

Financial Statements

December 31, 2023

**Nevada State Board of Medical  
Examiners**

Nevada State Board of Medical Examiners

Table of Contents

December 31, 2023

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Independent Auditor’s Report .....	1
Management’s Discussion and Analysis.....	4
<b>Financial Statements</b>	
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
<b>Required Supplementary Information</b>	
Schedule of Changes in Net Pension Liability and Schedule of Contributions.....	28
Schedule of Changes in Other Postemployment Benefits Liability and Related Ratios .....	29
<b>Supplementary Information</b>	
Statement of Revenue and Expenses - Budget and Actual .....	30
<b>Compliance Section</b>	
Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	31

*Casey Neilon, 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, 2023, 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, 2023, 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 2023, the Nevada State Board of Medical Examiners adopted new accounting guidance, GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*. 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 10, 2024 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.



Reno, Nevada  
September 10, 2024

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, 2023. 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 \$1,125,569 as of December 31, 2023. This compares to the previous year of \$1,255,715.

- 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, 2023 were \$14,887,863, as compared to \$8,992,614 as of December 31, 2022. This represents an increase of \$5,895,249 or 65.6%. The increase is expected as this is a license renewal year.
- Total liabilities, including licensing fees received in advance, as of December 31, 2023 were \$17,970,432, as compared to \$12,495,092 as of December 31, 2022. This was an increase of \$5,475,340 or 43.8%. The increase is expected as this is a renewal year.
- Total net position as of December 31, 2023 of \$(1,125,569) 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 \$3,208,119.
  2. Unrestricted net position of \$(4,333,688).

Non-current assets decreased by \$198,650, mainly due to reduction of the right-of-use asset from the prior year implementation of GASB Statement No. 87 and the recording of net OPEB liabilities in 2018 as required by the implementation of GASB Statement No. 75, which resulted in the deficit unrestricted net position at December 31, 2023.

- Operating expenses were \$6,899,146 for the year ended December 31, 2023. This represents an increase of \$710,201 or 11.5% 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 legal and hearing officer fees as more cases were concluded 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 license fees and reimbursed costs. The Board's activities include the licensing and regulation of medical doctors, physician assistants, practitioners of respiratory care, perfusionists and anesthesiologist assistants.

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, 2023

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	2023 New Licenses
Physicians	977	1,173	1,158	1,443	1,698
Physician Assistants	142	162	163	211	175
Practitioners of Respiratory Care	147	133	160	204	166
Perfusionists	9	7	14	22	24

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	2023
Physicians	9,475	10,652	10,704	12,143	12,032
Physician Assistants	953	1,046	1,082	1,204	1,207
Practitioners of Respiratory Care	1,490	1,587	1,542	1,668	1,613
Perfusionists	30	32	36	39	38



Nevada State Board of Medical Examiners  
Management's Discussion and Analysis  
December 31, 2023

**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, 2023 was \$(1,125,569), which is an increase of \$130,146 from the beginning net position of \$(1,255,715). The Board had budgeted an excess of revenues over expenditures of \$106,500.

**Schedule 1 - Condensed Balance Sheets**  
Years Ended December 31, 2023, 2022 and 2021

	2023	2022	2021	2023 vs 2022		2022 vs 2021	
				\$	%	\$	%
<b>Assets</b>							
Current assets	\$ 11,312,983	\$ 5,219,084	\$ 8,531,250	\$ 6,093,899	116.8%	\$ (3,312,166)	-38.8%
Capital assets, net	3,228,962	3,328,778	3,428,100	(99,816)	-3.0%	(99,322)	-2.9%
Right of use assets, net	345,918	444,752	-	(98,834)	-	444,752	-
<b>Total assets</b>	<b>14,887,863</b>	<b>8,992,614</b>	<b>11,959,350</b>	<b>5,895,249</b>	<b>65.6%</b>	<b>(2,966,736)</b>	<b>-24.8%</b>
<b>Deferred outflows</b>	<b>2,322,433</b>	<b>2,641,375</b>	<b>2,305,443</b>	<b>(318,942)</b>	<b>-12.1%</b>	<b>335,932</b>	<b>14.6%</b>
Total assets and deferred outflows	\$ 17,210,296	\$ 11,633,989	\$ 14,264,793	\$ 5,576,307	47.9%	\$ (2,630,804)	-18.4%
<b>Liabilities</b>							
Current liabilities	\$ 8,480,757	\$ 3,156,771	\$ 6,940,149	\$ 5,323,986	168.7%	\$ (3,783,378)	-54.5%
Non-current liabilities	9,489,675	9,338,321	5,444,886	151,354	1.6%	3,893,435	71.5%
<b>Total liabilities</b>	<b>17,970,432</b>	<b>12,495,092</b>	<b>12,385,035</b>	<b>5,475,340</b>	<b>43.8%</b>	<b>110,057</b>	<b>0.9%</b>
<b>Deferred inflows</b>	<b>365,433</b>	<b>394,612</b>	<b>2,958,912</b>	<b>(29,179)</b>	<b>-7.4%</b>	<b>(2,564,300)</b>	<b>-86.7%</b>
<b>Net position</b>							
Net invested in capital assets	3,208,119	3,307,315	3,428,100	(99,196)	-3.0%	(120,785)	-3.5%
Unrestricted	(4,333,688)	(4,563,030)	(4,507,254)	229,342	-5.0%	(55,776)	1.2%
<b>Total net position</b>	<b>(1,125,569)</b>	<b>(1,255,715)</b>	<b>(1,079,154)</b>	<b>130,146</b>	<b>-10.4%</b>	<b>(176,561)</b>	<b>16.4%</b>
Total liabilities, deferred inflows, and net position	\$ 17,210,296	\$ 11,633,989	\$ 14,264,793	\$ 5,576,307	47.9%	\$ (2,630,804)	-18.4%

**Schedule 2 - Condensed Statements of Revenues, Expenses and Changes in Net Position**  
Years Ended December 31, 2023 and 2022

	2023	2022	2023 vs 2022	
			\$	%
<b>Revenue</b>				
Operating revenue	\$ 6,894,885	\$ 5,990,742	\$ 904,143	15.1%
Other income	134,406	21,641	112,765	521.1%
<b>Total revenue</b>	<b>7,029,291</b>	<b>6,012,383</b>	<b>1,016,908</b>	<b>16.9%</b>
<b>Expenses</b>				
Personnel	5,340,866	4,738,339	602,527	12.7%
Travel and operations	1,558,279	1,450,605	107,674	7.4%
<b>Total expenses</b>	<b>6,899,145</b>	<b>6,188,944</b>	<b>710,201</b>	<b>11.5%</b>
<b>Change in Net Position</b>	<b>130,146</b>	<b>(176,561)</b>	<b>306,707</b>	<b>-173.7%</b>
<b>Net Position, Beginning</b>	<b>(1,255,715)</b>	<b>(1,079,154)</b>	<b>(176,561)</b>	<b>16.4%</b>
<b>Net Position, Ending</b>	<b>\$ (1,125,569)</b>	<b>\$ (1,255,715)</b>	<b>\$ 130,146</b>	<b>-10.4%</b>

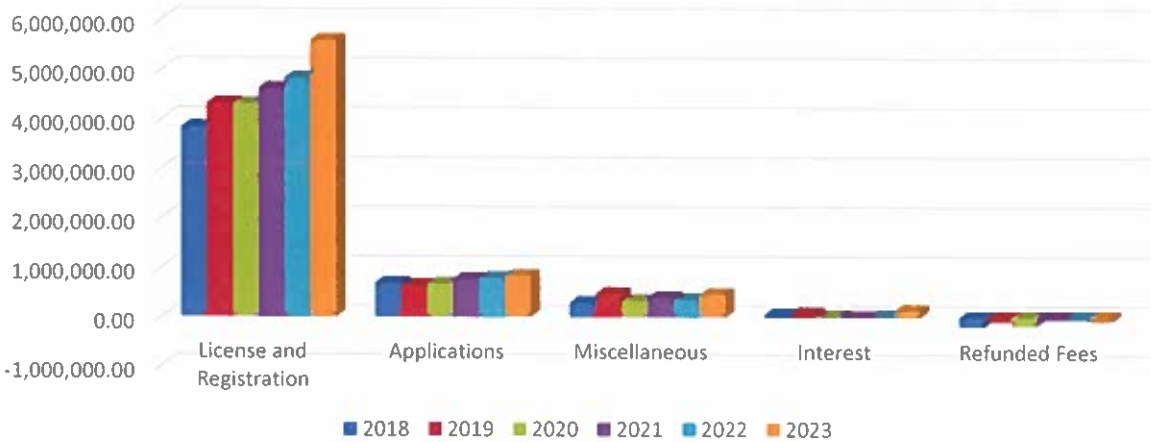
**Financial Analysis of the Board's Activities**

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

**Revenue:**

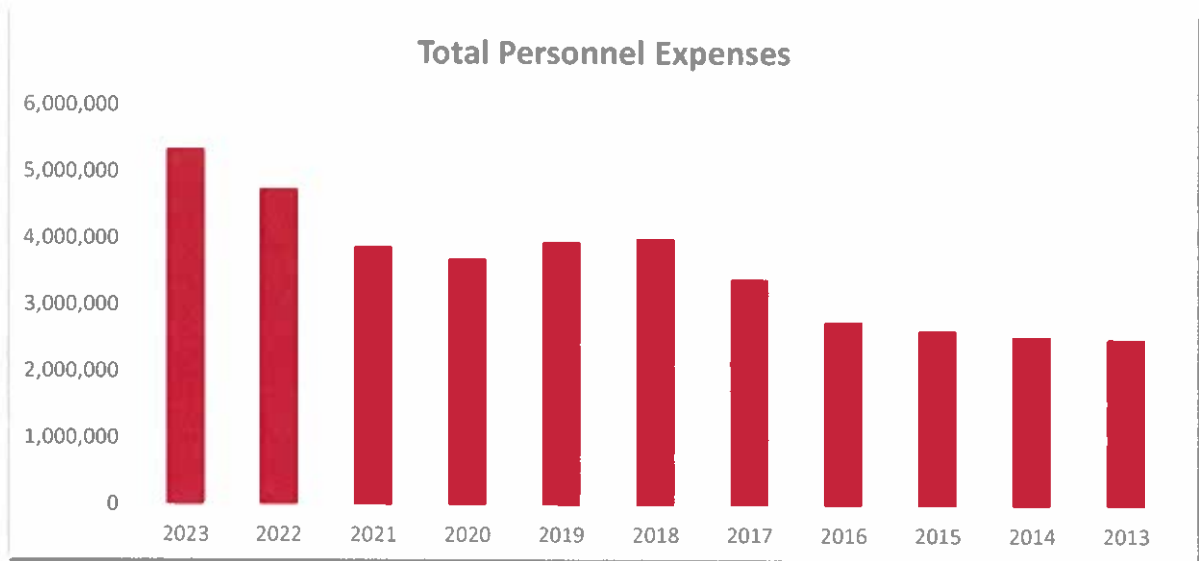
The Board attributes the continued growth in revenue to the increase in number of medical providers in the state. The peaks and valleys in miscellaneous and application income are attributed to licensing renewal periods that exist in odd numbered years.

Revenue for the fiscal years ending 12/31/23, 12/31/22, 12/31/21,  
 12/31/20, 12/31/19 and 12/31/18



**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 \$710,199 from 2022. Total expenses were \$458,630 overbudget for 2023, 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, 2023 and 2022.

**Schedule 3 Favorable (Unfavorable) Budget Variances**

	2023	2022
<b>Revenue</b>		
Operating revenue	\$ 367,965	\$ 446,993
Other income	123,406	(2,359)
	\$ 491,371	\$ 444,634
<b>Expenses</b>		
Personnel	\$ (382,766)	\$ (400,541)
Travel and operations	(84,959)	(280,654)
	\$ (467,725)	\$ (681,195)
<b>Net</b>	\$ 23,646	\$ (236,561)

# Nevada State Board of Medical Examiners

Statement of Net Position

December 31, 2023

<b>Assets</b>	
<b>Current assets</b>	
Cash and cash equivalents	\$ 7,423,549
Short term investments	3,600,000
Compliance fees receivable, net	190,004
Fines receivable	68,394
Prepaid expense	31,036
Total current assets	11,312,983
<b>Noncurrent assets</b>	
Capital assets, not being depreciated	549,720
Capital assets, net of accumulated depreciation	2,679,242
Right of use asset, net of accumulated amortization	345,918
Total noncurrent assets	3,574,880
Total assets	14,887,863
<b>Deferred Outflows of Resources</b>	
Deferred outflows related to pensions	2,225,844
Deferred outflows related to OPEB	96,589
Total deferred outflows of resources	2,322,433
Total assets and deferred outflows of resources	17,210,296
<b>Liabilities</b>	
<b>Current liabilities</b>	
Accounts payable	168,783
Accrued payroll and related liabilities	261,860
Licensing fees received in advance	7,772,900
Fines payable	68,394
Current portion of lease liability	78,971
Compensated absences, due within one year	129,849
Total current liabilities	8,480,757
<b>Noncurrent liabilities</b>	
Compensated absences, due in more than one year	28,853
Lease liability	287,790
Net pension liability	6,827,157
Net OPEB liability	2,345,875
Total noncurrent liabilities	9,489,675
Total liabilities	17,970,432
<b>Deferred Inflows of Resources</b>	
Deferred inflows related to pensions	171,527
Deferred inflows related to OPEB	193,906
Total deferred inflows of resources	365,433
Total liabilities and deferred inflows of resources	18,335,865
<b>Net Position</b>	
Net investment in capital assets	3,208,119
Unrestricted	(4,333,688)
Total net position	\$ (1,125,569)

**Nevada State Board of Medical Examiners**  
Statement of Revenues, Expenses, and Changes in Net Position  
December 31, 2023

<b>Operating Revenue</b>	
License and registration fees	\$ 5,590,235
Application fees	838,400
Compliance administration reimbursements	259,454
Miscellaneous revenue	206,796
<b>Total operating revenues</b>	<b>6,894,885</b>
<b>Operating Expenses</b>	
Personnel services	5,340,866
Travel	70,776
Operations	1,241,064
Interest expense	9,093
Depreciation and amortization	237,346
<b>Total operating expenses</b>	<b>6,899,145</b>
<b>Operating Loss</b>	<b>(4,260)</b>
<b>Nonoperating Revenue</b>	
Investment income	134,406
<b>Total nonoperating revenue</b>	<b>134,406</b>
<b>Change in net position</b>	<b>130,146</b>
<b>Net Position</b>	
Beginning of year	(1,255,715)
End of year	\$ (1,125,569)

## Nevada State Board of Medical Examiners

### Statement of Cash Flows

December 31, 2023

<b>Operating Activities</b>	
Cash received from operations	\$ 12,016,730
Cash paid for personnel services	(4,751,237)
Cash paid for travel and operating expenses	(1,300,743)
<b>Net Cash Provided by Operating Activities</b>	<b>5,964,750</b>
<b>Capital and Related Financing Activities</b>	
Acquisition of capital assets	(38,695)
Lease principal paid	(99,454)
Lease interest paid	(9,093)
<b>Net Cash Used in Capital and Related Financing Activities</b>	<b>(147,242)</b>
<b>Investing Activities</b>	
Sale of certificate of deposits	2,880,000
Purchase of certificate of deposits	(5,520,000)
Investment income	134,406
<b>Net Cash Used by Investing Activities</b>	<b>(2,505,594)</b>
<b>Net Change in Cash and Cash Equivalents</b>	<b>3,311,914</b>
Cash and Cash Equivalents, Beginning of Year	4,111,635
Cash and Cash Equivalents, End of Year	<b>\$ 7,423,549</b>
<b>Reconciliation of Operating Loss to Net Cash Flows</b>	
from Operating Activities	
Operating Loss	\$ (4,260)
Adjustments to reconcile change in net position to net cash flows from operating activities	
Depreciation and amortization	237,346
Interest expense	9,093
Change in net pension liability, net OPEB liability deferred outflows, and deferred inflows of resources	550,115
Changes in certain assets and liabilities	
Compliance fees receivable, net	(115,873)
Prepaid expense	(26,113)
Accounts payable	37,210
Accrued payroll and related liabilities	39,514
Licensing fees received in advance	5,237,718
<b>Net Cash Provided by Operating Activities</b>	<b>\$ 5,964,750</b>

**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, perfusionists, and anesthesiologists' assistants 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, 2023 totaled \$4,249.

**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, 2023 through June 30, 2025. 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**

In May 2020, the GASB issued Statement No. 96, Subscription-Based Information Technology Arrangements (SBITAs). The primary objective of this Statement is to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscriptions asset – an intangible asset – and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. GASB Statement No. 96 will be effective for the Board for fiscal year ending December 31, 2023. Accordingly, the Board implemented the standard in the current year for the earliest period presented; however no material contracts were noted that required reporting under this accounting standard.

**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 \$7,423,549.

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 the short-term certificates of deposit is \$3,600,000.

### 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, 2022	Additions	Deletions	December 31, 2023
Capital assets, not being depreciated				
Land	\$ 549,720	\$ -	\$ -	\$ 549,720
Capital assets, being depreciated				
Building	2,940,907	-	-	2,940,907
Leasehold Improvements	50,273	-	-	50,273
Furniture and equipment	456,048	12,701	-	468,749
Computers, software, and printers	509,250	25,995	-	535,245
Total capital assets, being depreciated	<u>3,956,478</u>	<u>38,696</u>	<u>-</u>	<u>3,995,174</u>
Less accumulated depreciation				
Building	352,708	76,752	-	429,460
Leasehold Improvements	14,046	8,966	-	23,012
Furniture and equipment	315,537	22,177	-	337,714
Computers, software, and printers	495,129	30,617	-	525,746
Total accumulated depreciation	<u>1,177,420</u>	<u>138,512</u>	<u>-</u>	<u>1,315,932</u>
Total capital assets, being depreciated, net	<u>2,779,058</u>	<u>(99,816)</u>	<u>-</u>	<u>2,679,242</u>
Capital assets, net	<u>\$ 3,328,778</u>	<u>\$ (99,816)</u>	<u>\$ -</u>	<u>\$ 3,228,962</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, 2023	Additions	Deletions	Balance December 31, 2023	Current Portion
Compensated absences	<u>\$ 175,843</u>	<u>\$ 97,476</u>	<u>\$ (114,617)</u>	<u>\$ 158,702</u>	<u>\$ 129,849</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, 2023.

	Balance January 1, 2023	Additions	Deletions	Balance December 31, 2023	
Right of use asset:					
Lease assets, office	\$ 543,586	\$ -	\$ -	\$ 543,586	
Less: accumulated amortization	98,834	98,834	-	197,668	
	\$ 444,752	\$ (98,834)	\$ -	\$ 345,918	
	Balance January 1, 2023	Additions	Deletions	Balance December 31, 2023	Amount due in one year
Lease liability:					
Office	\$ 466,215	\$ -	\$ 99,454	\$ 366,761	\$ 78,971

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
2024	\$ 78,971	\$ 5,100
2025	110,268	4,921
2026	115,976	2,670
2027	61,546	456
	\$ 366,761	\$ 13,147

**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.

**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

**Note 6 - Pensions (Continued)****Benefits Provided (Continued)**

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 service time factor is 2.67% of average compensation. For members entering PERS on or after January 1, 2010, there is a 2.5% service time factor and for members entering PERS on or after July 1, 2015 there is a 2.25% service time 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.
- 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.

**Note 6 - Pensions (Continued)**

**Contributions (Continued)**

- d) The actuarial cost method used is the Entry Age Actuarial 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 years ended June 30, 2023 and 2022 the Statutory Employer/employee matching rate was 17.5%, and the Employer-pay contribution (EPC) rate was 33.50%.
- f) For the year ended December 31, 2023, the Board contributed \$977,973 under the statutory requirements based on covered payroll of \$3,074,201 which equates to 31.81% 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, 2023:

	Target Allocation	Long-Term Expected Arithmetic Real Rate of Return*
Domestic Equity	42%	6.65%
International Equity	18%	7.18%
Domestic Fixed Income	28%	0.91%
Real Estate	6%	5.25%
Private Markets	6%	12.40%

\*As of June 30, 2023, PERS' long-term inflation assumption was 2.50%.

**Net Pension Liability**

At December 31, 2023, the Board reported a liability of \$6,827,157 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, 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, 2023. At June 30, 2023, the Board's proportion was .03740%, which is an increase of .00035% from the proportion measured as of June 30, 2022.

**Pension Liability Discount Rate Sensitivity**

The following presents the net pension liability of the PERS as of June 30, 2023, 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:

**Note 6 - Pensions (Continued)**

**Pension Liability Discount Rate Sensitivity (Continued)**

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Net pension liability	<u>\$ 10,624,059</u>	<u>\$ 6,827,157</u>	<u>\$ 3,693,598</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, 2023, 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	Regular: 4.2% to 9.1%, depending on service Police/Fire: 4.6% to 14.50%, depending on service Rates include inflation and productivity increases
Consumer price index	2.50%
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, 2023 valuation were based on the results of an experience study covering the period from July 1, 2016 to June 30, 2020.

The discount rate used to measure the total pension liability was 7.25% as of June 30, 2023. 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, 2023, 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, 2023.

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

For the year ended December 31, 2023, the Board recognized pension expense of \$995,534.

At December 31, 2023, 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	\$ 889,878	\$ -
Changes of assumptions	639,835	-
Net difference between projected and actual earnings on pension plan investments	-	63,902
Changes in proportion and differences between employer contributions and proportionate share of contributions	367,185	107,625
Board contributions subsequent to the measurement date	328,946	-
	\$ 2,225,844	\$ 171,527

Included in deferred outflows of resources is \$328,946 resulting from Board contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the fiscal year ending December 31, 2024.

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 5.63 years for the measurement period ending June 30, 2023.



**Note 6 - Pensions (Continued)****Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

The net amounts are expected to be recognized in pension expense as follows:

<u>Year ending December 31,</u>		
2024	\$	298,958
2025		263,559
2026		982,619
2027		142,620
2028		37,615
Thereafter		-
	<u>\$</u>	<u>1,725,371</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](http://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, 2023, the Board paid the State \$87,233 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, 2023, the Board reported a liability of \$2,345,875 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2023. The Board's proportion of the net OPEB liability was based on a projection of the Board's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating state agencies, actuarially determined. At June 30, 2023, the Board's proportion was 0.1609%.

For the year ended December 31, 2023, the Board recognized OPEB expense of \$198,647. At December 31, 2023, 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	\$ -	\$ 46,019
Net Difference Between Projected and Actual Investment Earnings on OPEB Plan Investments	-	682
Changes of assumptions	32,969	147,205
Board contributions subsequent to the measurement date	63,620	-
	<u>\$ 96,589</u>	<u>\$ 193,906</u>

**Note 7 - Other Postemployment Benefit Obligation (Continued)**

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

Included in deferred outflows of resources is \$63,620 resulting from Board contributions subsequent to the measurement date that will be recognized as a reduction of the total OPEB liability in the fiscal year ending December 31, 2024.

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>	
2024	\$ (67,230)
2025	(78,035)
2026	(6,958)
2027	(6,865)
2028	(1,849)
	<u>\$ (160,937)</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	3.65%
Healthcare cost trend rates	Medical/ Prescription Drug: 4.8% initial, 4.5% final Dental: 4% Administrative costs: 3% Part B Reimbursement: 0% and 27.17%, effective July 1, 2023 and 2024, respectively, then 4.5%

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

**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.

**Note 7 - Other Postemployment Benefit Obligation (Continued)**

**Discount Rate (Continued)**

The discount rate as of June 30, 2023 is 3.65%. Additional detail regarding the discount rate as of June 30, 2023 is provided in the "Actuarial Assumptions and Methods" section of the report proved by the PEBP Board.

**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 (2.65%)	Current Discount Rate (3.65%)	1% Increase (4.65%)
Net OPEB liability	\$ 2,573,074	\$ 2,345,875	\$ 2,148,819

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	\$ 2,224,557	\$ 2,345,875	\$ 2,485,086

**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 \$259,454. 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 \$134,550.

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, 2023.

**Note 10 – Contingencies and Risk Management:**

There were no claims pending or unresolved disputes involving the Board at December 31, 2023.

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, 2023 to determine the need for any adjustments to, and disclosure within the financial statements for the year ended December 31, 2023. Management has evaluated subsequent events through September 10, 2024, which is the date the financial statements were available to be issued.

Required Supplementary Information  
December 31, 2023

## **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, 2023

	Schedule of Changes in Net Pension Liability									
	Last Ten Fiscal Years									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Proportion of the net pension liability	0.03740%	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	\$6,827,157	\$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	\$3,074,201	\$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	222.08%	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	76.16%	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									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contributions	\$ 977,973	\$ 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	(977,973)	(822,188)	(772,831)	(727,268)	(684,871)	(677,959)	(617,533)	(520,461)	(452,621)	(419,576)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Board's covered employee payroll	\$ 3,317,448	\$ 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	29.48%	28.69%	28.13%	27.85%	27.59%	26.80%	28.16%	27.72%	25.63%	24.17%

# Nevada State Board of Medical Examiners

Schedule of Changes in Other Postemployment Benefits Liability and Related Ratios  
Year Ended December 31, 2023

	Schedule of Changes in Net OPEB Liability				
	Last Ten Fiscal Years				
	2023	2022	2021	2020	2018
Proportion of the net OPEB liability	0.1609%	0.1542%	0.1421%	0.1297%	0.1416%
Proportionate share of the net OPEB liability	\$2,345,875	\$2,223,884	\$2,202,881	\$1,950,373	\$1,875,619
Covered-employee payroll	\$3,269,788	\$2,836,614	\$2,492,744	\$2,611,737	\$2,442,373
Proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	71.74%	78.40%	88.37%	74.68%	76.79%
Plan fiduciary net position as a percentage of the total OPEB liability	-2.14%	-1.41%	-0.65%	-0.38%	0.12%

	Schedule of Contributions				
	Last Ten Fiscal Years				
	2023	2022	2021	2020	2018
Contractually required contributions	\$ 66,177	\$ 61,113	\$ 56,434	\$ 57,944	\$ 58,267
Contributions in relation to contractually required contributions	(66,177)	(61,113)	(56,434)	(57,944)	(58,267)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Board's covered employee payroll	\$ 3,269,788	\$ 2,836,614	\$ 2,492,744	\$ 2,611,737	\$ 2,486,280
Contributions as a percentage of covered payroll	2.02%	2.15%	2.26%	2.22%	2.34%

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



Supplementary Information  
December 31, 2023

# Nevada State Board of Medical Examiners

# Nevada State Board of Medical Examiners

## Statement of Revenue and Expenses - Budget and Actual

Year Ended December 31, 2023

(With Comparative Actual Totals for the Year Ended December 31, 2022)

	2023			2022
	Original and Final Budgets	Actual Amounts Budgetary Basis	Final Budget to Actual Variance	Actual Amounts (Memorandum Only)
<b>Operating Revenue</b>				
<b>Fines and fees</b>				
License and registration fees	\$ 5,220,500	\$ 5,519,615	\$ 299,115	\$ 4,786,170
Application fees	815,900	838,400	22,500	799,775
Reimbursements	200,000	259,454	59,454	154,179
Miscellaneous revenue	219,900	206,796	(13,104)	207,569
<b>Total operating revenue</b>	<b>6,456,300</b>	<b>6,824,265</b>	<b>367,965</b>	<b>5,947,693</b>
<b>Operating Expenses</b>				
<b>Personnel services</b>				
Staff	3,412,400	3,296,463	(115,937)	2,848,327
Board members	13,400	16,200	2,800	15,450
Taxes	90,600	101,481	10,881	83,511
Retirement program	905,500	1,327,753	422,253	1,096,375
Employee health insurance	536,200	598,969	62,769	694,678
	4,958,100	5,340,866	382,766	4,738,341
<b>Travel</b>	80,900	70,776	(10,124)	76,564
<b>Operations</b>				
Audit	20,000	20,308	308	17,250
Amortization	-	98,834	98,834	-
Bad debt expense	-	4,789	4,789	-
Bank charges	9,200	406	(8,794)	5,995
Background investigation	65,200	75,831	10,631	65,245
Education and training	8,000	6,298	(1,702)	6,079
Depreciation	165,100	138,512	(26,588)	144,141
Dues and registration	3,900	2,835	(1,065)	1,425
Equipment maintenance	46,700	48,871	2,171	49,941
Equipment rental	19,500	15,885	(3,615)	18,390
Hearing officers	30,000	70,702	40,702	43,473
Host fund	8,000	7,500	(500)	5,583
Insurance	9,400	18,168	8,768	5,423
Investigations	375,000	427,393	52,393	465,825
Legal	80,000	128,086	48,086	88,765
Licensing expense	3,700	300	(3,400)	2,629
Lobbying - public outreach	30,000	1,075	(28,925)	1,090
Office rent	105,700	-	(105,700)	-
Office supplies	165,700	168,575	2,875	149,657
Postage	25,000	34,988	9,988	37,747
Printing and copying	10,200	10,041	(159)	12,111
Telephone	37,000	53,246	16,246	43,466
Web hosting fees	104,500	75,147	(29,353)	57,629
	1,321,800	1,407,790	85,990	1,221,864
<b>Total operating expenses</b>	<b>6,360,800</b>	<b>6,819,432</b>	<b>458,632</b>	<b>6,036,769</b>
<b>Operating Income</b>	95,500	4,833	(90,667)	(89,076)
<b>Nonoperating Revenue (Expenses)</b>				
Investment income	11,000	134,406	123,406	21,641
Interest expense	-	(9,093)	(9,093)	-
<b>Change in Net Position</b>	<b>\$ 106,500</b>	<b>\$ 130,146</b>	<b>\$ 23,646</b>	<b>\$ (67,435)</b>

Compliance Section  
December 31, 2023

# 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, 2023, 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 10, 2024.

**Report on Internal Control over Financial Reporting**

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

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

Our consideration of internal control 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.

Handwritten signature of Casey Nalan in cursive script.

Reno, Nevada  
September 10, 2024