

**NEVADA STATE BOARD  
OF DENTAL EXAMINERS**

**ANNUAL REPORT**

**JUNE 30, 2012**

NEVADA STATE BOARD  
OF DENTAL EXAMINERS

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Nevada State Board of Dental Examiners' (Board) annual financial report presents our discussion and analysis of the Board's financial activities during the fiscal year then ended June 30, 2012. Please read it in conjunction with the Board's financial statements which begin immediately following management's discussion and analysis.

### FINANCIAL HIGHLIGHTS

- The Board's assets exceeded its liabilities by \$731,824 (net assets) for the fiscal year reported. The comparison with last year shows a decrease of 21% when assets exceeded liabilities by \$921,794.
- Total assets include cash, accounts receivable certificates of deposit, deposits, and prepaid expenses which represents a decrease of 20%.
- Total liabilities, which include deferred revenue of the Board, decreased by 21% from \$1,114,713 to \$885,634.
- Total net assets are comprised of the following:
  1. Unrestricted net assets of \$731,824 represent the portion available to maintain the Board's continuing obligations and operations.
- Operating expenses were \$1,162,397 during the current year.

### Overview of the Financial Statements

The annual report consists of three parts - *management's discussion and analysis* (this section), the *basic financial statements* and *notes to the financial statements* which explain some of the information in the financial statements and provide more detailed data.

### Board's Financial Statements

The financial report of the general fund uses a reporting method similar to those used by private-sector companies' accrual basis accounting.

The first statement of the basic financial statement is the Balance Sheet. This statement includes all of the Board's assets and liabilities with the difference reported as Fund Balance. Over time, increases or decreases in the Board's Fund Balance are an indicator of whether its financial health is improving or deteriorating, respectively.

The second statement is the Statement of Revenues, Expenses and Fund Balance which reports how the Board's Fund Balance changed during the current fiscal year. Current year revenues are the result of the recognition of previously received cash from licensing activities as well as exam fees, user fees and charges, and interest income. Expenses are included regardless of when they are paid for in cash. The design of the statement of revenues, expenses and fund balance is intended to show the financial reliance of the Board's activities on revenues generated by the licensing process.

The third statement, Statement of Cash Flows, summarizes the changes in cash balances by category. These changes are derived from the collection of cash receipts and disbursement of cash payments.

The Board's financial statements reflect operations that are primarily supported by business-type activities intended to recover all or a significant portion of their costs through licensing fees and charges. Board activities include the regulation and licensing of dentists and dental hygienists.

### Financial Analysis of the Board as a Whole

By accumulating year-to-year financial information, changes in fund balances may be observed and used to discuss the changing financial position of the Board as a whole.

Net assets at fiscal year-end are \$731,824 which is a decrease of \$189,970 from last year's net assets of \$921,794. The following table provides a summary of the Board's net assets:

<u>Summary of Net Assets</u>				
	<u>2012</u>	<u>2011</u>	<u>Amount Change</u>	<u>% Change</u>
Current and other assets	\$ 1,617,458	\$ 2,036,507	\$ (419,049)	(20%)
Total assets	1,617,458	2,036,507	(419,049)	(20%)
Current liabilities	885,634	1,114,713	(229,079)	(21%)
Total liabilities	885,634	1,114,713	(229,079)	(21%)
Net assets unrestricted	731,824	921,794	(189,970)	(21%)
Total net assets	\$ 731,824	\$ 921,794	\$ (189,970)	(21%)

For the fiscal year ending June 30, 2012, the Board experienced a decrease in total revenue from \$987,923 in the prior year to \$972,427. This decrease was due in part to discounts for early renewal of licenses, a decrease in licensees and decrease in interest income.

Comparative data is presented below to assist in the analysis of the Board's change in net assets:

<u>Summary of Changes in Net Assets</u>				
	<u>2012</u>	<u>2011</u>	<u>Amount Change</u>	<u>% Change</u>
Revenues	\$ 968,389	\$ 979,992	\$ (11,603)	(1%)
Expenses-personnel	406,113	385,765	20,348	5%
Operations	756,284	682,161	74,123	1%
Total expenses	1,162,397	1,067,926	94,471	9%
Interest income	4,038	7,931	( 3,893)	(48%)
Change in net assets	(189,970)	(80,003)	(109,967)	(137%)
Beginning net assets	921,794	1,001,797	(80,003)	(8%)
Ending net assets	\$ 731,824	\$ 921,794	\$ (189,970)	(21%)

## **Financial Analysis of the Board's Funds**

As the Board completed the year, its general funds (as presented in the balance sheet on page 5) reported a fund balance of \$731,824 which includes applications for licensing of dentists and dental hygienists and receipt of other required fees.

## **Capital Assets**

The Board's purchases of capital assets include computer hardware, communication equipment, and office equipment. In accordance with its charter, the Board does not maintain ownership of the assets but they immediately become the property of the State of Nevada. As such, purchases of capital assets are accounted for in the statement of revenues, expenses and fund balance under the account "Equipment". Purchases for the fiscal year ended June 30, 2012 were \$127.

## **Economic Factors and Next Year's Budgets and Rates**

The Board decreased its revenue budget for FY2013 over the FY2012 budget to better align with actual income plus 11%. The Board increased wage/benefit and professional fee expenses for FY2013 anticipating an increase in personnel and legal services to manage increased investigations, legal costs, and general costs of doing business. The Board has not increased licensing fees at this time but has maintained cost allocation and recovery for regulatory enforcement. The Board has continued to manage negotiated leases, travel expenses, collaboration with other boards for expense savings, and other cost saving measures.

The Board has maintained a modest reserve account for legal and disciplinary processing and prosecution as well as unanticipated legal contingencies; however there was an increase in hearings and inability of disciplined licensees to pay ordered costs. The number of investigations, hearings, and prosecutions has once again increased in addition to more involved litigious issues associated with the investigations and hearings and the ongoing monitoring associated with compliance in stipulation orders.

Biennial renewal for all unrestricted licensees of dentistry and dental hygiene continues. Biennial renewal requires close budgetary monitoring and accumulated funds management. Ongoing efforts to modernize and improve technical communications continues in FY2013 with website re-development, ongoing identity verification, archival of existing file data, online renewal along with a disciplinary tracking system for monitoring all investigations and stipulation agreements, and continued development of the licensing system. Online address change capabilities are available to all licensees. Online disciplinary actions associated with licensees is also available with a link to the actual order of the Board describing circumstances resulting in a stipulation agreement through the licensee search and verification on Board's website.

## **Contacting the Board's Financial Management**

This financial report is designed to provide a general overview of the Board's finances and to show the Board's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Debra Shaffer, Interim Executive Director, Nevada State Board of Dental Examiners, office at 6010 South Rainbow Boulevard, Suite A-1, Las Vegas, Nevada 89118.

**NEVADA STATE BOARD  
OF DENTAL EXAMINERS**

**FINANCIAL STATEMENTS**

**JUNE 30, 2012**

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Nevada State Board of Dental Examiners  
Las Vegas, Nevada

We have audited the accompanying balance sheet of Nevada State Board of Dental Examiners (a Nevada State Agency) as of June 30, 2012, and the related statements of revenues, expenses, fund balances, and cash flows for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Nevada State Board of Dental Examiners as of June 30, 2012, and the changes in its fund balance and its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

The management's discussion and analysis information on pages 1 through 3 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

*Campbell Jones & Co., CPAs, Ltd.*

Campbell, Jones & Co., CPAs, Ltd.

Las Vegas, Nevada  
December 26, 2012

NEVADA STATE BOARD OF DENTAL EXAMINERS

BALANCE SHEET  
JUNE 30, 2012

ASSETS

Current Assets:

Cash	\$	1,560,090
Accounts receivable		5,350
Deposits		200
Prepaid expense		51,818

Total current assets \$ 1,617,458

Total Assets \$ 1,617,458

LIABILITIES AND FUND BALANCE

Current Liabilities:

Accounts payable	\$	48,363
Accrued compensation		13,782
Other accrued expenses		8,000
Deferred revenue		815,489

Total current liabilities \$ 885,634

Fund Balance 731,824

Total Liabilities and Fund Balance \$ 1,617,458

NEVADA STATE BOARD OF DENTAL EXAMINERS

STATEMENT OF REVENUES, EXPENSES AND FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 2012

Revenues:

Licensing and permit fees	\$	822,083
Exam fees		112,022
Interest income		4,038
Other		34,284

**Total revenues** \$ 972,427

Expenses:

Accounting		12,154
Legal		289,593
Exam expense		4,934
Rent		91,018
Payroll		406,113
Equipment		127
Professional fees		34,722
Travel		61,293
Other		262,443

**Total expenses** 1,162,397

**Net Excess Expenses Over Revenues** (189,970)

**Fund Balance, Beginning** 921,794

**Fund Balance, Ending** \$ 731,824

NEVADA STATE BOARD OF DENTAL EXAMINERS

STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2012

Net Excess Expenses Over Revenues		\$	(189,970)
Reconciliation of Net Excess Expenses Over Revenues to Net Cash Used by Operating Activities:			
Changes in Operating Assets and Liabilities:			
Decrease in accounts receivable	\$	15,527	
Decrease in prepaid expense		4,453	
Decrease in accounts payable		(29,488)	
Decrease in accrued compensation		(2,428)	
Decrease in accrued benefits		(4,676)	
Decrease in other accrued expenses		(5,450)	
Decrease in deferred revenue		<u>(187,037)</u>	
Net cash used by operating activities			<u>(209,099)</u>
Net Change in Cash			(399,069)
Cash, Beginning			<u>1,959,159</u>
Cash, Ending		\$	<u><u>1,560,090</u></u>

# NEVADA STATE BOARD OF DENTAL EXAMINERS

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### NATURE OF ACTIVITIES

Nevada State Board of Dental Examiners (the Board) is the licensing and regulatory agency for dentists and dental hygienists in the State of Nevada. The Board was created and is regulated by the Nevada Revised Statutes. The Board is a special revenue fund of the State of Nevada that is used to account for the proceeds of licensing and examination fees that are legally restricted to expenditures for specified purposes. The Board is required to comply with budgeting and reporting requirements in the same manner as other state agencies.

#### BASIS OF ACCOUNTING

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. This method provides for recognizing expenditures at the time the related liabilities are incurred, while revenues are recorded when earned, measurable and available to finance expenditures of the fiscal period.

#### PROPERTY AND EQUIPMENT

The property and equipment of the Board is considered to be general property and equipment of the State of Nevada and, therefore, is not reflected in this balance sheet. Equipment purchases of the Board are charged to expenditures at the time of acquisition.

#### STATEMENT OF CASH FLOWS

For purposes of the statement of cash flows, the Board considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

#### INCOME TAXES

The Board is a public agency and is not subject to Federal Income taxes under Code Section 115(7), 1454.R.C.

#### DEFERRED REVENUE

By provision of statute, the Board administers its licensing registration on an annual period beginning July 1. Deferred revenue consists of license fees that are collected prior to July 1 for the ensuing year. License fees are the Board's primary source of revenue.

#### ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

### NOTE 2 - CASH DEPOSITS IN EXCESS OF INSURED LIMITS

The Board maintains cash balances in several financial institutions. Balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. At June 30, 2012, \$465,750 was uninsured. This includes cash the Board maintains in a brokerage account invested in government securities.

# NEVADA STATE BOARD OF DENTAL EXAMINERS

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### NOTE 3 - CONTRACTS

The Board has an agreement with Hillerby & Associates to provide lobbying services during legislative sessions and counsel, advice and other services during non-legislative session years. The agreement is renewed annually and provides for a monthly fee of \$1,500 for services.

### NOTE 4 - LEASE AGREEMENTS

The Nevada State Board of Dental Examiners leases office space and certain equipment under operating lease agreements with various expirations. Aggregate future minimum lease payments required on all operating leases as of June 30, 2012, are as follows:

2013	\$ 95,884
2014	106,793
2015	116,699
2016	39,029

Rent expense for the year ended June 30, 2012 for these leases was \$91,018.

### NOTE 5 - DEFINED BENEFIT PENSION PLAN

**Plan Description.** The Nevada State Board of Dental Examiners contributes to the Public Employee's Retirement System (PERS), a cost-sharing, multiple-employer defined benefit pension plan administered by the State of Nevada. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The State of Nevada issues a publicly available financial report that includes financial statements and required supplementary information of PERS. That report may be obtained by writing to Public Employee's Retirement System of Nevada, 693 West Nye Lane, Carson City, Nevada 89703 or by calling (775) 687-4200.

**Funding Policy.** The Board is enrolled in the employer-pay contribution plan. In this plan, the Board is required to contribute all amounts due. The contribution requirements of plan members and the Board are established under Chapter 286 of the Nevada Revised Statutes. The Board's contribution rate for the year ended June 30, 2012 was 21.50%. The Board's contribution to PERS for the year ended June 30, 2012 was \$69,815.

### NOTE 6 - COMPLIANCE WITH NEVADA REVISED STATUTES AND NEVADA ADMINISTRATIVE CODE

The Board conformed to all significant statutory constraints on its financial administration during the fiscal year.

### NOTE 7 - REVIEW OF SUBSEQUENT EVENTS

The Board has evaluated subsequent events through December 26, 2012 which is the date the financial statements were available to be issued.