

NEVADA STATE BOARD OF MEDICAL EXAMINERS

9600 Gateway Drive
Reno, NV 89521

Rachakonda D. Prabhu, M.D.
Board President



Edward O. Cousineau, J.D.
Executive Director

*** * * MINUTES * * ***

OPEN SESSION BOARD MEETING

Held in the Conference Room at the Offices of the
Nevada State Board of Medical Examiners
9600 Gateway Drive, Reno, Nevada 89521

and Teleconferenced to

the Conference Room at the Offices of the Nevada State Board of
Medical Examiners/Nevada State Board of Dental Examiners
6010 S. Rainbow Boulevard, Building A, Suite 1, Las Vegas, Nevada 89118

WEDNESDAY, DECEMBER 18, 2019 – 12:00 NOON

Board Members Present at Board Office in Reno

None

Board Members Present at Board Office in Las Vegas

None

Board Members Present by Telephone

Rachakonda D. Prabhu, M.D., President
Mr. M. Neil Duxbury, Vice President
Ms. April Mastroluca, Secretary-Treasurer
Victor M. Muro, M.D.
Michael C. Edwards, M.D., FACS
Weldon Havins, M.D., J.D.
Ms. Maggie Arias-Petrel

Board Members Absent

Aury Nagy, M.D.
Bret W. Frey, M.D.

Staff/Others Present at Board Office in Reno
Edward O. Cousineau, J.D., Executive Director
Sarah A. Bradley, J.D., MBA, Deputy Executive Director
Donya Jenkins, Finance Manager
Laurie L. Munson, Chief of Administration and Information Systems

Staff/Others Present by Telephone
Rosalie M. Bordelove, J.D., Chief Deputy Attorney General

Agenda Item 1

CALL TO ORDER AND ANNOUNCEMENTS

- Roll Call/Quorum

President Rachakonda D. Prabhu, M.D., called the meeting to order at 12:02 p.m.

Mr. Cousineau took roll call, and all Board members were present with the exception of Aury Nagy, M.D, and Bret W. Frey, M.D. Mr. Cousineau announced there was a quorum.

Agenda Item 2

PUBLIC COMMENT

Dr. Prabhu asked whether there was anyone in attendance who would like to present public comment. No public comment was received.

Agenda Item 3

CONSIDERATION AND APPROVAL OF FINAL FY 2018 ANNUAL AUDIT BY EIDE BAILLY LLP

Mr. Cousineau stated there were material changes in the final version of the audit that warranted review and approval by the Board.

Beth Kohn-Cole, CPA, of Eide Bailly LLP, highlighted those changes. She explained the primary change was they had to restate the liability for the PERS pension and other post-employment benefits. The Board is on a December year-end, and all of the PERS and other post-employment benefits reports come out as of June 30, so typically when they prepare the Board's audit, the June 30 report is not yet out. Because of this, they prepared the audit based on an 18-month report, and the Government Accounting Standards Board says they cannot do that. They can use it, but they have to roll it forward. So as a result, they had to restate the beginning balance for December 31, 2018, by approximately \$245,000.00, which is reflected on page 11 of the audit as a correction of an error. And because that error was material, they had to list it as a finding, which is reflected on page 33 of the audit. The other item she said she wanted to point out is on the Statement of Financial Position on page 10 of the audit. The net position reflects a deficit of \$2 million, but the deficit is really created by these unfunded liabilities that in the future will result from rate changes, and not necessarily checks the Board has to cut. There is a net pension liability of \$4.8 million and a net OPEB liability of almost \$1.9 million, and if you added those back, along with the deferred inflows and outflows, the Board would have a positive net position.

Ms. Mastroluca asked Ms. Kohn-Cole to explain what caused the material weakness to be listed in the audit.

Ms. Kohn-Cole explained that they, as auditors, assist the Board in the preparation of its financial statements and do some non-attest services, and one of the non-attest services they provide is reporting this liability for the Board. So, in effect, although they are the Board's financial statements, and ultimately the Board is responsible for them, Eide Bailly posted that adjustment; it was not an error on the part of Board staff. It was a misinterpretation of the standards, because they were told they could use those 18-month reports, but they did not understand they needed to roll forward those numbers and estimate them, so they did not do that.

Ms. Mastroluca asked Ms. Kohn-Cole to explain why it took so long to get the final audit.

Ms. Kohn-Cole explained that the 2017 audit was performed by Kohn & Company, which was her firm, and on December 3, 2018, she merged her company with Eide Bailly, a national accounting firm. Because they are new to Eide Bailly, there is a three-partner review of every audit they perform for the first year. In the future, the Board's audit is going to be pushed late every year, because they are going to have to wait for the June 30 reports so they can use those numbers to adjust the Board's liability, and those numbers don't become available to them until July or August. So she cannot guarantee that the audits will be completed in time for the Board's September meetings.

Ms. Mastroluca moved that the Board accept the audit as presented. Mr. Duxbury seconded the motion, and it passed unanimously.

Agenda Item 4
PUBLIC COMMENT

Dr. Prabhu asked whether there was anyone in attendance who would like to present public comment. No public comment was received.

Agenda Item 5
ADJOURNMENT

Dr. Prabhu adjourned the meeting at 12:13 p.m.

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