



Financial Statements
June 30, 2023

State Retirees' Health & Welfare
Benefits Fund,
Public Employees' Benefits Program,
a fiduciary component unit of the
State of Nevada

State of Nevada
State Retirees' Health & Welfare Benefits Fund
Public Employees' Benefits Program
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June 30, 2023

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Independent Auditor's Report

To the Board of the
Public Employees' Benefits Program
Carson City, Nevada

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the State Retirees' Health & Welfare Benefits Fund (the Fund), Public Employees' Benefits Program, a fiduciary component unit of the State of Nevada, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Fund's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Fund, as of June 30, 2023, and the changes in its financial position 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Fund 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.

Correction of Error

The financial statements of the Fund as of and for the year ended June 30, 2022 were audited by other auditors, whose report dated February 22, 2023, contained an unmodified opinion on those statements.

As discussed in Note 6 to the financial statements, the Fund corrected errors related to the classification of net position. This error resulted in a restatement of the net position classification as of June 30, 2022. Our opinion is not modified with respect to this matter.

As part of our audit of the 2023 financial statements, we also audited the adjustment described in Note 6 that was applied to restate the 2022 financial statements. In our opinion, such adjustment is appropriate and has been properly applied. We were not engaged to audit, review or apply any procedures to the 2022 financial statements of the Fund other than with respect to the adjustment and, accordingly, we do not express an opinion or any other form of assurance on the 2022 financial statements as a whole.

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 Fund'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.

Auditors' 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 auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 GAAS 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 State'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 Fund’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 schedule of changes in net OPEB liability and related ratios, the schedule of contributions, and the schedule of investment returns 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 GAAS, 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.

Management has omitted the management’s discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 1, 2024, on our consideration of the Fund’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 the Fund’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 Fund’s internal control over financial reporting and compliance.



Reno, Nevada
May 1, 2024

State of Nevada
State Retirees' Health & Welfare Benefits Fund
Public Employees' Benefits Program
Statements of Fiduciary Net Position
June 30, 2023 and 2022

	2023	2022 As Restated
Assets		
Cash with State Treasurer	\$ 2,199,374	\$ 3,491,998
Intergovernmental receivable	23,940	20,584
Due from other State of Nevada funds	137,891	107,288
Due from State of Nevada component units	1,526,308	1,334,319
Total assets	3,887,513	4,954,189
Liabilities and Net Position		
Current Liabilities		
Due to State of Nevada Self Insurance Fund	34,414,831	25,046,900
Net Position		
Unrestricted (deficit)	\$ (30,527,318)	\$ (20,092,711)

State of Nevada
State Retirees' Health & Welfare Benefits Fund
Public Employees' Benefits Program
Statements of Changes in Fiduciary Net Position
Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Additions		
Contributions		
Employer contributions	\$ 41,136,140	\$ 39,621,208
Treasurer's pool income (loss)		
Interest and dividends	102,658	19,046
Net appreciation (depreciation) in fair value of treasurer's pool	<u>37,344</u>	<u>(111,936)</u>
Total net treasurer's pool income (loss)	<u>140,002</u>	<u>(92,890)</u>
Total additions	<u>41,276,142</u>	<u>39,528,318</u>
Deductions		
Benefit payments	<u>51,710,749</u>	<u>49,653,201</u>
Change in Net Position	(10,434,607)	(10,124,883)
Net Position (Deficit), Beginning of Year	<u>(20,092,711)</u>	<u>(9,967,828)</u>
Net Position (Deficit), End of Year	<u><u>\$ (30,527,318)</u></u>	<u><u>\$ (20,092,711)</u></u>

Note 1 - Summary of Significant Accounting Policies

Reporting Entity, Purpose, and Plan Administration

The State Retirees' Health and Welfare Benefits Fund (the Fund), Public Employees Benefits Program (PEBP) of the State of Nevada (the State) was created in 2007 by the Nevada Legislature to account for the financial assets designated to offset the portion of current and future costs of health and welfare benefits paid on behalf of the State retirees. The Fund is a multiple employer cost-sharing defined postemployment benefit plan run by the PEBP Board. The Fund provides benefits other than pensions to eligible retirees and their dependents through the payment of subsidies to PEBP which administers a group health and life insurance program.

The Fund is governed by the PEBP Board of Trustees which consists of ten members who are appointed by the Governor of the State. Each appointee represents a specific class of public employees and retirees including the Nevada System of Higher Education, retired public employees, State employees, and local government employees. Additionally, two members must have substantial and demonstrated experience in risk management, health care administration, or employee benefits programs. One member must be employed in a managerial capacity for the State Department of Administration. These requirements are all in accordance with Nevada Revised Statute (NRS) 287.041.

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB standards have set forth certain component unit criteria, in part, as follows to consider:

- If the State of Nevada appoints a voting majority of the PEBP board and either has financial burden (legally or assumed) to make contributions to the Fund or if the State of Nevada may impose its will on the Fund.
- If the State of Nevada does not appoint a voting majority of the PEBP board and has both a financial burden (legally or assumed) to make contributions to the Fund and the Fund is fiscally dependent on the State of Nevada.

The Governor appoints the majority of the PEBP board, and the State of Nevada has the financial burden to make contributions to the Fund. The assets of the Fund belong to the officers, employees, and retirees of the State of Nevada in aggregate. Neither the State of Nevada nor the governing body of any county, school district, municipal corporation, political subdivision, public corporation, or other local governmental agency of the State of Nevada, nor any single officer, employee or retiree of any such entity has any right to the assets in the Fund. Therefore, due to the above factors, the Fund is considered a fiduciary component unit of the State of Nevada.

Basis of Accounting

The financial statements of the Fund have been prepared in conformity with accounting principles accepted in the United States of America (U.S. GAAP) as applied to governmental units. The accompanying financial statements of the Fund have been prepared using the accrual basis of accounting and the economic resources measurement focus.

Cash with State Treasurer

Monies being held by the Fund that are not required to pay current benefits are invested in either the Retirement Benefits Investment Fund established pursuant to NRS 355.220 or are held in the State of Nevada's general portfolio (Treasurer's Pool) pursuant to NRS 226.110 as approved in the legislatively approved budget. Cash with State Treasurer functions as a demand deposit account.

Contributions and Receivables

Employer contributions are recognized when due based on the assessment on actual payroll. Employer contributions are received from other state agencies.

The receivable balances are reported in three classifications: intergovernmental, other State of Nevada funds, and State of Nevada component units. Intergovernmental receivables are amounts outstanding from state agencies, such as state boards and commissions. Other State of Nevada funds are amounts outstanding from governmental and proprietary funds within the State of Nevada. State of Nevada component unit receivables are amounts outstanding from the Nevada System of Higher Education. The Fund has not established an allowance for uncollectible amounts based on prior experience and known factors with respect to the employers.

The Fund does not receive member contributions.

Benefits and Payables

Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Benefits are administered by the State of Nevada Self Insurance Fund, an internal service fund of the State of Nevada. Therefore, all benefit liabilities are recognized as due to the Self Insurance Fund.

Net Position

Net position is restricted for postemployment benefits other than pension as described in NRS 287.04362. As more fully described in Note 5 to the financial statements, the Fund has a deficit net position as of June 30, 2023 and 2022, respectively, which requires presentation as an unrestricted (deficit) within the Statements of Fiduciary Net Position to be in accordance with U.S. GAAP.

Use of Estimates

The preparation of financial statements is in conformity with accounting principles accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and notes. Actual results could differ from those estimates.

Note 2 - Plan Description and Contribution and Benefits Provided

The Fund was created in 2007 by the Nevada Legislature to account for the financial assets designated to offset the portion of current and future costs of health and welfare benefits paid on behalf of the State retirees. The Fund is a multiple employer cost-sharing defined postemployment benefit plan run by the PEBP Board. The Fund provides benefits other than pensions to eligible retirees and their dependents through the payment of subsidies to PEBP which administers a group health and life insurance program.

Contributions to the Fund are paid by the participating state agencies through an assessment of actual payroll paid by each State agency through the Retired Employee Group Insurance assessment (REGI). REGI is set by the Governor's Finance Office based on an amount provided by the Legislature each biennium in session law. REGI was 2.18% and 2.17% of actual payroll for the years ended June 30, 2023 and 2022, respectively. Benefits are paid to the PEBP Self Insurance Trust Fund as necessary to offset retiree premiums pursuant to NRS 287.046. Administrative costs of the Fund are absorbed by the State of Nevada Self Insurance Trust Fund.

Pursuant to NRS 287.023 and NRS 287.046, the following individuals and their dependents are eligible to receive benefits from the Fund:

Any PEBP covered retiree with state service whose last employer was the State and who:

- Has at least five years of public service and who was initially hired by the State prior to January 1, 2010; or
- Has at least 15 years of public service and who was initially hired by the State on or after January 1, 2010, but before January 1, 2012; or
- Has at least five years of public service, who has a disability and who was initially hired by the State on or after January 1, 2010, but before January 1, 2012; or
- Any PEBP covered retirees with state service whose last employer was not the State or a participating local government entity and who has been continuously covered under PEBP as a retiree since November 30, 2008.

State service is defined as employment with any Nevada State agency, the Nevada System of Higher Education and any State Board or Commission.

Pursuant to NRS 287.0425, the Executive Officer reports information regarding the Fund annually to the Governor's Finance Office and the Nevada Legislature. The Fund is governed by NRS 287.0436 through NRS 287.04364.

State of Nevada
State Retirees' Health & Welfare Benefits Fund
Public Employees' Benefits Program
Notes to Financial Statements
June 30, 2023

State active employee and retiree enrollment and inactive members consisted of the following as of the actuarial valuation date of June 30, 2022 rolled forward to a measurement date of June 30, 2023:

Active Plan members*	28,015
Inactive Plan members or beneficiaries currently receiving benefit**	12,692
Inactive Plan members entitled to but Not Yet Receiving Benefit Payments	<u>18,495</u>
 Total Plan members	 <u><u>59,202</u></u>

*Active counts reflect those hired prior to January 1, 2012

**Inactive counts include terminated vested participants and reflect State retirees only.

State participating employers consisted of the following as of the actuarial valuation date:

Total participating employers	<u><u>24</u></u>
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Note 3 - Net OPEB Liability

The projections of the net OPEB liability are based on the substantive plan (the plan as understood by the employer and plan members) and includes the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The projection of the net OPEB liability does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost-sharing between the employer and plan members in the future. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial estimated liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. However, the preparation of any estimate of future post-employment costs requires consideration of a broad array of complex social and economic events. Future changes in the healthcare reform, changes in reimbursement methodology, the emergence of new and expensive medical procedures and prescription drug options, changes in the investment rate of return and other matters increase the level of uncertainty of such estimates. As such, the estimate of postemployment program costs contains considerable uncertainty and variability, and actual experience may vary significantly by the current estimated net OPEB liability.

State of Nevada
State Retirees' Health & Welfare Benefits Fund
Public Employees' Benefits Program
Notes to Financial Statements
June 30, 2023

Net OPEB Liability of the State

The components of the net OPEB liability of the State at June 30, 2023 and 2022 were as follows (in thousands):

	2023	2022
Total OPEB liability	\$ 1,427,444	\$ 1,422,115
Plan fiduciary net position	(30,527)	(20,093)
Net OPEB liability	\$ 1,457,971	\$ 1,442,208
Plan fiduciary net position as a percentage of total OPEB liability	-2.14%	-1.41%

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2022, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	4.20% to 9.10%, for regular members and 4.60% to 14.50% for Police/Fire members, varying by service, including inflation
Investment rate of return	2.50%
Healthcare cost trend rates	For medical prescription drug benefits, the current amount is 4.80% increase effective July 1, 2023, then 7.25% graded down 0.25% to ultimate 4.50% over eleven years. For dental benefits 4.00%. For Part B Reimbursement, the trend rate is 0.00% and 27.17%, effective July 1, 2023 and 2024, respectively, the 4.50%.

Postretirement Mortality Rates

Healthy: Regular Members – Pub-2010 General Healthy Retiree Headcount-Weighted Above-Median Mortality Table with rates increased by 30% for males and 15% for females, projected generationally with the two-dimensional mortality improvement scale MP-2020. Police/Fire Members – Pub-2010 Safety Healthy Retiree Headcount-Weighted Above-Median Morality Table with rates increased by 30% for males and 5% for females, projected generationally with the two-dimensional mortality improvement scale MP-2020.

State of Nevada
State Retirees' Health & Welfare Benefits Fund
Public Employees' Benefits Program
Notes to Financial Statements
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Disabled: Regular Members – Pub-2010 Non-Safety Disabled Retiree Headcount-Weighted Mortality Table with rates increased by 20% for males and 15% for females, projected generationally with the two-dimensional mortality improvement scale MP-2020. Police/Fire Members – Pub-2010 Safety Disabled Retiree Headcount-Weighted Mortality Table with rates increased by 30% for males and 10% for females, projected generationally with the two-dimensional mortality improvement scale MP-2020.

Beneficiaries: Regular and Police/Fire Current Beneficiaries in Pay Status – Pub-2010 Contingent Survivor Headcount-Weighted Above-Median Mortality Table with rates increased by 15% for males and 30% for females, projected generationally with the two-dimensional mortality improvement scale MP-2020.

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of the 2020 actuarial experience study for the Public Employees' Retirement System of the State of Nevada dated September 10, 2021.

Preretirement Mortality Rates

Regular Members: Pub-2010 General Employee Headcount-Weighted Above-Median Mortality Table, projected generationally with the two-dimensional mortality improvement scale MP-2020.

Police/Fire Members: Pub-2010 Safety Employee Headcount-Weighted Above-Median Mortality table, projected with the two-dimensional mortality improvement scale MP-2020.

Discount Rate

The discount rate used to measure the total OPEB liability was 3.65% and 3.54% for fiscal years ended June 30, 2023 and 2022, respectively. As the Fund is funded on a pay-as-you-go basis, the discount rate is based on the Bond Buyer 20-Bond General Obligation Index rate.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the State, as well as what the State's 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 (in thousands):

	<u>1% Decrease (2.65%)</u>	<u>Discount Rate (3.65%)</u>	<u>1% Increase (4.65%)</u>
Net OPEB liability, June 30, 2023	\$ 1,599,174	\$ 1,457,971	\$ 1,335,499
	<u>1% Decrease (2.54%)</u>	<u>Discount Rate (3.54%)</u>	<u>1% Increase (4.54%)</u>
Net OPEB liability, June 30, 2022	\$ 1,585,911	\$ 1,442,208	\$ 1,317,795

State of Nevada
State Retirees' Health & Welfare Benefits Fund
Public Employees' Benefits Program
Notes to Financial Statements
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Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

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

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Net OPEB liability, June 30, 2023	\$ 1,382,572	\$ 1,457,971	\$ 1,544,492
	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Net OPEB liability, June 30, 2022	\$ 1,372,482	\$ 1,442,208	\$ 1,522,051

Note 4 - Cash and Deposits with the State Treasurer

The NRS directs the Office of the State Treasurer to deposit funds into any state, or national bank, credit union or savings and loan association covered by federal depository insurance. For those deposits over and above the federal depository insurance maximum balance, sufficient collateral must be held by the financial institution to protect the State against loss. The pooled collateral for deposits program maintains a 102% pledge collateral for all public deposits. The Fund is a participant in the investment pool maintained by the Treasurer of the State. The investment pool is not registered with the Securities and Exchange Commission as an investment company. The State has not provided or obtained any legally binding guarantees during the period to support the value of the shares. The Fund receives a pro-rated share of the earnings from its participation in the investment pool based on daily cash balances. Due to the nature of the investment pool, it is not possible to separately identify any specific investment as being that of the Fund. Instead, the Fund owns a proportionate share of each investment, based on the Fund's participating percentage in the investment pool. The cash (due on demand) with State Treasurer balance as of June 30, were as follows (expressed in thousands):

	2023	2022
Cash		
Cash with State Treasurer		
State Treasurer's Investment Pool	\$ 2,268	\$ 3,598
Unrealized gains and losses	(69)	(106)
Total cash with State Treasurer	\$ 2,199	\$ 3,492

Rate of Return

For the years ended June 30, 2023 and 2022, the annual money-weighted rate of return on investment, net of investment expenses was 0.63% and 0.17%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Note 5 - Net Position

Net position is normally restricted for postemployment benefits other than pension; however, the net position of the Fund is in a deficit position. The deficit increased by \$10,434,607 to a total deficit of \$30,527,318 as of June 30, 2023. Management of the Fund is actively working on a plan to improve the Fund's net position. A rebalancing of the REGI Assessment was approved during the 2023 legislative session. The REGI assessment is calculated and collected as a percentage of gross salaries. The Governor recommended REGI assessments for the upcoming biennium of 3.11% for Fiscal Year 2024 and 3.18% for Fiscal Year 2025. This is an increase from the 2.18% approved for Fiscal Year 2023 and is related to the Governor's recommendation to revise the methodology by which the REGI assessment is determined. This is an increase of over 42% in the REGI assessment and is expected to gradually decrease the deficit over the next couple of fiscal years. Management of the Fund is committed to ongoing monitoring of benefit costs, expected payroll, and the REGI assessment rates to better present the Fund's net position and financial health.

Note 6 - Correction of Error

During the year ended June 30, 2023, an error was discovered in the classification of net position. The Fund has a deficit net position rather than a restricted net position. Accordingly, the Statement of Fiduciary Net Position for the year ended June 30, 2022, was adjusted as follows:

	June 30, 2022, As Originally Reported	Adjustment	June 30, 2022, As Restated
Net Position			
Restricted for other postemployment benefits	\$ (20,092,711)	\$ 20,092,711	\$ -
Unrestricted (deficit)	-	(20,092,711)	(20,092,711)
Total Net Position	\$ (20,092,711)	\$ -	\$ (20,092,711)

Note 7 - Commitment and Contingencies

The State of Nevada, the Fund, its officers or its employees are parties to a number of lawsuits which may indirectly or directly affect the Fund. The litigation potentially affecting the Fund has been evaluated and has either been evaluated as minimal risk of loss due to an unfavorable outcome or due to other various facts and circumstances. No potential losses have been evaluated as probable and thus no liability has been recorded.

State of Nevada
State Retirees' Health & Welfare Benefits Fund
Public Employees' Benefits Program
Schedule of Changes in Net OPEB Liability and Related Ratios (in thousands)
Last Ten Fiscal Years*

	Fiscal Year Ended June 30,							
	2023	2022	2021	2020	2019	2018	2017	2016
Total OPEB Liability								
Service cost	\$ 46,424	\$ 52,675	\$ 55,710	\$ 53,039	\$ 51,349	\$ 51,882	\$ 59,309	\$ 49,794
Interest cost	50,768	33,718	33,853	49,915	52,488	47,795	39,469	45,361
Changes of benefit terms	-	38,605	-	-	-	-	-	-
Differences between expected and actual experiences	(7,880)	(19,316)	(2,313)	(72,984)	(31,485)	-	-	-
Changes of assumptions	(14,550)	(159,738)	(938)	124,245	37,971	(36,851)	(102,300)	123,519
Gross benefit payments	(69,433)	(64,012)	(44,188)	(49,969)	(42,490)	(39,710)	(38,069)	(35,932)
Net Change in Total OPEB Liability	5,329	(118,068)	42,124	104,246	67,833	23,116	(41,591)	182,742
Total OPEB liability, beginning of year	1,422,115	1,540,183	1,498,059	1,393,813	1,325,980	1,302,864	1,344,455	1,161,713
Total OPEB liability, end of year	1,427,444	1,422,115	1,540,183	1,498,059	1,393,813	1,325,980	1,302,864	1,344,455
Plan Fiduciary Net Position								
Contributions								
Employer	41,136	39,621	39,564	43,882	40,943	39,669	38,049	32,213
Net investment income	140	(93)	308	205	181	162	164	55
Gross benefit payments	(51,711)	(49,653)	(44,188)	(49,969)	(42,490)	(39,710)	(38,069)	(35,932)
Net Change in Plan Fiduciary Net Position	(10,435)	(10,125)	(4,316)	(5,882)	(1,366)	121	144	(3,664)
Plan Fiduciary Net Position, Beginning of Year	(20,092)	(9,967)	(5,651)	231	1,597	1,476	1,332	4,996
Plan Fiduciary Net Position, End of Year	(30,527)	(20,092)	(9,967)	(5,651)	231	1,597	1,476	1,332
State's Net OPEB Liability	<u>\$ 1,457,971</u>	<u>\$ 1,442,207</u>	<u>\$ 1,550,150</u>	<u>\$ 1,503,710</u>	<u>\$ 1,393,582</u>	<u>\$ 1,324,383</u>	<u>\$ 1,301,388</u>	<u>\$ 1,343,123</u>
Plan Fiduciary Net Position as a Percentage of								
Total OPEB Liability	-2.14%	-1.41%	-0.65%	-0.38%	0.02%	0.12%	0.11%	0.10%
Covered Payroll	\$ 1,886,972	\$ 1,825,853	\$ 1,676,441	\$ 1,875,299	\$ 1,749,658	\$ 1,688,043	\$ 1,612,246	\$ 1,627,517
State's Net OPEB Liability as a Percentage of								
Covered Payroll	77.27%	78.99%	92.47%	80.19%	79.65%	78.46%	80.72%	82.53%

*GASB Statement No. 74 requires ten years of information to be presented in this table. Until ten years of data is compiled, the Fund will present information only for those years for which information is available.

State of Nevada
State Retirees' Health & Welfare Benefits Fund
Public Employees' Benefits Program
 Schedule of Contributions (in thousands)
 Last Ten Fiscal Years*

	Fiscal Year Ended June 30,							
	2023	2022	2021	2020	2019	2018	2017	2016
Contractually Required Contribution	\$ 41,136	\$ 39,621	\$ 39,564	\$ 43,882	\$ 40,942	\$ 39,669	\$ 38,049	\$ 32,213
Contributions Made in Relation to the Contractually Required Contribution	41,136	39,621	39,564	43,882	40,942	39,669	38,049	32,213
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 1,886,972	\$ 1,825,853	\$ 1,676,441	\$ 1,875,299	\$ 1,749,658	\$ 1,688,043	\$ 1,612,246	\$ 1,512,347
Contributions as a Percentage of Covered Payroll	2.18%	2.17%	2.36%	2.34%	2.34%	2.35%	2.36%	2.13%

*GASB Statement No. 74 requires ten years of information to be presented in this table. Until ten years of data is compiled, the Fund will present information only for those years for which information is available.

Notes to Schedules:

	2023	2022	2021	2020	2019	2018	2017	2016
Valuation Date	June 30, 2022	June 30, 2022	July 1, 2020	July 1, 2020	June 30, 2018	June 30, 2018	January 1, 2018	January 1, 2018
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization Method	Level % of Pay 25-year	Level % of Pay 25-year	Level % of Pay 25-year	Level % of Pay 25-year	Level % of Pay 25-year	Level % of Pay 25-year	Level % of Pay 25-year	Level % of Pay 25-year
Amortization Period	25-year	25-year	25-year	25-year	25-year	25-year	25-year	25-year
Asset Valuation Method	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value
Inflation Rate	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.75%	2.75%
Discount Rate	3.65%	3.54%	2.16%	2.21%	3.51%	3.87%	3.58%	3.58%
Healthcare Cost Trend Rates								
Medical prescription drug	7.25% - 4.50%	7.25% - 4.50%	6.25% - 4.50%	6.25% - 4.50%	6.50% - 4.50%	6.50% - 4.50%	6.50% - 5.00%	6.50% - 5.00%
Dental	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Part B Reimbursement	27.17% effective 7/1/2024 then 4.00%	27.17% effective 7/1/2024 then 4.00%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%
Salary Increases								
Regular Members	4.20% - 9.10%	4.20% - 9.10%	2.75%	2.75%	1.00% - 10.65%	1.00% - 10.65%	1.00% - 10.65%	1.00% - 10.65%
Police/Fire Members	4.60% - 14.50%	4.60% - 14.50%	2.75%	2.75%	1.00% - 10.65%	1.00% - 10.65%	1.00% - 10.65%	1.00% - 10.65%
Investment Rate of Return	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.75%	2.75%
Retirement Age	Varies by Age and Service	Varies by Age and Service	Varies by Age and Service	Varies by Age and Service	Varies by Age and Service	Varies by Age and Service	Varies by Age and Service	Varies by Age and Service
Mortality								
Healthy								
Regular Members	Pub-2010 General Health	Pub-2010 General Health	Pub-2010 General Health	Pub-2010 General Health	RP-2000 Projected to 2014	RP-2000 Projected to 2014	RP-2000 Projected to 2014	RP-2000 Projected to 2014
Police/Fire Members	Pub-2010 Safety Health	Pub-2010 Safety Health	Pub-2010 Safety Health	Pub-2010 Safety Health	RP-2000 Projected to 2014	RP-2000 Projected to 2014	RP-2000 Projected to 2014	RP-2000 Projected to 2014
Disabled								
Regular Members	Pub-2010 Non-Safety Disabled	Pub-2010 Non-Safety Disabled	Pub-2010 Non-Safety Disabled	Pub-2010 Non-Safety Disabled	RP-2000 Projected to 2014	RP-2000 Projected to 2014	RP-2000 Projected to 2014	RP-2000 Projected to 2014
Police/Fire Members	Pub-2010 Safety Disabled	Pub-2010 Safety Disabled	Pub-2010 Safety Disabled	Pub-2010 Safety Disabled	RP-2000 Projected to 2014	RP-2000 Projected to 2014	RP-2000 Projected to 2014	RP-2000 Projected to 2014
Beneficiaries	Pub-2010 Contingent Survivor	Pub-2010 Contingent Survivor	Pub-2010 Contingent Survivor	Pub-2010 Contingent Survivor	RP-2000 Projected to 2014	RP-2000 Projected to 2014	RP-2000 Projected to 2014	RP-2000 Projected to 2014
Mortality Improvement	MP-2020	MP-2020	MP-2019	MP-2019	MP-2016	MP-2016	MP-2016	MP-2016

Plan Changes: No significant plan changes

State of Nevada
 State Retirees' Health & Welfare Benefits Fund
 Public Employees' Benefits Program
 Schedule of Investment Returns
 Last Ten Fiscal Years*

	Fiscal Year Ended June 30,							
	2023	2022	2021	2020	2019	2018	2017	2016
Annual money-weighted rate of return, net of investment expense**	0.63%	0.17%	0.15%	0.48%	0.55%	***	***	***

*GASB Statement No. 74 requires ten years of information to be presented in this table. Until ten years of data is compiled, the Fund will present information only for those years for which information is available.

**The annual money-weighted rate of return includes cash held by the State Treasurer and related earnings.

***Information for 2018 - 2016 is not available.



**Independent Auditors' 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 Board of the
Public Employees' Benefits Program
Carson City, Nevada

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements the State Retirees' Health & Welfare Benefits Fund (the Fund), Public Employees' Benefits Program, a fiduciary component unit of the State of Nevada, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Fund's basic financial statements, and have issued our report thereon dated May 1, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Fund 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. Accordingly, we do not express an opinion on the effectiveness of the Fund'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 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified a certain deficiency in internal control, described in the accompanying Schedule of Findings and Responses as item 2023-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Fund'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 financial statements. 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*.

Fund's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the Fund's response to the finding identified in our audit and described in the accompanying Schedule of Findings and Responses. The Fund's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 Fund'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 Fund's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

The image shows a handwritten signature in cursive script that reads "Eide Sully LLP".

Reno, Nevada
May 1, 2024

State of Nevada
State Retirees' Health & Welfare Benefits Fund
Public Employees' Benefits Program
Schedule of Findings and Responses
June 30, 2023

In addition, the schedule of contributions was updated to appropriately reflect the contractually required contribution amounts and the contributions made in relation to the contractually required contributions for all years presented, as well as the covered payroll in which the required contributions are calculated.

Moreover, the schedule of investment returns was not previously included, but was added to disclose the annual money-weighted rate of return, net of investment expense for all years presented in accordance with GASB 74.

Lastly, the net position was restated to properly classify the net position as a deficit rather than restricted net position.

Recommendation: We recommend the Fund allocate the resources necessary to enable the preparation of the financial statements in accordance with generally accepted accounting principles and enhance internal controls to ensure the net position, net OPEB liabilities, and required supplementary information are appropriately disclosed and presented.

Views of Responsible Officials: Management partially agrees.