

**STATE OF NEVADA
STATE RETIREES' HEALTH & WELFARE
BENEFITS FUND
PUBLIC EMPLOYEES' BENEFITS PROGRAM**

JUNE 30, 2022 AND 2021



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**STATE OF NEVADA
STATE RETIREES' HEALTH & WELFARE BENEFITS FUND
PUBLIC EMPLOYEES' BENEFITS PROGRAM
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INDEPENDENT AUDITORS' REPORT

Board of the Public Employees' Benefits Program
State of Nevada

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the State Retirees' Health & Welfare Benefits Fund, Public Employees' Benefits Program of the State of Nevada (the Fund), as of and for the years ended June 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the State Retirees' Health & Welfare Benefits Fund, Public Employees' Benefits Program of the State of Nevada'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 respective financial position of the State Retirees' Health & Welfare Benefits Fund, Public Employees' Benefits Program of the State of Nevada, as of June 30, 2022 and 2021, and the respective changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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. 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 State Retirees' Health & Welfare Benefits Fund, Public Employees' Benefits Program of the State of Nevada 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 opinions.

Emphasis of a Matter

Reporting Entity

As discussed in Note 1, the financial statements of the State Retirees' Health & Welfare Benefits Fund, Public Employees' Benefits Program of the State of Nevada are intended to present the net position, and changes in net position of the Fund. They do not purport to, and do not, present fairly the financial position of the state of Nevada, as of June 30, 2022 and 2021, and the changes in its net position, for the years then ended, in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the State Retirees' Health & Welfare Benefits Fund, Public Employees' Benefits Program of the State of Nevada's ability to continue as a going concern for 12 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 Retirees' Health & Welfare Benefits Fund, Public Employees' Benefits Program of the State of Nevada'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 State Retirees' Health & Welfare Benefits Fund, Public Employees' Benefits Program of the State of Nevada's ability to continue as a going concern for a reasonable period of time.

Board of the Public Employees' Benefits Program
State of Nevada

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.

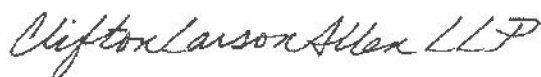
Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Schedule of Changes in Net OPEB Liability, and Related Ratios and the Schedule of Contributions 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 opinions on the basic financial statements are 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 February 22, 2023 on our consideration of the State Retirees' Health & Welfare Benefits Fund, Public Employees' Benefits Program'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 State Retirees' Health & Welfare Benefits Fund, Public Employees' Benefits Program'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 State Retirees' Health & Welfare Benefits Fund, Public Employees' Benefits Program's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Broomfield, Colorado
February 22, 2023

STATE OF NEVADA
STATE RETIREES' HEALTH & WELFARE BENEFITS FUND
PUBLIC EMPLOYEES' BENEFITS PROGRAM
STATEMENTS OF FIDUCIARY NET POSITION
JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
ASSETS		
Cash with Treasurer	\$ 3,491,998	\$ 2,118,781
Intergovernmental Receivable	20,584	6,716
Due From Other Funds	107,288	7,142
Due From Component, Units, Net	1,334,319	-
Total Assets	<u>4,954,189</u>	<u>2,132,639</u>
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES		
Due to Other Funds	<u>25,046,900</u>	<u>12,100,467</u>
Total Liabilities	<u>25,046,900</u>	<u>12,100,467</u>
NET POSITION		
Net Position Restricted for Other Postemployment Benefits	<u>\$ (20,092,711)</u>	<u>\$ (9,967,828)</u>

See accompanying Notes to Financial Statements.

**STATE OF NEVADA
STATE RETIREES' HEALTH & WELFARE BENEFITS FUND
PUBLIC EMPLOYEES' BENEFITS PROGRAM
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
YEARS ENDED JUNE 30, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
ADDITIONS		
Contributions		
Employer Contributions	\$ 39,621,208	\$ 39,563,787
Investment Income		
Interest and Dividends	19,046	34,923
Net Appreciation in Fair Value of Investments	(111,936)	273,081
Investment Expense	<u>-</u>	<u>(453)</u>
Total Net Investment Income	<u>(92,890)</u>	<u>307,551</u>
Total Additions	39,528,318	39,871,338
Deductions		
Benefit Payments	<u>49,653,201</u>	<u>44,187,551</u>
Total Deductions	<u>49,653,201</u>	<u>44,187,551</u>
CHANGE IN NET POSITION	(10,124,883)	(4,316,213)
Net Position - Beginning of Year	<u>(9,967,828)</u>	<u>(5,651,615)</u>
NET POSITION - END OF YEAR	<u><u>\$ (20,092,711)</u></u>	<u><u>\$ (9,967,828)</u></u>

See accompanying Notes to Financial Statements.

**STATE OF NEVADA
STATE RETIREES' HEALTH & WELFARE
BENEFITS FUND
PUBLIC EMPLOYEES' BENEFITS PROGRAM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The financial statements of the State Retirees' Health and Welfare Benefits Fund, Public Employees' Benefits Program (PEBP) of the State of Nevada (Retirees' Fund) have been prepared in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) 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. A summary of the Retirees' Fund's significant accounting policies applied in the preparation of the accompanying financial statements is presented below.

Basis of Accounting

The financial statements of the Retirees' Fund have been prepared using the accrual basis of accounting and the economic resources measurement focus. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. The Retirees' Fund does not receive member contributions. The Retirees' Fund is accounted for as a fiduciary fund that is administered as an irrevocable trust fund.

Method Used to Value Investments

Investments are reported at fair value, which for the Retirees' Fund is determined by the Retirement Benefits Investment Fund.

Plan Description and Contribution Information

The State Retirees' Health and Welfare Benefits 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 state retirees. The Retirees' Fund is a multiple employer cost sharing defined postemployment benefit plan run by the PEBP Board. The Retirees' 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.

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

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NOTES TO FINANCIAL STATEMENTS
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NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Plan Description and Contribution Information (Continued)

Any PEBP covered retiree with state service whose last employer was the state or a participating local government entity 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. Participating local government entity is defined as a county, school district, municipal corporation, political subdivision, public corporation or other local governmental agency that has an agreement in effect with PEBP to provide health coverage for its active employees.

The money in the Retirees' Fund belongs to the officers, employees and retirees of the State of Nevada in aggregate; neither the State nor the governing body of any county, school district, municipal corporation, political subdivision, public corporation or other local governmental agency of the State, nor any single officer, employee or retiree of any such entity has any right to the money in the Retirees' Fund. Pursuant to NRS 287.0425, the Executive Officer reports information regarding the Retirees' Fund annually to the Governor's Finance Office and the Nevada Legislature. The Retirees' Fund is governed by NRS 287.0436 through NRS 287.04364.

Contributions to the fund are paid by the state of Nevada through an assessment of actual payroll paid by each State entity. The assessment is set by the Governor's Finance Office based on an amount provided by the Legislature each biennium in session law. The assessment was 2.34% and 2.34% of actual payroll for the years ending June 30, 2022 and 2021, respectively. Benefits are paid to the Public Employees' Benefits Program Self Insurance Trust Fund as necessary to offset retiree premiums pursuant to NRS 287.046. Funds not required to pay benefits are invested in the Retiree Benefits Investment Fund established pursuant to NRS 355.220 or are held in the state of Nevada general portfolio pursuant to NRS 226.110 as approved in the legislatively approved budget. Administrative costs of the Retirees' Fund are absorbed by the Self Insurance Trust Fund.

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Plan Description and Contribution Information (Continued)

State active employee and retiree enrollment and inactive members consisted of the following as of the actuarial valuation date:

Active Plan Members*	10,183
Inactive Plan Members or Beneficiaries Currently Receiving Benefit**	13,900
Inactive Plan Members Entitled to but Not Yet Receiving Benefit Payments	<u>2,280</u>
Total Plan Members	<u><u>26,363</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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The Retirees' Fund is governed by the Public Employees Benefits Program Board of Trustees which consists of 10 members who are appointed by the Governor of the State of Nevada. 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 Nevada State Department of Administration. These requirements are all in accordance with NRS 287.041.

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NOTE 2 NET OPEB LIABILITY

Funding Status and Funding Progress

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 require 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 post-employment program costs contains considerable uncertainty and variability and actual experience may vary significantly by the current estimated net OPEB liability.

Net OPEB Liability of the Retirees' Fund

The components of the net OPEB liability of the Retiree's Fund at June 30, 2022 and 2021, were as follows:

	2022 <u>(in thousands)</u>	2021 <u>(in thousands)</u>
Total OPEB Liability	\$ (1,540,183)	\$ (1,498,059)
Plan Fiduciary Net Position	<u>(9,968)</u>	<u>(5,651)</u>
Net OPEB Liability	<u>\$ (1,550,151)</u>	<u>\$ (1,503,710)</u>
Plan Fiduciary Net Position as a Percentage of Total		
OPEB Liability	0%	0%
OPEB Expense	\$ 76,323	\$ 85,777

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 2 NET OPEB LIABILITY (CONTINUED)

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of July 1, 2020, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary Increases	2.75%
Discount Rate	2.16%, Based on Bond Buyer General Obligation 20-Bond Municipal Bond Index
Healthcare Cost Trend Rates	For medical prescription drug benefits the current amount is 6.25% and decreases to 4.50% long-term trend rate after eleven years. For dental benefits and Part B Premiums the trend rate is 4.00% and 4.50%, respectively.
Actuarial Method	Entry Age Normal Level % of Pay

Healthy Mortality Officers: Pub-2010 Public Retirement Plans Safety Mortality Table weighted by Headcount, projected by MP-2019 Civilians: Pub-2010 Public Retirement Plans General Mortality Table weighted by Headcount, projected by MP-2019

Disabled Mortality Officers: Pub-2010 Public Retirement Plans Safety Disabled Mortality Table weighted by Headcount, projected by MP-2019 Civilians: Pub-2010 Public Retirement Plans General Disabled Mortality Table weighted by Headcount, projected by MP-2019

The actuarial assumptions used in the January 1, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2019 to June 30, 2020.

As the Retirees' Fund is funded on a pay-as-you-go basis, the discounted rate is equal to the Bond Buyer General Obligation 20-Bond Municipal Bond Index rate of 2.21%.

Discount rate

The discount rate basis under GASB 74 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 rates used for fiscal years ended June 30, 2022 and 2021 are 2.16% and 2.21%, respectively.

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 2 NET OPEB LIABILITY (CONTINUED)

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

The following presents the net OPEB liability of the Retirees' Fund, as well as what the Retirees' Fund's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.21%) or 1-percentage-point higher (3.21%) than the current discount rate:

	1% Decrease (1.21%) (in thousands)	Discount Rate (2.21%) (in thousands)	1% Increase (3.21%) (in thousands)
Total OPEB Liability (Ending)	\$ (1,695,388)	\$ (1,540,183)	\$ (1,370,270)
Plan Fiduciary Net Position (Ending)	(9,968)	(9,968)	(9,968)
Net OPEB Liability (Ending)	<u>\$ (1,705,356)</u>	<u>\$ (1,550,151)</u>	<u>\$ (1,380,238)</u>

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the net OPEB liability of the Retirees' Fund, as well as what the Retirees' Fund 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:

	1% Decrease (in thousands)	Trend Rates (in thousands)	1% Increase (in thousands)
Total OPEB Liability (Ending)	\$ (1,415,313)	\$ (1,540,183)	\$ (1,644,385)
Plan Fiduciary Net Position (Ending)	(9,968)	(9,968)	(9,968)
Net OPEB Liability (Ending)	<u>\$ (1,425,281)</u>	<u>\$ (1,550,151)</u>	<u>\$ (1,654,353)</u>

NOTE 3 CASH AND DEPOSITS WITH THE STATE TREASURER

	2022	2021
Cash		
Deposits with State Treasurer:		
State Treasurer's Investment Pool	\$ 3,597,890	\$ 2,112,737
GASB 31 Adjustment	(105,892)	6,044
Total Cash and Deposits	<u>\$ 3,491,998</u>	<u>\$ 2,118,781</u>

The Nevada Revised Statutes direct 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 of Nevada against loss. The pooled collateral for deposits program maintains a 102% pledge collateral for all public deposits.

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 3 CASH AND DEPOSITS WITH THE STATE TREASURER (CONTINUED)

NRS 355.140 details the types of securities in which the State may invest. In general, authorized investments include: certificates of deposit, asset-backed securities, bankers' acceptances and commercial paper, collateralized mortgage obligations, corporate notes, money market funds whose policies meet the criteria set forth in the statute, United States treasury securities and specific securities implicitly guaranteed by the federal government. Additionally, the State may invest in limited types of repurchase agreements; however, statutes generally prohibit the State from entering into reverse-repurchase agreements.

A copy of the State of Nevada Annual Comprehensive Financial Report can be obtained online at <https://controller.nv.gov/FinancialRpts/CAFR/Home/>.

NOTE 4 INTERFUND BALANCES

Interfund balances at June 30, 2022 and 2021 consisted of the following:

	2022	2021
Due to Fiduciary Fund From:		
General Funds	\$ 102,744	\$ 7,142
Internal Service Funds	4,544	-
Total Due to Fiduciary Fund From Other Funds	<u>\$ 107,288</u>	<u>\$ 7,142</u>
Due to Fiduciary Fund From:		
All Others	\$ 1,334,319	\$ -
Total Due to Fiduciary Fund From Component Units	<u>\$ 1,334,319</u>	<u>\$ -</u>
Due From Fiduciary Fund:		
Internal Service Funds	\$ 25,046,900	\$ 12,100,467
Total Due to Internal Service Funds From Fiduciary Fund	<u>\$ 25,046,900</u>	<u>\$ 12,100,467</u>

These balances resulted from the time lag between the dates that (1) interfund contributions are provided or benefit payments occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

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NOTES TO FINANCIAL STATEMENTS
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NOTE 5 RETIREMENT BENEFITS INVESTMENT FUND

The Nevada Legislature established the Retirement Benefits Investment Fund (RBIF) with an effective date of July 1, 2007. The purpose of the Fund is to invest contributions made by participating public entities, as defined by NRS 355.220 to enable such entities to support financing of other post-employment benefits at some time in the future. Per NRS 355.220(2) monies received by the RBIF from participating entities are held for investment purposes only and not in any fiduciary capacity. Each participating entity acts as fiduciary for its particular share of the Fund. NRS 355.220(2) requires that any money in the Fund must be invested in the same manner as money in the Public Employees' Retirement System of Nevada (PERS) Investment Fund is invested. The PERS Investment Fund is governed primarily by the "prudent person" standard as set forth in NRS 286.682, which authorizes the Retirement Board to invest PERS' funds in "every kind of investment which persons of prudence, discretion and intelligence acquire or retain for their own account." PERS has established limits on the concentration of investments in any single issuer or class of issuer or managed by a single investment firm. In general, the authorized investments include: fixed income, both U.S. comingled and non-U.S. comingled; domestic, international and comingled equity; money market funds; and short-term investments.

RBIF is designed to value participants' shares in the Fund according to the contributions of each entity, and accordingly, earnings (including realized and unrealized gains and losses, interest, and other income) and expenses are allocated to each entity in proportion to the participant's share in the Fund. The financial statements of the RBIF were audited in accordance with auditing standards generally accepted in the United States of America and can be obtained from the Public Employees' Retirement System, 693 West Nye Lane, Carson City, Nevada 89703.

NOTE 6 FAIR VALUE

The Retirees' Fund holds investments that are measured at fair value on a recurring basis. The Retirees' Fund categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. Investments measured and reported at fair value using Level inputs are classified and disclosed in one of the following categories:

Level 1 – Quoted prices are available in active markets for identical investments as of the reporting date. The types of investments included in Level 1 include U.S. Treasury securities and listed equities.

Level 2 – Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-driven valuations in which all significant inputs and significant value drivers are observable.

Level 3 – Valuations derived from valuation techniques in which significant inputs or significant value drivers are unobservable.

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NOTE 6 FAIR VALUE (CONTINUED)

The following table presents fair value measurements as of June 30, 2022:

	Level 1
U.S. Treasury Securities and Equities	\$ -
Total Investments	\$ -

The following table presents fair value measurements as of June 30, 2021:

	Level 1
U.S. Treasury Securities and Equities	\$ -
Total Investments	\$ -

Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. All investments are classified in Level 1.

NOTE 7 SUBSEQUENT EVENTS

Management has evaluated the activities and transactions subsequent to June 30, 2022 to determine the need for any adjustments to and disclosure within the financial statements for the year ended June 30, 2022. Management has evaluated subsequent events through February 22, 2023, the date which the financial statements were available to be issued.

NOTE 8 RISKS AND UNCERTAINTIES

The Retirees' Fund is responding to the recent COVID-19 outbreak with a measured, practical response. As of the date of this report, the Retirees' Fund is able to perform necessary business functions however, the extent of future financial impact and duration cannot be reasonably estimated at this time.

NOTE 9 LITIGATION

Public Employees Benefit Program of the State Retirees' Health & Welfare Fund is involved in pending litigation. The outcome of the litigation cannot be predicted at this time.

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REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
LAST TEN FISCAL YEARS* (UNAUDITED)

	Fiscal Year Ending June 30					
	2022	2021	2020	2019	2018	2017
Total OPEB Liability						
Service Cost	\$ 55,710	\$ 53,039	\$ 51,349	\$ 51,882	\$ 59,309	\$ 49,794
Interest Cost	33,853	49,915	52,488	47,795	39,469	45,351
Changes of Benefit Terms	-	-	-	-	-	-
Differences Between Expected and Actual Experiences	(2,313)	(72,984)	(31,485)	-	-	-
Changes of Assumptions	(938)	124,245	37,971	(36,851)	(102,300)	123,519
Gross Benefit Payments	(44,188)	(49,969)	(42,490)	(39,710)	(38,069)	(35,932)
Net Change in Total OPEB Liability	42,124	104,246	67,833	23,116	(41,591)	182,742
Total OPEB Liability - Beginning of Year	1,498,059	1,393,813	1,325,980	1,302,864	1,344,455	1,161,713
Total OPEB Liability - End of Year	<u>\$ 1,540,183</u>	<u>\$ 1,498,059</u>	<u>\$ 1,393,813</u>	<u>\$ 1,325,980</u>	<u>\$ 1,302,864</u>	<u>\$ 1,344,455</u>
Plan Fiduciary Net Position						
Contributions - Employer	\$ 39,584	\$ 43,882	\$ 40,943	\$ 39,669	\$ 38,049	\$ 32,213
Contributions - Member	-	-	-	-	-	-
Net Investment Income	308	205	181	162	164	55
Gross Benefit Payments	(44,188)	(49,969)	(42,490)	(39,710)	(38,069)	(35,932)
Administrative Expenses	-	-	-	-	-	-
Other	-	-	-	-	-	-
Net Change in Plan Fiduciary Net Position	(4,316)	(5,862)	(1,366)	121	144	(3,664)
Plan Fiduciary Net Position - Beginning of Year	(5,651)	231	1,597	(8,516)	(8,660)	(4,996)
Plan Fiduciary Net Position - End of Year	<u>\$ (9,967)</u>	<u>\$ (5,651)</u>	<u>\$ 231</u>	<u>\$ (8,395)</u>	<u>\$ (8,516)</u>	<u>\$ (8,660)</u>
Total Net OPEB Liability	<u>\$ 1,550,150</u>	<u>\$ 1,503,710</u>	<u>\$ 1,393,582</u>	<u>\$ 1,334,375</u>	<u>\$ 1,311,380</u>	<u>\$ 1,353,115</u>
Net Position as a Percentage of OPEB Liability	0%	0%	0%	0%	0%	0%
Covered Employee Payroll	\$ 2,090,282	\$ 2,046,678	\$ 1,991,456	\$ 1,890,946	\$ 1,663,856	\$ 1,627,517
Net OPEB Liability as a Percentage of Payroll	74%	73%	70%	70%	78%	83%

* Only six years of information is available due to reporting changes related to the implementation of GASB 75 effective fiscal year 2018

Plan Change: None

Assumption Change: The valuation reflects a change of assumption in that the discount rate used at June 30, 2020 was 3.51% , the discount rate used at June 30, 2021 was 2.21%, and the discount rate used at June 30, 2022 was 2.16%.

**STATE OF NEVADA
STATE RETIREES' HEALTH & WELFARE
BENEFITS FUND
PUBLIC EMPLOYEES' BENEFITS PROGRAM
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
LAST TEN FISCAL YEARS* (UNAUDITED)**

	Fiscal Year Ending June 30					
	2022	2021	2020	2019	2018	2017
Actuarially Determined Contribution	N/A	N/A	N/A	N/A	N/A	N/A
Contributions Made in Relation to the Actuarially Determined Contribution	N/A	N/A	N/A	N/A	N/A	N/A
Contribution Deficiency (Excess)	N/A	N/A	N/A	N/A	N/A	N/A
Covered Employee Payroll**	\$ 2,090,282	\$ 2,046,678	\$ 1,991,456	\$ 1,890,946	\$ 1,663,856	\$ 1,627,517
Contributions as a Percentage of Payroll	N/A	N/A	N/A	N/A	N/A	N/A

*Only six years of information is available due to reporting changes related to the implementation of GASB 75 effective fiscal year 2018.

**Covered payroll for all fiscal years were provided by the State.

Notes to Schedule

Valuation Date January 1, 2020

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method Entry Age Normal - Level % of Salary

Asset Valuation Method Market Value of Assets

Retirement Age*** Varies by Age and Service

Mortality Pub-2010 Public Retirement Plans Mortality Table weighted by Headcount,

*** Weighted average retirement age based on January 1, 2020 census data and retirement rates provided in the "Actuarial Assumptions and Methods" section of the report.



**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**

Board of the Public Employees' Benefits Program
State of 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, the financial statements State Retirees' Health & Welfare Benefits Fund, Public Employees' Benefits Program of the State of Nevada (the Fund), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise State Retirees' Health & Welfare Benefits Fund, Public Employees' Benefits Program of the State of Nevada's basic financial statements, and have issued our report thereon dated February 22, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the State Retirees' Health & Welfare Benefits Fund, Public Employees' Benefits Program of the State of Nevada'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 State Retirees' Health & Welfare Benefits Fund, Public Employees' Benefits Program of the State of Nevada's internal control. Accordingly, we do not express an opinion on the effectiveness of the State Retirees' Health & Welfare Benefits Fund, Public Employees' Benefits Program of the State of Nevada'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. 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the State Retirees' Health & Welfare Benefits Fund, Public Employees' Benefits Program of the State of Nevada'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*.

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 "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Broomfield, Colorado
February 22, 2023



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