:		-		28,277 20,030		28,277 20,030	
Compensated absences payable Lease liability Net OPEB liabilities		- - -		5,384 11,984 151,432		5,384 11,984 151,432	
Total liabilities		71,083		217,107		288,190	
Deferred Inflows of Resources Deferred inflows related to OPEB		<u>-</u>		17,712		17,712	
Total liabilities and deferred inflows of resources		71,083		234,819		305,902	
Fund Balance/Net Position Fund balance							
Nonspendable Unassigned		1,637 323,365		(1,637) (323,365)		<u>-</u>	
Total fund balance		325,002		(325,002)			
Total liabilities and fund balance	\$	396,085					
Net position  Net investment in capital assets				7,024		7,024	
Unrestricted				153,781		153,781	
Total net position			\$	160,805	\$	160,805	

			2022					
		General Fund	-	ustments Note 8)	Statement of Net Position			
Assets Cash Accounts receivable Prepaid expenses Security deposit Right of use asset, net Capital assets, net	\$	446,724 26,940 5,053 1,500	\$	- - - 50,415 2,655	\$	446,724 26,940 5,053 1,500 50,415 2,655		
Total assets		480,217		53,070		533,287		
Deferred Outflows of Resources Deferred outflows related to OPEB		<u>-</u>		56,829		56,829		
Total assets and deferred outflows of resources		480,217		109,899		590,116		
Liabilities Accounts payable Accrued payroll Licensing fees received in advance Long-term liabilities Due within one year: Compensated absences payable		11,381 14,385 87,544		- - - 12,888		11,381 14,385 87,544 12,888		
Lease liability  Due in more than one year:  Compensated absences payable  Lease liability  Net OPEB liabilities		- - -		19,166 16,913 32,014 153,894		19,166 16,913 32,014 153,894		
Total liabilities		113,310		234,875		348,185		
Deferred Inflows of Resources Deferred inflows related to OPEB				6,277		6,277		
Total liabilities and deferred inflows of resources		113,310		241,152		354,462		
Fund Balance / Net Position Fund balance Nonspendable Unassigned		6,553 360,354		(6,553) (360,354)		- -		
Total fund balance		366,907		(366,907)				
Total liabilities and fund balance	\$	480,217						
Net position Net investment in capital assets Unrestricted				2,655 232,999		2,655 232,999		
Total net position			\$	235,654	\$	235,654		

# Nevada State Board of Funeral & Cemetery Services

Statements of Activities and Governmental Fund Revenue, Expenditures, and Changes in Fund Balances Years Ended June 30, 2023 and 2022

		2023	
	General Fund	Adjustments (Note 8)	Statement of Activities
Expenditures/Expenses Board expenditures	\$ 420,072	\$ 32,944	\$ 453,016
Program Revenue			
Nevada regulatory fees	288,650	-	288,650
Renewal and licensing fees	82,369	-	82,369
Fines and administrative fees	1,179	-	1,179
Other income	5,969		5,969
Total program revenue	378,167		378,167
Excess of Revenue over (Under) Expenditures	(41,905)	41,905	-
Change in Net Position	-	(74,849)	(74,849)
Fund Balance/Net Position, Beginning of Year	366,907	(131,253)	235,654
Fund Balance/Net Position, End of Year	\$ 325,002	\$ (164,197)	\$ 160,805
		2022	
	General Fund	2022 Adjustments (Note 8)	Statement of Activities
Expenditures/Expenses Board expenditures		Adjustments	
Board expenditures  Program Revenue	Fund	Adjustments (Note 8)	Activities
Board expenditures  Program Revenue  Nevada regulatory fees	\$ 383,918 324,530	Adjustments (Note 8)	Activities \$ 427,517  324,530
Board expenditures  Program Revenue  Nevada regulatory fees  Renewal and licensing fees	\$ 383,918 \$ 324,530 87,218	Adjustments (Note 8)	* 427,517 \$ 427,517 324,530 87,218
Board expenditures  Program Revenue  Nevada regulatory fees  Renewal and licensing fees  Fines and administrative fees	\$ 383,918 \$ 324,530 87,218 2,219	Adjustments (Note 8)	Activities  \$ 427,517  324,530 87,218 2,219
Board expenditures  Program Revenue  Nevada regulatory fees  Renewal and licensing fees	\$ 383,918 \$ 324,530 87,218	Adjustments (Note 8)	* 427,517 \$ 427,517 324,530 87,218
Board expenditures  Program Revenue  Nevada regulatory fees  Renewal and licensing fees  Fines and administrative fees	\$ 383,918 \$ 324,530 87,218 2,219	Adjustments (Note 8)	Activities  \$ 427,517  324,530 87,218 2,219
Board expenditures  Program Revenue Nevada regulatory fees Renewal and licensing fees Fines and administrative fees Other income	\$ 383,918 \$ 324,530 87,218 2,219 7,649	Adjustments (Note 8)	Activities  \$ 427,517  324,530 87,218 2,219 7,649
Program Revenue Nevada regulatory fees Renewal and licensing fees Fines and administrative fees Other income  Total program revenue	\$ 383,918 \$ 324,530 87,218 2,219 7,649 421,616	Adjustments (Note 8)  \$ 43,599	Activities  \$ 427,517  324,530 87,218 2,219 7,649
Program Revenue Nevada regulatory fees Renewal and licensing fees Fines and administrative fees Other income  Total program revenue  Excess of Revenue over (Under) Expenditures	\$ 383,918 \$ 324,530 87,218 2,219 7,649 421,616	Adjustments (Note 8)  \$ 43,599  (37,698)	Activities  \$ 427,517  324,530 87,218 2,219 7,649  421,616

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

The Nevada State Board of Funeral & Cemetery Services (Board) is regulated by Nevada Revised Statutes (NRS) 642, which also specify the authorized activities of the Board. The general 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 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, 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 general-purpose financial statements of the State of Nevada since the State does not exercise financial or administrative control over the Board. This is in conformance with GASB codification Section 2100, *Defining the Financial Reporting Entity*.

# **Basis of Presentation**

The Board is defined as a single-program special-purpose entity under GASB Statement No. 14, paragraph 131 as amended by GASB Statement No. 39. This classification allows for the preparation of GASB 34 financial statements, as amended by GASB 63, under an optional reporting method which combines the fund and government-wide statements into a single presentation. Under standard GASB 34 methodology, the government-wide statement of net position and statement of activities are presented independently from the respective fund balance sheet and statement of revenues, expenditures, and fund balance. A reconciliation of adjustments provided on the modified financial statements demonstrates the changes from the fund financial statements to the government-wide financial statements in order to assist the reader in evaluating these statements. The Board has utilized this optional method of presentation.

#### **Fund Accounting**

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

# **Basis of Accounting**

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectable within the current period or within 60 days after year-end to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures relating to compensated absences are recorded only when payment is due.

The Board has only governmental fund types.

### **Budget Data**

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

## **Cash and Cash Equivalents**

Cash includes a checking account at a commercial bank. By provision of statutes, the Board is authorized to deposit all money in banks or savings and loan associations located in the state of Nevada and must be subject to withdrawal on demand. The Board participates in the State of Nevada collateralization program to assure that funds deposited are protected.

## **Accounts Receivable**

For the governmental fund financial statements, the accounts receivable represent regulatory fees collected within 60 days subsequent to year end that are an available resource for the current year.

For the government-wide financial statements the accounts receivable represents regulatory fees due as of year-end. All amounts are considered collectible by management.

#### **Capital Assets**

Capital assets, which include furniture, fixtures, and equipment are reported in the net asset column in the government-wide financial statements. Capital assets are defined by the Board as assets with an initial, individual cost of \$500 and an estimated useful life of at least one year. Such assets are recorded at historical cost. Donated assets are recorded at 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 expensed as incurred. Capital assets are depreciated using the straight-line method over 3 to 20 years.

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

# **Compensated Absences**

It is the Board's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. No liability is reported for unpaid accumulated vacation or sick leave on the general fund balance sheet as no amounts were due and payable at year end. Accumulated unused vacation and sick leave earned as of June 30, 2023 and 2022, is reflected in the statement of net position.

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

The Board's licensing period encompasses a two-year period based on calendar years. Accordingly, the current licensing period will end on December 31, 2023. Licensing fees received in advance represent revenue from the annual renewals of licenses for funeral directors, embalmers, funeral arrangers, funeral establishments, cemeteries, and crematories, and are recognized ratably over the renewal period.

Licensing fees received in advance consists of the unearned portion of annual license renewal fees collected prior to June 30, 2023 and 2022 that are applicable through December 31, 2023.

#### **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 other postemployment benefits 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 other postemployment benefits qualify for reporting in this category.

### **Fund Equity and Net Position**

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

- Nonspendable represents amounts that are either not in a spendable form or are legally or contractually required to remain intact. The Board includes fund balances that have been prepaid for expenses 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 action by the governing Board. The Board has no assigned funds.
- Unassigned represents all amounts not included in nonspendable classifications.

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

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

- Net investment in capital assets consists of capital assets, net of accumulated depreciation and any related debt.
- Restricted net position consists of net position with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- Unrestricted net position net position that is neither classified as "invested in capital assets" nor as "restricted."

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

# **Other Postemployment Benefits (OPEB)**

For purposes of measuring the net OPEB liability, related deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Self Insurance Trust Fund, Public Employees' Benefits Program (PEBP) and additions to/deductions from PEBP's fiduciary net position have been determined on the same basis as they are reported by PEBP. For this purpose, PEBP recognizes benefit payments when due and payable in accordance with the benefit terms. PEBP's cash and cash equivalents consist of short-term, highly liquid investments that are both (a) readily convertible to known amounts of cash and (b) so near to materiality that they present insignificant risk of changes in value due to charging interest rates.

#### **Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

### **New Accounting Pronouncements; Adopted in Current Periods**

In June 2017, the GASB issued Statement No. 87, Leases. The primary objective is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. In May 2020, the GASB issued Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance. This statement was effective immediately and postponed the implementation of GASB No. 87 by eighteen months, such that the new effective date is for fiscal years beginning after June 15, 2021. The implementation in the current year resulted in the recording of a new right of use asset and lease liability. In addition, rent expense is now split into interest expense and amortization expense related to the right of use asset and lease liability. Note 4 to the financial statements contains the details related to the leases.

# **New Accounting Pronouncements; Not Yet Adopted**

In May 2020, the GASB issued statement No. 96, Subscription-Based Technology Arrangements. The primary objective is to better meet the information needs of financial statement users by improving the accounting and financial reporting for subscription technology arrangements by governments. This statement is effective for fiscal years beginning after June 15, 2022. The anticipated impact of this pronouncement is uncertain at this time.

### **Subsequent Events**

Subsequent events have been evaluated through November 15, 2023, which is the date the financial statements were available to be issued.

# Note 2 - Capital Assets

The Board has custodial responsibility to the State of Nevada for furniture, fixtures and equipment acquired with resources of the Board. The capital asset activity during the years is as follows:

	2023							
	В	alance					В	alance
	June	e 30, 2022	Ad	ditions	Dele	tions	June	30, 2023
Capital assets not being depreciated	l							_
None	\$	-	\$	-	\$	-	\$	-
Capital assets being depreciated								
Office quipment and furniture		20,634		7,224		-		27,858
Less accumulated depreciation								
Office equipment and furniture		(17,979)		(2,855)				(20,834)
Total capital assets, net	\$	2,655	\$	4,369	\$	_	\$	7,024
				202	22			
	В	alance					В	alance
		e 30, 2021	Ad	ditions	Dele	tions	<u>June</u>	30, 2022
Capital assets not being depreciated	l							
None	\$	-	\$	-	\$	-	\$	-
Capital assets being depreciated								
Office quipment and furniture		20,634		-		-		20,634
Less accumulated depreciation								
Office equipment and furniture		(15,443)		(2,536)				(17,979)
Total capital assets, net	\$	5,191	\$	(2,536)	\$		\$	2,655

# Note 3 - Long-term Obligations Activity

Following is a summary of the change in long-term obligations, other than the net pension and other post-employment benefits liabilities:

Compensated	 alance / 1, 2022	Ac	dditions	De	eletions	_	alance e 30, 2023	_	Current Portion
absences	\$ 29,802	\$	16,748	\$	(12,888)	\$	33,662	\$	28,277
	alance / 1, 2021	Ac	dditions	De	eletions		alance e 30, 2022	_	Current Portion
Compensated	 		10.010		(7.004)				10.000
absences	 23,977	_\$	13,216	\$	(7,391)	\$	29,802	_\$	12,888

# Note 4 - Lease Obligations

The Board currently leases office space in Reno, Nevada under an agreement effective through January 31, 2025. The current monthly lease payments are \$1,685, with scheduled annual increases. At the time of initial measurement, there was no interest rate specified in the original lease agreement. Accordingly, the Board has used an incremental borrowing rate based on the three-year US Treasury rate to discount the annual lease payments and recognize an intangible right of use asset and corresponding lease liability. Following is a summary of the remaining annual undiscounted cash flows to satisfy the lease obligation:

Years Ending June 30,	
2024 2025	\$ 20,475 12,152
	\$ 32,627

#### Note 5 - Retirement Benefits

the Board has a defined contribution retirement plan in which it contributes 14.5% of eligible employees' salary. For the years ended June 30, 2023 and 2022, contributions to the plan totaled \$34,254 and \$27,869, respectively.

### Note 6 - Other Postemployment Retirement Benefits (OPEB)

# Plan Description

Employees of the Board are provided with OPEB through the Self Insurance Trust Fund, Public Employees' Benefits Program (PEBP) - a cost-sharing multiple employer defined benefit OPEB plan administered by the Public Employees' Benefits Program Board (PEBP Board) which was created in 1983 by the Nevada Legislature to administer group health, life and disability insurance for covered employees, both active and retired, of the State, and certain other participating public employers within the State of Nevada. PEBP does not provide for refunds of employee contributions. The Self Insurance Trust Fund issues a publicly available financial report that can be obtained at <a href="https://pebp.state.nv.us/">https://pebp.state.nv.us/</a>. 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 my attention that indicates significant changes to the plan's disclosures.

The Board joined the PEBP in May 2018 and, therefore, plan information is only disclosed beginning with the fiscal year ended June 30, 2019 based upon a measurement date of June 30, 2018.

### Benefits Provided

PEBP provides medical, dental, vision, mental health and substance abuse and also offers fully insured HMO products. Long-term disability and life insurance benefits are fully insured by outside carriers.

### **Contributions**

Per NRS 287 contribution requirements of the participating entities and covered employees are established and may be amended by the PEBP Board. The Boards' contractually required contribution for the years ended June 30, 2023 and 2022 totaled \$4,969 and \$3,833, respectively. These contributions were actuarially determined as an amount that is expected to finance the costs of benefits earned by employees during the year. Employees are not required to contribute to the OPEB plan.

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

At June 30, 2022 and 2022, the Board reported a liability of \$151,432 and \$153,894, respectively, for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2022 and 2021, respectively,, 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 and 2022, the Board's proportion was 0.0105% and 0.0099%, respectively.

For the years ended June 30, 2022 and 2022, the Board recognized OPEB expense of \$33,103 and \$34,474, respectively.

At June 30, 2022and 2022, the Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	June :	30, 2023
	Deferred	Deferred
	Outflows of	Inflows of
	Resources	Resources
Change of assumptions Change in proportions Net difference between projected and actual	\$ 5,526 22,204	\$ 12,607 -
earnings on OPEB plan investments	_	5,043
Asset experience	_	62
Board contributions subsequent to the measurement date	4,969	
Total	\$ 32,699	\$ 17,712
	June :	30, 2022
	Deferred	Deferred
	Outflows of	Inflows of
	Resources	Resources
Change of assumptions Change in proportions Net difference between projected and actual	\$ 8,588 44,408	\$ 667 -
earnings on OPEB plan investments	_	5,556
Asset experience		54
Board contributions subsequent to the measurement date	3,833	
Total	\$ 56,829	\$ 6,277

Deferred outflows of resources related to OPEB resulting from Employer contributions subsequent to the measurement date in the amount of \$4,969 and \$3,833 for 2023 and 2022, respectively, will be recognized as a reduction of the net OPEB liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years Ending June 30,	
2024	\$ 18,607
2025	(3,939)
2026	(4,644)
2027	(6)
	\$ 10,018

### Actuarial Assumptions

The total OPEB liability in the annual actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

	June 30, 2023
Inflation rate	2.50%
Salary increases	4.20% to 9.10% for Regular members and 4.60% to 14.50% for Police/Fire members, varying service, including inflation
Investment rate of return	3.54%
Healthcare cost trend rates	4.80% increase effective July 1, 2023, then 7.25%
	graded down 0.25% to ultimate 4.50% over 11 years
	June 30, 2022
Inflation rate	2.75%
Salary increases	4.20% to 9.10% for Regular members and 4.60% to 14.50% for Police/Fire members, varying service, including inflation
Investment rate of return	2.16%
Healthcare cost trend rates	6.00% for 2022, see report for additional years

Mortality rates were based on PUB-2010 General Healthy Retiree Headcount – Weighted Above-Median Mortality Tables with rates adjusted to various levels based on factors such as sector and disability.

The actuarial assumptions used in the June 30, 2022 valuation were based upon certain demographic and other actuarial assumptions as recommended by the actuary, in conjunction with the State and guidance from the Governmental Accounting Standards Board statement.

### Discount Rate

The discount rate basis is required to be consistent with a 20-Year Municipal Bond Index. The Bond Buyer General Obligation 20-Bond Municipal Bond Index is used for the determination of the discount rate. The discount rates used to measure the total OPEB liability at June 30, 2023 and June 30, 2022 were 3.54% and 2.16%, respectively.

# Sensitivity of the OPEB Liabilities to Changes in the Discount Rate

The following presents the net OPEB liability of the plan, as well as the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the discount rate used:

	1% Decrease	Current Rate	1% Increase
	(1.21%)	(2.21%)	(3.21%)
June 30, 2021 net OPEB liability	\$ 157,428	\$ 140,680	\$ 126,529
	1% Decrease	Current Rate	1% Increase
	(2.51%)	(3.51%)	(4.51%)
June 30, 2020 net OPEB liability	\$ 131,583	\$ 140,680	\$ 151,571

# Sensitivity of the OPEB Liabilities to Changes in the Healthcare Cost Trend Rates

The following presents the net OPEB liability of the plan, as well as what the plan's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Current Rate	1% Increase
2023 Net OPEB liability	\$ 144,111	\$ 151,432	\$ 159,815
2022 net OPEB liability	\$ 141,497	\$ 153,894	\$ 164,239

### OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued audited annual financial statements of the State of Nevada State Retirees' Health and Welfare Benefits Fund, Public Employees' Benefits Program financial report.

# Note 7 - Compliance with Nevada Revised Statutes and Nevada Administrative Code

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

#### Note 8 - Conversion to Government-Wide Financial Statements

Adjustments on the face of the financial statements were made to the fund balance sheets and statements of revenue, expenditures, and changes in fund balances in order to reconcile the fund financial statements to the government-wide statements of net position and activities. The adjustments include the following:

	 2023	 2022
Assets Right of use asset, net of accumulated amortization Fixed assets, net of accumulated depreciation	\$ 30,899 7,024	\$ 50,415 2,655
Deferred Outflows of Resources - OPEB	\$ 32,699	\$ 56,829
Liabilities		
Compensated absences	\$ (33,661)	\$ (29,801)
Lease liability	\$ (32,014)	(51,180)
Net OPEB liability	(151,432)	(153,894)
Deferred Inflows of Resources - OPEB	\$ (17,712)	\$ (6,277)
Expenditures/Expenses		
Board expenditures		
Compensated absences	\$ 3,860	\$ 5,824
OPEB expenses	33,103	34,474
Capitalized equipment and furnishings	(7,224)	-
Lease interest and amortization	350	765
Depreciation expense	 2,855	 2,536
	\$ 32,944	\$ 43,599

Required Supplementary Information June 30, 2023 and 2022 Nevada State Board of Funeral & Cemetery Services

	2023						
			Actu	al Amounts	Variance -		
	Orio	Original and		udgetary	Favorable		
		al Budget		Basis	(Unfavorable)		
Revenue						·	
Nevada regulatory fees	\$	336,000	\$	288,650	\$	(47,350)	
Renewal and licensing fees							
Facilities permit renewals		9,869		9,800		(69)	
Individual renewals		32,131		31,908		(223)	
Examinations		4,000		4,225		225	
Initial licensing and approval fees		36,375		36,436		61	
Fines and administrative fees		375		1,179		804	
Other income		5,000		5,969		969	
Total revenue		423,750		378,167		(45,583)	
Expenditures							
Personnel services							
Executive Director		113,390		133,042		(19,652)	
Investigator		32,936		35,202		(2,266)	
Administration		62,119		64,125		(2,006)	
Payroll taxes		15,622		18,745		(3,123)	
Employee benefits		51,714		58,569		(6,855)	
Travel		20,000		15,105		4,895	
Operating							
Attorney General - legal fees		24,000		12,470		11,530	
Audit		-		-		-	
Background investigation		2,000		1,405		595	
Bank fees		5,000		3,083		1,917	
Board member compensation		3,000		3,600		(600)	
Conference/training registration		1,500		3,740		(2,240)	
Contractual services		8,650		7,908		742	
Equipment and furnishings		3,000		7,224		(4,224)	
Insurance		1,800		1,817		(17)	
Licensing software subscription		12,000		-		12,000	
Meeting expenses		2,400		2,897		(497)	
Miscellaneous expenses		300		1,053		(753)	
Office lease		19,632		19,166		466	
Office supplies		8,500		10,051		(1,551)	
Postage		3,000		2,008		992	
Printing and copying		4,000		6,669		(2,669)	
Technical support and website		2,200		2,261		(61)	
Telephone and utilities		8,000		9,932		(1,932)	
Total expenditures		404,763		420,072		(15,309)	
Excess of Revenue over Expenses	\$	18,987	\$	(41,905)	\$	(60,892)	

				2022			
			Actu	al Amounts	Variance -		
	Original and			udgetary		vorable	
		al Budget		Basis		avorable)	
Revenue			•			· ·	
Nevada regulatory fees	\$	318,000	\$	324,530	\$	6,530	
Renewal and licensing fees							
Facilities permit renewals		9,869		10,863		994	
Individual renewals		34,606		37,676		3,070	
Examinations		4,000		4,075		75	
Initial licensing and approval fees		24,750		34,604		9,854	
Fines and administrative fees		900		2,219		1,319	
Other income		5,000		7,649		2,649	
Total revenue		397,125		421,616		24,491	
Expenditures							
Personnel services							
Executive Director		103,027		102,269		758	
Investigator		29,942		33,039		(3,097)	
Administration		56,472		57,911		(1,439)	
Payroll taxes		14,202		14,534		(332)	
Employee benefits		48,968		49,150		(182)	
Travel		20,000		11,466		8,534	
Operating							
Attorney General - legal fees		14,000		32,641		(18,641)	
Audit		11,000		11,000		-	
Background investigation		2,000		1,576		424	
Bank fees		2,800		5,597		(2,797)	
Board member compensation		1,500		1,650		(150)	
Conference/training registration		1,500		800		700	
Contractual services		7,450		9,507		(2,057)	
Equipment and furnishings		3,000		2,229		771	
Insurance		1,800		1,644		156	
Licensing software subscription		7,400		-		7,400	
Meeting expenses		2,400		2,399		1	
Miscellaneous expenses		300		-		300	
Office lease		18,792		19,303		(511)	
Office supplies		8,500		6,298		2,202	
Postage		2,500		3,470		(970)	
Printing and copying		2,000		6,970		(4,970)	
Technical support and website		2,200		1,671		529	
Telephone and utilities		6,800		8,794		(1,994)	
Total expenditures		368,553		383,918		(15,365)	
Excess of Revenue over Expenses	\$	28,572	\$	37,698	\$	9,126	

Schedule of Changes in Other Postemployment Benefits Liability Last Ten Fiscal Years

	 2023	 2022	 2021	 2020	 2019	 2018
Proportion of the net OPEB liability	0.0105%	0.0099%	0.0094%	0.0091%	0.0016%	0.0000%
Proportionate share of the net OPEB liability	\$ 151,432	\$ 153,894	\$ 140,680	\$ 127,511	\$ 20,613	\$ -
Covered payroll	\$ 197,166	\$ 160,181	\$ 152,153	\$ 150,551	\$ 20,706	\$ -
Proportionate share of the net OPEB liability as a percentage of covered payroll	76.80%	96.08%	92.46%	84.70%	99.55%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	77.04%	77.04%	77.04%	76.46%	75.24%	74.40%

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

Schedule of Contributions Last Ten Fiscal Years

	2023	2022	2021	2020	2019	2018
Contractually required contributions Contractually required contribution	\$ 4,969 (4,969)	\$ 3,833 (3,833)	\$ 3,928 (3,928)	\$ 4,102 (4,102)	\$ 3,746 (3,746)	\$ 617 (617)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Board's covered payroll	\$ 197,166	\$ 160,181	\$ 152,153	\$ 150,551	\$ 135,751	\$ 20,706
Contributions as a percentage of covered payroll	2.52%	2.39%	2.58%	2.72%	2.76%	2.98%

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



# Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

To the Members Nevada State Board of Funeral & Cemetery Services Reno, Nevada

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the Nevada State Board of Funeral & Cemetery Services (Board), as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Nevada State Board of Funeral & Cemetery Services' basic financial statements, and have issued my report thereon dated November 15, 2023.

# **Internal Control Over Financial Reporting**

In planning and performing my audit of the financial statements, I considered the Nevada State Board of Funeral & Cemetery Services' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Nevada State Board of Funeral & Cemetery Services' internal control. Accordingly, I do not express an opinion on the effectiveness of the Boards' 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.

My 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 my audits I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

# **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Nevada State Board of Funeral & Cemetery Services financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my 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 my 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.

Reno, Nevada November 15, 2023

Christian Accounting Network