

Financial Statements

December 31, 2024

**Nevada State Board of Medical
Examiners**

Nevada State Board of Medical Examiners

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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, 2024, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Board, as of December 31, 2024, 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.

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 29, and schedule of changes in other postemployment benefits liability and related ratios on page 30 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 Board's basic financial statements. The statement of revenue and expenses - budget and actual on page 31 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 November 18, 2025 on our consideration of the Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Board's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Board's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Casey Neilon". The signature is written in a cursive, flowing style.

Reno, Nevada
November 18, 2025

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 year ended December 31, 2024. 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 \$166,311 as of December 31, 2024. This compares to the previous year of \$1,125,569 as reported in the prior year financial statements prior to restatement.

- 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, 2024 were \$11,148,174, as compared to \$14,887,863 as of December 31, 2023. This represents a decrease of \$3,739,689 or 25%. The decrease is expected as this is a license non-renewal year.
- Total liabilities, including licensing fees received in advance, as of December 31, 2024 were \$13,040,621, as compared to \$17,970,432 as of December 31, 2023. This was a decrease of \$4,929,811 or 27%. The decrease is expected as this is a non-renewal year.
- Total net position as of December 31, 2024 of \$(166,311) 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 \$3,109,415.
 2. Unrestricted net position of \$(3,275,726).

Beginning net position was restated due to a change in prior year OPEB deferred inflows and outflows as discussed more fully in Note 12.

Non-current assets decreased by \$205,878, mainly due to amortization of the right-of-use asset and depreciation of capital assets. The deficit unrestricted net position at December 31, 2024 originated from the building purchase and the recording on the net OPEB liability as required by the implementation of GASB Statement No. 75; this deficit has been reduced significantly due to the net results of operations.

- Operating expenses were \$6,814,825 for the year ended December 31, 2024. This represents a decrease of \$104,854 or 2% from the previous fiscal year. The decrease is primarily due to the recognition of post-employment benefits based upon actuarial valuation reports.

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, 2024

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	2024 New Licenses
Physicians	977	1,173	1,158	1,443	1,698	2,024
Physician Assistants	142	162	163	211	175	218
Practitioners of Respiratory Care	147	133	160	204	166	168
Perfusionists	9	7	14	22	24	8

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	2024
Physicians	9,475	10,652	10,704	12,143	12,032	14,093
Physician Assistants	953	1,046	1,082	1,204	1,207	1,324
Practitioners of Respiratory Care	1,490	1,587	1,542	1,668	1,613	1,709
Perfusionists	30	32	36	39	38	40

Nevada State Board of Medical Examiners
Management's Discussion and Analysis
December 31, 2024

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, 2024 was \$(166,311), which is an increase of \$765,436 from the beginning restated net position of \$(931,747). The Board had budgeted an excess of revenues over expenditures of \$29,700.

Schedule 1 - Condensed Balance Sheets
Years Ended December 31, 2024, 2023 and 2022

	2023		2024 vs 2023		2023 vs 2022		
	2024	As Restated	2022	\$	%	\$	%
Assets							
Current assets	\$ 7,779,172	\$ 11,312,983	\$ 5,219,084	\$ (3,533,811)	-31.2%	\$ 6,093,899	116.8%
Capital assets, net	3,369,002	3,574,910	3,773,530	(205,908)	-5.8%	(198,620)	-5.3%
Total assets	11,148,174	14,887,893	8,992,614	(3,739,719)	-25.1%	5,895,279	65.6%
Deferred outflows	2,723,579	2,544,433	2,641,375	179,146	7.0%	(96,942)	-3.7%
Total assets and deferred outflows	\$ 13,871,753	\$ 17,432,326	\$ 11,633,989	\$ (3,560,573)	-20.4%	\$ 5,798,337	49.8%
Liabilities							
Current liabilities	\$ 3,894,319	\$ 8,480,757	\$ 3,156,771	\$ (4,586,438)	-54.1%	\$ 5,323,986	168.7%
Non-current liabilities	9,146,302	9,489,675	9,338,321	(343,373)	-3.6%	151,354	1.6%
Total liabilities	13,040,621	17,970,432	12,495,092	(4,929,811)	-27.4%	5,475,340	43.8%
Deferred inflows	997,443	393,611	394,612	603,832	153.4%	(1,001)	-0.3%
Net position							
Net invested in capital assets	3,109,415	3,208,119	3,307,315	(98,704)	-3.1%	(99,196)	-3.0%
Unrestricted	(3,275,726)	(4,139,866)	(4,563,030)	864,140	-20.9%	423,164	-9.3%
Total net position	(166,311)	(931,747)	(1,255,715)	765,436	-82.2%	323,968	-25.8%
Total liabilities, deferred inflows, and net position	\$ 13,871,753	\$ 17,432,296	\$ 11,633,989	\$ (3,560,543)	-20.4%	\$ 5,798,307	49.8%

Schedule 2 - Condensed Statements of Revenues, Expenses and Changes in Net Position
Years Ended December 31, 2024 and 2023

	2024	2023	2024 vs 2023	
			\$	%
Revenue				
Operating revenue	\$ 7,332,685	\$ 6,894,885	\$ 437,800	6.3%
Non operating revenue/expense	242,928	134,406	108,522	80.7%
Total revenue	7,575,613	7,029,291	546,322	7.8%
Expenses				
Personnel	5,493,522	5,147,044	346,478	6.7%
Travel and operations	1,316,655	1,558,279	(241,624)	-15.5%
Total expenses	6,810,177	6,705,323	104,854	1.6%
Change in Net Position	765,436	323,968	441,468	136.3%
Net Position, Beginning	(931,747)	(1,255,715)	323,968	-25.8%
Net Position, Ending	\$ (166,311)	\$ (931,747)	\$ 765,436	-82.2%

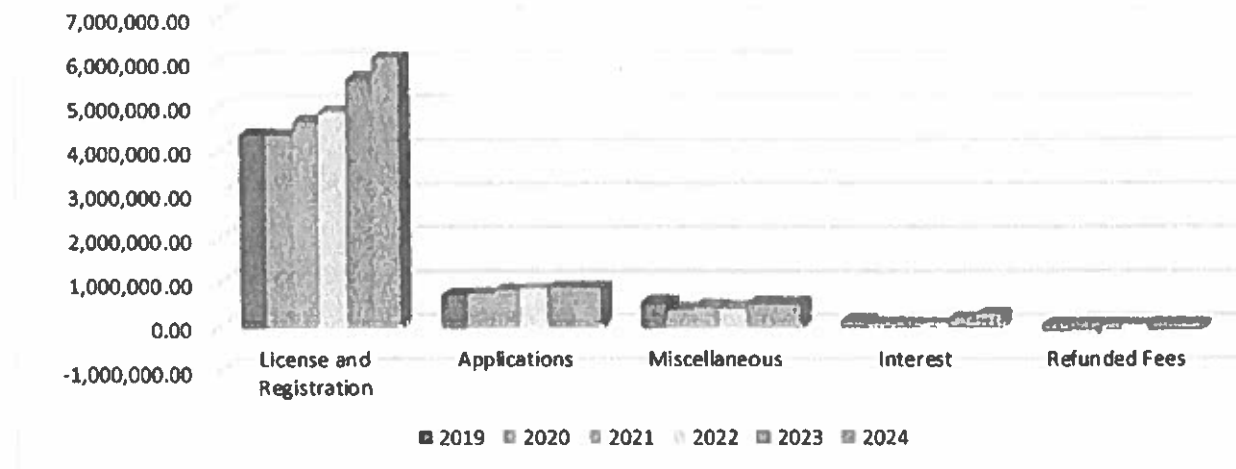
Financial Analysis of the Board's Activities

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

Revenue:

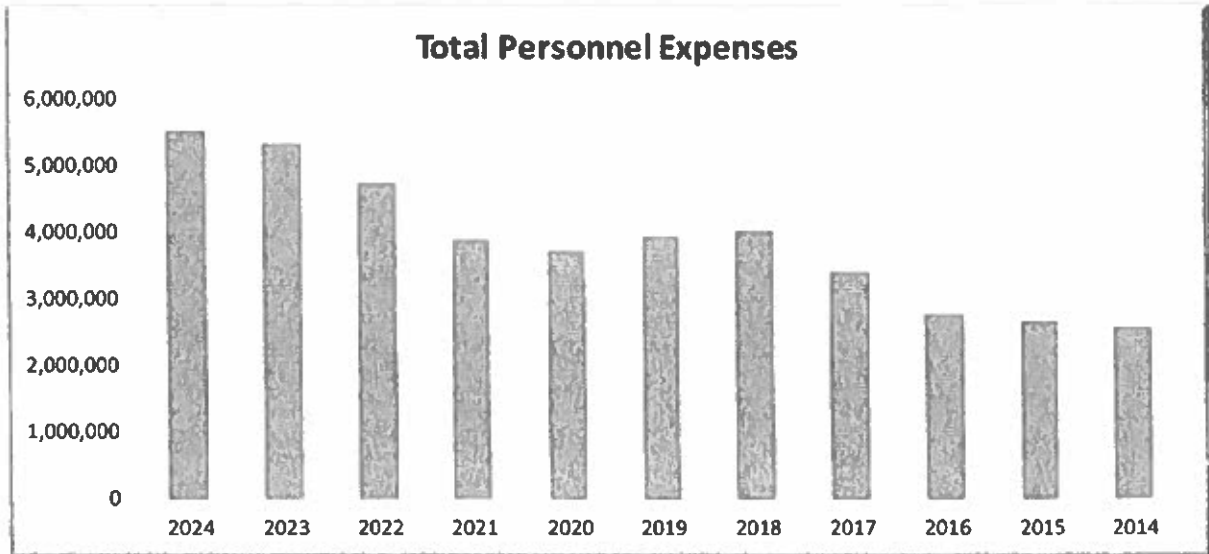
The Board attributes the continued growth in revenue to the increase in number of medical providers in the state. The peaks and valleys in miscellaneous and application income are attributed to licensing renewal periods that exist in odd numbered years.

**Revenue for the fiscal years ending 12/31/24, 12/31/23, 12/31/22,
 12/31/21, 12/31/20 and 12/31/19**



Expenses:

Personnel expenses represent the biggest expenditure for the Board. 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 2014-2018 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 \$104,854 from 2023. Total expenses were \$49,663 under budget for 2024, 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, 2024 and 2023.

Schedule 3 Favorable (Unfavorable) Budget Variances

	2024	2023 As Restated
Revenue		
Operating revenue	\$ 541,545	\$ 367,965
Non operating revenue/expense	144,528	114,313
	<u>\$ 686,073</u>	<u>\$ 482,278</u>
Expenses		
Personnel	\$ (135,822)	\$ (382,766)
Travel and operations	185,485	(75,866)
	<u>\$ 49,663</u>	<u>\$ (458,632)</u>
Net	<u>\$ 735,736</u>	<u>\$ 23,646</u>

Nevada State Board of Medical Examiners
Statement of Net Position
December 31, 2024

Assets	
Current assets	
Cash and cash equivalents	\$ 3,397,289
Short term investments	4,080,000
Compliance fees receivable, net	166,676
Fines receivable	100,589
Prepaid expense	34,618
Total current assets	<u>7,779,172</u>
Noncurrent assets	
Capital assets, net	3,369,002
Total assets	<u>11,148,174</u>
Deferred Outflows of Resources	
Deferred outflows related to pensions	2,521,154
Deferred outflows related to OPEB	202,425
Total deferred outflows of resources	<u>2,723,579</u>
Total assets and deferred outflows of resources	<u>13,871,753</u>
Liabilities	
Current liabilities	
Accounts payable	115,110
Accrued payroll and related liabilities	272,414
Licensing fees received in advance	3,158,712
Fines payable	100,589
Current portion of lease liability	83,117
Compensated absences, due within one year	160,730
Total current liabilities	<u>3,890,672</u>
Noncurrent liabilities	
Compensated absences, due in more than one year	32,500
Lease liability	176,470
Net pension liability	6,797,746
Net OPEB liability	2,143,233
Total noncurrent liabilities	<u>9,149,949</u>
Total liabilities	<u>13,040,621</u>
Deferred Inflows of Resources	
Deferred inflows related to pensions	722,280
Deferred inflows related to OPEB	275,163
Total deferred inflows of resources	<u>997,443</u>
Total liabilities and deferred inflows of resources	<u>14,038,064</u>
Net Position	
Net investment in capital assets	
Unrestricted	3,109,415
Total net position	<u>(3,275,726)</u>
	<u>\$ (166,311)</u>

Nevada State Board of Medical Examiners
Statement of Revenues, Expenses, and
Changes in Net Position
December 31, 2024

Operating Revenue	
License and registration fees	\$ 6,051,163
Application fees	819,025
Compliance administration reimbursements	269,802
Miscellaneous revenue	<u>192,695</u>
Total operating revenues	<u>7,332,685</u>
Operating Expenses	
Personnel services	5,493,522
Travel	74,495
Operations	1,006,717
Depreciation and amortization	<u>235,443</u>
Total operating expenses	<u>6,810,177</u>
Operating Income	<u>522,508</u>
Nonoperating Revenue and Expenses	
Investment income	247,576
Interest expense	<u>(4,648)</u>
Total nonoperating revenue and expenses	<u>242,928</u>
Change in net position	<u>765,436</u>
Net Position	
Beginning of year	(1,125,569)
Prior period adjustment	<u>193,822</u>
Beginning of year, as restated	<u>(931,747)</u>
End of year	<u>\$ (166,311)</u>

Nevada State Board of Medical Examiners
Statement of Cash Flows
December 31, 2024

Operating Activities	
Cash received from operations	\$ 2,709,631
Cash paid for personnel services	(5,255,807)
Cash paid for travel and operating expenses	(1,106,272)
Net Cash Used by Operating Activities	(3,652,448)
Capital and Related Financing Activities	
Acquisition of capital assets	(29,566)
Lease principal paid	(107,174)
Lease interest paid	(4,648)
Net Cash Used in Capital and Related Financing Activities	(141,388)
Investing Activities	
Sale of certificate of deposits	6,235,000
Purchase of certificate of deposits	(6,715,000)
Investment income	247,576
Net Cash Used by Investing Activities	(232,424)
Net Change in Cash and Cash Equivalents	(4,026,260)
Cash and Cash Equivalents, Beginning of Year	7,423,549
Cash and Cash Equivalents, End of Year	\$ 3,397,289
Reconciliation of Operating Income to Net Cash Flows	
from Operating Activities	
Operating Income	\$ 522,508
Adjustments to reconcile change in net position to net cash flows from operating activities	
Depreciation and amortization	235,443
Change in net pension liability, net OPEB liability deferred outflows, and deferred inflows of resources	192,633
Changes in certain assets and liabilities	
Compliance fees receivable, net	(8,867)
Prepaid expense	(3,582)
Accounts payable	(21,478)
Accrued payroll and related liabilities	45,082
Licensing fees received in advance	(4,614,187)
Net Cash Provided by Operating Activities	\$ (3,652,448)

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, 2024 totaled \$-.

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. Compensated absences are accounted for in accordance with GASB Statement No. 101, *Compensated Absences*, which requires that a liability for compensated absences relating to services already rendered and that are not contingent on a specified event be accounted for in the period those services are rendered or those events take place. GASB Statement No. 101 requires a more likely than not approach to reporting a liability for compensated absences.

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. 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

During the fiscal year ended June 30, 2025, the Board implemented the following GASB pronouncements:

GASB Statement No. 101, *Compensated Absences*. Issued June 2022, Governments commonly provide benefits to employees in the form of compensated absences. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. The implementation of this statement had no material effect on the financial statements.

GASB Statement No. 102, *Certain Risk Disclosures*. Issued December 2023, State and local governments face a variety of risks that could negatively affect the level of service they provide or their ability to meet obligations as they come due. Although governments are required to disclose information about their exposure to some of those risks, essential information about other risks that are prevalent among state and local governments is not routinely disclosed because it is not explicitly required. The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The implementation of this statement had no material effect on the financial statements.

New Accounting Pronouncements – Not Yet Adopted

The following GASB pronouncements have been issued, but are not effective as of June 30, 2025:

GASB Statement No. 103, *Financial Reporting Model Improvements*. Issued April 2024, the objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. GASB Statement No. 103 will be effective for the Board for fiscal year ending June 30, 2026.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*. Issued September 2024, the objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. GASB Statement No. 104 will be effective for the Board for fiscal year ending June 30, 2026.

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 \$3,397,289.

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. The Board invests 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 \$4,080,000.

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, 2023	Additions	Deletions	December 31, 2024
Capital assets, not being depreciated				
Land	\$ 549,720	\$ -	\$ -	\$ 549,720
Capital assets, being depreciated				
Building	2,940,907	13,975	-	2,954,882
Leasehold Improvements	50,273	-	-	50,273
Furniture and equipment	468,749	15,591	-	484,340
Computers, software, and printers	535,245	-	(158,677)	376,568
Right-of-use assets - office	543,586	-	-	543,586
Total capital assets, being depreciated	<u>4,538,760</u>	<u>29,566</u>	<u>(158,677)</u>	<u>4,409,649</u>
Less accumulated depreciation				
Building	429,460	77,138	-	506,598
Leasehold Improvements	23,012	8,966	-	31,978
Furniture and equipment	337,714	15,843	-	353,557
Computers, software, and printers	525,746	34,663	(158,677)	401,732
Right-of-use assets - office	197,668	98,834	-	296,502
Total accumulated depreciation	<u>1,513,600</u>	<u>235,444</u>	<u>(158,677)</u>	<u>1,590,367</u>
Total capital assets, being depreciated, net	<u>3,025,160</u>	<u>(205,878)</u>	<u>-</u>	<u>2,819,282</u>
Capital assets, net	<u>\$ 3,574,880</u>	<u>\$ (205,878)</u>	<u>\$ -</u>	<u>\$ 3,369,002</u>

Note 4 - Long-Term Obligations Activity

Following is a summary of the change in long-term obligations:

	Balance January 1, 2024	Increase	Decrease	Balance December 31, 2024	Current Portion
Compensated absences	\$ 158,702	\$ 34,528	\$ -	\$ 193,230	\$ 160,730
Lease liability	366,761	-	(107,174)	259,587	83,117
Net pension liability	6,827,157	-	(29,411)	6,797,746	-
Net OPEB liability	2,345,875	-	(202,642)	2,143,233	-
	<u>\$ 9,698,495</u>	<u>\$ 34,528</u>	<u>\$ (339,227)</u>	<u>\$ 9,393,796</u>	<u>\$ 243,847</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, 2024.

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
2025	\$ 83,117	\$ 3,885
2026	115,976	2,670
2027	60,494	456
	<u>\$ 259,587</u>	<u>\$ 7,011</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 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

Note 6 - Pensions (Continued)

Contributions (Continued)

- 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.
- 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 State of Nevada's fiscal years ended June 30, 2024 and 2025, 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, 2024, the Board contributed \$903,661 under the statutory requirements based on covered payroll of \$3,397,798 which equates to 26.60% 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.

	Target Allocation	Long-Term Expected Arithmetic Real Rate of Return*
U.S. stocks	34%	5.50%
International stocks	14%	5.50%
U.S. bonds	28%	2.25%
Private markets	12%	6.65%
Short-term investments	12%	0.50%

*As of June 30, 2024, PERS' long-term inflation assumption was 2.50%.

Note 6 - Pensions (Continued)

Net Pension Liability

At December 31, 2024, the Board reported a liability of \$6,797,746 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, 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, 2024. At June 30, 2024, the Board's proportion was 0.03762%, which is an increase of 0.00022% from the proportion measured as of June 30, 2023.

Pension Liability Discount Rate Sensitivity

The following presents the net pension liability of the PERS as of June 30, 2024, 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	\$ 10,931,570	\$ 6,797,746	\$ 3,387,264

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, 2024, 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%
Payroll growth	3.50%
Investment rate of return	7.25%
Productivity pay increase	0.50%
Projected salary increases	Regular: 4.20% to 9.10%, depending on service Police/Fire: 4.60% to 14.50%, depending on service Rates include all inflation and productivity increases
Consumer price index	2.50%
Other assumptions	Same as those used in the June 30, 2024 funding actuarial valuation

Note 6 - Pensions (Continued)

Actuarial Assumptions (Continued)

Mortality rates for healthy participants were based on the Pub-2010 General Healthy Retiree Amount-Weighted Above-Median Mortality Table (separate tables for males and females) with rates increased by 30% for males and 15% for females, projected generationally with the two dimensional monthly improvement scale MP-2020. For disabled participants, mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree Amount-Weighted Mortality Table (separate tables for males and females) with rates increased by 20% for males and 15% for females, projected generationally with the two-dimensional mortality improvement scale MP-2020.

Actuarial assumptions used in the June 30, 2024 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, 2024. 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, 2024, 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, 2024.

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

For the year ended December 31, 2024, the Board recognized pension expense of \$800,728.

At December 31, 2024, 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	\$ 1,442,114	\$ -
Changes of assumptions	438,632	-
Net difference between projected and actual earnings on pension plan investments	-	669,664
Changes in proportion and differences between employer contributions and proportionate share of contributions	277,782	52,616
Board contributions subsequent to the measurement date	362,626	-
	\$ 2,521,154	\$ 722,280

Included in deferred outflows of resources is \$362,626 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, 2025.

Note 6 - Pensions (Continued)

Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to 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 5.64 years for the measurement period ending June 30, 2024.

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

<u>Year ending December 31,</u>	
2025	\$ 236,771
2026	960,265
2027	115,675
2028	9,897
2029	<u>113,640</u>
	<u><u>\$ 1,436,248</u></u>

Reconciliation of the net pension liability as of December 31, 2024 is as follows:

Beginning Net Pension Liability	\$ 6,827,176
Pension Expense	800,728
Employer Contributions	(541,035)
Net Deferred (Inflows)/Outflows	<u>(289,123)</u>
Ending Net Pension Liability	<u><u>\$ 6,797,746</u></u>

Additional Information

Additional information supporting the Schedule of Employer Allocations and the Schedule of Pension Amounts by Employer is located in the PERS Annual Comprehensive Financial Report (ACFR) 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.

Note 7 - Other Postemployment Benefit Obligation (Continued)

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.

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, 2024, the Board paid the State \$112,272 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, 2024, the Board reported a liability of \$2,143,233 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2024. 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, 2024, the Board's proportion was 0.1578%.

For the year ended December 31, 2024, the Board recognized OPEB expense of \$129,172. At December 31, 2024, the Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

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)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 27,410
Net difference between projected and actual investment		
Earnings on OPEB plan investments	-	552
Changes of assumptions	-	207,980
Changes in proportion	110,277	39,221
Board contributions and implicit subsidy subsequent to the measurement date	92,148	-
	\$ 202,425	\$ 275,163

Included in deferred outflows of resources is \$71,264 resulting from Board contributions and \$20,884 resulting from the implicit subsidy subsequent to the measurement date that will be recognized as a reduction of the total OPEB liability in the fiscal year ending December 31, 2025.

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

Year ending December 31,

2025	\$ (54,145)
2026	(29,931)
2027	(29,840)
2028	(39,384)
2029	(11,586)
	\$ (164,886)

Note 7 - Other Postemployment Benefit Obligation (Continued)

Actuarial Assumptions

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	2.50%
Investment rate of return	3.93%
Productivity pay increases	0.50%
Projected salary increase	Regular 4.20% to 9.10%, depending on service
Other assumptions	Same as those used in the June 30, 2024 funding actuarial valuation
Healthcare cost trend rates	
	Medical/Prescription Drug 8.00% graded down 0.25% to ultimate 4.50% over 14 years
	Retiree premiums Premium increases were expected to be in-line with the underlying medical and prescription drug claims trend assumption.
	Dental 4.00% graded down 0.25% to ultimate 3.00% over 4 years
	Administrative costs 3.00%
	Part B Reimbursement 7.63%, effective July 1, 2025, then 1.00%

Healthy mortality rates were based on the Pub-2010 General Healthy Retiree Headcount-Weighted Above-Median Mortality Table, projected generationally with the two-dimensional mortality improvement scale by MP-2020 for regular members. Disabled mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree Headcount-Weighted Mortality Table, projected generationally with the two-dimensional mortality improvement scale by MP-2020 for regular members.

The non-health actuarial assumptions used in the June 30, 2025 valuation were based on the State of Nevada PERS Actuarial Experience Study as of June 30, 2020, dated September 10, 2021. The valuation date was changed from January 1 to June 30, mostly so the actuary could leverage June 30, 2022 PERS census data. The actuary would not expect the change to the valuation date to have a significant impact on the valuation of results. Additional detail regarding the actuarial assumptions as of June 30, 2024 are provided in the "Actuarial Assumptions and Actuarial Cost Method" section of the June 30, 2025 report provided by the PEBP Board.

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, 2024 is 3.93% increased from 3.65% in the prior year. Additional detail regarding the discount rate as of June 30, 2024 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 (2.93%)	Current Discount Rate (3.93%)	1% Increase (4.93%)
Net OPEB liability	\$ 2,349,566	\$ 2,143,233	\$ 1,963,928

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	\$ 2,042,378	\$ 2,143,233	\$ 2,258,000

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 \$269,802. 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 \$228,750.

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, 2024.

Note 10 – Contingencies and Risk Management:

There were no claims pending or unresolved disputes involving the Board at December 31, 2024.

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, 2024 to determine the need for any adjustments to, and disclosure within the financial statements for the year ended December 31, 2024. Management has evaluated subsequent events through November 18, 2025, which is the date the financial statements were available to be issued.

Note 12 – Prior Period Adjustment

At the request of the State of Nevada’s auditors, the actuary for the Public Employees’ Benefits Program (PEBP) determined that the recognition of changes in proportion related to the Other Postemployment Benefits (OPEB) liability should be amortized over the plan’s average expected remaining service lifetime. Previously, such changes in proportion were recognized immediately. As a result, deferred outflows and deferred inflows of resources related to changes in proportion have been restated as if they had been amortized over the plan’s average expected remaining service lifetime since the implementation of GASB Statement No. 75. This restatement has been accounted for as a prior period adjustment and has been applied retroactively to all periods presented. This change in accounting treatment affects only the components of the OPEB liability and related deferred outflows/inflows under GASB Statement No. 75.

Net position at December 31, 2024, as previously reported	\$ (1,125,569)
Less: Increase of deferred inflows of resources as of July 1, 2024	(28,178)
Add: Increase of deferred outflows of resources as of July 1, 2024	<u>222,000</u>
Net position change due to changes related to GASB 75 deferred inflows and outflows	<u>193,822</u>
 Net position at January 1, 2025, as restated	 <u>\$ (931,747)</u>

Required Supplementary Information
December 31, 2024

**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, 2024

	Schedule of Changes in Net Pension Liability									
	Last Ten Fiscal Years									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Proportion of the net pension liability	0.03762%	0.03740%	0.03705%	0.03506%	0.03292%	0.03494%	0.03541%	0.02415%	0.02953%	0.02887%
Proportionate share of the net pension liability	\$6,797,746	\$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
Covered payroll	\$3,395,129	\$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
Proportionate share of the net pension liability as a percentage of its covered payroll	200.22%	222.08%	244.64%	123.06%	185.96%	199.47%	197.72%	203.53%	211.64%	184.57%
Plan fiduciary net position as a percentage of the total pension liability	78.11%	76.16%	75.12%	86.51%	77.04%	76.46%	75.24%	74.40%	72.20%	75.10%

	Schedule of Contributions									
	Last Ten Fiscal Years									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contributions	\$ 903,661	\$ 977,973	\$ 822,188	\$ 772,831	\$ 727,268	\$ 684,871	\$ 677,959	\$ 617,533	\$ 520,461	\$ 452,621
Contributions in relation to contractually required contributions	(903,661)	(977,973)	(822,188)	(772,831)	(727,268)	(684,871)	(677,959)	(617,533)	(520,461)	(452,621)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Board's covered employee payroll	\$ 3,397,798	\$ 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
Contributions as a percentage of covered payroll	26.60%	29.48%	28.69%	28.13%	27.85%	27.59%	26.80%	28.16%	27.72%	25.63%

Nevada State Board of Medical Examiners
Schedule of Changes in Other Postemployment Benefits Liability and Related Ratios
Year Ended December 31, 2024

	Schedule of Changes in Net OPEB Liability									
	Last Ten Fiscal Years*									
	2024	2023	2022	2021	2020	2019	2018			
Proportion of the net OPEB liability	0.1578%	0.1609%	0.1542%	0.1421%	0.1297%	0.1415%	0.1416%			
Proportionate share of the net OPEB liability	\$2,143,233	\$2,345,875	\$2,223,884	\$2,202,881	\$1,950,373	\$1,971,236	\$1,875,619			
Covered-employee payroll	\$3,567,733	\$3,269,788	\$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-employee payroll	60.07%	71.74%	78.40%	88.37%	74.68%	68.07%	76.79%			
Plan fiduciary net position as a percentage of the total OPEB liability	-1.03%	-2.14%	-1.41%	-0.65%	-0.38%	0.02%	0.12%			

	Schedule of Contributions									
	Last Ten Fiscal Years									
	2024	2023	2022	2021	2020	2019	2018			
Contractually required contributions	\$ 112,272	\$ 87,298	\$ 61,113	\$ 56,434	\$ 57,944	\$ 57,928	\$ 58,267			
Contributions in relation to contractually required contributions	(112,272)	(87,298)	(61,113)	(56,434)	(57,944)	(57,928)	(58,267)			
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			
Board's covered employee payroll	\$ 3,567,733	\$ 3,269,788	\$ 2,836,614	\$ 2,492,744	\$ 2,611,737	\$ 2,482,185	\$ 2,486,280			
Contributions as a percentage of covered payroll	3.15%	2.67%	2.15%	2.26%	2.22%	2.33%	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, 2024

**Nevada State Board of Medical
Examiners**

Nevada State Board of Medical Examiners
Statement of Revenue and Expenses - Budget and Actual
Year Ended December 31, 2024
(With Comparative Totals for the Year Ended December 31, 2023)

	2024			2023 (As Restated)
	Original and Final Budgets	Actual Amounts Budgetary Basis	Final Budget to Actual Variance	Actual Amounts (Memorandum Only)
Operating Revenue				
Fines and fees				
License and registration fees	\$ 5,421,500	\$ 5,993,223	\$ 571,723	\$ 5,519,615
Application fees	847,700	819,025	(28,675)	838,400
Reimbursements	240,000	269,802	29,802	259,454
Miscellaneous revenue	224,000	192,695	(31,305)	206,796
Total operating revenue	<u>6,733,200</u>	<u>7,274,745</u>	<u>541,545</u>	<u>6,824,265</u>
Operating Expenses				
Personnel services				
Staff	3,675,700	3,632,464	(43,236)	3,296,463
Board members	15,500	17,400	1,900	16,200
Taxes	98,200	103,902	5,702	101,481
Retirement program	988,700	1,213,597	224,897	1,327,753
Employee health insurance	579,600	526,159	(53,441)	405,147
	<u>5,357,700</u>	<u>5,493,522</u>	<u>135,822</u>	<u>5,147,044</u>
Travel	76,600	74,495	(2,105)	70,776
Operations				
Audit	20,000	19,950	(50)	20,308
Amortization	-	98,834	98,834	98,834
Bad debt expense	-	-	-	4,789
Bank charges	6,000	37	(5,963)	406
Background investigation	65,200	56,954	(8,246)	75,831
Education and training	6,000	5,100	(900)	6,298
Depreciation	154,100	136,609	(17,491)	138,512
Dues and registration	1,400	4,699	3,299	2,835
Equipment maintenance	50,000	60,161	10,161	48,871
Equipment rental	18,400	18,725	325	15,885
Hearing officers	43,500	70,344	26,844	70,702
Host fund	5,600	10,366	4,766	7,500
Insurance	5,400	14,187	8,787	18,168
Investigations	465,800	139,810	(325,990)	427,393
Legal	88,700	190,628	101,928	128,086
Licensing expense	2,600	536	(2,064)	300
Lobbying - public outreach	32,000	22,887	(9,113)	1,075
Office rent	98,800	-	(98,800)	-
Office supplies	149,700	152,906	3,206	168,575
Postage	37,700	30,579	(7,121)	34,988
Printing and copying	12,100	10,491	(1,609)	10,041
Telephone	43,500	58,330	14,830	53,246
Web hosting fees	61,100	82,087	20,987	75,147
	<u>1,367,600</u>	<u>1,184,220</u>	<u>(183,380)</u>	<u>1,407,790</u>
Total operating expenses	<u>6,801,900</u>	<u>6,752,237</u>	<u>(49,663)</u>	<u>6,625,610</u>
Operating Income	<u>(68,700)</u>	<u>522,508</u>	<u>591,208</u>	<u>198,655</u>
Nonoperating Revenue (Expenses)				
Investment income	108,700	247,576	138,876	134,406
Interest expense	(10,300)	(4,648)	5,652	(9,093)
Change in Net Position	<u>\$ 29,700</u>	<u>\$ 765,436</u>	<u>\$ 735,736</u>	<u>\$ 323,968</u>

Compliance Section
December 31, 2024

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, 2024, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements, and have issued our report thereon dated November 18, 2025.

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 cursive script that reads "Casey Neilon".

Reno, Nevada
November 18, 2025