

Financial Statements
December 31, 2022

**Nevada State Board of Medical
Examiners**

Nevada State Board of Medical Examiners

Table of Contents
December 31, 2022

Independent Auditor’s Report	1
Management’s Discussion and Analysis.....	4
Financial Statements	
Statement of Net Position.....	10
Statement of Revenues, Expenses, and Changes in Net Position.....	11
Statement of Cash Flows.....	12
Notes to Financial Statements.....	13
Required Supplementary Information	
Schedule of Changes in Net Pension Liability and Schedule of Contributions.....	28
Schedule of Changes in Other Postemployment Benefits Liability and Related Ratios	29
Supplementary Information	
Statement of Revenue and Expenses - Budget and Actual	30
Compliance Section	
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 <i>Government Auditing Standards</i>	31

Casey Neilson, Inc.
Accountants and Advisors

Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the business-type activities of the Nevada State Board of Medical Examiners (Board), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Nevada State Board of Medical Examiners basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Nevada State Board of Medical Examiners, as of December 31, 2022, and the changes in financial position and, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Change in Accounting Principle

As described in Note 1 to the financial statements, in 2022, the Nevada State Board of Medical Examiners adopted new accounting guidance, GASB Statement No. 87, *Leases*. Our 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 9, the schedule of changes in net pension liability and schedule of contributions on page 28, and schedule of changes in other postemployment benefits liability and related ratios on page 29 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required

by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Nevada State Board of Medical Examiners basic financial statements. The statement of revenue and expenses - budget and actual on page 30 is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information 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 statement of revenue and expenses - budget and actual 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 September 14, 2023 on our consideration of the Nevada State Board of Medical 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 Nevada State Board of Medical Examiners' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Board's internal control over financial reporting and compliance.

Handwritten signature of Casey Nalor in black ink.

Reno, Nevada
September 14, 2023

Within this section of the Nevada State Board of Medical Examiner's (Board) annual financial report, the Board's management provides narrative discussion and analysis of the financial activities of the Board for the fiscal year ended December 31, 2022. The Board's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

Financial Highlights

The Board's assets and deferred outflows of resources are less than its liabilities and deferred inflows of resources by \$1,255,715 as of December 31, 2022. This compares to the previous year of \$1,079,154.

- Total assets include cash and short-term investments, receivables from disciplinary adjudications, and capital assets, net of accumulated depreciation and amortization. Total assets as of December 31, 2022 were \$8,992,614, as compared to \$11,959,350 as of December 31, 2021. This represents a decrease of \$2,966,736 or 24.8% and is expected in a non-renewal year.
- Total liabilities, including licensing fees received in advance, as of December 31, 2022 were \$12,495,092, as compared to \$12,385,035 as of December 31, 2021. This was an increase of \$110,057 or 0.8%. The increase is mainly due to a large increase in the net pension liability.
- Total net position as of December 31, 2022 of \$(1,255,715) is comprised of the following:
 1. Capital assets (property and equipment), net of accumulated depreciation, right of use assets, net of accumulated amortization and net of related liabilities of \$3,307,315
 2. Unrestricted net position of \$(4,563,030).

Non current assets increased \$345,430 mainly due to the implementation of GASB 87 which placed a new right of use asset on the balance sheet. The purchase of the building and recording of net OPEB liabilities in 2018 as required by the implementation of GASB Statement No. 75 resulted in the deficit unrestricted net position at December 31, 2022.

- Operating expenses were \$6,188,944 for the year ended December 31, 2022. This represents an increase of \$1,078,286, or 21.1% from the previous fiscal year. The increase is due primarily to an increase in personnel costs for salaries and post-employment benefits based upon actuarial valuation reports along with an increase to investigation fees as more investigations were able to be performed in the current year

Overview of the Financial Statements

Management's Discussion and Analysis introduces the Board's basic financial statements, which include: 1) the basic financial statements, and 2) Notes to the financial statements. Also included in this report is additional information to supplement the basic financial statements.

Board's Financial Statements

The Board's financial statements are presented using a perspective similar to that found in the private sector with its basis in full accrual accounting. The financial statements reflect operations of the Board that are principally supported from business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. The Board's activities include the licensing and regulation of medical doctors, physician assistants, practitioners of respiratory care, and perfusionists.

The first of these statements is the Statement of Net Position. This is the Board's statement of position presenting information that includes all of the Board's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the Board as a whole is improving or deteriorating.

The second statement is the Statement of Revenue, Expenses and Changes in Net Position, which reports how the Board's net position changed during the reported fiscal years. All changes in net position are reported as soon as the underlying events giving rise to the change occur, regardless of when cash is paid. The Statement of Revenues, Expenses and Changes in Net Position also illustrates how the Board's primary activities are reliant on revenues provided by the licensing process.

The third statement is the Statement of Cash Flows. This statement outlines the changes in cash balances. The changes consist of cash receipts and payments for the reported years. The statement provides answers to such questions as where did cash come from?, what was cash used for? and what was the change in the cash balance during each year?

The accompanying Notes to the Financial Statements provide information essential to a full understanding of the Board's financial statements.

In addition to the basic financial statements described above, this report also presents Required Supplementary Information in the form of various schedules. The schedules are provided to enhance the readers' understanding of the basic financial statements. Last, is the Report on Internal Controls and Compliance. This report provides information on the adequacy and effectiveness of controls. It encompasses the Board's governance, operations, and information systems. It includes the reliability and integrity of financial and operational information, safeguarding of assets, and compliance with laws, regulations, policies, and procedures.

Economic Factors

Because of the economic downturn and at the encouragement of the State, management began an overall detailed expenditure review at the end of 2009. The resulting austerity program has shown significant reductions in spending and a growth in the Board's reserves. This made possible the purchase of property for the Board's continued operation in Reno in May of 2018. The purchase provided a drop-in rent and a re-allocation of Board resources to legal and office expense. There was also a re-allocation of expenses to move the medical reviewers of the Board from a contract basis to being employees of the Board. Both were significant strategic decisions to broaden the financial foundation of the Board.

Nevada State Board of Medical Examiners

Management’s Discussion and Analysis

December 31, 2022

In furtherance of the Board’s financial responsibility, it shall endeavor to maintain an operating reserve of no less than 6 months and no greater than 12 months. The status of the reserves shall be monitored by the Executive Director. The status of the reserves shall be reported to the Board at quarterly public meetings by the Finance Manager. The yearly budget shall reflect movement toward these designated benchmarks.

The Board is continuing its focus on continuing the allocation of available resources to better perform the mission. While the Board approved a reduction in renewal fees in 2016, it was offset by a higher number of licensees renewing. The following reflects the increasing numbers in the licensee base.

Practice	2019 new licenses	2020 new licenses	2021 new licenses	2022 new licenses
Physicians	977	1,173	1,158	1,443
Physician Assistants	142	162	163	211
Practitioners of Respiratory Care	147	133	160	204
Perfusionists	9	7	14	22

The major factors were a recovery in the economy of the state, a rise in the general population of the state, and a rise in the number of multiple-jurisdiction practitioners.

Licensure Counts At Year End	2019	2020	2021	2022
Physicians	9,475	10,652	10,704	12,143
Physician Assistants	953	1,046	1,082	1,204
Practitioners of Respiratory Care	1,490	1,587	1,542	1,668
Perfusionists	30	32	36	39

Nevada State Board of Medical Examiners

Management's Discussion and Analysis

December 31, 2022

Financial Analysis of the Board

As year-to-year financial information is accumulated on a consistent basis, changes in net position may be observed and used to discuss the changing financial position of the Board as a whole. The Board's net position as of December 31, 2022 was \$(1,255,715), which is a decrease of \$176,561 from the beginning net position of \$(1,079,154). The Board had budgeted an excess of revenues over expenditures of \$60,000.

Schedule 1 - Condensed Balance Sheets
Years Ended December 31, 2022, 2021 and 2020

	2022	2021	2020	2022 vs 2021		2021 vs 2020	
				\$	%	\$	%
Assets							
Current assets	\$ 5,219,084	\$ 8,531,250	\$ 3,657,294	\$ (3,312,166)	-38.8%	\$ 4,873,956	133.3%
Capital assets, net	3,328,778	3,428,100	3,426,433	(99,322)	-2.9%	1,667	0.0%
Right of use assets, net	444,752	-	-	444,752	-	-	-
Total assets	8,992,614	11,959,350	7,083,727	(2,966,736)	-24.8%	4,875,623	68.8%
Deferred outflows	2,641,375	2,305,443	1,059,708	335,932	14.6%	1,245,735	117.6%
Total assets and deferred outflows	\$ 11,633,989	\$ 14,264,793	\$ 8,143,435	\$ (2,630,804)	-18.4%	\$ 6,121,358	75.2%
Liabilities							
Current liabilities	\$ 3,156,771	\$ 6,940,149	\$ 2,696,568	\$ (3,783,378)	-54.5%	\$ 4,243,581	157.4%
Non-liabilities	9,338,321	5,444,886	6,571,871	3,893,435	71.5%	(1,126,985)	-17.1%
Total liabilities	12,495,092	12,385,035	9,268,439	110,057	0.9%	3,116,596	33.6%
Deferred inflows	394,612	2,958,912	646,665	(2,564,300)	-86.7%	2,312,247	357.6%
Net position							
Net invested in capital assets	3,307,315	3,428,100	3,426,433	(120,785)	-3.5%	1,667	0.0%
Unrestricted	(4,563,030)	(4,507,254)	(5,198,102)	(55,776)	1.2%	690,848	-13.3%
Total net position	(1,255,715)	(1,079,154)	(1,771,669)	(176,561)	16.4%	692,515	-39.1%
Total liabilities, deferred inflows, and net position	\$ 11,633,989	\$ 14,264,793	\$ 8,143,435	\$ (2,630,804)	-18.4%	\$ 6,121,358	75.2%

Schedule 2 - Condensed Statements of Revenues, Expenses and Changes in Net Position
Years Ended December 31, 2022 and 2021

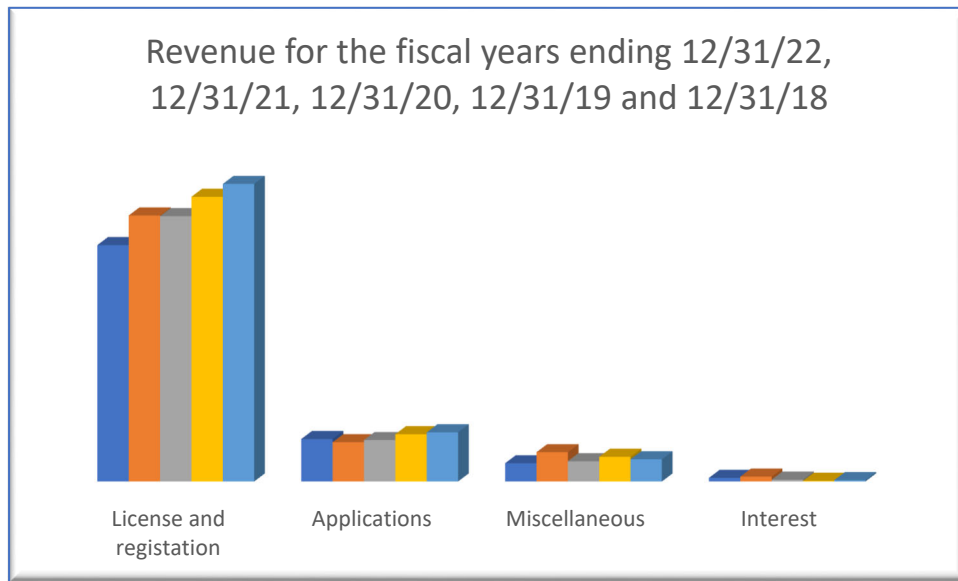
	2022	2021	2022 vs 2021	
			\$	%
Revenue				
Operating revenue	\$ 5,990,742	\$ 5,792,348	\$ 198,394	3.4%
Other income	21,641	10,825	10,816	99.9%
Total revenue	6,012,383	5,803,173	209,210	3.6%
Expenses				
Personnel	4,738,339	3,896,047	842,292	21.6%
Travel and operations	1,450,605	1,214,611	235,994	19.4%
Total expenses	6,188,944	5,110,658	1,078,286	21.1%
Change in Net Position	(176,561)	692,515	(869,076)	-125.5%
Net Position, Beginning	(1,079,154)	(2,588,024)	1,508,870	-58.3%
Net Position, Ending	\$ (1,255,715)	\$ (1,895,509)	\$ 639,794	-33.8%

Financial Analysis of the Board’s Activities

Provided below are some of the significant changes in the Board’s revenue and expenses for each year.

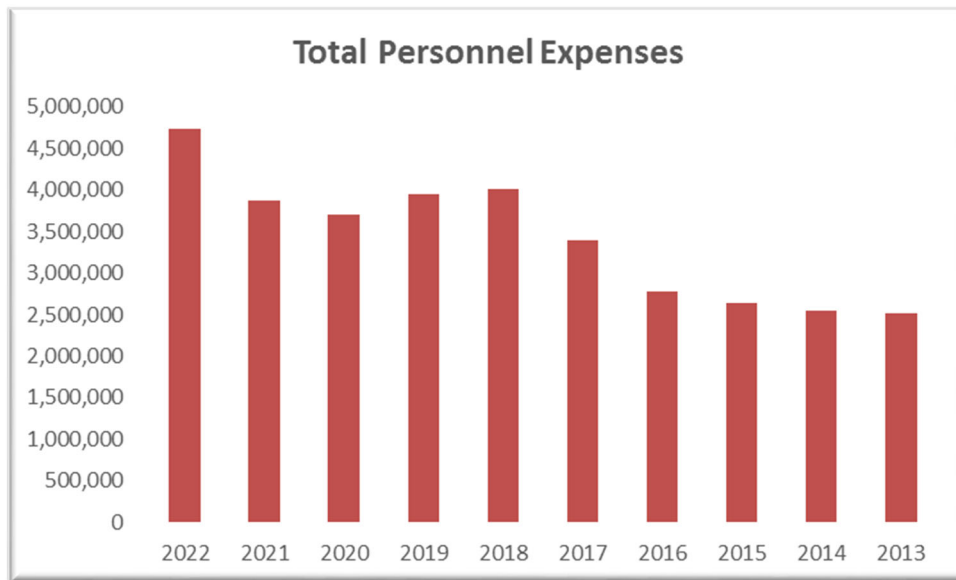
Revenue:

The Board attributes the continued growth in revenue to the increase in number of medical providers in the state. The peaks and valleys in miscellaneous and application income are attributed to licensing renewal periods that exist in odd numbered years.



Expenses:

Personnel expenses represent the biggest expenditure for the Organization. From 2008 through 2011, personnel costs were maintained at unusually low levels through attrition and redistribution of work flow due to uncertain economic conditions. Starting In 2011, additional attorney positions were created and benefit costs continued to escalate. In 2013-2018 the Board approved cost of living adjustments. In 2017 and 2018, the increases were also the result of additional program positions to accommodate the expanded licensing base and increases in pension and OPEB expenses associated with the implementation of GASB statements. The trend demonstrates the overall positive cost containment efforts of management. Until 2017, the total dollar figures were less than levels experienced through 2007 while continuing to service a much larger licensee population.



The total expenses for the Board were up by \$1,078,286 from 2021. Total expenses were \$670,901 overbudget for 2022, primarily due to changes in the pension and other post-employment benefit plans' actuarial valuations.

Budgetary Highlights

Schedule 3 presents the total revenue and expense variances with the final budget for the years ended December 31, 2022 and 2021.

Schedule 3 Favorable (Unfavorable) Budget Variances

	2022	2021
Revenue		
Operating revenue	\$ 446,993	\$ 330,509
Other income	(2,359)	(4,175)
	\$ 444,634	\$ 326,334
Expenses		
Personnel	\$ (400,541)	\$ 215,253
Travel and operations	(280,654)	41,728
	\$ (681,195)	\$ 256,981
Net	\$ (236,561)	\$ 583,315

Nevada State Board of Medical Examiners

Statement of Net Position

December 31, 2022

Assets	
Current assets	
Cash and cash equivalents	\$ 4,111,635
Short term investments	960,001
Compliance fees receivable, net	48,562
Fines receivable	93,963
Prepaid expense	4,923
Total current assets	5,219,084
Noncurrent assets	
Capital assets, not being depreciated	549,720
Capital assets, net of accumulated depreciation	2,779,058
Right of use asset, net of accumulated amortization	444,752
Total noncurrent assets	3,773,530
Total assets	8,992,614
Deferred Outflows of Resources	
Deferred outflows related to pensions	2,571,108
Deferred outflows related to OPEB	70,267
Total deferred outflows of resources	2,641,375
Total assets and deferred outflows of resources	11,633,989
Liabilities	
Current liabilities	
Accounts payable	106,004
Accrued payroll and related liabilities	205,205
Licensing fees received in advance	2,535,182
Fines payable	93,963
Current portion of lease liability	74,973
Compensated absences, due within one year	141,444
Total current liabilities	3,156,771
Noncurrent liabilities	
Compensated absences, due in more than one year	34,399
Lease liability	391,242
Net pension liability	6,688,796
Net OPEB liabilities	2,223,884
Total noncurrent liabilities	9,338,321
Total liabilities	12,495,092
Deferred Inflows of Resources	
Deferred inflows related to pensions	167,412
Deferred inflows related to OPEB	227,200
Total deferred inflows of resources	394,612
Total liabilities and deferred inflows of resources	12,889,704
Net Position	
Net investment in capital assets	3,307,315
Unrestricted	(4,563,030)
Total net position	\$ (1,255,715)

Nevada State Board of Medical Examiners
Statement of Revenues, Expenses, and Changes in Net Position
December 31, 2022

Operating Revenue	
License and registration fees	\$ 4,829,219
Application fees	799,775
Compliance administration reimbursements	154,179
Miscellaneous revenue	207,569
Total operating revenues	5,990,742
Operating Expenses	
Personnel services	4,738,339
Travel	76,564
Operations	1,120,772
Interest expense	10,294
Depreciation and amortization	242,975
Total operating expenses	6,188,944
Operating Income	(198,202)
Nonoperating Revenue	
Investment income	21,641
Total nonoperating revenue	21,641
Change in net position	(176,561)
Net Position	
Beginning of year	(1,079,154)
End of year	\$ (1,255,715)

Nevada State Board of Medical Examiners

Statement of Cash Flows

December 31, 2022

Operating Activities	
Cash received from operations	\$ 2,136,258
Cash paid for personnel services	(4,128,427)
Cash paid for travel and operating expenses	(1,181,749)
Net Cash Used by Operating Activities	(3,173,918)
Capital and Related Financing Activities	
Acquisition of capital assets	(44,819)
Lease principal paid	(77,372)
Lease interest paid	(10,294)
Net Cash Used in Capital and Related Financing Activities	(132,485)
Investing Activities	
Purchase of certificate of deposits	(960,000)
Investment income	21,641
Net Cash Provided by Investing Activities	(938,359)
Net Change in Cash and Cash Equivalents	(4,244,762)
Cash and Cash Equivalents, Beginning of Year	8,356,397
Cash and Cash Equivalents, End of Year	<u>\$ 4,111,635</u>
Reconciliation of Operating Loss to Net Cash Flows	
from Operating Activities	
Operating Income	\$ (198,202)
Adjustments to reconcile change in net position to net cash flows from operating activities	
Depreciation	242,975
Interest on lease	10,292
Change in net pension liability, deferred outflows, and deferred inflows of resources	612,244
Changes in certain assets and liabilities	
Compliance fees receivable, net	27,237
Prepaid expense	168
Accounts payable	60,099
Deferred rent	(44,680)
Accrued compensated absences and other payroll liabilities	(2,330)
Licensing fees received in advance	(3,881,721)
Net Cash Provided by Operating Activities	\$ (3,173,918)

Note 1 - Reporting Entity and Summary of Significant Accounting Policies

The Nevada State Board of Medical Examiners (Board) created in 1899, is the licensing and regulatory agency for the physicians, physicians' assistants, respiratory therapists, and perfusionists in the State of Nevada. The Board is regulated by the Nevada Revised Statutes (NRS) Chapter 630, which also specify the authorized activities of the Board.

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 accounting 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'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 Accounting

The Board maintains its accounting records on an economic resources measurement focus using the accrual basis of accounting. Revenue is recognized when earned and expenses are recognized when the related liabilities are incurred.

Operating income reported in the financial statements includes revenue and expenses related to the primary, continuing operations of the Board. The primary sources of revenue are licensing, registration and application fees from physicians, physicians for non-compliance with the regulation and fees charged for criminal background checks, copy requests, letters of verification, physician listings, label request and legal fee recoveries. Operating expenses included administrative costs and depreciation of capital assets. Interest income earned from the Board's investing activities is presented as non-operating revenue.

Basis of Presentation

The Board uses a proprietary fund to account for its financial position and results of operations. Proprietary fund types are used to account for activities conducted on a fee-for-service basis in a manner similar to commercial enterprises. The 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 the related cash flows.

Note 1 - Reporting Entity and Summary of Significant Accounting Policies (Continued)**Budget Data**

The Board adopts biennial operating budgets and budgetary accounting is employed as a management control. The budget is prepared using accounting principles generally accepted in the United States of America.

Cash and Cash Equivalents

Cash equivalents consist of money market funds and certificates of deposit with original maturities of three months or less. Certificates of deposits with longer maturities are considered to be short term investments.

Cash and cash equivalents are maintained in a commercial bank in Reno, Nevada. Cash and cash equivalents are maintained and available to meet current operating requirements and are readily identifiable. By statutes, all cash must be deposited in entities that are located in the state of Nevada.

Compliance Fees Receivable

Compliance fees receivable consist of reimbursable administrative costs for processing claims and are assessed in accordance with the applicable NRS and Board policies. The allowance for uncollectible receivables is based upon management's assessment of historical trends and the periodic aging of the compliance fees receivable. The allowance for uncollectible receivables as of December 31, 2022 totaled \$37,214.

Capital Assets

Property and equipment purchased by the Board are presented in the statement of net position as capital assets. Capital assets are defined by the Board as assets with an initial, individual cost of \$500 and an estimated useful life of more than one year. The cost 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 the estimated useful lives of 3-10 years for furniture and equipment and up to 40 years for buildings.

When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is recognized in income for the period.

Accrued Compensated Absences

Vacation leave is earned by employees at rates dependent on length of employment. The Board's policy is to provide for the annual carryover of up to 240 hours earned vacation leave which is fully vested when earned. The Board recognizes the expenses and liability for compensated absences as the leave is earned. Sick days and other accumulated paid absences are not vested and, therefore, it is the Board's policy to recognize the costs for sick days and other absences when paid.

Note 1 - Reporting Entity and Summary of Significant Accounting Policies (Continued)**Revenue Recognition and Licensing Fees Received in Advance**

The Board's revenue is derived from fees charged to medical professionals for licensure, assessments for compliance reimbursements, and credit card convenience fees. By provisions of statute, the Board administers its licensing registration on biennial periods. Licensing fees received in advance represents collections received upon the biennial renewal of licenses and is recognized ratably over the renewal period, currently July 1, 2021 through June 30, 2023. Other fees such as application fees, background checks, administrative fees and credit card convenience fees are recognized and collected at the time of service. Assessments for compliance reimbursements are recognized upon settlement of disciplinary action when the amount is determinable and collectability is reasonably assured.

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of net position may report a separate section for deferred outflows of resources. The separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Board recognizes deferred outflows of resources as they relate to the net pension and OPEB liability. In addition to liabilities, the statement of net position may report a separate section 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(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Board recognizes deferred inflow of resources as they relate to the net pension and OPEB liability.

Net Position

Equity is classified as net position and displayed in these components:

- Net investment in capital assets - cost of capital assets net of accumulated depreciation, right of use assets, net of accumulated depreciation and related debt, if any.
- Restricted net position - Net position subject to restrictions that are imposed by (1) external groups, such as creditors or laws and regulations of other governments, or (2) the law through legislative provisions. The Board has no restricted net position.
- Unrestricted net position - Net positions that are neither classified as "restricted" or as "invested in capital assets."

Pensions and OPEB

For purposes of measuring the net pension and OPEB liabilities, deferred outflows/inflows of resources, and benefit expenses, information about the fiduciary net position of the Public Employees' Retirement System of Nevada (PERS) and Public Employees' Benefit Program (PEBP) and additions to/deductions from PERS's and PEBP's fiduciary net positions have been determined on the same basis as they are reported by PERS and PEBP, respectively. 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.

Note 1 - Reporting Entity and Summary of Significant Accounting Policies (Continued)**Use of Estimates**

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

New Accounting Pronouncements; Adopted in current year

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 5 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.

Note 2 - Cash and Investments**Investment Policy - Concentration of Credit Risk**

The Board maintains its checking accounts, and money market funds in commercial banks located in Nevada. Custodial credit risk is the risk that in the event of a bank or brokerage failure, the Board's deposits may not be returned. The time certificates of deposit are held in the name of the Board. The accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 in the aggregate per bank for the checking accounts and \$250,000 for the time deposits. In addition, the bank balances are collateralized with securities held by the Nevada Pooled Collateral program.

By provisions of statutes, the Board is required to deposit all money in banks or savings and loans associations located in the State of Nevada. Cash and cash equivalents reported in the statement of net position include cash and money market funds totaling \$4,111,614.

The Board manages its risk exposure to changes in interest rates by investing in money market funds. The Board participates in the State of Nevada collateralization program to assure that funds deposited are protected.

Beginning in December 30, 2022 the Board invested in short-term certificates of deposit. Each certificate of deposit is issued by a different bank and each is insured by the FDIC for up to \$250,000. All certificates of deposit are fully insured. The total balance of short term certificates of deposit is \$960,001.

Note 3 - 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 year is as follows:

	December 31, 2021	Additions	Deletions	December 31, 2022
Capital assets, not being depreciated				
Land	\$ 549,720	\$ -	\$ -	\$ 549,720
Capital assets, being depreciated				
Building	2,940,907		-	2,940,907
Leasehold Improvements	41,953	8,320	-	50,273
Furniture and equipment	454,360	1,688	-	456,048
Computers, software, and printers	474,439	34,811	-	509,250
Total capital assets, being depreciated	<u>3,911,659</u>	<u>44,819</u>	<u>-</u>	<u>3,956,478</u>
Less accumulated depreciation				
Building	276,147	76,561	-	352,708
Leasehold Improvements	5,378	8,668	-	14,046
Furniture and equipment	284,982	30,555	-	315,537
Computers, software, and printers	466,772	28,357	-	495,129
Total accumulated depreciation	<u>1,033,279</u>	<u>144,141</u>	<u>-</u>	<u>1,177,420</u>
Total capital assets, being depreciated, net	<u>2,878,380</u>	<u>(99,322)</u>	<u>-</u>	<u>2,779,058</u>
Capital assets, net	<u>\$ 3,428,100</u>	<u>\$ (99,322)</u>	<u>\$ -</u>	<u>\$ 3,328,778</u>

Note 4 - Long-Term Obligations Activity

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

	Balance January 1, 2022	Additions	Deletions	Balance December 31, 2022	Current Portion
Compensated absences	<u>\$ 177,849</u>	<u>\$ 82,192</u>	<u>\$ (84,198)</u>	<u>\$ 175,843</u>	<u>\$ 141,444</u>

Accrued sick leave is considered to be non-current; all vacation is considered to be current.

Note 5 - Lease Obligations

The Board currently leases office space in Las Vegas, Nevada under an agreement expiring August 31, 2026. 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 equal to the three year treasury rate as reported by the US Treasury to discount the annual lease payments to recognize the intangible right to use asset and the lease liability as of December 31, 2022.

	Balance January 1, 2022	Additions	Deletions	Balance December 31, 2022	
Right of use leased assets:					
Lease assets, office	\$ -	\$ 543,586	\$ -	\$ 543,586	
Less: accumulated amortization	-	98,834	-	98,834	
	<u>\$ -</u>	<u>\$ 444,752</u>	<u>\$ -</u>	<u>\$ 444,752</u>	
	Balance January 1, 2022	Additions	Deletions	Balance December 31, 2022	Amount due in one year
Right of use lease liabilities:					
Office	\$ -	\$ 588,266	\$ 122,051	\$ 466,215	\$ 74,973

The following is a schedule of future minimum rental payments separated in amounts to be recorded as principal and interest related to the lease liabilities:

Year Ending December 31	Principal	Interest
2023	\$ 74,973	\$ 6,635
2024	104,760	7,061
2025	110,268	4,921
2026	115,976	2,670
2027	60,238	711
	<u>\$ 466,215</u>	<u>\$ 21,998</u>

Note 6 - Pensions**Plan Description**

The Board contributes to the Public Employees' Retirement System of the State of Nevada (PERS), which administers a cost-sharing, multiple-employer, defined benefit public employees' retirement system. PERS was established by the Nevada Legislature in 1947, effective July 1, 1948. PERS 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.

Note 6 - Pensions (Continued)**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 the time of retirement and the member's highest average compensation in any 36 consecutive months with special provisions for members entering PERS on or after January 1, 2010 and July 1, 2015. 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 PERS on or after January 1, 2010, there is a 2.5% multiplier and for members entering PERS on or after July 1, 2015 there is a 2.25% factor. PERS 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 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 PERS 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. Members who entered PERS on or after July 1, 2015, are eligible for retirement at age 65 with five years of service, or at age 62 with 10 years of service or at age 55 with 30 years of service or 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. 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. One plan provides for matching employee and employer contributions and the other plan provides for employer-pay only.
- b) PERS' 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.

Note 6 - Pensions (Continued)

- c) PERS receives an actuarial valuation on an annual basis indicating the contribution rates required to fund PERS 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, 2022 and 2021 the Statutory Employer/employee matching rate was 15.5% and 15.5%, respectively. The Employer-pay contribution (EPC) rate was 29.75% and 29.75%, respectively.
- f) For the year ended December 31, 2022, the Board contributed \$822,188 under the statutory requirements based on covered payroll of \$2,734,161 which equates to 30.07% overall to the plan.

PERS Investment Policy

PERS's policies are established by the PERS Board to determine the investment portfolio target asset allocation. The asset allocation is reviewed annually and is designed to meet the future risk and return needs of PERS.

The following was the PERS Board's adopted policy target asset allocation as of June 30, 2022:

	Target Allocation	Long-Term Geometric Expected Real Rate of Return*
Domestic Equity	42%	5.50%
International Equity	18%	5.50%
Domestic Fixed Income	28%	0.75%
Private Markets	12%	6.65%

*As of June 30, 2022, PERS' long-term inflation assumption was 2.50%.

Net Pension Liability

At December 31, 2022, the Board reported a liability of \$6,688,796 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, 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 its combined employer and member contributions relative to the total combined employer and member contributions for all employers for the period ended June 30, 2022. At June 30, 2022, the Board's proportion was .03705%, which is an increase of .01999% from the proportion measured as of June 30, 2021.

6 - Pensions (Continued)**Pension Liability Discount Rate Sensitivity**

The following presents the net pension liability of the PERS as of June 30, 2022, calculated using the discount rate of 7.25%, 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 (6.25%) or 1 percentage-point higher (8.25%) than the current discount rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Net pension liability / (asset)	<u>\$ 10,270,323</u>	<u>\$ 6,688,796</u>	<u>\$ 3,734,489</u>

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in PERS Comprehensive Annual Financial Report, available on the PERS website.

Actuarial Assumptions

The Board's net pension liability was measured as of June 30, 2022, 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	2.50%
Investment rate of return	7.25%
Productivity pay increase	0.50%
Projected salary increases	4.2% to 9.1%, depending on service
	Rates include inflation and productivity increases
Consumer price index	2.75%
Other assumptions	Same as those used in the June 30, 2022 funding actuarial valuation

Mortality rates for healthy individuals were based on the Headcount-Weighted RP-2014 Healthy Annuitant Table projected to 2020 with Scale MP-2016, set forward one year for spouses and beneficiaries. For ages less than 50, mortality rates are based on the Headcount-Weighted RP-2014 Employee Mortality Tables. Those mortality rates are adjusted by the ratio of the mortality rate for healthy annuitants at age 50 to the mortality rate for employees at age 50. The mortality rates are then projected to 2020 with Scale MP-2016. Mortality rates for disabled individuals were based on the Headcount-Weighted RP-2014 Disabled Retiree Table, set forward four years. Mortality rates for pre-retirement individuals were based on the Headcount-Weighted RP-2014 Employee Table, projected to 2020 with Scale MP-2016. The additional projection of 6 years is a provision made for future mortality improvement.

Note 6 - Pensions (Continued)**Actuarial Assumptions (continued)**

Actuarial assumptions used in the June 30, 2022 valuation were based on the results of the experience review completed in 2017.

The discount rate used to measure the total pension liability was 7.25% as of June 30, 2022. 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, 2022, 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, 2022.

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

For the year ended December 31, 2022, the Board recognized pension expense of \$797,404.

At December 31, 2022, 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	\$ 866,089	\$ 4,778
Changes of assumptions	859,223	-
Net difference between projected and actual earnings on pension plan investments	81,607	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	510,040	162,634
System contributions subsequent to the measurement date	254,149	-
	<u>\$ 2,571,108</u>	<u>\$ 167,412</u>

Included in deferred outflows of resources is \$254,149 related to pensions resulting from Board contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ended December 31, 2022.

Note 6 - Pensions (Continued)

The net difference between projected and actual investment earnings on pension plan investments will be recognized over five years, all the other above deferred outflows and deferred inflows will be recognized over the average expected remaining services lives, which was 5.70 years for the measurement period ending June 30, 2022. The net amounts are expected to be recognized in pension expense as follows:

<u>Year ending December 31,</u>	
2022	\$ 402,370
2023	314,975
2024	279,841
2025	992,551
2026	159,810
Thereafter	-
	<u>\$ 2,149,547</u>

Additional Information

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 under Quick Links - Publications.

Note 7 - Other Postemployment Benefit Obligation

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

Plan Description and Eligibility

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 <https://pebp.state.nv.us/>. The Board is reporting plan information consistently with PEBP's accounting methods and assumptions as disclosed in the annual report. No information has come to our attention that indicates significant changes to the plan's disclosures.

Note 7 - Other Postemployment Benefit Obligation (Continued)**Benefits Provided and Contributions**

The plan provides medical, dental, vision, long-term disability, accidental death and dismemberment, and life insurance benefits to eligible retired employees.

Legislation affords public employees of the state of Nevada (State) the opportunity to enroll, upon their retirement, in the Public Employees Benefit Program (PEBP) health insurance plan. The legislation obligates the State for a portion of the medical premiums for those retired employees who elect to enroll in the PEBP health insurance plan and retired prior to October 1, 2010 at a rate that is based upon years of service prior to retirement. For employees that retired between October 1, 2010 and September 30, 2012, the State's obligation for a portion of the medical premiums is dependent upon the PERS eligibility requirements in effect at the time of retirement. Employees that retire after October 1, 2012 may elect to enroll in the PEBP health insurance plan, but the State is not obligated for any portion of their premiums. There are currently twelve retired employees participating in this plan. The Board has not been billed directly for its cost of this post employment retirement benefit. However, the State is charging an annual fee to the Board based on a rate determined by the State and the budgeted salaries of the Board. During the year ended December 31, 2022, the Board paid the State \$60,953 for this additional fee for post-employment retirement benefits. This annual cost is expected to continue and possibly increase based on future decisions by the State to allocate post-employment retirement benefits to the Board's employees. Representatives of PEBP have indicated that the post-employment benefit liability is at the PEBP level and the Board merely pays its annual required contribution based on the fees charged by the State.

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

At December 31, 2022, the Board reported a liability of \$2,223,884 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2022. 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, 2022, the Board's proportion was 0.1542%.

For the year ended December 31, 2022, the Board recognized OPEB expense of \$140,499. At December 31, 2022, the Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 42,416
Changes of assumptions	31,598	184,784
System contributions subsequent to the measurement date	38,669	-
	<u>\$ 70,267</u>	<u>\$ 227,200</u>

Note 7 - Other Postemployment Benefit Obligation (Continued)

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

<u>Year ending December 31,</u>	
2023	\$ (57,849)
2024	(69,593)
2025	(68,072)
2026	<u>(88)</u>
	<u>\$ (195,602)</u>

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

Inflation rate	2.50%
Salary increases	4.2% to 9.1%, for regular members and 4.6% to 14.5% for police/fire members
Investment rate of return	3.54%
Healthcare cost trend rates	Medical/ Prescription Drug: 4.8% initial, 4.5% final Dental: 4% Administrative costs: 3% Part B Reimbursement: 0% and 27.17%, effective July 1, 2023 and 2024, respectively, then 4.5%

Mortality rates were based on the 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 GASB statement.

Discount Rate

The discount rate basis under GASB 75 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 rate as of June 30, 2021 is 3.54%. Additional detail regarding the discount rate as of June 30, 2022 is provided in the "Actuarial Assumptions and Methods" section of the report proved by the PEBP Board.

Note 7 - Other Postemployment Benefit Obligation (Continued)**Sensitivity of the Board's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate**

The following presents the Board's proportionate share of the net OPEB liability, as well as what the Board's proportionate share of 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 current discount rate:

	1% Decrease (2.54%)	Current Discount Rate (3.54%)	1% Increase (4.54%)
Net OPEB liability / (asset)	\$ 2,445,474	\$ 2,223,884	\$ 2,032,040

The following presents the Board's proportionate share of the net OPEB liability, as well as what the Board's proportionate share of the 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 Healthcare Cost Trend Rate	Current Healthcare Cost Trend Rate	1% Increase Healthcare Cost Trend Rate
Net OPEB liability / (asset)	\$ 2,116,367	\$ 2,223,884	\$ 2,347,003

Note 8 - Disciplinary Proceedings and Contingencies

In connection with the Board's enforcement program as prescribed by statute and regulation, it may seek recovery from licensees for costs incurred related to the investigative and disciplinary actions taken by the Board. Judgments made by the Board included stipulations for cost recoveries of \$154,179. These recovery amounts are presented as part of operating revenue.

In addition, the Board is authorized to impose an administrative fine. The Board acts as an agent for the State of Nevada with respect to the administrative fine; thus, fines collected by the Board are remitted to the State of Nevada. Judgments made by the Board included stipulations for administrative fines of \$101,104.

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

Note 9 - Compliance with Nevada Revised Statutes and Nevada Administrative Code

The Board conformed to all significant statutory constraints on its financial administration during the year ended December 31, 2022.

NOTE 10 – Contingencies and Risk Management:

There were no claims pending or unresolved disputes involving the Board at December 31, 2022.

The Board is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Board maintains commercial insurance coverage covering each of these risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Board.

Note 11 – Subsequent Events

Management has evaluated the activities and transactions subsequent to December 31, 2022 to determine the need for any adjustments to, and disclosure within the financial statements for the year ended December 31, 2022. Management has evaluated subsequent events through September 14, 2023, which is the date the financial statements were available to be issued.

Required Supplementary Information
December 31, 2022

Nevada State Board of Medical Examiners

Nevada State Board of Medical Examiners
Schedule of Changes in Net Pension Liability and Schedule of Contributions
Year Ended December 31, 2022

Schedule of Changes in Net Pension Liability									
Last Ten Fiscal Years									
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Proportion of the net pension liability	0.03705%	0.03506%	0.03292%	0.03494%	0.03541%	0.02415%	0.02953%	0.02887%	0.02916%
Proportionate share of the net pension liability	\$6,688,796	\$3,197,325	\$4,584,998	\$4,764,234	\$4,829,089	\$4,282,949	\$3,974,115	\$3,308,817	\$3,038,555
Covered payroll	\$2,734,161	\$2,598,218	\$2,465,644	\$2,388,436	\$2,442,373	\$2,104,351	\$1,877,749	\$1,792,698	\$1,725,514
Proportionate share of the net pension liability as a percentage of its covered payroll	244.64%	123.06%	185.96%	199.47%	197.72%	203.53%	211.64%	184.57%	176.10%
Plan fiduciary net position as a percentage of the total pension liability	75.12%	86.51%	77.04%	76.46%	75.24%	74.40%	72.20%	75.10%	76.31%
Schedule of Contributions									
Last Ten Fiscal Years									
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contributions	\$ 822,188	\$ 772,831	\$ 727,268	\$ 684,871	\$ 677,959	\$ 617,533	\$ 520,461	\$ 452,621	\$ 419,576
Contributions in relation to contractually required contributions	<u>(822,188)</u>	<u>(772,831)</u>	<u>(727,268)</u>	<u>(684,871)</u>	<u>(677,959)</u>	<u>(617,533)</u>	<u>(520,461)</u>	<u>(452,621)</u>	<u>(419,576)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered employee payroll	\$ 2,865,336	\$ 2,747,358	\$ 2,611,737	\$ 2,482,185	\$ 2,530,095	\$ 2,192,686	\$ 1,877,892	\$ 1,765,776	\$ 1,736,220
Contributions as a percentage of covered payroll	28.69%	28.13%	27.85%	27.59%	26.80%	28.16%	27.72%	25.63%	24.17%

*GASB Statement No. 68 requires ten years of information to be presented in these tables. However, until a full 10-year trend is compiled, the Board will present information for those years for which information is available.

Nevada State Board of Medical Examiners
 Schedule of Changes in Other Postemployment Benefits Liability and Related Ratios
 Year Ended December 31, 2022

Schedule of Changes in Net OPEB Liability
Last Ten Fiscal Years

	2022	2021	2020	2019	2018
Proportion of the net OPEB liability	0.1542%	0.1421%	0.1297%	0.1415%	0.1416%
Proportionate share of the net OPEB liability	\$2,223,884	\$2,202,881	\$1,950,373	\$1,971,236	\$1,875,619
Covered payroll	\$2,836,614	\$2,492,744	\$2,611,737	\$2,896,049	\$2,442,373
Proportionate share of the net OPEB liability as a percentage of its covered payroll	78.40%	88.37%	74.68%	68.07%	76.79%
Plan fiduciary net position as a percentage of the total OPEB liability	-1.41%	-0.65%	-0.38%	0.02%	0.12%

Schedule of Contributions
Last Ten Fiscal Years

	2022	2021	2020	2019	2018
Contractually required contributions	\$ 61,113	\$ 56,434	\$ 57,944	\$ 57,928	\$ 58,267
Contributions in relation to contractually required contributions	(61,113)	(56,434)	(57,944)	(57,928)	(58,267)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Board's covered employee payroll	\$ 2,836,614	\$ 2,492,737	\$ 2,611,737	\$ 2,482,185	\$ 2,486,280
Contributions as a percentage of covered payroll	2.15%	2.26%	2.22%	2.33%	2.34%

*GASB Statement No. 68 requires ten years of information to be presented in these tables. However, until a full 10-year trend is compiled, the Board will present information for those years for which information is available.

Supplementary Information
December 31, 2022

Nevada State Board of Medical Examiners

Nevada State Board of Medical Examiners

Statement of Revenue and Expenses - Budget and Actual

Year Ended December 31, 2022

(With Comparative Actual Totals for the Year Ended December 31, 2021)

	2022			2021
	Original and Final Budget	Actual Amounts Budgetary Basis	Final Budget to Actual Variance	Actual Amounts (Memorandum Only)
Operating Revenue				
Fines and fees				
License and registration fees	\$ 4,425,300	\$ 4,786,170	\$ 360,870	\$ 4,585,381
Application fees	715,100	799,775	84,675	769,700
Reimbursements	170,000	154,179	(15,821)	193,950
Miscellaneous revenue	190,300	207,569	17,269	207,478
Total operating revenue	5,500,700	5,947,693	446,993	5,756,509
Operating Expenses				
Personnel services				
Staff	3,056,500	2,848,327	(208,173)	2,736,313
Board members	14,100	15,450	1,350	13,350
Taxes	76,600	83,511	6,911	79,516
Retirement program	750,400	1,096,375	345,975	362,008
Employee health insurance	440,200	694,678	254,478	704,860
	4,337,800	4,738,341	400,541	3,896,047
Travel	80,900	76,564	(4,336)	60,928
Operations				
Audit	17,000	17,250	250	15,787
Amortization	-	98,834	98,834	-
Bad debt expense	-	-	-	29,316
Bank charges	7,500	5,995	(1,505)	11,586
Background investigation	50,100	65,245	15,145	65,165
Education and training	8,000	6,079	(1,921)	2,960
Depreciation	162,700	144,141	(18,559)	155,108
Dues and registration	3,900	1,425	(2,475)	250
Equipment maintenance	46,700	49,941	3,241	36,316
Equipment rental	19,500	18,390	(1,110)	18,039
Hearing officers	20,000	43,473	23,473	22,141
Host fund	8,000	5,583	(2,417)	3,888
Insurance	7,000	5,423	(1,577)	9,397
Investigation	198,600	465,825	267,225	273,592
Legal	80,000	88,765	8,765	72,183
Licensing expense	3,700	2,629	(1,071)	275
Lobbying - public outreach	5,000	1,090	(3,910)	984
Office rent	102,600	-	(102,600)	99,591
Office supplies	145,300	149,655	4,355	165,882
Postage	28,800	37,747	8,947	24,954
Printing and copying	10,200	12,111	1,911	7,974
Telephone	37,000	43,466	6,466	32,141
Web hosting fees	84,400	57,629	(26,771)	70,315
	1,046,000	1,320,696	274,696	1,117,844
Total operating expenses	5,464,700	6,135,601	670,901	5,074,819
Operating Income	36,000	(187,908)	(223,908)	681,690
Nonoperating Revenue (Expenses)				
Investment income	24,000	21,641	(2,359)	10,825
Interest expense	-	(10,294)	(10,294)	-
Change in Net Position	\$ 60,000	\$ (176,561)	\$ (236,561)	\$ 692,515

Compliance Section
December 31, 2022

Nevada State Board of Medical Examiners

Casey Neilson, Inc.
Accountants and Advisors

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

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

We have audited, 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, the financial statements of the business-type activities of the Nevada State Board of Medical Examiners (Board), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements, and have issued our report thereon dated September 14, 2023.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

A handwritten signature in black ink that reads "Casey Nalor". The signature is written in a cursive style with a large initial 'C'.

Reno, Nevada
September 14, 2023