



Single Audit Report  
June 30, 2022

# State of Nevada

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## Independent Auditor's Report

The Honorable Andy Matthews  
State Controller  
Carson City, Nevada

### Report on the Audit of the Financial Statements

#### *Qualified and Unmodified Opinions*

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Nevada (the State), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the State's basic financial statements as listed in the table of contents.

#### *Qualified Opinions on the Governmental Activities and General Fund*

In our opinion, based on our audit and reports of other auditors, except for the effects of the matter described in the Basis for Qualified and Unmodified Opinions section of our report, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the general fund of the State, as of June 30, 2022, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Unmodified Opinions on Business-Type Activities, Aggregate Discretely Presented Component Units, Each Major Fund Other Than General Fund, and the Aggregate Remaining Fund Information*

In our opinion, based on our audit and reports of other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, the aggregate discretely presented component units, each major fund other than the general fund, and the aggregate remaining fund information of the State, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the following:

- the financial statements of the Nevada System of Higher Education, a discretely presented component unit. The financial statements of the Nevada System of Higher Education represent 97.82 percent of assets and deferred outflows of resources, 99.55 percent of net position, and 98.17 percent of revenues of the aggregate discretely presented component units;

- the financial statements of the Colorado River Commission, a discretely presented component unit, which represent 1.68 percent of assets and deferred outflows of resources, less than one percent of net position, and 1.79 percent of revenues of the aggregate discretely presented component units;
- the financial statements of the Pension Trust Funds and the Other Employee Benefit Trust Funds, which in the aggregate, represent 57.36 percent of the assets and deferred outflows of resources, 58.23 percent of the net position and -6.66 percent of the revenues of the aggregate remaining fund information;
- the financial statements of the Retirement Benefits Investment Fund – Investment Trust Fund, which represent less than one percent of the assets and deferred outflows of resources, net position and revenues of the aggregate remaining fund information.
- the financial statements of the Vanguard, SSGA, USAA, and Putnam Nevada College Savings Plans, a part of the Nevada College Savings Plan Private Purpose Trust Fund, which represent 35.29 percent of the assets and deferred outflows of resources, 36.07 percent of the net position and -11.40 percent of the revenues of the aggregate remaining fund information;
- the financial statements of the Self Insurance, Insurance Premiums, and Printing Internal Service Funds which, in the aggregate, represent less than one percent of the assets and deferred outflows of resources and the net position, and 4.67 percent of the revenues of the aggregate remaining fund information;
- the financial statements of the Legislative and Contingency internally designated funds, which are a part of the general fund, which in the aggregate, represent less than one percent of the assets and deferred outflows of resources, 2.15 percent of fund balance, and less than one percent of the revenues of the general fund.

Those statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as it relates to the amounts included for the above-mentioned funds and entities, are based solely on the reports of the other auditors.

***Basis for Qualified and Unmodified Opinions***

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 Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the State 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 qualified and unmodified audit opinions.

***Matter Giving Rise to Qualified Opinion on the Governmental Activities and General Fund***

We were unable to obtain sufficient appropriate audit evidence on the State’s governmental activities inventory as it relates to the general fund’s end of year Division of Emergency Management’s inventory. As a result, we were unable to determine whether additional adjustments were necessary to inventory balances in the governmental activities and general fund.

### ***Correction of Errors***

As discussed in Note 19 to the financial statements, the State of Nevada corrected errors related to infrastructure construction in progress, other capital assets, depreciation, advances, expenditures, and taxes receivables. These errors resulted in a restatement of fund balance or net position as of July 1, 2021. Our opinions are not modified with respect to these matters.

### ***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's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our 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 State’s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis on pages 5 through 14, the budgetary comparison information, the notes to required supplementary information-budgetary reporting, the pension plan information, the postemployment benefits other than pensions (OPEB) information, and the schedule of infrastructure condition and maintenance data, collectively presented on pages 95 through 104 be presented to supplement the basic financial statements. Such 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. We and the other auditors 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.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 10, 2024, on our consideration of the State’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the State’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’s internal control over financial reporting and compliance.



Reno, Nevada  
January 10, 2024

## MANAGEMENT'S DISCUSSION AND ANALYSIS

State of Nevada management provides this discussion and analysis of the State of Nevada's Annual Comprehensive Financial Report (ACFR) for readers of the State's financial statements. This narrative overview and analysis of the financial activities of the State of Nevada is for the fiscal year ended June 30, 2022. Readers should consider this information in conjunction with the additional information furnished in the letter of transmittal.

### HIGHLIGHTS

#### Government-wide:

- Total assets and deferred outflows of resources of the State exceeded liabilities and deferred inflows of resources by \$13.1 billion (reported as net position). Of this amount, \$10.0 billion is net investment in capital assets and \$3.6 billion is restricted for specific uses, neither of which are available to meet the State's general obligations, and a negative \$492.5 million is reported as an unrestricted deficit, which indicates that no funds are available for discretionary purposes.
- The State's total net position increased by \$2.4 billion, or 22.6%, over the prior year, after restatement. Net position of governmental activities increased by \$1.6 billion, or 17.1%, after restatement. Net position of business-type activities increased by \$763.3 million, or 74.4%. Beginning net position of governmental activities was restated for misstatements in the prior year. The net decrease to beginning net position in the amount of \$56.5 million was for an understatement of capital assets and related depreciation of \$1.4 million and an overstatement of capital assets for infrastructure in progress of \$57.9 million.

#### Fund-level:

- The State's governmental funds reported combined ending fund balances of \$4.1 billion, an increase of \$1.1 billion from the prior year, after restatement. Of the ending fund balance, \$524.6 million is nonspendable, \$1.2 billion is restricted, \$2.4 billion is committed, and a deficit \$42.3 million is unassigned.
- The State's enterprise funds reported combined ending net position of \$1.8 billion, an increase of \$763.5 million from the prior year. Of the ending net position, \$5.1 million is net investment in capital assets, \$1.7 billion is restricted, and \$46.1 million is unrestricted.

#### Capital Assets and Long-term Debt:

- The State's capital assets, net of depreciation and amortization, net of restatement, increased by \$319.7 million or 2.8%.
- The State's total bonds payable and certificates of participation payable increased by \$208.5 million or 6.8%.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is an introduction to the State of Nevada's basic financial statements which are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The Annual Comprehensive Financial Report also contains other supplementary information in addition to the basic financial statements.

#### Government-wide Financial Statements:

The *government-wide financial statements* are designed to provide readers with a broad overview of the State of Nevada's finances in a manner similar to the private sector. They take into account all revenues and expenses connected with the fiscal year regardless of when cash is received or paid. The government-wide financial statements include the following two statements:

The *statement of net position* presents all of the State's assets, liabilities, and deferred outflows/inflows of resources with the difference being reported as "net position." The statement combines and consolidates all of the State's current financial resources with capital assets and long-term obligations. Over time, increases and decreases in net position measure whether the State's financial position is improving or deteriorating.

The *statement of activities* presents information showing how the State's net position changed during the most recent fiscal year. The statement reveals how much it costs the State to provide its various services, and whether the services cover their own costs through user fees, charges, grants, or are financed with taxes and other general revenues. All changes in net position are reported as soon as the

underlying event occurs, regardless of the timing of cash flows. Therefore, some revenue and expenses reported in this statement will not result in cash flows until future fiscal periods (e.g., uncollected taxes earned and unused leave).

Both government-wide statements above report three types of activities:

*Governmental Activities* – Taxes and intergovernmental revenues primarily support these activities. Most services normally associated with State government fall into this category, including general government, health and social services, education, law, justice and public safety, regulation of business, transportation, recreation and resource development, interest on long-term debt and unallocated depreciation.

*Business-type Activities* – These activities are intended to recover all, or a significant portion, of the costs of the activities by charging fees to customers. The Housing Division and Unemployment Compensation are examples of the State’s business-type activities.

*Discretely Presented Component Units* – Discrete component units are legally separate organizations for which their relationship with the primary government meets selected criteria. The State has three discretely presented component units – the Nevada System of Higher Education, the Colorado River Commission and the Nevada Capital Investment Corporation. Complete financial statements of the individual component units can be obtained from their respective administrative offices.

### **Fund Financial Statements:**

A fund is an accounting entity consisting of a set of self-balancing accounts to track funding sources and spending for a particular purpose. The State’s funds are broken down into three types:

*Governmental funds* – Most of the State’s basic services are reported in governmental funds. These funds focus on short-term outflows and inflows of expendable resources as well as balances left at the end of the fiscal year available to finance future activities. These funds are reported using the flow of current financial resources measurement focus and the modified accrual basis of accounting.

The governmental fund financial statements focus on major funds and provide additional information that is not provided in the government-wide financial statements. It is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government’s near-term financing decisions. A reconciliation is provided between the governmental fund statements and the governmental activities in the government-wide financial statements.

*Proprietary funds* – When the State charges customers for the services it provides, whether to outside customers (enterprise funds) or to other State agencies (internal service funds), the services are generally reported in the proprietary funds. Proprietary funds apply the accrual basis of accounting utilized by private sector businesses, and there is a reconciliation between the government-wide financial statement business-type activities and the enterprise fund financial statements. Because internal service fund operations primarily benefit governmental funds, they are included with the governmental activities in the government-wide financial statements.

*Fiduciary funds* – These funds are used to account for resources held for the benefit of parties outside the state government. For instance, the State acts as a trustee or fiduciary for its employee pension plans, and it is also responsible for other assets that, because of a trust arrangement, can be used only for the trust beneficiaries. Fiduciary funds are reported using the accrual basis of accounting. The government-wide statements exclude fiduciary fund activities and balances because these assets are restricted in purpose and do not represent discretionary assets of the State to finance its operations.

### **Notes to the Financial Statements:**

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in both the government-wide and fund financial statements.

### **Required Supplementary Information:**

The required supplementary information includes budgetary comparison schedules for the General Fund and major special revenue funds, along with notes and a reconciliation of the statutory and U.S. generally accepted accounting principles (GAAP) fund balances at fiscal year-end. This section also includes a schedule of pension plan information, a schedule of postemployment benefits other than pensions (OPEB) information and a schedule of infrastructure condition and maintenance data.



## Other Supplementary Information:

Other supplementary information includes combining financial statements for non-major governmental, non-major enterprise, all internal service and all fiduciary funds. The non-major funds are added together, by fund type, and presented in single columns in the basic financial statements. Other supplementary information contains budgetary schedules of total uses for the General Fund and special revenue fund budgets, as well as a schedule of sources for non-major special revenue fund budgets.

### GOVERNMENT-WIDE FINANCIAL ANALYSIS

The State's overall financial position and operations for the fiscal years ended June 30, 2022 and 2021, for the primary government are summarized in the following statements based on the information included in the government-wide financial statements.

#### State of Nevada's Net Position-Primary Government (expressed in thousands)

	Governmental Activities		Business-type Activities		Total		Total Change
	2022	2021	2022	2021	2022	2021	2022-2021
<b>Assets</b>							
Current and other assets	\$ 10,247,491	\$ 9,900,637	\$ 3,531,382	\$ 3,003,842	\$ 13,778,873	\$ 12,904,479	\$ 874,394
Capital assets	11,623,640	11,299,099	7,343	12,231	11,630,983	11,311,330	319,653
<b>Total assets</b>	<u>21,871,131</u>	<u>21,199,736</u>	<u>3,538,725</u>	<u>3,016,073</u>	<u>25,409,856</u>	<u>24,215,809</u>	<u>1,194,047</u>
<b>Deferred outflows of resources</b>	998,146	507,441	17,747	8,891	1,015,893	516,332	499,561
<b>Liabilities</b>							
Other liabilities	5,289,998	6,149,927	274,026	805,012	5,564,024	6,954,939	(1,390,915)
Non-current liabilities	4,917,762	5,613,102	1,469,592	1,190,333	6,387,354	6,803,435	(416,081)
<b>Total liabilities</b>	<u>10,207,760</u>	<u>11,763,029</u>	<u>1,743,618</u>	<u>1,995,345</u>	<u>11,951,378</u>	<u>13,758,374</u>	<u>(1,806,996)</u>
<b>Deferred inflows of resources</b>	1,334,711	213,492	23,755	3,824	1,358,466	217,316	1,141,150
<b>Net position</b>							
Net investment in capital assets	9,991,360	9,846,410	5,121	5,130	9,996,481	9,851,540	144,941
Restricted	1,873,833	1,212,473	1,738,079	932,984	3,611,912	2,145,457	1,466,455
Unrestricted (deficit)	(538,387)	(1,328,227)	45,899	87,680	(492,488)	(1,240,547)	748,059
<b>Total net position</b>	<u>\$ 11,326,806</u>	<u>\$ 9,730,656</u>	<u>\$ 1,789,099</u>	<u>\$ 1,025,794</u>	<u>\$ 13,115,905</u>	<u>\$ 10,756,450</u>	<u>\$ 2,359,455</u>

## Net Position:

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The State reported net position of \$13.1 billion at the end of 2022, compared with \$10.8 billion at the end of the previous year.

The largest portion of the State's net position (\$10.0 billion) reflects its investment in capital assets such as land, buildings, improvements other than buildings, equipment, right of use buildings, right of use equipment, software costs, construction in progress, infrastructure and rights-of-way, less any related debt still outstanding that was used to acquire those assets. The State uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the State's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the State's net position (\$3.6 billion) represents resources that are subject to external restrictions on how they may be used. At the close of the fiscal year, the State reported an unrestricted net position deficit of \$492.5 million as compared to a \$1.2 billion deficit in the prior year. The governmental activities and business-type activities components of the unrestricted net position deficit are discussed below.

The unrestricted net position deficit in governmental activities decreased by \$789.8 million; from a deficit of \$1.3 billion to a deficit of \$538.4 million. Changes in governmental activities were a result of several factors which include an increase in the General Fund unrestricted fund balance of \$860.4 million, a decrease in unrestricted fund balance in other governmental funds of \$12.9 million, and an increase of \$1.1 billion in deferred inflows of resources for unrestricted and unavailable revenue. The deferred inflows of resources are recognized as revenue in the government-wide statement of activities. In business-type activities, the unrestricted net position decreased by \$41.8 million from a net position of \$87.7 million to a net position of \$45.9 million. This change is primarily due to decreases in the unrestricted net position of the Housing Division fund, Marlette Lake Water System fund, and State infrastructure Bank fund in the amounts of \$37.6 million, \$6.7 million, and \$2.6 million, respectively.

**Changes in State of Nevada's Net Position-Primary Government**  
(expressed in thousands)

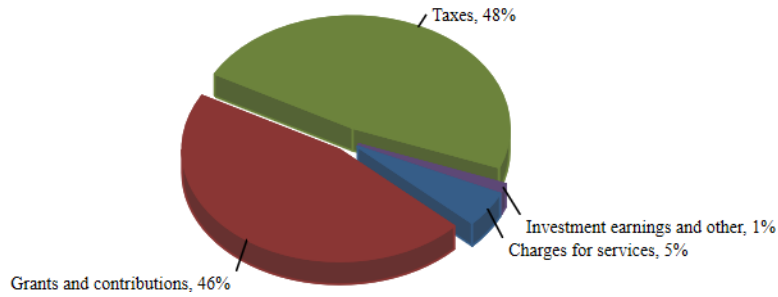
	Governmental Activities		Business-type Activities		Total		Total Change
	2022	2021	2022	2021	2022	2021	2022-2021
<b>Revenue</b>							
Program revenue							
Charges for services	\$ 995,228	\$ 954,364	\$ 151,434	\$ 147,300	\$ 1,146,662	\$ 1,101,664	\$ 44,998
Operating grants and contributions	9,057,272	7,380,203	693,501	5,493,887	9,750,773	12,874,090	(3,123,317)
Capital grants and contributions	10,590	7,317	-	-	10,590	7,317	3,273
General revenues:							
Gaming taxes	1,198,768	588,642	-	-	1,198,768	588,642	610,126
Sales and use taxes	3,753,145	1,666,373	-	-	3,753,145	1,666,373	2,086,772
Modified business taxes	775,402	591,148	-	-	775,402	591,148	184,254
Insurance premium taxes	518,432	488,161	-	-	518,432	488,161	30,271
Lodging taxes	219,011	94,223	-	-	219,011	94,223	124,788
Cigarette taxes	144,069	152,702	-	-	144,069	152,702	(8,633)
Commerce taxes	290,112	225,944	-	-	290,112	225,944	64,168
Property and transfer taxes	402,886	346,408	-	-	402,886	346,408	56,478
Motor and special fuel taxes	354,982	332,713	-	-	354,982	332,713	22,269
Other taxes	1,823,073	753,326	682,925	611,252	2,505,998	1,364,578	1,141,420
Unrestricted investment earnings (loss)	(139,382)	265	-	-	(139,382)	265	(139,647)
Other general revenues	368,096	276,566	6	61	368,102	276,627	91,475
<b>Total revenue</b>	<b>19,771,684</b>	<b>13,858,355</b>	<b>1,527,866</b>	<b>6,252,500</b>	<b>21,299,550</b>	<b>20,110,855</b>	<b>1,188,695</b>
<b>Expenses</b>							
General government	392,663	646,811	-	-	392,663	646,811	(254,148)
Health services	5,870,020	4,771,672	-	-	5,870,020	4,771,672	1,098,348
Social services	3,090,778	2,406,499	-	-	3,090,778	2,406,499	684,279
Education - K-12	5,425,257	2,393,722	-	-	5,425,257	2,393,722	3,031,535
Education - higher education	637,025	566,306	-	-	637,025	566,306	70,719
Law, justice and public safety	849,371	757,496	-	-	849,371	757,496	91,875
Regulation of business	595,772	455,096	-	-	595,772	455,096	140,676
Transportation	734,275	625,214	-	-	734,275	625,214	109,061
Recreation and resource development	178,761	174,449	-	-	178,761	174,449	4,312
Interest on long-term debt	64,483	68,382	-	-	64,483	68,382	(3,899)
Unallocated depreciation	3,181	2,534	-	-	3,181	2,534	647
Unemployment insurance	-	-	944,445	6,928,085	944,445	6,928,085	(5,983,640)
Housing	-	-	37,288	34,856	37,288	34,856	2,432
Water loans	-	-	4,601	5,177	4,601	5,177	(576)
Workers' compensation and safety	-	-	44,028	48,031	44,028	48,031	(4,003)
Higher education tuition	-	-	13,548	17,734	13,548	17,734	(4,186)
Other	-	-	28,185	29,694	28,185	29,694	(1,509)
<b>Total expenses</b>	<b>17,841,586</b>	<b>12,868,181</b>	<b>1,072,095</b>	<b>7,063,577</b>	<b>18,913,681</b>	<b>19,931,758</b>	<b>(1,018,077)</b>
Change in net position before contributions to permanent funds, special items and transfers	1,930,098	990,174	455,771	(811,077)	2,385,869	179,097	2,206,772
Contributions to permanent funds	30,111	13,650	-	-	30,111	13,650	16,461
Transfers	(307,534)	21,798	307,534	(21,798)	-	-	-
<b>Change in net position</b>	<b>1,652,675</b>	<b>1,025,622</b>	<b>763,305</b>	<b>(832,875)</b>	<b>2,415,980</b>	<b>192,747</b>	<b>2,223,233</b>
Net position - beginning of year	9,730,656	8,935,518	1,025,794	1,924,164	10,756,450	10,859,682	(103,232)
Net position restatement	(56,525)	(230,484)	-	(65,495)	(56,525)	(295,979)	239,454
Net position - beginning of year (as restated)	9,674,131	8,705,034	1,025,794	1,858,669	10,699,925	10,563,703	136,222
<b>Net position - end of year</b>	<b>\$ 11,326,806</b>	<b>\$ 9,730,656</b>	<b>\$ 1,789,099</b>	<b>\$ 1,025,794</b>	<b>\$ 13,115,905</b>	<b>\$ 10,756,450</b>	<b>\$ 2,359,455</b>

**Changes in Net Position:**

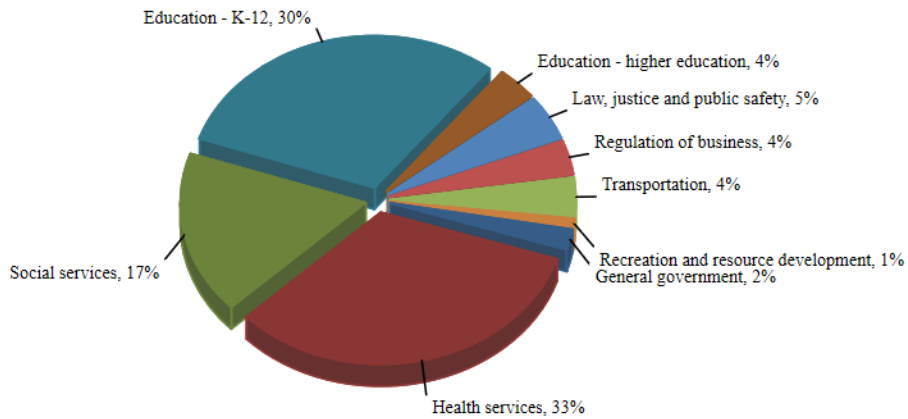
Total government-wide revenues increased by \$1.2 billion during the current year. The increase in revenues is a result of several factors, including increases of \$2.1 billion in sales and use taxes, \$1.1 billion in other taxes, and \$610.1 million in gaming taxes, offset by a decrease of \$3.1 billion in operating grants and contributions.

*Governmental activities* – The current year net position increased by \$1.7 billion. Approximately 47.9% of the total revenue came from taxes, while 45.9% was in the form of grants and contributions (including federal aid). Charges for various goods and services provided 5.0% of the total revenues (see chart following). The State's governmental activities expenses cover a range of services and the largest expenses were 33.0% for health services, 17.4% for social services, and 30.5% for K-12 education (see chart following). In 2022, governmental activities expenses exceeded program revenues, resulting in the use of \$7.7 billion in general revenues, which were generated to support the government.

The following chart depicts the governmental activities revenues for the fiscal year:



The following chart depicts the governmental activities expenses for the fiscal year:



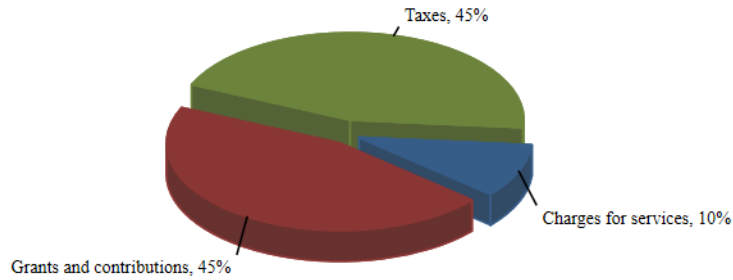
The following table depicts the total program revenues and expenses for each function of governmental activities:

**Revenues and Expenses by Function: Governmental Activities**  
(expressed in thousands)

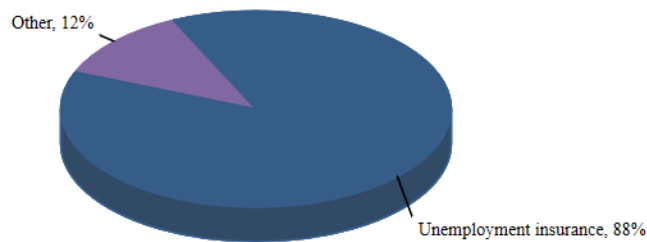
	<b>Expenses</b>	<b>Revenues</b>
General government	\$ 392,663	\$ 640,730
Health services	5,870,020	4,729,137
Social services	3,090,778	2,504,229
Education - K-12	5,425,257	777,899
Education - higher education	637,025	604
Law, justice and public safety	849,371	383,683
Regulation of business	595,772	570,886
Transportation	734,275	352,160
Recreation and resource development	178,761	103,762
<b>Total</b>	<b>\$ 17,773,922</b>	<b>\$ 10,063,090</b>

*Business-type activities* – The current year net position increased by \$763.3 million. Approximately 44.7% of the total revenue came from taxes, while 45.4% was in the form of grants and contributions (including federal aid). Charges for various goods and services provided 9.9% of the total revenues (see chart following). The State’s business-type activities expenses cover a range of services. The largest expenses were 88.1% for unemployment compensation (see chart following). In 2022, business-type activities expenses exceeded program revenues by \$227.2 million. Of this amount, unemployment compensation was the largest, with net expenses of \$227.3 million, resulting in the use of general revenues generated by and restricted to the Unemployment Compensation Fund.

The following chart depicts the business-type activities revenues for the fiscal year:



The following chart depicts the business-type activities expenses for the fiscal year:



The following table depicts the total program revenues and expenses for each function for business-type activities:

**Revenues and Expenses by Function: Business-type Activities**  
(expressed in thousands)

	<u>Expenses</u>	<u>Revenues</u>
Unemployment insurance	\$ 944,445	\$ 717,185
Housing	37,288	40,726
Water loans	4,601	25,764
Workers' compensation and safety	44,028	58,088
Higher education tuition	13,548	(24,256)
Other	28,185	27,428
<b>Total</b>	<u>\$ 1,072,095</u>	<u>\$ 844,935</u>

The State's overall financial position improved over the past year. Current year operations resulted in a \$1.7 billion increase in the net position of the governmental activities and a \$763.3 million increase in the net position of the business-type activities. Key economic indicators from the State's sales and other taxes show positive growth. Tax revenues for governmental activities increased in the current fiscal year by \$4.2 billion, or 80.9%, compared to an increase of \$14.5 million, or 0.3%, in the prior fiscal year. Operating grants and contributions for governmental activities increased by \$1.7 billion, primarily due to grant revenues.

### FINANCIAL ANALYSIS OF THE STATE'S FUNDS

#### Governmental Funds:

As of the end of the current fiscal year, the State's governmental funds reported combined ending fund balances of \$4.1 billion, an increase of \$1.1 billion from the prior year. Of these total ending fund balances, \$524.6 million, or 12.8%, is nonspendable, either due to its form or legal constraints, and \$1.2 billion, or 29.3%, is restricted for specific programs by external constraints, constitutional provisions, or contractual obligations. An additional \$2.4 billion, or 58.4%, of total fund balance has been committed to specific

purposes. Committed amounts cannot be used for any other purpose unless approved by the Legislature. NRS 353.288 provides for the Account to Stabilize the Operation of the State Government (Stabilization Account) in the State General Fund. Additions to the stabilization arrangement are triggered at the end of a fiscal year if the General Fund unrestricted fund balance (budgetary basis) exceeds 7% of General Fund operating appropriations. Forty percent of the excess is deposited to the Stabilization Account, and is classified on the balance sheet as committed for fiscal emergency. In addition, 1% of the total anticipated revenue for the fiscal year, as projected by the Economic Forum, is deposited to the Stabilization Account. Expenditures may occur if actual revenues for the biennium fall short by 5% or more from anticipated revenues, if the Legislature and Governor declare that a fiscal emergency exists, or if the Legislature allocates it to be used for any other purpose. The balance in the Stabilization Account committed for fiscal emergency at June 30, 2022, is \$857.0 million. The remaining negative \$42.3 million, or (1.0)%, of fund balance is unassigned. The major funds are discussed more fully below.

The *General Fund* is the chief operating fund of the State. At the end of the current fiscal year, the total General Fund fund balance was \$1.9 billion compared to \$1.4 billion in the prior fiscal year. The fund balance increased by \$484.1 million, or 34.1%, over the previous year, after restatement.

The following schedule presents a summary of revenues of the General Fund for the fiscal years ended June 30, 2022 and 2021 (expressed in thousands). Other financing sources are not included.

	General Fund Revenues (expressed in thousands)					
	2022		2021		Increase (Decrease)	
	Amount	Percent	Amount	Percent	Amount	Percent
Gaming taxes, fees, licenses	\$ 1,183,764	8.1 %	\$ 579,225	4.7 %	\$ 604,539	104.4 %
Sales taxes	1,679,872	11.5 %	1,671,351	13.6 %	8,521	0.5 %
Modified business taxes	780,476	5.3 %	597,144	4.9 %	183,332	30.7 %
Insurance premium taxes	516,355	3.5 %	487,866	4.0 %	28,489	5.8 %
Lodging taxes	-	0.0 %	81,948	0.7 %	(81,948)	(100.0)%
Cigarette taxes	144,069	1.0 %	152,702	1.2 %	(8,633)	(5.7)%
Commerce taxes	281,882	1.9 %	221,958	1.8 %	59,924	27.0 %
Property and transfer taxes	179,999	1.2 %	136,951	1.1 %	43,048	31.4 %
Motor and special fuel taxes	2,225	0.0 %	2,216	0.0 %	9	0.4 %
Other taxes	523,693	3.6 %	641,357	5.2 %	(117,664)	(18.3)%
Intergovernmental	8,855,439	60.6 %	7,102,604	57.9 %	1,752,835	24.7 %
Licenses, fees and permits	445,877	3.1 %	421,563	3.4 %	24,314	5.8 %
Sales and charges for services	69,741	0.5 %	62,789	0.5 %	6,952	11.1 %
Interest and investment income (loss)	(141,922)	(1.0)%	3,268	0.0 %	(145,190)	(4,442.8)%
Settlement income	11,639	0.1 %	14,277	0.1 %	(2,638)	(18.5)%
Other	79,498	0.5 %	88,611	0.7 %	(9,113)	(10.3)%
<b>Total revenues</b>	<b>\$ 14,612,607</b>	<b>100.0 %</b>	<b>\$ 12,265,830</b>	<b>100.0 %</b>	<b>\$ 2,346,777</b>	<b>19.1 %</b>

The total General Fund revenues increased by \$2.3 billion, or 19.1%. The largest increases in revenue sources were \$1.8 billion, or 24.7%, in intergovernmental revenue, \$604 million, or 104.4%, in gaming taxes, fees, and licenses, and \$183.3 million, or 30.7%, in modified business taxes. The intergovernmental revenue increased mainly due to increases in Title XIX Medicaid receipts and federal aid for food stamps, the receipt of federal funds for Elementary and Secondary School Emergency Relief. The increase in gaming taxes, fees, and licenses was mainly due to the increase in visitors to the State in fiscal year 2022 after the large decrease of visitors during fiscal year 2021 due to the pandemic. The increase in modified business taxes is mainly due to an increase in taxable wages State-wide. The decrease in lodging taxes and other taxes is due to the creation of the State Education Fund, which directly collects revenues for educational spending starting on July 1, 2021. The decrease in settlement income is primarily due to the timing of legal cases and has normal fluctuations.

During the fiscal year, \$42.4 million of pandemic-related funding was recognized within the General Fund, with the majority of the amount used by various divisions of the Department of Health and Human Services in the amount of \$37.1 million. Transfers from the General Fund to other funds for pandemic-related assistance totalled \$3.9 million. The largest of these transfers was to the Miscellaneous Special Revenue Fund of \$1.6 million, for use by the Child and Family Division, and \$1.9 million to the Self Insurance Fund to reimburse the cost of at-home COVID-19 tests purchased for the Governor-mandated weekly self-testing of unvaccinated employees during the months of August, 2021, through March, 2022.

The following schedule presents a summary of expenditures by function of the General Fund for the fiscal years ended June 30, 2022 and 2021 (expressed in thousands). Other financing uses are not included.

	General Fund Expenditures (expressed in thousands)					
	2022		2021		Increase (Decrease)	
	Amount	Percent	Amount	Percent	Amount	Percent
General government	\$ 281,336	2.3 %	\$ 420,907	3.6 %	\$ (139,571)	(33.2)%
Health services	5,863,051	47.5 %	4,800,217	41.5 %	1,062,834	22.1 %
Social services	2,970,100	24.1 %	2,246,302	19.4 %	723,798	32.2 %
Education - K-12 state support	-	0.0 %	1,701,099	14.7 %	(1,701,099)	(100.0)%
Education - K-12	1,109,430	9.0 %	681,183	5.9 %	428,247	62.9 %
Education - higher education	637,025	5.2 %	566,306	4.9 %	70,719	12.5 %
Law, justice and public safety	690,456	5.6 %	559,929	4.8 %	130,527	23.3 %
Regulation of business	585,680	4.7 %	432,792	3.7 %	152,888	35.3 %
Recreation and resource development	163,856	1.3 %	148,364	1.3 %	15,492	10.4 %
Debt service	34,181	0.3 %	3,495	0.0 %	30,686	878.0 %
<b>Total expenditures</b>	<b>\$ 12,335,115</b>	<b>100.0 %</b>	<b>\$ 11,560,594</b>	<b>100.0 %</b>	<b>\$ 774,521</b>	<b>6.7 %</b>

The total General Fund expenditures increased by 6.7%. The largest increases in expenditures were \$1.1 billion, or 22.1%, in Health Services and \$723.8 million, or 32.2% in Social Services. The increases in Health Services and Social Services were primarily due to an increase in Medicaid and food stamp program distributions. The decrease in General Government of \$139.6 million, or 33.2% was primarily due to less payments made for COVID-19 relief to other local governments than in fiscal year 2021. The decrease in Education - K-12 Support of \$1.7 billion, or 100%, was due to the creation of the State Education Fund, which the related expenditures are now paid out of.

The *State Education Fund* is a special revenue fund used to account for a combination of State and local revenues to be used for the basic support guarantee per pupil that is established by the Legislature each biennium. The State Education Fund was established in fiscal year 2021 with an advance from the General Fund in the amount of \$50,000,000 to the Education Stabilization Account, with no other activity in fiscal year 2021. The Education Stabilization Account allows the State to set aside surplus revenue designated for K-12 education and may be utilized if the State experiences declining revenues or budget deficits during a fiscal year.

Beginning in fiscal year 2022, the 50 year old Nevada Plan funding formula for K-12 education was replaced with a new funding formula designated as the Pupil-Centered Fund Plan (PCFP). The PCFP combines specific local and State revenues to provide a guaranteed basic level of financial support for each pupil to receive a reasonably equal education opportunity, regardless of which county they live in. Under the prior Nevada Plan, the State share of the funding formula was accounted for in the Distributive School Account in the General Fund. Under the new PCFP, both State and local revenue dedicated for support of K-12 is deposited and distributed through the Pupil-Centered Funding Plan Account in the State Education Fund, thus eliminating the Distributive School Account in the General Fund. Revenue sources for the State Education Fund include, but are not limited to, sales and use taxes, room taxes, net proceeds of minerals, marijuana taxes, slot taxes and public school operating and local school support taxes.

The ending fund balance of the State Education Fund was \$555.2 million, which was the net result of activity in the fund's first year, consisting of \$3.4 billion in revenues, \$4.3 billion in expenditures and \$1.5 billion in other financing sources. Other financing sources were transfers-in from the General Fund and Permanent School Fund.

#### Proprietary Funds:

The State's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Proprietary funds are comprised of two types: enterprise funds and internal service funds. Enterprise funds are used when goods or services are provided primarily to parties outside of the State while internal service funds are used when goods or services are provided primarily to State agencies.

**Enterprise Funds** – There are four major enterprise funds: Housing Division Fund, Unemployment Compensation Fund, Water Projects Loans Fund and the Higher Education Tuition Trust Fund. The combined net position of the four major funds is \$1.8 billion, the net position of the nonmajor enterprise funds is \$26.2 million and the total combined net position of all enterprise funds is \$1.8 billion. The combined net position of all enterprise funds increased by \$763.5 million from the prior year. The major enterprise funds are discussed below:

The *Housing Division Fund* was created for the purpose of making available additional funds to assist private enterprise and governmental agencies in providing safe and sanitary housing facilities and provides low interest loans for first-time home buyers with low or moderate incomes. The net position increased by \$1.0 million, or 0.4%, resulting in an ending net position of \$247.4 million. Revenues from interest on loans increased by 15.2%, reflecting Nevada's strong housing market. Operating expenses increased by \$4.7 million, and operating revenues decreased by \$1.1 million.

The *Unemployment Compensation Fund* accounts for the payment of unemployment compensation benefits to unemployed State citizens. The net position increased by \$781.7 million from the prior year, resulting in an ending net position of \$804.2 million. The

current year increase in net position is primarily due to revenues exceeding expenses by \$455.3 million and a transfer in of \$332.4 million from the General Fund to repay an advance for Title XII federal funding, per Nevada Senate Bill 461 from the 2021 Legislative Session. During fiscal year 2022, \$1.0 billion of unemployment compensation benefits was paid to unemployed State citizens compared to \$6.9 billion paid in fiscal year 2021, representing an 85.5% decrease in claims expense.

The *Water Projects Loans Fund* issues loans to governmental and private entities for two programs: Safe Drinking Water and Water Pollution Control. The federal EPA matches the State's bond proceeds to make loans to governmental entities; only federal funds are loaned to private entities. The net position increased by \$19.3 million during the current fiscal year, for a final net position of \$529.4 million, which is a 3.8% increase from the prior year.

The *Higher Education Tuition Trust Fund* provides a simple and convenient way for Nevada families to save for a college education through the advance payment of tuition. A purchaser enters into a contract for the future payment of tuition for a specified beneficiary. The contract benefits are based on in-state rates for Nevada public colleges, but can be used towards costs at any accredited, nonprofit, private or out-of-state college. The Trust Fund completed its twenty-fourth enrollment period during the fiscal year with 470 new enrollments. The net position decreased by \$37.1 million, for an ending net position of \$182.0 million, a 16.9% decrease over last year. This change in net position is considered a normal fluctuation in current activity from contract purchases, benefit payments, and investment earnings.

**Internal Service Funds** – The internal service funds charge State agencies for goods and services such as building maintenance, purchasing, printing, insurance, data processing and fleet services in order to recover the costs of the goods or services. Rates charged to State agencies for the operations of internal service funds are adjusted in following years to offset gains and losses. Because these are allocations of costs to other funds, they are not included separately in the government-wide financial statements but are eliminated and reclassified as either governmental activities or business-type activities. In 2022, total internal service fund net position decreased by \$616.3 thousand, after restatement, for a final net position of \$23.1 million. The three largest funds are:

The *Self-Insurance Fund* accounts for group health, life and disability insurance for State employees and retirees and certain other public employees. Net position increased by \$1.5 million, or 1.7%, during the current year, for a final net position of \$90.1 million. The increase in net position from current activity is primarily due to an increase in transfers from the General Fund.

The *Information Services Fund* accounts for design, maintenance and operation of the State's central computer facility, radio communication, and telecommunication systems. The net position deficit decreased by \$3.3 million, or 24.4%, during the current year, after restatement, for a final net position deficit of \$10.2 million. The increase in net position from current activity is considered a normal fluctuation in charges for services and expenses of the fund.

The *Insurance Premiums Fund* accounts for general, civil (tort), auto and property casualty liabilities of State agencies. The net position deficit increased by \$8.5 million, or 16.9%, during the current year, resulting in an ending net position deficit of \$58.9 million. The decrease in net position from current activity is due to losses in the tort fund and increases in the liability tort cap that led to greater claims projections.

#### ANALYSIS OF GENERAL FUND BUDGET VARIATIONS

The General Fund budgetary revenues and other financing sources were \$2.3 billion, or 10.4%, less than the final budget, primarily because actual intergovernmental revenues received were less than the final budgeted amount. Intergovernmental revenues represent federal grants, and there are timing differences arising from when grants are awarded, received and spent. The final budget can include grant revenue for the entire grant period, whereas the actual amount recorded represents grant revenue received in the current year.

The net increase in the General Fund expenditures and other uses budget from original to final was \$3.3 billion. Some of the differences originate because the original budget consists only of those budgets subject to legislative approval through the General Appropriations Act and the Authorizations Bill. The non-executive budgets, not subject to legislative approval, only require approval by the Budget Division, and, if approved after July 1, are considered to be revisions. Increases due to the nonexecutive budgets approved after July 1 and increased estimated receipts were approximately \$3.3 billion.

#### CAPITAL ASSETS AND LONG-TERM DEBT ADMINISTRATION

##### Capital Assets:

The State's capital assets for governmental and business-type activities as of June 30, 2022, amount to \$13.4 billion, net of accumulated depreciation and amortization of \$1.7 billion, resulting in a net book value of \$11.7 billion. This investment in capital assets includes land, buildings, improvements other than buildings, equipment, software costs, infrastructure, rights-of-way, construction in progress, and right to use leased buildings and equipment. Infrastructure assets are items that are normally immovable, such as roads and bridges.

At June 30, 2022, the State had construction contract commitments of approximately \$805.0 million in the Highway Fund for construction of various highway projects, and \$50.7 million in capital projects funds for buildings and improvements. Funding for the commitments will come from existing resources in these funds and from future appropriations and bond proceeds.

As allowed by GASB Statement No. 34, the State has adopted an alternative process for recording depreciation expense on elected infrastructure assets. Under this alternative method, referred to as the modified approach, the State expenses certain maintenance and preservation costs and does not report depreciation expense on infrastructure. Utilization of this approach requires the State to: 1) commit to maintaining and preserving affected assets at or above a condition level established by the State; 2) maintain an inventory of the assets and perform periodic condition assessments to ensure that the condition level is being maintained; and 3) make annual estimates of the amounts that must be expended to maintain and preserve assets at the predetermined condition levels. To monitor the condition of the roadways the State uses the International Roughness Index (IRI). The State has set a policy that it will maintain a certain percentage of each category of its roadways with an IRI of less than 95 and will also maintain its bridges so that not more than 10% are structurally deficient. The following table shows the State's policy and the condition level of the roadways and bridges:

**Condition Level of the Roadways**

**Percentage of roadways with an IRI of less than 95**

	<b>Category</b>				
	<b>I</b>	<b>II</b>	<b>III</b>	<b>IV</b>	<b>V</b>
State Policy-minimum percentage	70%	65%	60%	40%	10%
Actual results of 2021 condition assessment	90%	88%	81%	64%	21%
Actual results of 2020 condition assessment	91%	86%	87%	54%	28%
Actual results of 2019 condition assessment	91%	86%	88%	57%	28%

**Condition Level of the Bridges**

**Percentage of substandard bridges**

	<b>2022</b>			<b>2021</b>			<b>2020</b>		
State Policy-minimum percentage	7%			7%			7%		
Actual results condition assessment	1%			1%			1%		

The estimated amount necessary to maintain and preserve infrastructure assets at target condition levels exceeded the actual amounts of expense incurred for fiscal year 2022 by \$39.2 million. Even though actual spending for maintenance and preservation of infrastructure assets fell below estimates, condition levels are expected to approximately meet or exceed the target condition levels for the roadway category. Additional information on the State's infrastructure can be found in the schedule of Infrastructure Condition and Maintenance Data in the Required Supplementary Information section to the financial statements.

Additional information on the State's capital assets can be found in Note 7 to the financial statements.

**Long-term Debt Administration:**

As of year-end, the State had \$3.3 billion in bonds and certificates of participation outstanding, compared to \$3.1 billion last year, an increase of \$208.5 million, or 6.8%, during the current fiscal year. This increase was due primarily to the issuance of additional bonds.

The most current bond ratings for the State's general obligation debt were AA+ from Fitch Ratings, Aa1 from Moody's Investors Service, and AA+ from S&P Global Ratings. These ratings are an indication of high-quality obligations and a reflection of sound financial management. The Constitution of the State limits the aggregate principal amount of the general obligation debt to 2% of the total reported assessed property value of the State. Exempt from this limitation are debts authorized by the Legislature that are incurred for the protection and preservation of, or for obtaining the benefits of, any property or natural resources within the State.

Additional information on the State's long-term debt obligations can be found in Note 9 to the financial statements and in the Statistical Section.

**Requests for Information**

This financial report is designed to provide a general overview of the State of Nevada's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: State of Nevada, Office of the State Controller, 101 N. Carson Street, Suite 5, Carson City, NV 89701, or visit our website at: [www.controller.nv.gov](http://www.controller.nv.gov).



## Statement of Net Position

June 30, 2022 (Expressed in Thousands)

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
<b>Assets</b>				
Cash and pooled investments	\$ 6,657,769	\$ 984,072	\$ 7,641,841	\$ 181,810
Investments	345,955	721,663	1,067,618	1,821,577
Internal balances	557	(557)	-	-
Due from component unit	23,166	-	23,166	-
Due from primary government	-	-	-	86,853
Accounts receivable	312,321	6,835	319,156	82,029
Taxes/assessments receivable	1,593,051	281,782	1,874,833	-
Intergovernmental receivables	971,720	49,647	1,021,367	100,702
Accrued interest and dividends	18,398	7,076	25,474	102
Contracts receivable	-	31,280	31,280	-
Mortgages receivable	-	774,344	774,344	-
Notes/loans receivable	77,023	500,177	577,200	5,808
Finance agreements receivable	43,990	-	43,990	-
Leases receivable	5,602	-	5,602	36,009
Other receivables	13	3,276	3,289	6,909
Inventory	30,914	1,891	32,805	10,724
Prepaid expenses	3,875	18	3,893	24,620
<i>Restricted assets:</i>				
Cash	163,133	-	163,133	38,939
Investments	-	169,873	169,873	16,098
Other assets	4	5	9	94,436
<i>Capital assets:</i>				
Land, infrastructure and construction in progress	9,940,899	568	9,941,467	375,884
Other capital assets, net	1,682,741	6,774	1,689,515	2,305,434
<b>Total assets</b>	<b>21,871,131</b>	<b>3,538,724</b>	<b>25,409,855</b>	<b>5,187,934</b>
<b>Deferred Outflows of Resources</b>				
Deferred charge on refunding	24,261	140	24,401	8,143
Pension related amounts	893,114	16,030	909,144	158,483
OPEB related amounts	80,771	1,577	82,348	50,964
<b>Total deferred outflows of resources</b>	<b>998,146</b>	<b>17,747</b>	<b>1,015,893</b>	<b>217,590</b>
<b>Liabilities</b>				
Accounts payable	1,671,427	142,017	1,813,444	65,088
Accrued payroll and related liabilities	83,074	1,339	84,413	104,201
Intergovernmental payables	444,351	106,432	550,783	-
Interest payable	16,069	5,431	21,500	12,970
Due to component units	86,852	1	86,853	-
Due to primary government	-	-	-	23,166
Contracts/retentions payable	63,742	-	63,742	-
Unearned revenues	2,698,168	18,794	2,716,962	69,683
Other liabilities	226,315	11	226,326	27,028
<i>Long-term liabilities:</i>				
<i>Portion due or payable within one year:</i>				
Reserve for losses	96,290	-	96,290	-
Finance agreements	2,009	-	2,009	2,673
Leases	30,641	1,531	32,172	8,743
Compensated absences	81,154	1,506	82,660	41,404
Tuition benefits payable	-	19,672	19,672	-
Bonds payable	195,375	61,058	256,433	40,251
Certificates of participation payable	3,798	-	3,798	-
Pollution remediation obligations	747	-	747	-
<i>Portion due or payable after one year:</i>				
Federal advances	-	-	-	4,146
Reserve for losses	59,452	-	59,452	-
Finance agreements	4,253	-	4,253	43,841
Leases	162,804	702	163,506	28,578
Net pension liability	1,489,810	27,244	1,517,054	276,810

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## Statement of Net Position

June 30, 2022 (Expressed in Thousands)

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
Net OPEB liability	895,099	17,485	912,584	624,009
Compensated absences	34,205	687	34,892	23,798
Tuition benefits payable	-	185,509	185,509	-
Bonds payable	1,794,450	1,154,198	2,948,648	698,361
Certificates of participation payable	63,501	-	63,501	-
Unearned revenue	-	-	-	38,329
Pollution remediation obligations	4,174	-	4,174	-
<b>Total liabilities</b>	<b>10,207,760</b>	<b>1,743,617</b>	<b>11,951,377</b>	<b>2,133,079</b>
<b>Deferred Inflows of Resources</b>				
Pension related amounts	1,291,275	23,042	1,314,317	227,903
OPEB related amounts	36,510	713	37,223	25,452
Taxes	132	-	132	-
Fines and forfeitures	1,269	-	1,269	-
Lease related amounts	5,525	-	5,525	65,722
Split-interest agreements	-	-	-	7,093
Service concession arrangement	-	-	-	1,210
<b>Total deferred inflows of resources</b>	<b>1,334,711</b>	<b>23,755</b>	<b>1,358,466</b>	<b>327,380</b>
<b>Net Position</b>				
Net investment in capital assets	9,991,360	5,121	9,996,481	1,899,073
Restricted for:				
Unemployment compensation	-	804,235	804,235	-
Tuition contract benefits	-	182,020	182,020	-
Security of outstanding obligations	-	194,039	194,039	-
Workers' compensation	-	28,376	28,376	-
Capital projects	-	-	-	56,614
Debt service	27,690	-	27,690	39,638
Education - K to 12	556,658	-	556,658	5,165
Transportation	314,367	-	314,367	-
Recreation and resource development	36,922	-	36,922	-
Law, justice and public safety	28,385	-	28,385	-
Health services	284,616	-	284,616	-
Social services	117,532	-	117,532	-
Regulation of business	34,506	2	34,508	-
Scholarships	-	-	-	662,816
Loans	-	529,407	529,407	6,435
Research and development	-	-	-	12,077
Other purposes	350	-	350	5,144
Funds held as permanent investments:				
Nonexpendable	472,757	-	472,757	485,434
Expendable	50	-	50	-
Unrestricted (deficit)	(538,387)	45,899	(492,488)	(227,331)
<b>Total net position</b>	<b>\$ 11,326,806</b>	<b>\$ 1,789,099</b>	<b>\$ 13,115,905</b>	<b>\$ 2,945,065</b>

The notes to the financial statements are an integral part of this statement.

# Statement of Activities

For the Year Ended June 30, 2022 (Expressed in Thousands)

Function/Programs	Program Revenues				Net (Expenses) Revenues and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units
					Governmental Activities	Business-type Activities	Total	
<b>Primary Government</b>								
<i>Governmental activities:</i>								
General government	\$ 392,664	\$ 231,842	\$ 408,888	\$ -	\$ 248,066	\$ -	\$ 248,066	\$ -
Health services	5,870,020	230,139	4,498,998	-	(1,140,883)	-	(1,140,883)	-
Social services	3,090,778	49,734	2,454,495	-	(586,549)	-	(586,549)	-
Education - K-12	5,425,257	3,656	774,243	-	(4,647,358)	-	(4,647,358)	-
Education - higher education	637,025	582	22	-	(636,421)	-	(636,421)	-
Law, justice and public safety	849,371	282,521	101,157	5	(465,688)	-	(465,688)	-
Regulation of business	595,772	110,800	460,086	-	(24,886)	-	(24,886)	-
Transportation	734,275	20,939	324,318	6,903	(382,115)	-	(382,115)	-
Recreation and resource development	178,761	65,015	35,065	3,682	(74,999)	-	(74,999)	-
Interest on long-term debt	64,483	-	-	-	(64,483)	-	(64,483)	-
Unallocated depreciation	3,181	-	-	-	(3,181)	-	(3,181)	-
Total governmental activities	17,841,587	995,228	9,057,272	10,590	(7,778,497)	-	(7,778,497)	-
<i>Business-type activities:</i>								
Unemployment insurance	944,447	7,825	709,360	-	-	(227,262)	(227,262)	-
Housing	37,288	37,253	3,474	-	-	3,439	3,439	-
Water loans	4,601	9,624	16,141	-	-	21,164	21,164	-
Workers' compensation and safety	44,028	56,527	1,561	-	-	14,060	14,060	-
Higher education tuition	13,548	10,433	(34,689)	-	-	(37,804)	(37,804)	-
Other	28,184	29,772	(2,344)	-	-	(756)	(756)	-
Total business-type activities	1,072,096	151,434	693,503	-	-	(227,159)	(227,159)	-
Total primary government	\$ 18,913,683	\$ 1,146,662	\$ 9,750,775	\$ 10,590	(7,778,497)	(227,159)	(8,005,656)	-
Total component units	\$ 2,187,424	\$ 807,942	\$ 807,002	\$ 94	-	-	-	(572,386)

## General Revenues:

### Taxes:

Gaming taxes	1,198,768	-	1,198,768	-
Sales and use taxes	1,686,556	-	1,686,556	-
Modified business taxes	775,402	-	775,402	-
Insurance premium taxes	518,432	-	518,432	-
Cigarette taxes	144,069	-	144,069	-
Commerce taxes	290,112	-	290,112	-
Property and transfer taxes	197,745	-	197,745	-
Lodging taxes	26,667	-	26,667	-
Motor and special fuel taxes	2,225	-	2,225	-
Other taxes	610,002	387	610,389	-
Restricted for unemployment compensation:				
Other taxes	-	682,537	682,537	-

Restricted for general government purposes:				
Settlement income	354	-	354	-
Restricted for health services purposes:				
Other taxes	61,920	-	61,920	-
Restricted for social services purposes:				
Other taxes	15,399	-	15,399	-
Restricted for educational purposes:				
Sales and use taxes	2,066,589	-	2,066,589	-
Other taxes	1,127,738	-	1,127,738	-
Lodging taxes	192,344	-	192,344	-
Restricted for law, justice and public safety:				
Other	24,960	-	24,960	-
Other taxes	39	-	39	-
Restricted for regulation of business:				
Other taxes	4,792	-	4,792	-
Restricted for transportation purposes:				
Motor and special fuel taxes	278,228	-	278,228	-
Other taxes	2,301	-	2,301	-
Restricted for recreation and resources development:				
Other taxes	882	-	882	-
Settlement income	666	-	666	-
Restricted for debt service purposes:				
Property and transfer taxes	205,141	-	205,141	-
Motor and special fuel taxes	74,529	-	74,529	-
Other	3,309	-	3,309	-
Settlement income	155,514	-	155,514	-
Unrestricted investment earnings (loss)	(139,382)	-	(139,382)	(118,488)
Gain on sale of assets	-	6	6	-
Other general revenues	183,294	-	183,294	8,015
Contributions to permanent funds	30,111	-	30,111	32,803
Payments from State of Nevada	-	-	-	661,276
Transfers	(307,534)	307,534	-	-
Total general revenues, contributions, payments and transfers	9,431,172	990,464	10,421,636	583,606
Change in net position	1,652,675	763,305	2,415,980	11,220
Net position - beginning	9,730,656	1,025,794	10,756,450	2,933,845
Net position restatement	(56,525)	-	(56,525)	-
Net position - beginning (as restated)	9,674,131	1,025,794	10,699,925	2,933,845
<b>Net position - ending</b>	<b>\$ 11,326,806</b>	<b>\$ 1,789,099</b>	<b>\$ 13,115,905</b>	<b>\$ 2,945,065</b>

The notes to the financial statements are an integral part of this statement.

# Balance Sheet

## Governmental Funds

June 30, 2022

	General Fund	State Education Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>				
<i>Cash and pooled investments:</i>				
Cash with treasurer	\$ 5,080,047,660	\$ 141,158,074	\$ 1,128,310,381	\$ 6,349,516,115
Cash in custody of other officials	5,672,571	-	95,986,512	101,659,083
Investments	19,248,479	-	326,706,674	345,955,153
<i>Receivables:</i>				
Accounts receivable	138,182,687	-	133,070,272	271,252,959
Taxes receivable	1,547,167,333	3,554,925	42,329,082	1,593,051,340
Intergovernmental receivables	884,999,647	53,567,324	30,795,082	969,362,053
Accrued interest and dividends	17,215,350	-	1,182,825	18,398,175
Notes/loans receivable	12,718,436	-	64,255,000	76,973,436
Finance agreements receivable	-	-	43,990,000	43,990,000
Leases receivable	-	-	5,355,287	5,355,287
Other receivables	12,861	-	-	12,861
Due from other funds	173,991,851	498,113,329	61,513,899	733,619,079
Due from fiduciary funds	393,432	-	982,733	1,376,165
Due from component units	202,580	-	21,838,395	22,040,975
Inventory	8,815,443	-	21,838,675	30,654,118
Advances to other funds	5,911,410	-	2,478,496	8,389,906
<i>Restricted assets:</i>				
Cash	18,853,788	-	144,279,581	163,133,369
Prepaid items	2,488,420	-	87,752	2,576,172
<b>Total assets</b>	<b>\$ 7,915,921,948</b>	<b>\$ 696,393,652</b>	<b>\$ 2,125,000,646</b>	<b>\$10,737,316,246</b>
<b>Liabilities</b>				
<i>Accounts payable and accruals:</i>				
Accounts payable	\$ 1,001,637,353	\$ 1,419,949	\$ 78,495,637	\$ 1,081,552,939
Accrued payroll and related liabilities	60,907,927	-	20,287,674	81,195,601
Intergovernmental payables	383,164,461	650,948	60,466,129	444,281,538
Contracts/retentions payable	331,796	-	63,410,444	63,742,240
Due to other funds	533,339,085	138,800,130	67,512,124	739,651,339
Due to fiduciary funds	559,948,249	-	13,426	559,961,675
Due to component units	55,075,225	-	31,766,656	86,841,881
Unearned revenues	2,692,433,805	-	5,545,298	2,697,979,103
Other liabilities	195,822,561	-	25,229,823	221,052,384
<b>Total liabilities</b>	<b>5,482,660,462</b>	<b>140,871,027</b>	<b>352,727,211</b>	<b>5,976,258,700</b>
<b>Deferred Inflows of Resources</b>				
<i>Unavailable revenue:</i>				
Taxes	206,991,502	-	6,139,824	213,131,326
Intergovernmental	254,573,785	-	-	254,573,785
Licenses, fees and permits	4,422,687	-	2,106,401	6,529,088
Sales and charges for services	8,297,197	-	157,796	8,454,993
Settlement income	-	-	119,917,596	119,917,596
Note principal payments	-	-	43,990,000	43,990,000
Interest	5,375,702	311,373	1,573,072	7,260,147
Other	47,119,580	-	1,304,969	48,424,549
Taxes	131,899	-	-	131,899
Fines and forfeitures	1,269,050	-	-	1,269,050
Lease related	-	-	5,281,854	5,281,854
<b>Total deferred inflows of resources</b>	<b>528,181,402</b>	<b>311,373</b>	<b>180,471,512</b>	<b>708,964,287</b>
<b>Fund Balances</b>				
Nonspendable	29,933,709	-	494,683,301	524,617,010
Restricted	105,955,134	555,211,252	542,870,373	1,204,036,759
Committed	1,811,481,539	-	554,248,249	2,365,729,788
Unassigned	(42,290,298)	-	-	(42,290,298)
<b>Total fund balances</b>	<b>1,905,080,084</b>	<b>555,211,252</b>	<b>1,591,801,923</b>	<b>4,052,093,259</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 7,915,921,948</b>	<b>\$ 696,393,652</b>	<b>\$ 2,125,000,646</b>	<b>\$10,737,316,246</b>

The notes to the financial statements are an integral part of this statement.

## Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position

June 30, 2022

**Total fund balances - governmental funds** \$ 4,052,093,259

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:

Land	\$	177,259,330	
Construction in progress		2,734,378,297	
Infrastructure assets		6,054,597,907	
Rights-of-way		973,630,969	
Buildings		2,107,655,332	
Improvements other than buildings		164,501,561	
Furniture and equipment		476,111,722	
Software costs		320,401,387	
Accumulated depreciation/amortization		(1,597,695,975)	
Right to use leased buildings		212,818,830	
Right to use leased equipment		4,888,160	
Accumulated amortization for right to use assets		<u>(31,840,108)</u>	
Total capital assets			11,596,707,412

Some of the State's revenues collected after year-end are not available soon enough to pay for the current period's expenditures and, therefore, are reported as unavailable deferred inflows of resources in the funds. 702,281,484

Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the internal service funds are included in governmental activities in the statement of net position. 23,304,588

The loss on early retirement of debt is reported as a deferred outflow of resources on the statement of net position and is amortized over the original remaining life of the old debt, or the life of the new debt, whichever is less. 24,260,667

Deferred outflow of resources related to pensions are not reported in the governmental funds. 871,190,349

Deferred outflow of resources related to other post-employment benefits are not reported in the governmental funds. 78,638,037

Deferred inflow of resources related to pensions are not reported in the governmental funds. (1,259,695,272)

Deferred inflow of resources related to other post-employment benefits are not reported in the governmental funds. (35,543,379)

Certain liabilities for settlement agreements are not due and payable in the current period and therefore are not reported in the funds. (20,240,725)

Some liabilities are not due and payable in the current period and therefore are not reported in the funds.

Those liabilities consist of:

Net pension liability		(1,452,881,982)	
Net OPEB liability		(871,376,212)	
Bonds payable		(1,988,168,534)	
Accrued interest on bonds		(16,069,334)	
Certificates of participation		(67,298,661)	
Finance agreements		(4,880,410)	
Lease liabilities		(188,897,860)	
Compensated absences		(111,696,992)	
Pollution remediation liability		<u>(4,920,600)</u>	
Total long-term liabilities			<u>(4,706,190,585)</u>

**Net position of governmental activities** \$ 11,326,805,835

The notes to the financial statements are an integral part of this statement.

# Statement of Revenues, Expenditures and Changes in Fund Balances

## Governmental Funds

For the Fiscal Year Ended June 30, 2022

	General Fund	State Education Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Gaming taxes, fees, licenses	\$ 1,183,763,979	\$ 23,296,450	\$ 14,021,825	\$ 1,221,082,254
Sales taxes	1,679,871,808	2,066,588,990	-	3,746,460,798
Modified business taxes	780,476,130	-	-	780,476,130
Insurance premium taxes	516,355,310	-	-	516,355,310
Lodging taxes	-	192,343,898	-	192,343,898
Cigarette taxes	144,068,816	-	-	144,068,816
Commerce taxes	281,881,659	-	-	281,881,659
Property and transfer taxes	179,998,944	-	222,887,116	402,886,060
Motor and special fuel taxes	2,225,046	-	352,756,692	354,981,738
Other taxes	523,693,004	1,104,441,353	210,742,600	1,838,876,957
Intergovernmental	8,855,438,910	6,260,381	477,712,409	9,339,411,700
Licenses, fees and permits	445,877,086	-	260,671,944	706,549,030
Sales and charges for services	69,741,429	-	37,635,897	107,377,326
Interest and investment income (loss)	(141,921,982)	(918,662)	(60,768,518)	(203,609,162)
Settlement income	11,639,326	-	64,848,799	76,488,125
Land sales	-	-	22,598,797	22,598,797
Other	79,498,434	748,245	44,695,674	124,942,353
<b>Total revenues</b>	<b>14,612,607,899</b>	<b>3,392,760,655</b>	<b>1,647,803,235</b>	<b>19,653,171,789</b>
<b>Expenditures</b>				
<i>Current:</i>				
General government	281,336,262	-	39,629,197	320,965,459
Health services	5,863,051,206	-	6,570	5,863,057,776
Social services	2,970,100,069	-	139,435,866	3,109,535,935
Education - K-12	1,109,429,401	4,315,215,200	6,797,514	5,431,442,115
Education - higher education	637,024,823	-	10,976,021	648,000,844
Law, justice and public safety	690,456,365	-	237,363,345	927,819,710
Regulation of business	585,679,484	-	17,926,627	603,606,111
Transportation	-	-	930,274,940	930,274,940
Recreation and resource development	163,856,346	-	26,128,773	189,985,119
Capital outlay	-	-	53,334,204	53,334,204
<i>Debt service:</i>				
Principal	33,541,002	-	195,866,291	229,407,293
Interest, fiscal charges	361,616	-	87,630,450	87,992,066
Debt issuance costs	278,450	-	1,073,106	1,351,556
<b>Total expenditures</b>	<b>12,335,115,024</b>	<b>4,315,215,200</b>	<b>1,746,442,904</b>	<b>18,396,773,128</b>
Excess (deficiency) of revenues over (under) expenditures	2,277,492,875	(922,454,545)	(98,639,669)	1,256,398,661
<b>Other Financing Sources (Uses)</b>				
Lease liabilities incurred	9,584,155	-	942,652	10,526,807
Bonds issued	13,655,000	-	121,359,125	135,014,125
Refunding bonds issued	-	-	9,135,875	9,135,875
Premium on bonds issued	1,624,993	-	15,938,431	17,563,424
Payment to refunded bond agent	-	-	(23,299,035)	(23,299,035)
Sale of capital assets	241,143	-	81	241,224
Transfers in	112,198,166	1,477,665,797	220,860,078	1,810,724,041
Transfers out	(1,935,248,722)	-	(199,721,343)	(2,134,970,065)
<b>Total other financing sources (uses)</b>	<b>(1,797,945,265)</b>	<b>1,477,665,797</b>	<b>145,215,864</b>	<b>(175,063,604)</b>
Net change in fund balances	479,547,610	555,211,252	46,576,195	1,081,335,057
Fund balances, July 1	1,421,029,097	-	1,545,225,728	2,966,254,825
Fund balance restatement	4,503,377	-	-	4,503,377
Fund balances, July 1 (as restated)	1,425,532,474	-	1,545,225,728	2,970,758,202
<b>Fund balances, June 30</b>	<b>\$ 1,905,080,084</b>	<b>\$ 555,211,252</b>	<b>\$ 1,591,801,923</b>	<b>\$ 4,052,093,259</b>

The notes to the financial statements are an integral part of this statement.



## Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities

For the Fiscal Year Ended June 30, 2022

<b>Net change in fund balances - total governmental funds</b>		<b>\$ 1,081,335,057</b>
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation or amortization expense. In the current period, the amounts are:		
Capital outlay	\$ 342,432,399	
Depreciation/amortization expense	<u>(136,886,911)</u>	
Excess of capital outlay over depreciation/amortization expense		205,545,488
Debt proceeds provide current financial resources to governmental funds; however, issuing debt increases long-term liabilities in the statement of net assets. In the current period, proceeds were received from:		
Bonds issued	(135,014,125)	
Refunding bonds issued	(9,135,875)	
Premiums on debt issued	(17,547,409)	
Leases	<u>(10,526,807)</u>	
Total bond proceeds		(172,224,216)
Repayment of long-term debt is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net position. In the current year, these amounts consist of:		
Bond principal retirement	188,184,677	
Certificates of participation retirement	3,517,000	
Payments to the bond refunding agent	23,304,513	
Finance agreement payments	2,376,715	
Lease payments	<u>28,809,129</u>	
Total long-term debt repayment		246,192,034
Internal service funds are used to charge the costs of certain activities to individual funds. The change in net position of the internal service funds is reported with governmental activities.		
		2,664,948
Because some revenues will not be collected for several months after the State's fiscal year end, they are not considered "available" and are not reported as revenues in the governmental funds. Unavailable deferred inflows of resources changed by this amount		
		115,914,674
In the statement of activities, the gain or loss on the sale of assets is reported, whereas in the governmental funds, only the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the asset sold.		
		(32,932,364)
Amortization of deferred loss on early retirement of debt is reported as an expense for the statement of activities.		
		(6,941,647)
Amortization of premiums on bonds and certificates of participation is reported as a reduction of interest expense for the statement of activities.		
		32,938,524
Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of the net change in:		
Pension costs, net	193,096,083	
Other post-employment benefit costs, net	(23,125,594)	
Compensated absences	10,608,053	
Pollution remediation liability	<u>(397,045)</u>	
Total additional expenditures		180,181,497
<b>Net change in net position - governmental activities</b>		<b><u>\$ 1,652,673,995</u></b>

The notes to the financial statements are an integral part of this statement.

# Statement of Net Position

## Proprietary Funds

June 30, 2022

	Enterprise Funds						Internal Service Funds
	Housing Division	Unemployment Compensation	Water Projects Loans	Higher Education Tuition Trust	Nonmajor Enterprise Funds	Total Enterprise Funds	
<b>Assets</b>							
<b>Current assets:</b>							
<i>Cash and pooled investments:</i>							
Cash with treasurer	\$ 1,609,516	\$ -	\$ 145,132,655	\$ 6,206,810	\$ 166,419,311	\$ 319,368,292	\$ 206,593,323
Cash in custody of other officials	1,169,620	663,185,619	-	148,430	200,191	664,703,860	-
Investments	134,936,722	-	-	349,497,616	-	484,434,338	-
<i>Receivables:</i>							
Accounts receivable	-	-	-	-	6,821,779	6,821,779	14,643,110
Assessments receivable	-	281,781,885	-	-	-	281,781,885	-
Intergovernmental receivables	-	47,364,610	590,208	-	1,692,352	49,647,170	2,357,756
Contracts receivable	-	-	-	7,127,697	-	7,127,697	-
Mortgages receivable	6,609,695	-	-	-	-	6,609,695	-
Accrued interest and dividends	1,823,749	-	4,612,645	639,316	-	7,075,710	-
Notes/loans receivable	-	-	35,812,061	-	-	35,812,061	5,000
Leases receivable	-	-	-	-	-	-	121,304
Other receivables	-	3,275,844	-	-	-	3,275,844	-
Due from other funds	784,006	-	716,214	26,063	2,463,843	3,990,126	12,380,138
Due from fiduciary funds	-	-	-	-	13,503	13,503	25,049,198
Due from component units	-	-	-	-	-	-	1,125,123
Inventory	-	-	-	-	1,891,176	1,891,176	260,269
Prepaid items	-	-	2	2	18,170	18,174	1,298,945
<i>Restricted assets:</i>							
Investments	83,504,242	-	-	-	-	83,504,242	-
<b>Total current assets</b>	<b>230,437,550</b>	<b>995,607,958</b>	<b>186,863,785</b>	<b>363,645,934</b>	<b>179,520,325</b>	<b>1,956,075,552</b>	<b>263,834,166</b>
<b>Noncurrent assets:</b>							
Investments	237,228,981	-	-	-	-	237,228,981	-
<i>Receivables:</i>							
Contracts receivable	-	-	-	24,151,983	-	24,151,983	-
Mortgages receivable	767,733,820	-	-	-	-	767,733,820	-
Notes/loans receivable	57,497,807	-	406,866,732	-	-	464,364,539	45,000
Leases receivable	-	-	-	-	-	-	124,994
<i>Restricted assets:</i>							
Investments	86,368,957	-	-	-	-	86,368,957	-
Other assets	-	-	-	-	5,000	5,000	3,761
<i>Capital assets:</i>							
Land	-	-	-	-	567,812	567,812	1,032,737
Buildings	-	-	-	-	1,406,840	1,406,840	20,392,485
Improvements other than buildings	-	-	-	-	5,042,453	5,042,453	3,839,621
Furniture and equipment	798,555	-	33,190	168,025	6,680,226	7,679,996	58,338,240
Software costs	-	-	-	-	-	-	16,134,510
Right to use leased buildings	-	-	-	-	3,826,171	3,826,171	1,634,773
Right to use leased equipment	-	-	-	6,753	105,098	111,851	4,475,597
Less accumulated depreciation/amortization	(765,321)	-	(9,084)	(169,422)	(10,348,756)	(11,292,583)	(78,915,662)
<b>Total noncurrent assets</b>	<b>1,148,862,799</b>	<b>-</b>	<b>406,890,838</b>	<b>24,157,339</b>	<b>7,284,844</b>	<b>1,587,195,820</b>	<b>27,106,056</b>
<b>Total assets</b>	<b>1,379,300,349</b>	<b>995,607,958</b>	<b>593,754,623</b>	<b>387,803,273</b>	<b>186,805,169</b>	<b>3,543,271,372</b>	<b>290,940,222</b>
<b>Deferred Outflows of Resources</b>							
Deferred charge on refunding	-	-	24,092	-	115,835	139,927	-
Pension related amounts	893,168	-	226,557	129,881	14,780,200	16,029,806	21,923,211
OPEB related amounts	97,614	-	23,749	13,438	1,442,246	1,577,047	2,132,659
<b>Total deferred outflows of resources</b>	<b>990,782</b>	<b>-</b>	<b>274,398</b>	<b>143,319</b>	<b>16,338,281</b>	<b>17,746,780</b>	<b>24,055,870</b>

(continued)

	Enterprise Funds						Internal Service Funds
	Housing Division	Unemployment Compensation	Water Projects Loans	Higher Education Tuition Trust	Nonmajor Enterprise Funds	Total Enterprise Funds	
<b>Liabilities</b>							
<b>Current liabilities:</b>							
<i>Accounts payable and accruals:</i>							
Accounts payable	\$ 53,233,303	\$ 84,405,575	\$ 232,583	\$ 96,602	\$ 3,970,071	\$ 141,938,134	\$ 6,245,808
Accrued payroll and related liabilities	-	-	17,224	11,772	1,309,898	1,338,894	1,878,280
Interest payable	4,068,667	-	1,010,085	-	352,524	5,431,276	-
Intergovernmental payables	-	106,326,013	-	-	105,628	106,431,641	69,838
Bank overdraft	-	-	-	-	-	-	3,413,547
Due to other funds	49,250	641,227	380,639	19,952	3,148,112	4,239,180	6,098,824
Due to fiduciary funds	-	-	-	-	79,464	79,464	13,180
Due to component units	-	-	-	555	-	555	10,381
Unearned revenues	-	-	-	-	18,794,206	18,794,206	5,436,775
Other liabilities	-	-	-	-	11,450	11,450	14,417
<i>Short-term portion of long-term liabilities:</i>							
Reserve for losses	-	-	-	-	-	-	96,289,551
Compensated absences	110,268	-	37,725	26,553	1,331,312	1,505,858	2,423,394
Benefits payable	-	-	-	19,672,444	-	19,672,444	-
Bonds payable	36,483,793	-	9,882,725	-	14,691,282	61,057,800	513,323
Finance agreements	-	-	-	-	-	-	311,173
Lease liability	-	-	-	1,358	1,529,602	1,530,960	1,621,261
<b>Total current liabilities</b>	<b>93,945,281</b>	<b>191,372,815</b>	<b>11,560,981</b>	<b>19,829,236</b>	<b>45,323,549</b>	<b>362,031,862</b>	<b>124,339,752</b>
<b>Noncurrent liabilities:</b>							
Advances from other funds	-	-	-	-	82,680	82,680	8,307,226
Reserve for losses	-	-	-	-	-	-	59,451,682
Net pension obligation	1,383,832	-	381,604	219,617	25,258,740	27,243,793	36,928,155
Net OPEB liability	1,082,271	-	263,323	148,980	15,990,461	17,485,035	23,722,721
Compensated absences	55,781	-	29,611	24,104	577,323	686,819	1,238,199
Benefits payable	-	-	-	185,509,047	-	185,509,047	-
Bonds payable	1,035,187,950	-	52,029,214	-	66,981,244	1,154,198,408	1,142,988
Finance agreements	-	-	-	-	-	-	1,071,104
Lease liability	-	-	-	4,077	697,632	701,709	2,925,575
<b>Total noncurrent liabilities</b>	<b>1,037,709,834</b>	<b>-</b>	<b>52,703,752</b>	<b>185,905,825</b>	<b>109,588,080</b>	<b>1,385,907,491</b>	<b>134,787,650</b>
<b>Total liabilities</b>	<b>1,131,655,115</b>	<b>191,372,815</b>	<b>64,264,733</b>	<b>205,735,061</b>	<b>154,911,629</b>	<b>1,747,939,353</b>	<b>259,127,402</b>
<b>Deferred Inflows of Resources</b>							
Pension related amounts	1,170,413	-	322,751	185,748	21,363,249	23,042,161	31,580,039
OPEB related amounts	44,144	-	10,741	6,077	652,223	713,185	966,175
Lease related	-	-	-	-	-	-	242,681
<b>Total deferred inflows of resources</b>	<b>1,214,557</b>	<b>-</b>	<b>333,492</b>	<b>191,825</b>	<b>22,015,472</b>	<b>23,755,346</b>	<b>32,788,895</b>
<b>Net Position</b>							
Net investment in capital assets	33,234	-	24,106	-	5,063,563	5,120,903	20,735,862
<i>Restricted for:</i>							
Unemployment compensation	-	804,235,143	-	-	-	804,235,143	-
Tuition contract benefits	-	-	-	182,019,706	-	182,019,706	-
Security of outstanding obligations	194,038,926	-	-	-	-	194,038,926	-
Workers' compensation	-	-	-	-	28,375,805	28,375,805	-
Revolving loans	-	-	529,406,690	-	-	529,406,690	-
Regulation of business	-	-	-	-	2,000	2,000	-
Unrestricted (deficit)	53,349,299	-	-	-	(7,225,019)	46,124,280	2,343,933
<b>Total net position</b>	<b>\$ 247,421,459</b>	<b>\$ 804,235,143</b>	<b>\$ 529,430,796</b>	<b>\$ 182,019,706</b>	<b>\$ 26,216,349</b>	<b>\$ 1,789,323,453</b>	<b>\$ 23,079,795</b>

Adjustment to report the cumulative internal balance for the net effect of the activity between the internal service funds and the enterprise funds over time.  
Net position of business-type activities

(224,793)  
\$ 1,789,098,660

The notes to the financial statements are an integral part of this statement.

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# Statement of Revenues, Expenses and Changes in Fund Net Position

## Proprietary Funds

For the Fiscal Year Ended June 30, 2022

	Enterprise Funds						Internal Service Funds
	Housing Division	Unemployment Compensation	Water Projects Loans	Higher Education Tuition Trust	Nonmajor Enterprise Funds	Total Enterprise Funds	
<b>Operating Revenues</b>							
Net premium income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 383,315,292
Sales	-	-	-	10,378,511	5,494,790	15,873,301	2,483,528
Assessments	-	682,537,240	-	-	387,286	682,924,526	-
Charges for services	-	-	215,000	54,902	14,366,833	14,636,735	64,232,541
Rental income	-	-	-	-	163,300	163,300	20,201,160
Interest income on loans/notes	27,885,185	-	9,408,901	-	-	37,294,086	-
Interest and investment income (loss)	3,473,511	-	-	-	-	3,473,511	-
Federal government	-	704,153,659	19,864,626	-	-	724,018,285	-
Licenses, fees and permits	-	-	-	-	52,760,389	52,760,389	-
Fines	-	-	-	-	1,600,399	1,600,399	-
Other	9,367,786	15,256,598	-	-	2,910,389	27,534,773	361,645
<b>Total operating revenues</b>	<b>40,726,482</b>	<b>1,401,947,497</b>	<b>29,488,527</b>	<b>10,433,413</b>	<b>77,683,386</b>	<b>1,560,279,305</b>	<b>470,594,166</b>
<b>Operating Expenses</b>							
Salaries and benefits	1,618,633	-	404,419	234,102	33,192,596	35,449,750	35,350,153
Operating	938,667	-	2,931,356	716,946	11,025,814	15,612,783	46,055,082
Claims and benefits expense	-	951,875,944	-	12,583,539	5,836,838	970,296,321	325,913,581
Interest on bonds payable	32,367,307	-	1,045,235	-	-	33,412,542	-
Materials or supplies used	-	-	-	-	3,092,293	3,092,293	291,877
Servicers' fees	6,966	-	-	-	-	6,966	-
Depreciation	36,255	-	3,174	6,565	599,342	645,336	5,651,576
Amortization	-	-	-	1,397	1,652,630	1,654,027	1,629,460
Bond issuance costs	2,315,219	-	211,821	-	-	2,527,040	-
Insurance premiums	-	-	-	-	-	-	66,044,529
<b>Total operating expenses</b>	<b>37,283,047</b>	<b>951,875,944</b>	<b>4,596,005</b>	<b>13,542,549</b>	<b>55,399,513</b>	<b>1,062,697,058</b>	<b>480,936,258</b>
Operating income (loss)	3,443,435	450,071,553	24,892,522	(3,109,136)	22,283,873	497,582,247	(10,342,092)
<b>Nonoperating Revenues (Expenses)</b>							
Interest and investment income (loss)	-	5,206,084	(3,724,060)	(34,689,446)	(3,779,409)	(36,986,831)	(3,674,258)
Interest expense	-	-	-	(181)	(574,036)	(574,217)	(150,484)
Bond issuance costs	-	-	-	-	(330,038)	(330,038)	-
Federal grant revenue	-	-	-	-	2,996,059	2,996,059	-
Gain (loss) on disposal of assets	-	-	-	-	(6,700,246)	(6,700,246)	(95,845)
<b>Total nonoperating revenues (expenses)</b>	<b>-</b>	<b>5,206,084</b>	<b>(3,724,060)</b>	<b>(34,689,627)</b>	<b>(8,387,670)</b>	<b>(41,595,273)</b>	<b>(3,920,587)</b>
Income (loss) before transfers	3,443,435	455,277,637	21,168,462	(37,798,763)	13,896,203	455,986,974	(14,262,679)
<b>Transfers</b>							
Transfers in	-	332,407,747	1,572	681,300	423,440	333,514,059	18,063,612
Transfers out	(2,444,707)	(5,926,157)	(1,863,379)	(8,062)	(15,737,901)	(25,980,206)	(1,351,442)
Change in net position	998,728	781,759,227	19,306,655	(37,125,525)	(1,418,258)	763,520,827	2,449,491
Net position, July 1	246,422,731	22,475,916	510,124,141	219,145,231	27,634,607	-	23,696,178
Net position restatement	-	-	-	-	-	-	(3,065,874)
Net position, July 1 (as restated)	246,422,731	22,475,916	510,124,141	219,145,231	27,634,607	-	20,630,304
<b>Net position, June 30</b>	<b>\$ 247,421,459</b>	<b>\$ 804,235,143</b>	<b>\$ 529,430,796</b>	<b>\$ 182,019,706</b>	<b>\$ 26,216,349</b>	<b>\$ -</b>	<b>\$ 23,079,795</b>

Adjustment for the net effect of the current year activity  
between the internal service funds and the enterprise funds.  
Change in net position of business-type activities

(215,457)  
\$ 763,305,370

The notes to the financial statements are an integral part of this statement.

# Statement of Cash Flows

## Proprietary Funds

For the Fiscal Year Ended June 30, 2022

	Enterprise Funds						
	Major Funds						Internal Service Funds
	Housing Division	Unemployment Compensation	Water Projects Loans	Higher Education Tuition Trust	Nonmajor Enterprise Funds	Totals	
<b>Cash flows from operating activities</b>							
Receipts from customers and users	\$ 12,751,257	\$ 635,455,983	\$ 212,722	\$ 13,304,773	\$ 78,082,746	\$ 739,807,481	\$ 57,752,273
Receipts for interfund services provided	491,006	987,147	-	67	1,875,346	3,353,566	301,651,853
Receipts from component units	-	-	-	-	-	-	92,599,239
Receipts of principal on loans/notes	43,537,574	-	35,340,542	-	-	78,878,116	5,000
Receipts of interest on loans/notes	-	-	9,226,931	-	-	9,226,931	-
Receipts from Federal government	-	900,825,675	19,644,316	-	-	920,469,991	-
Payments to suppliers, other governments and beneficiaries	(2,513,083)	(1,114,580,658)	(2,645,026)	(8,090,746)	(8,070,204)	(1,135,899,717)	(414,248,745)
Payments to employees	(1,714,297)	-	(434,960)	(245,572)	(37,373,150)	(39,767,979)	(39,738,135)
Payments for interfund services	-	-	(147,877)	(373,269)	(8,917,409)	(9,438,555)	(19,409,098)
Payments to component units	-	-	-	(7,866,422)	(72,216)	(7,938,638)	(184,710)
Purchase of loans and notes	(107,812,539)	-	(63,421,380)	-	-	(171,233,919)	-
<b>Net cash provided by (used for) operating activities</b>	<b>(55,260,082)</b>	<b>422,688,147</b>	<b>(2,224,732)</b>	<b>(3,271,169)</b>	<b>25,525,113</b>	<b>387,457,277</b>	<b>(21,572,323)</b>
<b>Cash flows from noncapital financing activities</b>							
Grant receipts	-	-	-	-	2,149,130	2,149,130	-
Proceeds from sale of bonds	326,445,372	-	10,410,000	-	75,000,000	411,855,372	-
Transfers and advances from other funds	-	326,943,301	1,572	587,030	684,317	328,216,220	22,527,402
Principal paid on noncapital debt	(106,540,507)	-	(8,127,513)	-	-	(114,668,020)	-
Interest paid on noncapital debt	(31,349,959)	-	(2,246,842)	-	-	(33,596,801)	-
Transfers and advances to other funds	(2,444,707)	-	(1,754,775)	(8,062)	(15,071,846)	(19,279,390)	(1,636,874)
Payments to other governments and organizations	-	(332,437,147)	-	-	-	(332,437,147)	-
Bond issuance costs	(1,032,554)	-	(211,821)	-	(379,258)	(1,623,633)	-
<b>Net cash provided by (used for) noncapital financing activities</b>	<b>185,077,645</b>	<b>(5,493,846)</b>	<b>(1,929,379)</b>	<b>578,968</b>	<b>62,382,343</b>	<b>240,615,731</b>	<b>20,890,528</b>
<b>Cash flows from capital and related financing activities</b>							
Proceeds from sale of capital assets	-	-	-	-	-	-	32,872
Purchase of capital assets	-	-	(27,280)	-	(146,840)	(174,120)	(3,456,911)
Principal paid on capital debt	-	-	-	-	(342,000)	(342,000)	(1,014,743)
Interest paid on capital debt	-	-	-	-	(254,915)	(254,915)	(2,378)
Principal received on leases	-	-	-	-	-	-	117,724
Interest received on leases	-	-	-	-	-	-	8,678
Principal paid on leases	-	-	-	(1,318)	(1,704,035)	(1,705,353)	(744,619)
Interest paid on leases	-	-	-	(181)	(91,075)	(91,256)	(148,106)
<b>Net cash provided by (used for) capital and related financing activities</b>	<b>-</b>	<b>-</b>	<b>(27,280)</b>	<b>(1,499)</b>	<b>(2,538,865)</b>	<b>(2,567,644)</b>	<b>(5,207,483)</b>
<b>Cash flows from investing activities</b>							
Proceeds from sale of investments	744,943,689	-	-	10,449,207	-	755,392,896	-
Purchase of investments	(901,313,697)	-	-	(15,580,383)	-	(916,894,080)	-
Interest, dividends and gains (losses)	8,051,590	5,206,086	(4,040,154)	4,704,223	(4,144,760)	9,776,985	(3,904,548)
<b>Net cash provided by (used for) investing activities</b>	<b>(148,318,418)</b>	<b>5,206,086</b>	<b>(4,040,154)</b>	<b>(426,953)</b>	<b>(4,144,760)</b>	<b>(151,724,199)</b>	<b>(3,904,548)</b>
Net increase (decreases) in cash	(18,500,855)	422,400,387	(8,221,545)	(3,120,653)	81,223,831	473,781,165	(9,793,826)
Cash and cash equivalents, July 1	21,279,991	240,785,232	153,354,200	9,475,893	85,395,671	510,290,987	216,387,149
<b>Cash and cash equivalents, June 30</b>	<b>\$ 2,779,136</b>	<b>\$ 663,185,619</b>	<b>\$ 145,132,655</b>	<b>\$ 6,355,240</b>	<b>\$ 166,619,502</b>	<b>\$ 984,072,152</b>	<b>\$ 206,593,323</b>

(continued)

	Enterprise Funds						
	Major Funds						Internal Service Funds
	Housing Division	Unemployment Compensation	Water Projects Loans	Higher Education Tuition Trust	Nonmajor Enterprise Funds	Totals	
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities</b>	\$ 3,443,435	\$ 450,071,551	\$ 24,892,522	\$ (3,109,136)	\$ 22,283,873	\$ 497,582,245	\$ (10,342,092)
<b>Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities</b>							
Depreciation and amortization	36,255	-	3,174	7,962	2,251,972	2,299,363	7,281,036
Investment income/loss	(3,473,511)	-	-	-	-	(3,473,511)	-
Interest on bonds payable	32,367,307	-	1,045,235	-	-	33,412,542	-
Debt issuance costs	1,032,554	-	211,821	-	-	1,244,375	-
Decrease (increase) in loans and notes receivable	(92,075,812)	-	(28,080,838)	-	-	(120,156,650)	5,000
Decrease (increase) in accrued interest and receivables	27,069,341	154,319,267	(404,558)	2,871,427	(845,194)	183,010,283	(18,961,182)
Decrease (increase) in inventory, deferred charges, other assets	-	-	650	389	388,352	389,391	(1,072,994)
Decrease (increase) in deferred outflow of resources	(548,181)	-	(127,528)	(74,069)	(8,131,206)	(8,880,984)	(12,196,361)
Increase (decrease) in accounts payable, accruals, other liabilities	(23,563,987)	(181,702,671)	155,701	(3,028,684)	2,307,114	(205,832,527)	5,632,559
Increase (decrease) in unearned revenues	-	-	-	-	3,119,784	3,119,784	168,201
Increase (decrease) in net pension liability	(802,329)	-	(229,950)	(114,088)	(14,919,492)	(16,065,859)	(20,303,556)
Increase (decrease) in net OPEB liability	234,060	-	29,507	13,230	601,474	878,271	737,170
Increase (decrease) in deferred inflows of resources	1,020,786	-	279,532	161,800	18,468,436	19,930,554	27,479,896
<b>Total adjustments</b>	<b>(58,703,517)</b>	<b>(27,383,404)</b>	<b>(27,117,254)</b>	<b>(162,033)</b>	<b>3,241,240</b>	<b>(110,124,968)</b>	<b>(11,230,231)</b>
<b>Net cash provided by (used for) operating activities</b>	<b>\$ (55,260,082)</b>	<b>\$ 422,688,147</b>	<b>\$ (2,224,732)</b>	<b>\$ (3,271,169)</b>	<b>\$ 25,525,113</b>	<b>\$ 387,457,277</b>	<b>\$ (21,572,323)</b>
<b>Noncash investing, capital and financing activities</b>							
Finance agreement for purchase of capital asset	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,542,724

The notes to the financial statements are an integral part of this statement.

# Statement of Fiduciary Net Position

## Fiduciary Funds

June 30, 2022

	Pension and Other Employee Benefits Trust Funds	Investment Trust Funds	Private purpose trust funds	Custodial Funds
<b>Assets</b>				
<i>Cash and pooled investments:</i>				
Cash with treasurer	\$ 3,491,998	\$ -	\$ 13,667,321	\$ 201,968,356
Cash in custody of other officials	511,506,386	4,860,086	29,540,457	5,982,111
Investments	53,869,003,294	2,859,017,750	34,284,228,978	-
Collateral on loaned securities	248,941,553	-	-	-
<i>Receivables:</i>				
Taxes receivable	-	-	-	207,308,939
Intergovernmental receivables	188,637,938	-	4,699	268
Accrued interest and dividends	171,256,050	4,631,538	902,829	-
Other receivables	1,583,196	-	-	105,436,794
Contributions receivables	-	-	25,771,143	-
Pending trades receivable	48,033,146	12,145,556	14,877,311	-
Due from other funds	25,585,198	-	145,836	534,323,285
Due from fiduciary funds	-	-	-	815
Due from component units	1,334,319	-	-	-
Other assets	5,107,408	-	-	-
Furniture and equipment	52,262,148	-	48,222	-
Less accumulated depreciation/amortization	(44,180,451)	-	(48,222)	-
<b>Total assets</b>	<b>55,082,562,183</b>	<b>2,880,654,930</b>	<b>34,369,138,574</b>	<b>1,055,020,568</b>
<b>Liabilities</b>				
<i>Accounts payable and accruals:</i>				
Accounts payable	33,782,007	69,673	4,148,201	2,238,345
Intergovernmental payables	-	12,986	220,525	683,809,198
Redemptions payable	-	-	18,215,874	-
Pending trades payable	110,443,029	12,104,238	10,113,981	-
Bank overdraft	-	-	1,707,000	-
Obligations under securities lending	248,941,553	-	-	-
Due to other funds	25,049,198	6,232	1,383,437	-
Due to fiduciary funds	-	-	815	-
<i>Other liabilities:</i>				
Other liabilities	-	30,642	-	-
<b>Total liabilities</b>	<b>418,215,787</b>	<b>12,223,771</b>	<b>35,789,833</b>	<b>686,047,543</b>
<b>Net Position</b>				
<i>Restricted for:</i>				
Pension benefits	54,684,439,107	-	-	-
Pool participants	-	2,868,431,159	-	-
Individuals and other governments	-	-	34,333,348,741	368,973,025
Unrestricted (deficit)	(20,092,711)	-	-	-
<b>Total net position</b>	<b>\$ 54,664,346,396</b>	<b>\$ 2,868,431,159</b>	<b>\$ 34,333,348,741</b>	<b>\$ 368,973,025</b>

The notes to the financial statements are an integral part of this statement.



## Statement of Changes in Fiduciary Net Position

### Fiduciary Funds

For the Fiscal Year Ended June 30, 2022

	Pension and Other Employee Benefits Trust Funds	Investment Trust Funds	Private purpose trust funds	Custodial Funds
<b>Additions</b>				
<i>Contributions:</i>				
Employer	\$ 1,148,944,366	\$ -	\$ -	\$ -
Plan members	1,104,351,658	-	-	-
Participants	-	-	3,613,009,313	-
Repayment and purchase of service	82,422,755	-	-	-
<b>Total contributions</b>	<b>2,335,718,779</b>	<b>-</b>	<b>3,613,009,313</b>	<b>-</b>
<i>Investment income:</i>				
Net increase (decrease) in fair value of investments	(3,915,976,178)	(97,573,147)	(5,609,050,180)	-
Interest, dividends	876,862,161	19,929,242	1,122,223,047	(5,226)
Securities lending	6,193,380	-	-	-
Other	147,800,484	-	-	-
	(2,885,120,153)	(77,643,905)	(4,486,827,133)	(5,226)
Less investment expense:				
Other	(70,671,067)	(120,198)	-	-
<b>Net investment income (loss)</b>	<b>(2,955,791,220)</b>	<b>(77,764,103)</b>	<b>(4,486,827,133)</b>	<b>(5,226)</b>
<i>Other:</i>				
Investment from local governments	-	3,042,397,346	-	-
Taxes and fees collected for other governments	-	-	-	4,027,114,597
Child support collections	-	-	-	220,993,842
Other	3,791,006	382	-	208,891,113
<b>Total other</b>	<b>3,791,006</b>	<b>3,042,397,728</b>	<b>-</b>	<b>4,456,999,552</b>
<b>Total additions</b>	<b>(616,281,435)</b>	<b>2,964,633,625</b>	<b>(873,817,820)</b>	<b>4,456,994,326</b>
<b>Deductions</b>				
Principal redeemed	-	2,970,230,888	2,233,745,230	-
Benefit payments	3,289,705,341	-	29,243,880	159,432
Refunds	53,537,925	-	-	-
Contribution distributions	-	5,175,354	-	-
Administrative expense	13,657,342	567,601	46,078,033	-
Payment of taxes and fees to other governments	-	-	-	4,113,913,913
Child support payments	-	-	-	217,164,228
Restitution payments	-	-	-	1,896,726
<b>Total deductions</b>	<b>3,356,900,608</b>	<b>2,975,973,843</b>	<b>2,309,067,143</b>	<b>4,333,134,299</b>
Change in net position	(3,973,182,043)	(11,340,218)	(3,182,884,963)	123,860,027
Net position, July 1	58,637,528,439	2,879,771,377	37,516,233,704	82,906,538
Net position restatement	-	-	-	162,206,460
Net position, July 1 (as restated)	58,637,528,439	2,879,771,377	37,516,233,704	245,112,998
<b>Net position, June 30</b>	<b>\$ 54,664,346,396</b>	<b>\$ 2,868,431,159</b>	<b>\$ 34,333,348,741</b>	<b>\$ 368,973,025</b>

The notes to the financial statements are an integral part of this statement.

# Combining Statement of Net Position Discretely Presented Component Units

June 30, 2022

	Major Component Units		Nonmajor Component Unit	Total
	Colorado River Commission	Nevada System of Higher Education	Nevada Capital Investment Corporation	
<b>Assets</b>				
Cash and pooled investments	\$ 18,005,951	\$ 163,804,000	\$ -	\$ 181,809,951
Investments	-	1,794,756,000	26,821,357	1,821,577,357
Due from primary government	89,621	86,763,196	-	86,852,817
Accounts receivable	1,790,641	80,238,419	-	82,029,060
Intergovernmental receivables	-	100,702,385	-	100,702,385
Accrued interest and dividends	89,623	-	12,500	102,123
Notes/loans receivable	-	5,808,000	-	5,808,000
Leases receivable	-	36,009,000	-	36,009,000
Other receivables	-	6,909,000	-	6,909,000
Inventory	-	10,724,000	-	10,724,000
Prepaid expenses	24,620,234	-	-	24,620,234
<i>Restricted assets:</i>				
Cash	2,527,940	36,411,000	-	38,938,940
Investments	-	16,098,000	-	16,098,000
Other assets	-	94,436,000	-	94,436,000
<i>Capital assets:</i>				
Land, infrastructure and construction in progress	-	375,884,000	-	375,884,000
Other capital assets, net	41,409,643	2,264,024,000	-	2,305,433,643
<b>Total assets</b>	<b>88,533,653</b>	<b>5,072,567,000</b>	<b>26,833,857</b>	<b>5,187,934,510</b>
<b>Deferred Outflows of Resources</b>				
Deferred charge on refunding	-	8,143,000	-	8,143,000
Pension related amounts	2,244,362	156,239,000	-	158,483,362
OPEB related amounts	222,295	50,742,000	-	50,964,295
<b>Total deferred outflows of resources</b>	<b>2,466,657</b>	<b>215,124,000</b>	<b>-</b>	<b>217,590,657</b>
<b>Liabilities</b>				
Accounts payable	2,726,546	62,362,264	-	65,088,810
Accrued payroll and related liabilities	205,059	103,996,000	-	104,201,059
Interest payable	251,218	12,719,000	-	12,970,218
Due to primary government	2,941	1,494,736	21,668,421	23,166,098
Unearned revenues	3,438,917	66,244,000	-	69,682,917
Other liabilities	2,350,030	24,678,000	-	27,028,030
<i>Long-term liabilities:</i>				
<i>Portion due or payable within one year:</i>				
Finance agreements	-	2,673,000	-	2,673,000
Leases	121,304	8,622,000	-	8,743,304
Compensated absences	345,587	41,058,000	-	41,403,587
Bonds payable	800,000	39,451,000	-	40,251,000
<i>Portion due or payable after one year:</i>				
Federal advances	-	4,146,000	-	4,146,000
Finance agreements	-	43,841,000	-	43,841,000
Leases	124,994	28,453,000	-	28,577,994
Net pension liability	3,836,024	272,974,000	-	276,810,024
Net OPEB liability	2,464,632	621,544,000	-	624,008,632
Compensated absences	239,629	23,558,000	-	23,797,629
Bonds payable	24,289,108	674,072,000	-	698,361,108
Unearned revenue	38,329,102	-	-	38,329,102
<b>Total liabilities</b>	<b>79,525,091</b>	<b>2,031,886,000</b>	<b>21,668,421</b>	<b>2,133,079,512</b>
<b>Deferred Inflows of Resources</b>				
Lease related amounts	-	65,722,000	-	65,722,000
Split-interest agreements	-	7,093,000	-	7,093,000
Service concession arrangement	-	1,210,000	-	1,210,000
Pension related amounts	3,244,419	224,659,000	-	227,903,419
OPEB related amounts	100,528	25,351,000	-	25,451,528
<b>Total deferred inflows of resources</b>	<b>3,344,947</b>	<b>324,035,000</b>	<b>-</b>	<b>327,379,947</b>
<b>Net Position</b>				
Net investment in capital assets	41,166,962	1,857,906,000	-	1,899,072,962
<i>Restricted for:</i>				
Capital projects	-	56,614,000	-	56,614,000
Debt service	-	39,638,000	-	39,638,000
Scholarships	-	662,816,000	-	662,816,000
Loans	-	6,435,000	-	6,435,000
Education - K to 12	-	-	5,165,436	5,165,436
Research and development	12,077,241	-	-	12,077,241
Other purposes	-	5,144,000	-	5,144,000
Funds held as permanent investments:				
Nonexpendable	-	485,434,000	-	485,434,000
Unrestricted (deficit)	(45,113,931)	(182,217,000)	-	(227,330,931)
<b>Total net position</b>	<b>\$ 8,130,272</b>	<b>\$ 2,931,770,000</b>	<b>\$ 5,165,436</b>	<b>\$ 2,945,065,708</b>

The notes to the financial statements are an integral part of this statement.

# Combining Statement of Activities Discretely Presented Component Units

For the Fiscal Year Ended June 30, 2022

	<u>Major Component Units</u>		<u>Nonmajor Component Unit</u>	<u>Total</u>
	<u>Colorado River Commission</u>	<u>Nevada System of Higher Education</u>	<u>Nevada Capital Investment Corporation</u>	
Expenses	\$ 38,721,983	\$ 2,146,872,000	\$ 1,828,328	\$ 2,187,422,311
<i>Program revenue:</i>				
Charges for services	39,689,542	768,252,000	-	807,941,542
Operating grants and contributions	-	807,002,000	-	807,002,000
Capital grants and contributions	-	94,000	-	94,000
<b>Total program revenue</b>	<b>39,689,542</b>	<b>1,575,348,000</b>	<b>-</b>	<b>1,615,037,542</b>
<i>General revenues:</i>				
Unrestricted investment earnings (loss)	(544,653)	(118,692,000)	748,499	(118,488,154)
Other general revenues	148,783	7,866,000	-	8,014,783
Contributions to permanent funds	-	32,803,000	-	32,803,000
Payments from State of Nevada	-	661,276,000	-	661,276,000
<b>Total general revenues, contributions and payments</b>	<b>(395,870)</b>	<b>583,253,000</b>	<b>748,499</b>	<b>583,605,629</b>
Change in net position	571,689	11,729,000	(1,079,829)	11,220,860
Net position, July 1	7,558,583	2,920,041,000	6,245,265	2,933,844,848
<b>Net position, June 30</b>	<b>\$ 8,130,272</b>	<b>\$ 2,931,770,000</b>	<b>\$ 5,165,436</b>	<b>\$ 2,945,065,708</b>

The notes to the financial statements are an integral part of this statement.

## Notes to the Financial Statements

For the Year Ended June 30, 2022

### Note 1. Summary of Significant Accounting Policies

The accompanying financial statements of the State of Nevada (the State) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP), as prescribed by the Governmental Accounting Standards Board (GASB). GASB is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

#### A. Description of Government-wide Financial Statements

The Government-wide Financial Statements, which consist of the Statement of Net Position and the Statement of Activities, report information on all non-fiduciary activities of the primary government and its component units. All fiduciary activities, including component units that are fiduciary in nature, are reported only in the fund financial statements. Primary government activities are distinguished between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

#### B. Reporting Entity

For financial reporting purposes, the State's reporting entity includes the "primary government" and its "component units." The primary government includes all funds, departments, agencies, and those authorities that are considered an integral part of the State's activities. Component units are legally separate organizations for which the State's elected officials are financially accountable. The State's component units have a June 30 year-end.

The GASB has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and either: 1) the ability of the State to impose its will on that organization; or 2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the State. When the State does not appoint a voting majority of an organization's governing body, GASB requires inclusion in the reporting entity based on financial accountability if: 1) the organization is both fiscally dependent on the State and there is the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the State; or 2) it would be misleading to exclude the organization.

**Fiduciary Component Units:** The following fiduciary component units are legally separate from the State. The State is financially accountable for these organizations since it appoints the voting majority of the boards and is able to impose its will on them through the ability to remove appointed members of the organization's governing board. Since these component units are fiduciary in nature, they are included only in the fund financial statements with the primary government's fiduciary funds. Therefore, these component units are excluded from the government-wide financial statements.

The *Public Employees' Retirement System* (PERS), the *Legislators' Retirement System* (LRS) and the *Judicial Retirement System* (JRS) are administered by a seven-member board appointed by the Governor. PERS is the administrator of a cost-sharing, multiple-employer, defined benefit public employees' retirement system established to provide a reasonable base income to qualified employees who have been employed by a public employer and whose earning capacities have been removed or substantially impaired by age or disability. LRS is the administrator of a single-employer public employees' defined benefit retirement system established to provide a reasonable base income to Legislators at retirement. JRS is the administrator of an agent multiple-employer public employees' defined benefit retirement system established to provide a reasonable base income to justices of the Supreme Court, district judges, municipal court judges, and justices of the peace at retirement.

The *Retirement Benefits Investment Fund* (RBIF) was created for the sole purpose of providing an investment vehicle for monies belonging to either the State or local government other post employment benefit trust funds. RBIF is administered by the Retirement Benefits Investment Board, which consists of the same members as the Public Employees' Retirement Board.

**Blended Component Unit:** The *Nevada Real Property Corporation* (NRPC) is a legally separate organization. The State is financially accountable for NRPC since it appoints the board of directors, and NRPC provides a financial benefit to the State by providing financing services. NRPC was incorporated to finance certain construction projects which include office buildings, a transitional residential facility and a warehouse, all financed by the issuance of certificates of participation. Upon completion of

## Notes to the Financial Statements

For the Year Ended June 30, 2022

construction, the NRPC leases the facilities to the State. Since the NRPC provides financing services solely to the State, these financial transactions are reported as part of the primary government using the blended method.

**Discretely Presented Component Units:** A component unit should be included in the reporting entity financial statements using the discrete presentation method if the component unit's governing body is not substantively the same as the governing body of the primary government, the component unit does not provide services entirely or almost entirely to the primary government, and the component unit's total debt outstanding is not expected to be repaid entirely or almost entirely with resources of the primary government. The following discretely presented component units meet these criteria and are reported in a separate column in the government-wide financial statements to emphasize they are legally separate from the State.

The *Nevada System of Higher Education (NSHE)* is a legally separate organization consisting of the institutions of public higher education in Nevada, the NSHE Administration entity, and their component units. NSHE is governed by a Board of Regents elected by the voters. NSHE is considered to be fiscally dependent on the primary government since the State can modify and approve their budgets. In addition, NSHE imposes a financial burden on the primary government since the State provides financial support to NSHE through annual operating and capital appropriations.

The *Colorado River Commission (CRC)* is a legally separate organization responsible for managing Nevada's interests in the water and power resources available from the Colorado River. It is governed by seven commissioners, a majority of whom are appointed by the State: four are appointed by the Governor and three are appointed by the board of directors of the Southern Nevada Water Authority. The State is financially accountable for CRC since bonds issued by the CRC are backed by the full faith and credit of the State of Nevada, which creates the potential for a financial burden to the State. CRC provides services to citizens through the distribution and sale of electric power.

The *Nevada Capital Investment Corporation (NCIC)* is a legally separate organization whose board of directors consists of the State Treasurer, who serves as the chair; five members that are appointed by the primary government; and the Chancellor of NSHE, or his designee. Up to five additional members of the board may be chosen who are direct investors of the corporation. The NCIC is an independent corporation for public benefit, the general purpose of which is to act as a limited partner, shareholder or member to provide private equity funding to businesses located in or seeking to locate in Nevada, and engage in certain industries. The amount invested in the NCIC is not to exceed \$50 million from the State Permanent School Fund. The State is financially accountable for NCIC since it is able to impose its will through veto power by the State Treasurer.

Complete financial statements for each of the individual component units, with the exception of the *Nevada Real Property Corporation*, which has no other financial activity than that previously described, may be obtained at that organization's administrative offices:

*Public Employees' Retirement System*

*Carson City, NV*

*Legislators' Retirement System*

*Carson City, NV*

*Judicial Retirement System*

*Carson City, NV*

*Retirement Benefits Investment Fund*

*Carson City, NV*

*Nevada System of Higher Education*

*Reno, NV*

*Colorado River Commission*

*Las Vegas, NV*

*Nevada Capital Investment Corporation*

*Carson City, NV*

**Related Organizations:** The Governor is responsible for appointing the members of many boards and commissions. The State's accountability for these entities does not extend beyond making the appointments and thus these entities are excluded from this report. The State does not exercise financial or administrative control over the excluded boards and commissions.

## Notes to the Financial Statements

For the Year Ended June 30, 2022

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### C. Basis of Presentation

**Government-wide Financial Statements:** While separate government-wide and fund financial statements are presented, they are interrelated. On the government-wide financial statements, the governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the government's enterprise funds. Separate fund financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. As discussed earlier, the State has three discretely presented component units which are shown in a single column in the government-wide financial statements.

In general, the effect of interfund activity has been removed from the government-wide financial statements. Overhead costs have been removed to minimize the double counting of internal activities, but interfund services provided and used have been retained, as their elimination would distort the measurement of the cost of individual functional activities. Internal activities of a reimbursement type nature reduce the expenses of the reimbursed programs. Certain centralized costs have been included as part of the program expenses reported for the various functions and activities. The net amount of interfund receivables and payables between governmental activities and business-type activities are reported as internal balances on the government-wide statement of net position. The net amount of transfers between governmental activities and business-type activities are reported as transfers on the government-wide statement of activities.

**Fund Financial Statements:** The fund financial statements provide information about the government's funds, including its fiduciary and blended component units. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide statements. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements. All remaining governmental and enterprise funds are aggregated and reported as non-major funds.

The State reports the following major governmental funds:

*General Fund* – this is the State's primary operating fund. It accounts for all financial resources of the general government except those accounted for in another fund.

*State Education Fund* - accounts for a combination of State and local revenues to be used for the basic support guarantee per pupil that is established by the Legislature each biennium.

The State reports the following major enterprise funds:

*Higher Education Tuition Trust Fund* – accounts for the State program to assist Nevada residents in locking in the cost of future higher education expenses for Nevada colleges and universities. This program is financed through the sale of prepaid tuition contracts.

*Housing Division Fund* - accounts for the State program to assist private lenders in providing low interest housing loans to low- and moderate-income households. This program is financed through the sale of bonds.

*Unemployment Compensation Fund* - accounts for the payment of unemployment compensation benefits.

*Water Projects Loans Fund* - accounts for revenues and expenses associated with operating a revolving fund to finance local government pollution control projects, and with operating revolving and set-aside program funds to finance local public water systems' safe drinking water projects.

Additionally, the State reports the following fund types:

*Internal Service Funds* - provides goods or services primarily to other agencies or funds of the State rather than to the general public. These goods and services include accounting, communications, information technology, fleet services, personnel, printing, property management, purchasing and risk management. In the government-wide statements, internal service funds are included with governmental activities.

*Pension and Other Employee Benefit Trust Funds* - report resources that are required to be held in trust for the members and beneficiaries of the State's defined benefit pension plans and other post-employment benefit plans.

*Investment Trust Funds* - report resources received from local governments that are either pooled in an external investment portfolio for the benefit of all participants or separated into subaccounts of identified investments allocated to specific

## Notes to the Financial Statements

For the Year Ended June 30, 2022

participating local governments. Examples include the Local Government Investment Pool, the Nevada Enhanced Savings Term and the Retirement Benefits Investment Fund.

*Private Purpose Trust Funds* - report resources of all other trust arrangements in which principal and income benefit individuals, private organizations, or other governments. Examples include the Prisoners' Personal Property and the Nevada College Savings Plan.

*Custodial Funds* - report fiduciary activities not held in a trust or equivalent arrangement. Examples include motor vehicle and child support disbursement.

### D. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured, such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of cash flows. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when susceptible to accrual; that is, when they become both measurable and available. "Measurable" means the amount of the transaction can be determined, and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The State considers revenues to be available if they are collected within 60 days after year-end. Those revenues susceptible to accrual are gaming revenues, sales taxes, other taxes as described in Note 14, interest revenue and charges for services. Fines and permit revenues are not susceptible to accrual because they are generally not measurable until received in cash.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments are recorded only when payment is due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under finance agreements and leases are reported as other financing sources.

The proprietary, pension and other employee benefit trust, investment trust, private-purpose trust and custodial funds are reported using the economic resources measurement focus and the accrual basis of accounting.

### E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance

*Cash and Pooled Investments* - The State Treasurer manages a cash pool where all temporary surplus cash is invested. These investments are reported on the Statement of Net Position and Balance Sheet as cash and pooled investments. Earnings from these pooled investments are credited to the General Fund and certain other funds that have specific statutory authority to receive a prorated share based on daily cash balances. Also included in this category is cash held by departments as petty cash funds and in bank accounts, outside the Treasurer's cash management pool. The operations and investments of the cash pool are described in Note 3.

Cash and cash equivalents are defined as bank accounts, petty cash, money market demand accounts and certificates of deposit with original maturities of three months or less. Cash and cash equivalents are reported in the Statement of Cash Flows for proprietary fund types.

*Investments* - Investments are stated at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Short-term investments are generally reported at cost, which approximates fair value, except for the short-term investments of the Nevada College Savings Plan that are valued at amortized cost, which approximates fair value. Securities, traded on a national or international exchange, are valued at the last reported sale price at current exchange rates. Fixed income securities are valued based on yields currently available on comparable securities of issuers with similar credit ratings. The fair value of real estate investments is established by independent third party valuation firm in conjunction with Member Appraisal Institute (MAI) independent appraisals. Investments that do not have an established market are reported at estimated fair value.

## Notes to the Financial Statements

For the Year Ended June 30, 2022

The Local Government Investment Pool, the Nevada Enhanced Savings Term Investment Trust and the Retirement Benefits Investment Fund are reported as investment trust funds. The investments of the Local Government Investment Pool and the Nevada Enhanced Savings Term Investment Trust are subject to the general limitations of NRS 355.170. The investments of the Retirement Benefits Investment Fund are governed by the prudent person standard, as set forth by NRS 286.682. Security transactions are accounted for on the trade date (the date the order to buy or sell is executed). Interest income is determined on an accrual basis with discounts earned and premiums paid being amortized. Realized gains and losses, if any, on sales of securities are calculated using the amortized cost basis at the date of sale. The fair value of the position in the pool is the same as the value of the pool shares. The Bank of New York Mellon is the custodian and transfer agent for the Local Government Investment Pool, the Nevada Enhanced Savings Term Investment Trust and the Retirement Benefits Investment Fund.

*Receivables* - Receivables represent amounts due to the State at June 30, which will be collected sometime in the future. In the government-wide financial statements, a corresponding amount is recorded as revenue. In the governmental fund financial statements, the portions considered "available" (i.e., received by the State within approximately 60 days after year-end) are recorded as revenue; the remainder is recorded as deferred inflows of resources, unavailable revenue. Receivables in proprietary fund types have arisen in the ordinary course of business. All receivables are shown net of an allowance for uncollectible accounts. Significant receivable balances not expected to be collected within one year are presented in Note 4.

*Lease Receivables* - Lease receivables are recorded by State at the present value of future lease payments expected to be received from the lessee during the lease term, reduced by any provision for estimated uncollectible amounts. Lease receivables are subsequently reduced over the life of the lease as cash is received in the applicable reporting period. The present value of future lease payments to be received are discounted based on the interest rate that the State charges the lessee. Lease receivables are presented in Note 4.

*Interfund Transactions* - The State has two types of interfund transactions:

1. Services rendered and employee benefit contributions are accounted for as revenues, expenditures/expenses in the funds involved.
2. Operating appropriations and subsidies are accounted for as transfers in the funds involved.

Due from/due to other funds and transfers are presented in Note 5.

*Inventories* - In general, inventories in governmental funds are recorded as expenditures when purchased; however, certain inventories in the General Fund, the Highway Fund, and nonmajor governmental funds are recorded as expenditures at the time individual inventory items are consumed. Inventories are stated at cost on the first-in, first-out basis. Inventory items in the governmental funds are offset by nonspendable fund balance to indicate that they will not be converted to cash.

*Prepaid Items* - Prepaid items reflect payments for costs applicable to future accounting periods and are recorded in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased. Prepaid items in the governmental funds are offset by nonspendable fund balance to indicate that they will not be converted to cash.

*Advances to Other Funds* - Long-term interfund advances are recorded by the advancing fund as a receivable. These amounts are reported in the nonspendable fund balance in the General Fund to maintain the accountability and to disclose properly the amount available for appropriation. In other governmental funds this amount will be reported in restricted, committed, or assigned fund balances. Repayments are credited to the receivable and corresponding reductions are made in the appropriate fund balance. A summary of interfund advances is presented in Note 5.

*Capital Assets and Depreciation* - An inventory of State-owned land, buildings and equipment was developed in 1985. All capital assets are recorded in the Statement of Net Position at historical cost or estimated historical cost, based on acquisition of comparable property or agency records, if actual historical cost is not available. Donated capital assets are stated at acquisition value at time of donation. The government defines capital assets as assets with a unit cost of \$5,000 or more for furniture and equipment, or \$500,000 or more for buildings and improvements or \$1,000,000 or more for internally generated software, and an estimated useful life in excess of one year. Interest incurred during construction is only capitalized in proprietary funds.

Most capital assets are depreciated principally on a straight-line basis over estimated useful lives of 40 years for structures and 3 to 30 years for improvements, furniture and equipment. The State's significant infrastructure assets utilize the modified approach in which costs to maintain and preserve these assets are expensed and no depreciation expense is recorded. This



## Notes to the Financial Statements

For the Year Ended June 30, 2022

approach is discussed further in the Required Supplementary Information portion of this report.

In the Nevada System of Higher Education, capital assets are defined as assets with an initial unit cost of \$5,000 or more and an estimated useful life in excess of one year. Such assets are stated at cost at the date of acquisition. Collections are capitalized at the acquisition value at the date of donation. Depreciation is computed on a straight-line basis over estimated useful lives of 40 years for buildings, 10 to 15 years for land improvements and 3 to 11 years for library books, machinery and equipment. Additional disclosure related to capital assets is provided in Note 7.

Right to use leased assets are recognized at the lease commencement date and represent the State's right to use an underlying asset for the lease term. Right to use leased assets are measured at the initial value of the lease liability plus any payments made to the lessor before commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term, plus any initial direct costs necessary to place the leased asset into service. Right to use leased assets are amortized over the shorter of the lease term or useful life of the underlying asset using the straight-line method.

*Compensated Absences* – A liability for compensated absences relating to services already rendered and that are not contingent on a specified event is accrued as employees earn the rights to the benefits. Compensated absences relating to future services or that are contingent on a specified event will be accounted for in the period those services are rendered or those events take place. Proprietary fund types report accrued compensated absences as liabilities in the appropriate funds. Governmental funds report a liability and expenditure for compensated absences only if the liability has matured as a result of employee resignations or retirements. Thus no expenditure would be recognized in governmental funds for the unpaid balance of compensated absences for employees still in active service at the end of the reporting period. On the Statement of Net Position, the accrued compensated absences for both proprietary and governmental fund types is reported.

*Long-Term Obligations* - In the government-wide statements and proprietary fund financial statements, long-term debt and other long-term liabilities are reported as liabilities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds, are reported as debt service expenditures. Long-Term Obligations are more fully described in Note 9.

Lease liabilities represent the State's obligation to make lease payments arising from the lease contract. Lease liabilities are recognized at the lease commencement date based on the present value of future lease payments expected to be made during the lease term. The present value of lease payments are discounted based on a borrowing rate determined by the State. Additional disclosure related to lease liabilities is provided in Note 9.

*Deferred Outflows/Inflows of Resources* – In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources, which represents a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. An example is the deferred charge on refunding which results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources, which represents an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. An example is unavailable revenue, reported in the governmental funds balance sheet when revenue is measurable but not available. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Deferred inflows of resources related to leases where the State is the lessor are reported in the governmental funds balance sheet and statement of net position. The deferred inflows of resources related to leases are recognized as an inflow of resources (revenue) on the straight-line basis over the term of the lease.

*Net Position/Fund Balance* - The difference between fund assets, deferred outflows of resources, liabilities and deferred inflows of resources is "Net Position" on the government-wide, proprietary and fiduciary fund statements, and "Fund Balance" on governmental fund statements.

## Notes to the Financial Statements

For the Year Ended June 30, 2022

In governmental fund financial statements, fund balances are classified based primarily on the extent to which the State is bound to observe constraints imposed upon the use of the resources in the fund as follows:

1. Nonspendable fund balance includes items that cannot be spent because they are either not in spendable form (such as inventories, prepaid amounts and the long-term portion of loans/notes receivables) or legally or contractually required to be maintained intact (such as the principal of a permanent fund).
2. Restricted fund balances have constraints placed upon the use of the resources either by an external party or imposed by law through constitutional provisions or enabling legislation.
3. Committed fund balances can be used only for specific purposes pursuant to constraints imposed by a formal action of the government's highest level of decision-making authority, the Nevada Legislature, through legislation passed into law.
4. Assigned fund balance includes amounts that are constrained by the government's intent to be used for a specific purpose, but are neither restricted nor committed. Assignments of fund balance are created by the executive branch.
5. Unassigned fund balance is the residual amount of the General Fund not included in the four categories above. Also, any deficit fund balances within the other governmental fund types are reported as unassigned.

Each fund has been analyzed for proper classification of fund balance. Funds are created by the Legislature and money is authorized to be transferred to the fund for a particular purpose. Balances in the Legislatively created funds are at least committed, and may be further restricted depending on whether there is an external party, constitutional provision, or enabling legislation constraint involved. Note 13 provides a disaggregation of governmental fund balances, nonspendable, restricted, committed, and unassigned.

*Net Position/Fund Balance Flow Assumptions* - The State's policy is to spend restricted amounts first when an expenditure/expense is incurred for purposes for which both restricted and unrestricted resources are available. Therefore, restricted net position/fund balance is depleted before using unrestricted net position/fund balance. In governmental funds, when an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, the assumed order of spending is first committed, assigned and then unassigned.

*Minimum Fund Balance Policy* - NRS 353.213(3) requires that the proposed budget for each fiscal year of the biennium provide for a reserve of not less than 5% or more than 10% of the total of all proposed appropriations from the State General Fund for the operation of all departments, institutions and agencies of the State and authorized expenditures from the State General Fund for the regulation of gaming for that fiscal year.

*Stabilization Arrangement* - NRS 353.288 provides for the Account to Stabilize the Operation of the State Government (Stabilization Account) in the State General Fund. Additions to the stabilization arrangement are triggered at the end of a fiscal year if the General Fund unrestricted fund balance (budgetary basis) exceeds 7% of General Fund operating appropriations. Forty percent of the excess is deposited to the Stabilization Account, and is classified on the balance sheet as committed for fiscal emergency. Additionally, commencing with the fiscal year that began on July 1, 2017, 1% of the total anticipated revenue for the fiscal year in which the transfer will be made as projected by the Economic Forum for that fiscal year, is also deposited to the Stabilization Account. Expenditures may occur if actual revenues for the biennium fall short by 5% or more from anticipated revenues, if the Legislature and Governor declare that a fiscal emergency exists or if the Legislature allocates it to be used for any other purpose. The balance in the Stabilization Account committed for fiscal emergency at June 30, 2022 is \$856,960,782.

*Pensions* - For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the PERS, LRS and JRS and additions to/deductions from the plans fiduciary net position have been determined on the same basis as they are reported by PERS, LRS and JRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

*Postemployment Benefits Other than Pensions (OPEB)* - For purposes of measuring the State's net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the State's OPEB plan and additions to/deductions from the OPEB plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, 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. Plan assets are reported at fair value.

## Notes to the Financial Statements

For the Year Ended June 30, 2022

*Implementation of GASB Statement No. 87* - As of July 1, 2021, the State adopted GASB Statement No. 87, *Leases*. The implementation of this standard establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Where the State is the lessor, the standard requires the recognition of a lease receivable and deferred inflow of resources. The standard also requires recognition of certain right to use leased assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. As a result of implementing this standard, the State recognized a right to use asset and lease liability of \$216,246,267 and \$216,246,267 as of July 1, 2021, respectively. The State also recognized lease receivables and deferred inflows of resources of \$5,944,502 and \$5,944,502, respectively. As a result of these adjustments, there was no effect on beginning net position. The additional disclosures required by this standard are included in Notes 4, 7, 8, and 9.

### F. Revenues and Expenditures/Expenses

*Program Revenues* - In the government-wide statement of activities, program revenues include: 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not meeting the definition of program revenues are instead reported as general revenues.

*Property Taxes* - Property taxes are recognized as revenues in the year for which they are levied. Property taxes are levied July 1 on property values assessed by the prior January 1. Property tax billings are payable in quarterly installments on the third Monday in August and the first Monday in October, January and March, after which time the bill is delinquent.

*Grants* - The State participates in various federal award programs which are received in both cash and noncash forms. Grants and other entitlements are recognized as revenues when all eligibility requirements are met, including any time requirements, and the amount is received within 60 days after year-end. Federal reimbursement type grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received within 60 days after year-end. Certain grants have matching requirements in which the State must contribute a proportionate share of the total costs of a program. Use of grant resources is conditioned upon compliance with terms of the grant agreements and applicable federal regulations, which include subjecting grants to financial and compliance audits.

*Proprietary Funds Operating and Nonoperating Revenues and Expenses* - Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal, ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

## Note 2. Budgetary and Legal Compliance

### Budgetary Process and Control

The Governor must submit his proposed budget for the Executive Branch to the State Legislature not later than 14 calendar days before each regular session, which convenes every odd-numbered year. The presented budget spans the next two fiscal years and contains the detailed budgetary estimates of revenues and expenditures. The Legislature enacts the budget through passage of the General Appropriations Act, which allows expenditures from unrestricted revenues, and the Authorized Expenditures Act, which allows expenditures from revenues collected for specific purposes. Once passed and signed, the budget becomes the State's financial plan for the next two fiscal years.

The legal level of budgetary control, the level at which appropriations are approved and the level at which over-expenditure of appropriations or transfers of appropriated amounts may not occur without Legislative action, is at the total program level within each department or agency.

Limited budgetary revisions may be made without Legislative action through the following management/administrative procedures. After obtaining the approval of the Governor, or his designee, the Budget Director, Legislative Interim Finance Committee (LIFC) approval is required of those revisions in excess of \$30,000 which have the effect, when taken into consideration with all other changes during the fiscal year, of increasing or decreasing any legislatively approved expenditure level by 10% or \$75,000, whichever is less. Revisions not exceeding this threshold require only Budget Director approval. The LIFC approval is not equivalent to governing body approval, as total appropriations for a program may not be increased

## Notes to the Financial Statements

For the Year Ended June 30, 2022

except as follows. The Legislature appropriates limited funds to the Contingency Account, in the General Fund, which may be allocated to programs by the LIFC upon recommendation of the Board of Examiners. Allocations totaling \$21,828,732 were made in the 2022 fiscal year. Unencumbered appropriations lapse at the end of each fiscal year unless specific authority to carry forward is granted in the Appropriations Act. Unexpended authorized resources, under the Authorized Expenditures Act, are carried forward for expenditure in the next fiscal period.

Budgets are legally adopted for the General Fund and Special Revenue Funds, except for the Nevada Real Property Corporation special revenue fund. In addition, certain activity within such funds may be unbudgeted. The State's budget is prepared principally on a modified accrual basis with the following exceptions:

1. Cash placed in petty cash funds or outside bank accounts is considered expended for budgetary purposes.
2. Advances to other funds are considered expenditures. Repayments of such advances are considered revenues.
3. Certain assets, such as prepaid items, are considered expended for budgetary purposes. Inventory is an expenditure for budgetary purposes. Certain unearned revenue is considered revenue for budgetary purposes.
4. Expenditures are only recognized if the liability is liquidated within 45 days after the fiscal year end.
5. Revenue from grants is only recognized when it is received in cash.
6. Encumbrances for goods or services not received by fiscal year-end are considered an expenditure of the current period if received and paid within 45 days.

The Budgetary Comparison Schedule is presented as Required Supplementary Information (RSI) in this report. Actual amounts in this schedule are presented on a budgetary basis. Because this basis differs from accounting principles generally accepted in the United States of America (GAAP), a reconciliation between the budgetary and GAAP basis is presented in the RSI.

### Note 3. Deposits and Investments

The Nevada Revised Statutes (NRS) and Nevada Administrative Code, as well as procedures approved by the State Board of Finance, govern deposits and investing activities for the primary government, fiduciary funds and its discretely presented component units which are not expressly required by law to be received and kept by another party. NRS 226.110(3) further requires that the Office of the State Treasurer shall establish the policies to be followed in the investment of money of the State of Nevada.

#### A. Deposits

*Primary Government and Fiduciary Funds* - The State minimizes its custodial credit risk by legislation establishing a program to monitor a collateral pool for public deposits. Custodial credit risk for deposits is the risk that in the event of a bank failure, the State's deposits may not be recovered. NRS 356 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 the Federal Depository Insurance Corporation (FDIC) 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% pledged collateral for all public deposits. As of June 30, 2022, cash in bank was \$231,165,760 of which \$123,134,283 was collateralized and \$104,349,922 was uncollateralized and uninsured. In addition, some cash in bank was insured by other insurances that are not FDIC, including \$250,000 insured by American Share Insurance, \$22,005 insured by Excess Share Insurance Corporation, and \$57,900 insured by Securities Investor Protection Corporation.

*Component Units* - Cash and cash equivalents of the Nevada System of Higher Education (NSHE) are stated at cost, which approximates market, and consist of deposits in money market funds, which are not federally insured, and cash in the bank. At June 30, 2022 NSHE's deposits in money market funds totaled \$218,232,000 and cash in bank was \$1,732,000. Of these balances, \$250,000 are covered by FDIC; the remaining deposits are uncollateralized and uninsured.

#### B. Investments

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, municipal bonds, money market mutual 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-

## Notes to the Financial Statements

For the Year Ended June 30, 2022

repurchase agreements. The State's Permanent School Fund is further limited by statute as to the types of investments in which it may invest (NRS 355.060). Cash and Investments are also discussed in Note 1 under Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance.

The State Board of Finance reviews the State's investment policies at least every four months. The Board is comprised of the Governor, the State Controller, the State Treasurer and two members appointed by the governor, one of which must be actively engaged in commercial banking in the State.

Investments held in the Local Government Investment Pool (LGIP), Retirement Benefits Investment Fund (RBIF), and Nevada Enhanced Savings Term (NVEST) are specifically identifiable investment securities and are included in the following tables. LGIP, RBIF, and NVEST are investment trust funds and discussed further in Note 1, Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance. LGIP and NVEST are governed by the Nevada State Board of Finance and administered by the Nevada State Treasurer. Complete financial statements for LGIP may be obtained from the State Treasurer's Office, 101 N. Carson Street, Suite 4, Carson City, NV 89701. RBIF is administered by the Retirement Benefits Investment Board. The audited financial statements of RBIF may be obtained from the Public Employees' Retirement System, 693 West Nye Lane, Carson City, Nevada 89703.

The College Savings Plan of Nevada was created under Title 31, Chapter 353B of the Nevada Revised Statutes, as amended, to encourage individuals and families to save for future costs of higher education. The plan is designed to qualify for treatment as a qualified tuition program under Section 529 of the Internal Revenue Code of 1986, as amended, and any regulations and other guidance issued thereunder. Plan assets are held for the benefit of account owners and their designated beneficiaries in the Nevada College Savings Trust. The Board of Trustees is responsible for the overall administration of the program, subject to implementing regulations set forth in the Nevada Administration Code. Pursuant to NRS 353B.005 the Board of Trustees consists of five members, the State Treasurer, who may name a designee to serve on the Board on his or her behalf; the Director of the Office of Finance, or designee; the Chancellor of the System, or a designee; and two members appointed by the Governor. The State of Nevada, acting through the Board of the College Savings Plan, and acting by and through its Administrator, the State Treasurer, offers and administers the various plans.

**Interest Rate Risk:** Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

*Primary Government and Fiduciary Funds* - The State minimizes interest rate risk by maintaining an effective duration of less than 1.5 years and holding at least 25% of the portfolio's total market value in securities with a maturity of 12 months or less. However, the benchmark used by the State Treasurer to determine whether competitive market yields are being achieved is the 90 day U.S. Treasury Bill's average over the previous three month period (Rolling 90 day T-Bill). Investment policies for the pension and other employee benefit trust funds authorize all securities within the Barclays Aggregate Index benchmark. If securities are purchased outside the Barclays U.S. Treasury Index, they must be of investment grade rating by at least two of the following: Moody's, Standard & Poor's or Fitch (BBB- or better by Standard & Poor's/Fitch, Baa3 or better by Moody's) except those issued or guaranteed by the U.S. Government or its agencies. The following table provides information about the interest rate risks associated with the State's investments as of June 30, 2022 (expressed in thousands):

	Fair Value	Maturities in Years			
		Less Than 1	1-5	6-10	More Than 10
Asset backed corporate securities	\$ 81,557	\$ 3,793	\$ 21,507	\$ 35,672	\$ 20,585
Collateralized mortgage obligations	820,870	4,994	21,890	151,984	642,002
Commercial paper	2,068,790	2,068,790	-	-	-
Corporate bonds and notes	1,484,566	282,969	1,170,163	24,811	6,623
Money market mutual funds	2,932,722	2,932,722	-	-	-
Negotiable certificate of deposit	1,744,982	1,744,982	-	-	-
Other investments	213,486	120,278	93,052	-	156
Repurchase agreements	800,000	800,000	-	-	-
Short-term investments	319,129	319,129	-	-	-
U.S. agencies	832,749	554,558	189,964	-	88,227
U.S. agencies explicitly guaranteed	174,648	-	-	-	174,648
U.S. Treasury securities	16,255,014	486,911	10,091,084	2,764,824	2,912,195
<b>Total</b>	<b>\$ 27,728,513</b>	<b>\$ 9,319,126</b>	<b>\$ 11,587,660</b>	<b>\$ 2,977,291</b>	<b>\$ 3,844,436</b>

## Notes to the Financial Statements

For the Year Ended June 30, 2022

*Private Purpose Trust Fund* - Nevada College Savings Plan, a private purpose trust, currently has no formal investment policy with regard to interest rate risk for the investments. The security portfolios held by Vanguard, USAA, Upromise, Putnam and Wealthfront have various maturities from 4 days to 13.46 years and are not included in the table above.

*Component Unit* – The Nevada System of Higher Education’s (NSHE) policy for reducing its exposure to interest rate risk is to have an average investment life of at least two years for fixed income securities within both the endowment and operating investment pools. With regard to the trusts included in endowment investments, NSHE is not the trustee of these investments and, therefore, currently has no policies with regard to interest rate risk for these investments. Investments having interest rate risk are principally invested in mutual funds and private commingled funds. The following table provides the segmented time distribution for these investments at June 30, 2022 (expressed in thousands):

Less than 1 year	\$	88,333
1 to 5 years		151,736
6 to 10 years		181,978
<b>Total</b>	<b>\$</b>	<b>422,047</b>

**Credit Risk:** Credit risk for investments is the risk that an issuer or other counterparty to an investment will not fulfill its obligations to the State and custodial credit risk for investments is the risk that, in the event of failure of the counterparty to a transaction, the State will not be able to recover the value of investment or collateral securities that are in the possession of an outside party.

*Primary Government and Fiduciary Funds* - NRS 355.140, the State Treasurer’s investment policy, and investment policies of the pension and other employee benefit trust and investment trust funds all address credit risk. A summary of the policies is presented as follows:

- Commercial paper, Negotiable Certificates of Deposit, and Bankers’ Acceptances are rated by a nationally recognized rating service as “A-1,” “P-1” or its equivalent, or better,
- Notes, bonds and other unconditional obligations issued by corporations in the U.S. and municipal bonds (effective September 2011) are rated by a nationally recognized rating service as “A” or its equivalent, or better,
- Money market mutual funds are SEC registered 2(A)7 and rated by a nationally recognized rating service as “AAA” or its equivalent,
- Collateralized mortgage obligations and asset-backed securities are rated by a nationally recognized rating service as “AAA” or its equivalent,
- Repurchase agreements with banks or registered broker-dealers provided the agreement is collateralized by 102% with U.S. Treasuries or U.S. government agency securities on a delivery basis.

In addition to the above provisions, investment policies for the pension and other employee benefit trust funds allow investment in corporate bonds, assets related instruments, and foreign debt issued in the U.S. rated by at least two of the following: Moody’s, Standard & Poor’s, or Fitch (BBB- or better by Standard & Poor’s/Fitch, Baa3 or better by Moody’s). Investments having credit risk are included in the table below.

The State’s investments as of June 30, 2022 were rated by Standard & Poor’s and/or an equivalent national rating organization, and the ratings are presented below using the Standard & Poor’s rating scale (at fair value, expressed in thousands):

## Notes to the Financial Statements

For the Year Ended June 30, 2022

	Quality Rating							
	AAA	AA	A	BBB	BB	B	CCC	Unrated
Asset backed corporate securities	\$ 55,073	\$ 4,114	\$ 6,159	\$ 1,736	\$ 194	\$ 230	\$ 735	\$ 13,316
Collateralized mortgage obligations	202,827	168,759	-	-	-	-	-	449,284
Commercial paper	-	-	1,598,132	-	-	-	-	-
Corporate bonds and notes	39,051	363,831	875,976	201,660	2,176	-	-	1,872
Equity securities	-	-	-	-	-	-	-	31,673,366
Money market mutual funds	1,424,673	-	-	-	-	-	-	1,508,049
Mutual funds and ETFs	12,029	-	-	59,521	31,348	-	-	32,239,222
Negotiable certificate of deposit	-	-	1,466,015	-	-	-	-	-
Other investments	153,171	-	59,817	-	-	-	-	498
Private equity	-	-	-	-	-	-	-	4,955,747
Real estate	-	-	-	-	-	-	-	3,471,506
Repurchase agreements	-	-	-	-	-	-	-	800,000
Short-term investments	213,130	200	-	-	-	-	-	98,499
U.S. agencies	102,154	301,855	223,397	-	-	-	-	57,778
<b>Total</b>	<b>\$ 2,202,108</b>	<b>\$ 838,759</b>	<b>\$ 4,229,496</b>	<b>\$ 262,917</b>	<b>\$ 33,718</b>	<b>\$ 230</b>	<b>\$ 735</b>	<b>\$ 75,269,137</b>

The primary government holds \$16,429,661,620 in U.S. Treasuries and U.S. Agencies explicitly guaranteed. There is no credit risk assigned to these securities as these are explicitly guaranteed by the U.S. Government.

Short-term ratings are generally assigned to securities that originally mature within 365 days. A short-term rating of A-1 is rated in the highest category by Standard and Poor with a plus sign (+) indicating that the obligor's capacity to meet its financial commitment is extremely strong. In general, an A-1+ rating is equivalent to AA - AAA long-term ratings, whereas an A-1 rating is generally equivalent to an A long-term rating. The State has short-term ratings that are not included in the Quality Rating table above, as follows (at fair value, expressed in thousands):

	Short-term Ratings			
	A-1+	A-1	A-2	P-1
Commercial paper	\$ 131,070	\$ 339,588	\$ -	\$ -
Negotiable certificates of deposit	154,377	124,590	-	-
Short-term investments	23,935	103,107	1,349	1,585
U.S. agencies	147,565	-	-	-
<b>Total</b>	<b>\$ 456,947</b>	<b>\$ 567,285</b>	<b>\$ 1,349</b>	<b>\$ 1,585</b>

*Component Unit* – The NSHE's policy for reducing its exposure to credit risk is to maintain a weighted average credit rating of AA or better, and never below A, for investments with credit risk within both the endowment and operating investment pools. With regard to the trusts included in endowment investments, NSHE is not the trustee of these investments and therefore, it currently has no policies with regard to credit risk for these investments. The credit risk profile for NSHE operating and endowment investments at June 30, 2022 is as follows (at fair value, expressed in thousands):

	Unrated
Mutual funds publicly traded	\$ 439,166
Partnerships	109,163
Endowment cash/cash equivalents	225,014
Trust(s)	4,105
Private commingled funds	389,511
	1,166,959
Less: GBC Foundation Endowments	(8,941)
<b>Total</b>	<b>\$ 1,158,018</b>

**Custodial Credit Risk:** Custodial credit risk is the risk that in the event of the failure of the custodian, the investment may not be returned.

*Primary Government and Fiduciary Funds* - The Office of the State Treasurer's Office's investment policies do not contain any specific language regarding custodial credit risk. As of June 30, 2022, \$130,000 of long-term time deposits in the outside bank accounts of the primary government is uninsured and uncollateralized, therefore, exposed to custodial credit risk.

The Housing Division has investments exposed to custodial credit risk. These investments may be uninsured and unregistered investments for which the securities are held by a counterparty or by its agent or trust department, but not in the Division's name. The Division's policy limits the risk by diversifying the number of money market funds utilized. No securities backing

## Notes to the Financial Statements

For the Year Ended June 30, 2022

money market funds, into which the Housing Division invests, are currently held by the agency's bond trustee.

*Private Purpose Trust Fund* - Nevada College Savings Plan, a private purpose trust, currently has no formal investment policy with regard to custodial credit risk for the investments. The investments in the Vanguard Short-Term Reserves Account include \$4,125,127,000 related to funding agreements with insurance companies that are uncollateralized and, therefore, exposed to custodial credit risk. Vanguard mitigates the risk by monitoring the credit quality of each counterparty throughout the term of the investment.

**Concentration of Credit Risk:** Concentration of credit risk is the risk of loss that may be attributed to the magnitude of a government's investment in a single issuer.

*Primary Government and Fiduciary Funds* - The NRS 355.140, 355.060, and the State Treasurer's investment policy limit the investing in any one issuer to 5% of the total par value of the portfolio. At June 30, 2022, no individual investment exceeded 5% of the total portfolio of the primary government.

At June 30, 2022, the following investments exceeded 5% of the Higher Education Tuition Trust's total investments (expressed in thousands):

	<u>Fair Value</u>	<u>Percentage</u>
Federal National Mortgage Association - Mortgage Backed Security	\$ 19,596	5.61%

The Housing Division currently places no limit on the amount it may invest in any one issuer provided their ratings are in the highest two general rating categories. However, the Housing Division monitors rating changes on all issuers. If warranted, more concentrated investments may have to be diluted to alternative investment providers. As of June 30, 2022, the Housing Division's investments in Fannie Mae and Ginnie Mae are 10.84% and 32.22% respectively, of the Housing Division's total investments. The Fannie Mae and Ginnie Mae investments are in mortgage backed securities matched to the interest rate and maturity of the underlying bonds. Because such investments are matched to concomitant liabilities, the Housing Division is less concerned about a concentration risk on these investments.

*Component Unit* - The Nevada Capital Investment Corporation (NCIC) owns 99% equity interest in Silver State Opportunities Fund LLC (SSOF), a Nevada limited liability company, and 99.9% equity interest in Accion 2017G, LLC, (which later changed its name to Dreamspring 2017G, LLC), a New Mexico limited liability company, for the purpose of obtaining income. At June 30, 2022 the investment in equity interest of SSOF and Dreamspring exceeded 5% of NCIC's total investments.

**Foreign Currency Risk:** Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit.

*Primary Government and Fiduciary Funds* - The primary government does not have a policy regarding foreign currency risk; however, the State Treasurer's office does not have any deposits or investments in foreign currency. The PERS, LRS, JRS, and RBIF do have foreign currency policies for deposit and investments, which may be used for portfolio diversification and hedging. Highly speculative positions in currency are not permitted. LRS and JRS had no exposure to foreign currency risk as of June 30, 2022. The following table summarizes the pension and investment trust funds' exposure to foreign currency risk in U.S. dollars as of June 30, 2022 (expressed in thousands):

	<u>Currency by Investment and Fair Value</u>				
	<u>Equity</u>	<u>Private Equity</u>	<u>Pending Transactions</u>	<u>Cash</u>	<u>Total</u>
Australian Dollar	\$ 591,583	\$ -	\$ (1,400)	\$ 2,144	\$ 592,327
British Pound Sterling	1,282,998	59,400	(1,000)	2,050	1,343,448
Canadian Dollar	1,051,344	-	(1,000)	816	1,051,160
Danish Krone	222,780	-	(100)	202	222,882
Euro	2,519,886	476,100	(2,000)	1,247	2,995,233
Hong Kong Dollar	258,033	-	(100)	314	258,247
Israeli Shekel	40,810	-	(100)	217	40,927
Japanese Yen	1,795,829	-	(2,700)	6,276	1,799,405
New Zealand Dollar	14,106	-	100	105	14,311
Norwegian Krone	65,355	-	(100)	114	65,369
Singapore Dollar	101,111	-	-	17	101,128
Swedish Krona	272,555	-	(100)	116	272,571
Swiss Franc	844,806	-	(100)	201	844,907
<b>Total</b>	<u>\$ 9,061,196</u>	<u>\$ 535,500</u>	<u>\$ (8,600)</u>	<u>\$ 13,819</u>	<u>\$ 9,601,915</u>



## Notes to the Financial Statements

For the Year Ended June 30, 2022

*Private Purpose Trust Fund* - Nevada College Savings Plan, a private purpose trust, currently has no formal investment policy with regard to foreign currency risk for the investments. The Plan consist of Vanguard College Savings Plan, USAA Education Savings Plan, Upromise College Fund Plan, Putnam for America Plan, and Wealthfront College Savings Plan which all state that there are certain inherent risks involved when investing in international securities through mutual funds that are not present with investments in domestic securities, such as foreign currency exchange rate fluctuations, adverse political and economic developments and possible prevention or delay of currency exchange due to foreign governmental laws or restrictions. The investments held in Putnam for America Plan consist of the portfolios managed and sponsored by Putnam Investment Management, Putnam Mutual Funds, and non-Putnam Mutual Funds. Both mutual funds pose no foreign currency risk. The following table summarizes foreign currency risk for the GAA portfolios in U.S. dollars as of June 30, 2022 (expressed in thousands):

	<u>Currency at Fair Value</u>
Australian Dollar	\$ 1
British Pound	3
Hong Kong Dollar	9
Japanese Yen	18
Swedish Krona	1
Swiss Franc	2
<b>Total</b>	<u>\$ 34</u>

*Component Unit* - The NSHE does not directly invest in foreign currency investments and is therefore not subject to foreign currency risk. However, it has \$211,460 in mutual funds in both the operating and endowment pools that are primarily invested in international equities at June 30, 2022.

**Fair Value of Investments:** The State uses the market approach to determine the fair value of its investments. The State categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are valued using quoted prices for identical securities in markets that are not active; Level 3 inputs are significant unobservable inputs. The following table summarizes the fair value measurements of the primary government and fiduciary funds investments as of June 30, 2022 (expressed in thousands):

	<u>Fair Value Measurements Using</u>			<u>NAV</u>	<u>Amortized Cost</u>	<u>Total</u>
	<u>Level 1 Inputs</u>	<u>Level 2 Inputs</u>	<u>Level 3 Inputs</u>			
Asset backed corporate securities	\$ 224	\$ 81,333	\$ -	\$ -	\$ -	\$ 81,557
Collateralized mortgage	-	820,870	-	-	-	820,870
Commercial paper	-	2,068,790	-	-	-	2,068,790
Corporate bonds & notes	13,250	1,471,316	-	-	-	1,484,566
Equity securities	31,530,638	108,656	-	34,072	-	31,673,366
Money market mutual funds	2,932,722	-	-	-	-	2,932,722
Mutual funds and ETFs	32,342,120	-	-	-	-	32,342,120
Negotiable certificates of deposit	-	1,744,982	-	-	-	1,744,982
Other investments	156	212,987	343	-	-	213,486
Private equity	-	-	-	4,955,747	-	4,955,747
Real estate	-	-	-	3,471,506	-	3,471,506
Repurchase agreements	-	800,000	-	-	-	800,000
Short-term investments	266,284	150,541	-	-	24,980	441,805
U.S. agencies	10,938	755,524	-	-	66,287	832,749
U.S. Treasury securities	16,242,974	12,040	-	-	-	16,255,014
U.S agencies explicitly guaranteed	-	-	-	-	174,648	174,648
<b>Total</b>	<u>\$ 83,339,306</u>	<u>\$ 8,227,039</u>	<u>\$ 343</u>	<u>\$ 8,461,325</u>	<u>\$ 265,915</u>	<u>\$ 100,293,928</u>

The following table represents investments in the pension trust funds (PERS, LRS, JRS) measured at the NAV as of June 30, 2022 (expressed in thousands):

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Commingled funds	\$ 34,072	\$ -	Daily	Trade date minus two business days
Private equity	4,955,747	1,591,800	N/A	N/A
Real estate separate accounts	3,471,506	-	N/A	N/A
<b>Total</b>	<u>\$ 8,461,325</u>	<u>\$ 1,591,800</u>		

## Notes to the Financial Statements

For the Year Ended June 30, 2022

Investment types in the pension trust funds measured at NAV in the table above are as follows:

*Commingled Funds* - this type includes investment in a commingled fund that invests primarily in stocks found in the MSCI World ex USA Index. The fair values of the investments in this type have been determined using the NAV per share of the fund.

*Real Estate Separate Accounts* - this type includes two core real estate separate accounts that invest in U.S. industrial, multi-family, office, and retail properties. The fair values of the investments in this type have been determined based on third-party appraisals net of outstanding debt. The property values are managed by the Altus Group which values the real estate assets on a quarterly basis and oversees the engagement of and management of third-party appraisers who value the properties annually. PERS owns each property through 501(c)(25) holding corporations or limited liability companies with PERS as sole shareholder. The properties can be put up for sale at any time.

*Private Equity* - this type includes a single portfolio investing in and acquiring private equity investment partnerships located in the United States and Europe. PERS does not have the ability to withdraw its investments from these investment partnerships. Interest in an investment partnership can be transferred or sold only upon the approval of the general partner of the respective investment partnership.

For private equity investment partnerships, fair value considers, among other factors, the reported net asset value (NAV) of the investment as determined in good faith by the general partner of the respective investment partnership. Because of the inherent uncertainty in valuing investments in investment partnerships for which no active, public market exists, or where the net realizable value may be significantly affected by a lack of liquidity or other market conditions, the fair value reported is an estimate and could significantly differ from the value that could be realized in a secondary market transaction and/or from the amounts ultimately realized.

The general partners of the investment partnerships generally report NAV on the fair value of the underlying portfolio companies, as well as the other assets and liabilities held by the investment partnership. Investments that have a negative fair value have losses allocated to the portfolio that exceed the amounts invested. Owing to the general partners' expertise and proprietary knowledge of the portfolio company investments, PERS generally utilizes the NAV as the basis for the reported investment values. PERS may, in good faith, apply an appropriate adjustment to the NAV reported by the general partner of the respective investment partnership, if deemed necessary.

*Component Units* - The fair value measurements of NSHE's investment holdings as of June 30, 2022 are summarized in the following table (expressed in thousands):

	Fair Value Measurements Using			NAV	Total
	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs		
Cash and cash equivalents	\$ 225,014	\$ -	\$ -	\$ -	\$ 225,014
Charitable trusts	4,105	-	-	-	4,105
Domestic equity	160,255	-	-	91,258	251,513
Emerging market equity	-	-	-	19,191	19,191
Fixed income	180,624	2,149	-	154,127	336,900
International equity	98,494	-	-	97,748	196,242
Marketable alternatives	-	-	-	46,407	46,407
Private growth	-	-	-	70,394	70,394
Real assets	9,326	-	-	7,867	17,193
	677,818	2,149	-	486,992	1,166,959
Less: GBC Foundation Endowments	(8,941)	-	-	-	(8,941)
<b>Total</b>	<b>\$ 668,877</b>	<b>\$ 2,149</b>	<b>\$ -</b>	<b>\$ 486,992</b>	<b>\$ 1,158,018</b>

Assets included in the net asset value (NAV) column in the above table represent assets held in the System's Operating and Endowment Fund and are classified as either private partnerships or marketable alternatives. Investment strategies within these classifications can be broken down into eight major investment categories:

*Private Growth* - Strategies consist of private equity, private venture capital, and private natural resources. Assets in this category are either illiquid or have significant redemption restrictions. Unfunded commitments of \$25,702,000 to private equity/venture capital funds are outstanding as of June 30, 2022.

## Notes to the Financial Statements

For the Year Ended June 30, 2022

*Marketable Alternatives* - Assets in the marketable alternatives category have a broad mandate and/or incorporate hedging strategies and have significant redemptions restrictions.

*Real Assets* - The System's holding in the real assets valued at NAV consists of funds which primarily invest in securities of publicly traded C-corporations, master limited partnerships and certain private placement transactions.

*Fixed Income* - The System's fixed income holdings valued at NAV consist of private and commingled funds with core fixed and short duration strategies.

*Domestic Equity* - The System's holdings valued at NAV within the domestic equity category consist of one commingled fund with a broad mandate which seeks to outperform the S&P 500 index.

*Multi-Strategy* - Assets in the multi-strategy category valued at NAV consist of one fund which seeks to provide long-term capital growth by investing in domestic and foreign stocks, real assets and bonds.

*International Equity* - The System's holdings at NAV within the international equity category consist of private commingled funds primarily focused on value.

*Emerging Market Equity* - The System's holdings at NAV within the emerging market equity category consist of private commingled funds which look to achieve long-term capital appreciation while investing in equity securities or equity-linked instruments of companies located in emerging market countries.

The table below summarizes redemption restrictions for investments valued at NAV:

	<u>Redemption Frequency</u>	<u>Days' Notice (if applicable)</u>		<u>Remaining life for Partnership</u>
Marketable alternatives	Daily, Monthly, Quarterly, Semi-Annually, Annually	90	N/A	N/A
Private equity/venture capital	Illiquid	N/A	7 to 12 years	7 to 12 years
Domestic equity	Daily, Monthly, Quarterly	0-3	N/A	N/A
Fixed income	Daily, Monthly	Same Day	N/A	N/A
Emerging market equity	Daily, Weekly, Monthly	N/A	N/A	N/A
International equity	Daily, Monthly	N/A	N/A	N/A
Real assets	Daily, Monthly, Quarterly	0-110 days	N/A	N/A
Multi-strategy	Daily	N/A	N/A	N/A

The Nevada Capital Investment Corporation (NCIC) has total investment holdings as of June 30, 2022 of \$26,821,357. For fair value measurement purposes \$941,926 is valued using Level 3 inputs and the remaining \$25,879,431 is measured using net asset value and have not been classified in the fair value hierarchy.

### C. Securities Lending

*Primary Government and Investment Trust Funds* - NRS 355.135 authorizes the State Treasurer to lend securities from the investment portfolio of the State if collateral received from the borrower is at least 102% of fair value of the underlying securities and the value of the securities borrowed is determined on a daily basis. There were no securities on loan at June 30, 2022 (excluding PERS).

*Public Employees' Retirement System (PERS)* - PERS maintains a securities lending program under the authority of the "prudent person" standard of NRS 286.682. Securities loaned under this program consist of U.S. Treasury Obligations, U.S. equity securities, and international equity securities. Collateral received consists of cash and securities issued by the U.S. Government, its agencies or instrumentalities. Collateral received for the lending of U.S. securities must equal at least 102% of market value, plus accrued interest in the case of fixed income securities. Collateral received for the lending of international securities must equal at least 105% of market value, plus accrued interest in the case of fixed income securities.

At year-end, PERS has no credit risk exposure to borrowers because the associated value of the collateral held exceeds the value of the securities borrowed. PERS has no discretionary authority to sell or pledge collateral received or securities loaned. The contract with the securities lending agent requires the agent to indemnify PERS for all losses relating to securities lending transactions. There were no losses resulting from borrower default during the period nor were there any recoveries of prior period losses.

## Notes to the Financial Statements

For the Year Ended June 30, 2022

PERS may only loan up to 33 1/3% of its total portfolio. Either PERS or the borrower can terminate all securities loans on demand. In September 2013 the Board elected to allow only overnight repurchase agreements collateralized by U.S. government obligations issued or guaranteed by the U.S. Government, its agencies or instrumentalities within the reinvestment portfolio. This action effectively eliminated risk in securities lending collateral reinvestment portfolio since securities issued or guaranteed by the U.S. Government are considered to be free of credit risk. The maturities of the investments made with cash collateral generally do not match the maturities of the securities loaned because securities lending transactions can be terminated at will.

The fair value of underlying securities on loan for cash collateral at June 30, 2022 is \$241,740,901. Collateral received for outstanding securities lending arrangements consisted of cash in the amount of \$248,941,553. The cash collateral is reported on the Statement of Fiduciary Net Position as an asset with a related liability. At June 30, 2022, PERS has collateral consisting of cash and securities issued by the U.S. Government, its agencies or instrumentalities, in excess of the fair value of investments held by brokers/dealers under a securities lending agreement.

### D. Derivative Instruments

*Primary Government* – The Office of the State Treasurer’s investment policies do not contain any specific language regarding derivative instruments other than prohibiting certain types of derivative instruments such as option contracts, futures contracts, and swaps in the General Portfolios and the Local Government Investment Pool effective June 2012 and August 2019 respectively. The primary government has no exposure to derivative instruments as of June 30, 2022.

*Private Purpose Trust Fund* – Certain investments in the Nevada College Savings Plan are managed by Putnam Investment Management through Putnam sponsored portfolios (the Portfolios) and mutual funds. The Portfolios use six types of derivative instruments: options, futures contracts, forward currency contracts, total return swap contracts, interest rate swap contracts, and credit default contracts. Currently, there is no written investment policy with regard to derivative instruments for the Portfolios. All six types of derivative instruments are considered investments. The fair value amount in the table below represents the unrealized appreciation (depreciation) from derivative instruments and is reported in the Statement of Fiduciary Net Position. The net increase (decrease) in fair value is reported as investment income on the Statement of Changes in Fiduciary Net Position. The Portfolios’ investment derivative instruments as of June 30, 2022, and changes in fair value for the year then ended are summarized in the following table (expressed in thousands):

	Contracts/Notional Amounts	Fair Value	Change in Fair Value
Purchased currency option contracts, gross	\$ -	\$ -	\$ (42)
Forward currency contracts, gross	\$ 4,671	\$ 59	\$ 440
CC interest rate swap contracts, gross	\$ 11,017	\$ (21)	\$ 45
OTC total return swap contracts, gross	\$ 21,438	\$ (27)	\$ 49
CC total return swap contracts, gross	\$ -	\$ -	\$ (45)
OTC credit default contracts, gross	\$ 3,345	\$ (123)	\$ 23
CC credit default contracts, gross	\$ 10,083	\$ (823)	\$ (1,013)
Futures contracts, gross	\$ -	\$ (684)	\$ (336)
Written currency option contracts, gross	\$ -	\$ -	\$ 14
<b>Total</b>		<u>\$ (1,619)</u>	<u>\$ (865)</u>

The Portfolios use options contracts to manage duration and convexity, to isolate prepayment risk, to gain exposure to interest rates, to manage against changes in values of securities it owns, owned or expects to own to manage prepayment risk to generate additional income for the portfolio, to enhance returns on securities owned, to gain exposure to securities and to manage downside risks. The potential risk is that the change in value of options contracts may not correspond to the change in value of the managed instruments. In addition, losses may arise from changes in the value of the underlying instruments if there is an illiquid secondary market for the contracts, if interest or exchanged rates move unexpectedly or if the counterparty to the contract is unable to perform. Realized gains and losses on purchased options are included in realized gains and losses on investment securities. Exchange-traded options are valued at the last sale price.

The Portfolios use futures contracts to manage interest rate risk, gain exposure to interest rates, manage prepayment risk, equitize cash, and manage exposure to market risk. The potential risk is that the change in value of futures contracts may not correspond to the change in value of the managed instruments. In addition, losses may arise from changes in the value of the underlying instruments if there is an illiquid secondary market for the contracts, if interest or exchange rates move unexpectedly, or if the counterparty to the contract is unable to perform. Futures contracts are valued at the quoted daily

## Notes to the Financial Statements

*For the Year Ended June 30, 2022*

settlement prices established by the exchange on which they trade. Risks may exceed amounts recognized on the Statement of Fiduciary Net Position. The Portfolios and the broker agree to exchange an amount of cash equal to the daily fluctuation in the value of the futures contract. Such receipts or payments are known as “variation margin.”

The Portfolios buy and sell forward currency contracts, which are agreements between two parties to buy and sell currencies at a set price on a future date. These contracts are used to manage foreign exchange risk and to gain exposure on currency. The contract is marked to market daily using current forward currency exchange rates supplied by a quotation service. The Portfolios may be exposed to risk if the value of currency changes unfavorably, if the counterparties to the contracts are unable to meet the terms of their contracts or if the Portfolios are unable to enter into a closing position. Risk of loss may exceed amounts recognized on the Statement of Fiduciary Net Position.

The Portfolios entered into OTC and/or centrally cleared total return swap contracts, which are arrangements to exchange a market linked return for a periodic payment, both based on a notional principal amount, to manage sector exposure, manage exposure to specific sectors or industries, manage exposure to specific securities, to gain exposure to basket of securities, to gain exposure to specific markets or countries. To the extent that the total return of the security, index or other financial measure underlying the transaction exceeds or falls short of the offsetting interest rate obligation, the Portfolios will receive a payment from or make a payment to the counterparty. OTC and/or centrally cleared total return swap contracts are marked to market daily based upon quotations from an independent pricing service or market makers. The Portfolios could be exposed to credit or market risk due to unfavorable changes in the fluctuation of interest rates or the price of the underlying security or index, the possibility that there is no liquid market for these agreements or that the counterparty may default on its obligation to perform. The Portfolios’ maximum risk of loss from counterparty risk is the fair value of the contract. This risk may be mitigated for OTC total return swap contracts by having a master netting arrangement between the Portfolios and the counterparty and for centrally cleared total return swap contracts through the daily exchange of variation margin. There is minimal counterparty risk with respect to centrally cleared total return swap contracts due to the clearinghouse guarantee fund and other resources that are available in the event of a clearing member default. Risk of loss may exceed amounts recognized on the Statement of Fiduciary Net Position.

The Portfolios entered into OTC and/or centrally cleared interest rate swap contracts to manage interest rate risk and to gain exposure on interest. OTC and centrally cleared interest rate swap contracts are marked to market daily based upon quotations from an independent pricing service or market makers. The Portfolios could be exposed to credit or market risk due to unfavorable changes in the fluctuation of interest rates or if the counterparty defaults, in the case of OTC interest rate contracts, or the central clearing agency or a clearing member defaults, in the case of centrally cleared interest rate swap contracts, on its respective obligation to perform. This risk may be mitigated for OTC interest rate swap contracts by having a master netting arrangement between the Portfolios and the counterparty and for centrally cleared interest rate swap contracts through the daily exchange of variation margin. There is minimal counterparty risk with respect to centrally cleared interest rate swap contracts due to the clearinghouse guarantee fund and other resources that are available in the event of a clearing member default. Risk of loss may exceed amounts recognized on the Statement of Fiduciary Net Position.

The Portfolios entered into OTC and/or centrally cleared credit default contracts to manage credit risk and market risk, and gain exposure on individual names and/or baskets of securities. In an OTC and centrally cleared credit default contracts, the protection buyer typically makes a periodic stream of payments to a counterparty, the protection seller, in exchange for the right to receive a contingent payment upon the occurrence of a credit event on the reference obligation or all other equally ranked obligations of the reference entity. Credit events are contract specific but may include bankruptcy, failure to pay, restructuring and obligation acceleration. The OTC and centrally cleared credit default contracts are marked to market daily based upon quotations from an independent pricing service or market makers. In addition to bearing the risk that the credit event will occur, the Portfolios could be exposed to market risk due to unfavorable changes in interest rates or in the price of the underlying security or index or the possibility that it may be unable to close out its position at the same time or at the same price as if it had purchased the underlying reference obligations. In certain circumstances, the Portfolios may enter into offsetting OTC and centrally cleared credit default contracts which could mitigate their risk of loss. Risk of loss may exceed amounts recognized on the Statement of Fiduciary Net Position. The Portfolios’ maximum risk of loss from counterparty risk, either as the protection seller or as the protection buyer, is the fair value of the contract. This risk may be mitigated for OTC credit default contracts by having a master netting arrangement between the Portfolios and the counterparty and for centrally cleared credit default contracts through the daily exchange of the variation margin. Counterparty risk is further mitigated with respect to centrally cleared credit default contracts due to the clearinghouse guarantee fund and other resources that are available in the event of a clearing member default. Where the Portfolios are a seller of protection, the maximum potential amount of future payments it may be required to make is equal to the notional amount.

## Notes to the Financial Statements

For the Year Ended June 30, 2022

Derivative instruments held by the Portfolios were not individually rated by a ratings agency for the reporting period. As of June 30, 2022, OTC derivative counterparties had ratings that were either greater than or equivalent to long-term ratings of A2 and short-term ratings of P-1. Centrally cleared contracts are not considered brokered contracts and have mitigated risks. With futures, there is minimal counterparty credit risk to the Portfolios since futures are exchange traded and the exchange's clearinghouse, as counterparty to all exchange traded futures, guarantees the futures against default.

Derivative instruments are subject to interest rate risk. Prices of longer term maturities generally change more in response to interest rate changes than the prices of shorter term maturities. The following table provides information about the interest rate risks associated with the types of investment derivative instruments as of June 30, 2022 (expressed in thousands):

	Maturities in Years				Total
	Less than 1	1-5	6-10	Greater than 10	
Forward currency contracts	\$ 59	\$ -	\$ -	\$ -	\$ 59
CC interest rate swap contracts	-	(10)	(59)	48	(21)
OTC total return swap contracts	(6)	(21)	-	-	(27)
OTC credit default contracts	-	-	-	(123)	(123)
CC credit default contracts	-	(823)	-	-	(823)
Futures contracts	(684)	-	-	-	(684)
<b>Total</b>	<b>\$ (631)</b>	<b>\$ (854)</b>	<b>\$ (59)</b>	<b>\$ (75)</b>	<b>\$ (1,619)</b>

Forward currency contracts are subject to foreign currency risk. The following table provides information about the forward currency contracts as of June 30, 2022 (expressed in thousands):

	Fair Value
Australian Dollar	\$ 65
British Pound	(5)
Chinese Yuan	3
Danish Krone	5
Euro	(16)
Israeli Shekel	12
Japanese Yen	(3)
New Taiwan Dollar	(3)
Norwegian Krone	5
Singapore Dollar	1
South Korean Won	(3)
Swedish Krona	(2)
<b>Total</b>	<b>\$ 59</b>

The audited financial statements of Putnam 529 for America may be obtained from Putnam Investment Management, 100 Federal Street, Boston, MA 02110.

## Notes to the Financial Statements

For the Year Ended June 30, 2022

### Note 4. Receivables

Receivable balances are disaggregated by type and presented separately in the financial statements. Significant receivable balances not expected to be collected within one year and not already classified in the fund financials are presented below (expressed in thousands):

	General Fund	State Education Fund	Nonmajor Governmental Funds	Total
<b>As shown on financial statements:</b>				
Accounts receivable	\$ 138,183	\$ -	\$ 133,070	\$ 271,253
Intergovernmental receivables	885,000	53,567	30,795	969,362
Notes/loans receivable	12,719	-	64,255	76,974
Finance agreements receivable	-	-	43,990	43,990
Leases receivable	-	-	5,355	5,355
Due from component units	203	-	21,838	22,041
<b>Total</b>	<u>\$ 1,036,105</u>	<u>\$ 53,567</u>	<u>\$ 299,303</u>	<u>\$ 1,388,975</u>
<b>Classified:</b>				
<b>Current portion:</b>	<u>\$ 968,600</u>	<u>\$ 53,567</u>	<u>\$ 72,321</u>	<u>\$ 1,094,488</u>
<b>Noncurrent portion:</b>				
Accounts receivable	-	-	95,450	95,450
Intergovernmental receivables	55,088	-	-	55,088
Notes/loans receivable	12,417	-	62,020	74,437
Finance agreements receivable	-	-	42,720	42,720
Leases receivable	-	-	5,123	5,123
Due from component units	-	-	21,669	21,669
<b>Total noncurrent portion</b>	<u>67,505</u>	<u>-</u>	<u>226,982</u>	<u>294,487</u>
<b>Total</b>	<u>\$ 1,036,105</u>	<u>\$ 53,567</u>	<u>\$ 299,303</u>	<u>\$ 1,388,975</u>

Not included in the receivable balances are amounts considered to be uncollectible. In the governmental funds, uncollectible taxes receivable are estimated at \$20.7 million, and uncollectible accounts receivable are estimated at \$201.9 million. The proprietary funds have \$376.8 million in uncollectible accounts receivable of which \$8.4 million are from the fines and penalties of Workers Compensation and Safety, and \$358.1 million are from unemployment contributions and benefit overpayments.

Accounts receivable of \$109.3 million, \$3.8 million and \$105.3 million in the Resilient Nevada special revenue fund, the Attorney General Settlement special revenue fund and the Intergovernmental custodial fund, respectively, are for settlements receivable deriving from the National Opioid Settlement and Litigation lawsuit. The receivables in the Intergovernmental custodial fund are restricted specifically for disbursements to local governments per the One Nevada Agreement on Allocation of Opioid Recoveries.

### Note 5. Interfund Transactions

#### A. Interfund Advances

A summary of interfund advances at June 30, 2022, follows (expressed in thousands):

<b>Advances To</b>	<b>Advances From</b>		
	General Fund	Nonmajor Governmental	Total
Nonmajor Enterprise	\$ 82	\$ -	\$ 82
Internal Service Funds	5,829	2,478	8,307
<b>Total other funds</b>	<u>\$ 5,911</u>	<u>\$ 2,478</u>	<u>\$ 8,389</u>

Interfund advances are the portions of interfund balances that are *not* expected to be repaid within one year. The interfund balances that are expected to be repaid within one year are shown in the Due From/Due To summary following.

## Notes to the Financial Statements

For the Year Ended June 30, 2022

Advances are generally made to finance capital expenditures or as a loan for operating purposes.

### B. Due From/Due To Other Funds and Component Units

A summary of due from and due to other funds and component units at June 30, 2022, follows (expressed in thousands):

	Due To			
	Major Governmental Funds			
	General Fund	State Education Fund	Nonmajor Governmental	Total Governmental
<b>Due From</b>				
<b>Major Governmental Funds:</b>				
General	\$ -	\$ 487,232	\$ 32,026	\$ 519,258
State Education	138,800	-	-	138,800
Nonmajor Governmental	27,153	10,881	27,541	65,575
Total Governmental	165,953	498,113	59,567	723,633
<b>Major Enterprise Funds:</b>				
Housing Division	47	-	-	47
Unemployment Comp	-	-	641	641
Water Projects Loans	380	-	-	380
Higher Education Tuition Trust	19	-	-	19
Nonmajor Enterprise	2,953	-	64	3,017
Total Enterprise	3,399	-	705	4,104
Internal Service	4,640	-	1,242	5,882
<b>Total other funds</b>	<b>\$ 173,992</b>	<b>\$ 498,113</b>	<b>\$ 61,514</b>	<b>\$ 733,619</b>
<b>Fiduciary</b>	<b>\$ 393</b>	<b>\$ -</b>	<b>\$ 983</b>	<b>\$ 1,376</b>
<b>Component Units:</b>				
Nevada System of Higher Education	\$ 203	\$ -	\$ 170	\$ 373
Nevada Capital Investment Corporation	-	-	21,668	21,668
<b>Total Component Units</b>	<b>\$ 203</b>	<b>\$ -</b>	<b>\$ 21,838</b>	<b>\$ 22,041</b>

	Due To							
	Major Enterprise Funds							
	Housing Division	Water Projects Loans	Higher Education Tuition Trust	Nonmajor Enterprise	Total Enterprise	Internal Service	Total Other Funds	Fiduciary
<b>Due From</b>								
<b>Major Governmental Funds:</b>								
General	\$ 784	\$ 716	\$ 26	\$ 2,394	\$ 3,920	\$ 10,161	\$ 533,339	\$ 559,948
State Education	-	-	-	-	-	-	138,800	-
Nonmajor Governmental	-	-	-	67	67	1,870	67,512	14
Total Governmental	784	716	26	2,461	3,987	12,031	739,651	559,962
<b>Major Enterprise Funds:</b>								
Housing Division	-	-	-	-	-	2	49	-
Unemployment Comp	-	-	-	-	-	-	641	-
Water Projects Loans	-	-	-	-	-	1	381	-
Higher Education Tuition Trust	-	-	-	-	-	1	20	-
Nonmajor Enterprise	-	-	-	-	-	130	3,147	79
Total Enterprise	-	-	-	-	-	134	4,238	79
Internal Service	-	-	-	3	3	215	6,100	13
<b>Total other funds</b>	<b>\$ 784</b>	<b>\$ 716</b>	<b>\$ 26</b>	<b>\$ 2,464</b>	<b>\$ 3,990</b>	<b>\$ 12,380</b>	<b>\$ 749,989</b>	<b>\$ 560,054</b>
<b>Fiduciary</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 14</b>	<b>\$ 14</b>	<b>\$ 25,049</b>	<b>\$ 26,439</b>	<b>\$ 1</b>
<b>Component Units:</b>								
Colorado River Commission	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3	\$ 3	\$ -
Nevada System of Higher Education	-	-	-	-	-	1,122	1,495	1,334
Nevada Capital Investment Corporation	-	-	-	-	-	-	21,668	-
<b>Total Component Units</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,125</b>	<b>\$ 23,166</b>	<b>\$ 1,334</b>



## Notes to the Financial Statements

For the Year Ended June 30, 2022

	Due To		
	Component Units		
	Colorado River Commission	Nevada System of Higher Education	Total Component Units
<b>Due From</b>			
<b>Major Governmental Funds:</b>			
General	\$ 90	\$ 54,985	\$ 55,075
Nonmajor Governmental	-	31,767	31,767
Total Governmental	90	86,752	86,842
<b>Major Enterprise Funds:</b>			
Higher Education Tuition Trust	-	1	1
Total Enterprise	-	1	1
Internal Service	-	10	10
<b>Total</b>	<b>\$ 90</b>	<b>\$ 86,763</b>	<b>\$ 86,853</b>

The balances result primarily from timing differences between the date goods and services are provided or reimbursable expenses occur, and the date the transactions are recorded in the accounting system and payment is made.

### C. Transfers From/Transfers To Other Funds

A summary of transfers between funds for the year ended June 30, 2022, follows (expressed in thousands):

	Transfers Out/To		
	Major Governmental Funds		
	General Fund	Nonmajor Governmental	Total Governmental
<b>Transfers In/From</b>			
<b>Major Governmental Funds:</b>			
General	\$ -	\$ 90,886	\$ 90,886
State Education	1,465,723	11,942	1,477,665
Nonmajor Governmental	118,324	96,529	214,853
Total Governmental	1,584,047	199,357	1,783,404
<b>Major Enterprise Funds:</b>			
Unemployment Comp	332,408	-	332,408
Higher Education Tuition Trust	681	-	681
Water Project Loans	2	-	2
Nonmajor Enterprise	47	364	411
Total Enterprise	333,138	364	333,502
Internal Service	18,064	-	18,064
<b>Total other funds</b>	<b>\$ 1,935,249</b>	<b>\$ 199,721</b>	<b>\$ 2,134,970</b>

	Transfers Out/To								
	Major Enterprise Funds				Nonmajor Enterprise Funds	Total Enterprise	Internal Service	Total Other Funds	Fiduciary
	Housing Division	Unemployment Compensation	Higher Education Tuition Trust	Water Projects Loans					
<b>Transfers In/From</b>									
<b>Major Governmental Funds:</b>									
General	\$ 2,445	\$ -	\$ 8	\$ 1,863	\$ 15,726	\$ 20,042	\$ 1,271	\$ 112,199	\$ -
State Education	-	-	-	-	-	-	-	1,477,665	-
Nonmajor Governmental	-	5,926	-	-	-	5,926	81	220,860	-
Total Governmental	2,445	5,926	8	1,863	15,726	25,968	1,352	1,810,724	-
<b>Major Enterprise Funds:</b>									
Unemployment Comp	-	-	-	-	-	-	-	332,408	-
Higher Education Tuition Trust	-	-	-	-	-	-	-	681	-
Water Project Loans	-	-	-	-	-	-	-	2	-
Nonmajor Enterprise	-	-	-	-	12	12	-	423	-
Total Enterprise	-	-	-	-	12	12	-	333,514	-
Internal Service	-	-	-	-	-	-	-	18,064	-
<b>Total other funds</b>	<b>\$ 2,445</b>	<b>\$ 5,926</b>	<b>\$ 8</b>	<b>\$ 1,863</b>	<b>\$ 15,738</b>	<b>\$ 25,980</b>	<b>\$ 1,352</b>	<b>\$ 2,162,302</b>	<b>\$ -</b>
<b>Fiduciary</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,689</b>

The general purpose for transfers is to move monies from funds required by statute to collect them to the funds required by statute or budget to expend them, and to move monies collected for debt service purposes to the debt service fund required to make the payment.

## Notes to the Financial Statements

For the Year Ended June 30, 2022

### Note 6. Restricted Assets

Various debt service, operation and maintenance, capital improvement and construction (acquisition) funding requirements of bond covenants, and trust indentures are recorded as restricted assets on the Statement of Net Position. The components of restricted assets at June 30, 2022 are as follows (expressed in thousands):

	Primary Government		
	Governmental Activities	Business-Type Activities	Component Units
<b>Restricted:</b>			
Cash	\$ 163,133	\$ -	\$ 38,939
Investments	-	169,873	16,098
<b>Total</b>	<u>\$ 163,133</u>	<u>\$ 169,873</u>	<u>\$ 55,037</u>
<b>Restricted for:</b>			
Debt service	\$ -	\$ 169,873	\$ 1,078
Capital projects	-	-	36,411
Capital projects -unspent bond proceeds	161,487	-	-
Regulation of business	1,646	-	-
Other purposes	-	-	17,548
<b>Total</b>	<u>\$ 163,133</u>	<u>\$ 169,873</u>	<u>\$ 55,037</u>

### Note 7. Capital Assets

Capital asset activity of the primary government for the year ended June 30, 2022, was as follows (expressed in thousands):

	Beginning Balance (Restated)*	Increases	Decreases	Ending Balance
<b>Governmental Activities:</b>				
<b>Capital assets, not being depreciated</b>				
Land	\$ 174,263	\$ 4,029	\$ -	\$ 178,292
Construction in progress	2,589,652	262,956	(118,230)	2,734,378
Infrastructure	5,969,821	114,830	(30,053)	6,054,598
Rights-of-way	972,309	2,119	(797)	973,631
Total capital assets, not being depreciated	<u>9,706,045</u>	<u>383,934</u>	<u>(149,080)</u>	<u>9,940,899</u>
<b>Capital assets, being depreciated/amortized</b>				
Buildings	2,084,062	43,986	-	2,128,048
Improvements other than buildings	166,542	1,799	-	168,341
Furniture and equipment	530,377	25,109	(21,036)	534,450
Software costs	336,867	-	(331)	336,536
Right to use leased building	204,544	9,910	-	214,454
Right to use leased equipment	7,765	1,599	-	9,364
Total capital assets, being depreciated/amortized	<u>3,330,157</u>	<u>82,403</u>	<u>(21,367)</u>	<u>3,391,193</u>
<b>Less accumulated depreciation/amortization for</b>				
Buildings	(869,390)	(54,471)	-	(923,861)
Improvements other than buildings	(109,401)	(4,600)	-	(114,001)
Furniture and equipment	(387,779)	(35,356)	18,687	(404,448)
Software costs	(216,733)	(16,271)	331	(232,673)
Right to use leased building	-	(30,658)	-	(30,658)
Right to use leased equipment	-	(2,811)	-	(2,811)
Total accumulated depreciation/amortization	<u>(1,583,303)</u>	<u>(144,167)</u>	<u>19,018</u>	<u>(1,708,452)</u>
Total capital assets, being depreciated/amortized, net	<u>1,746,854</u>	<u>(61,764)</u>	<u>(2,349)</u>	<u>1,682,741</u>
<b>Governmental activities capital assets, net</b>	<u>\$ 11,452,899</u>	<u>\$ 322,170</u>	<u>\$ (151,429)</u>	<u>\$ 11,623,640</u>

\*The beginning balance for construction in progress has been restated by a decrease of \$58.0 million for a prior period adjustment. The beginning balances of right to use leased building and right to use leased equipment have been restated due to the implementation of GASB Statement No. 87. (See Note 19)

## Notes to the Financial Statements

For the Year Ended June 30, 2022

	Beginning Balance (Restated)*	Increases	Decreases	Ending Balance
<b>Business-type Activities:</b>				
<b>Capital assets, not being depreciated</b>				
Land	\$ 568	\$ -	\$ -	\$ 568
Total capital assets, not being depreciated	<u>568</u>	<u>-</u>	<u>-</u>	<u>568</u>
<b>Capital assets, being depreciated/amortized</b>				
Buildings	1,407	-	-	1,407
Improvements other than buildings	5,638	-	(596)	5,042
Furniture and equipment	16,911	174	(9,405)	7,680
Right to use leased building	3,826	-	-	3,826
Right to use leased equipment	112	-	-	112
Total capital assets, being depreciated	<u>27,894</u>	<u>174</u>	<u>(10,001)</u>	<u>18,067</u>
<b>Less accumulated depreciation/amortization for</b>				
Buildings	(1,303)	(41)	-	(1,344)
Improvements other than buildings	(2,395)	(76)	-	(2,471)
Furniture and equipment	(8,596)	(528)	3,300	(5,824)
Right to use leased building	-	(1,614)	-	(1,614)
Right to use leased equipment	-	(40)	-	(40)
Total accumulated depreciation/amortization	<u>(12,294)</u>	<u>(2,299)</u>	<u>3,300</u>	<u>(11,293)</u>
Total capital assets, being depreciated/amortized, net	<u>15,600</u>	<u>(2,125)</u>	<u>(6,701)</u>	<u>6,774</u>
<b>Business-type activities capital assets, net</b>	<u>\$ 16,168</u>	<u>\$ (2,125)</u>	<u>\$ (6,701)</u>	<u>\$ 7,342</u>

\*The beginning balances of right to use leased building and right to use leased equipment have been restated due to the implementation of GASB Statement No. 87. (See Note 19)

Included in the table above are three Department of Corrections facilities that have been closed. These assets are idle, with a carrying value of \$7.0 million.

Current period depreciation and amortization expense was charged to functions of the primary government as follows (expressed in thousands):

<b>Governmental activities:</b>	
General government	\$ 9,625
Education, support services	731
Health services	4,623
Law, justice, public safety	48,991
Recreation, resource development	7,939
Social services	34,984
Transportation	21,049
Regulation of business	5,764
Unallocated	3,181
Depreciation and amortization on capital assets held by the State's internal service funds is charged to the various functions based on their use of the assets	7,280
<b>Total depreciation/amortization expense - governmental activities</b>	<u>\$ 144,167</u>
<b>Business-type activities:</b>	
Housing	\$ 36
Workers' compensation and safety	1,604
Higher education tuition	8
Other	651
<b>Total depreciation/amortization expense - business-type activities</b>	<u>\$ 2,299</u>

## Notes to the Financial Statements

For the Year Ended June 30, 2022

Capital asset activity of the Nevada System of Higher Education for the year ended June 30, 2022, was as follows (expressed in thousands):

	Beginning Balance (Restated)*	Increases	Decreases	Ending Balance
<b>Nevada System of Higher Education:</b>				
<b>Capital assets, not being depreciated</b>				
Construction in progress	\$ 116,726	\$ 118,544	\$ (52,124)	\$ 183,146
Land	173,109	6,109	(38)	179,180
Land improvements	288	-	-	288
Intangibles	642	-	(642)	-
Collections	12,031	1,272	(33)	13,270
Total capital assets, not being depreciated	<u>302,796</u>	<u>125,925</u>	<u>(52,837)</u>	<u>375,884</u>
<b>Capital assets, being depreciated/amortized</b>				
Buildings	3,338,301	71,207	(4,858)	3,404,650
Land improvements	179,218	2,866	-	182,084
Machinery and equipment	448,881	29,363	(27,884)	450,360
Intangibles	51,799	1,960	-	53,759
Library books and media	125,368	2,168	(648)	126,888
Right to use leased building	37,086	4,406	-	41,492
Right to use leased equipment	2,036	2,611	-	4,647
Total capital assets, being depreciated/amortized	<u>4,182,689</u>	<u>114,581</u>	<u>(33,390)</u>	<u>4,263,880</u>
<b>Less accumulated depreciation/amortization for</b>				
Buildings	(1,257,694)	(85,057)	839	(1,341,912)
Land improvements	(129,768)	(5,402)	-	(135,170)
Machinery and equipment	(338,587)	(28,977)	26,080	(341,484)
Intangibles	(46,988)	(1,865)	-	(48,853)
Library books and media	(121,575)	(1,813)	678	(122,710)
Right to use leased building	-	(8,592)	-	(8,592)
Right to use leased equipment	-	(1,135)	-	(1,135)
Total accumulated depreciation/amortization	<u>(1,894,612)</u>	<u>(132,841)</u>	<u>27,597</u>	<u>(1,999,856)</u>
Total capital assets being depreciated/amortized, net	<u>2,288,077</u>	<u>(18,260)</u>	<u>(5,793)</u>	<u>2,264,024</u>
<b>Nevada System of Higher Education activity capital assets, net</b>	<u>\$ 2,590,873</u>	<u>\$ 107,665</u>	<u>\$ (58,630)</u>	<u>\$ 2,639,908</u>

\*The beginning balances of right to use leased building and right to use leased equipment have been restated due to the implementation of GASB Statement No. 87.

Capital asset activity of the Colorado River Commission for the year ended June 30, 2022, was as follows (expressed in thousands):

	Beginning Balance (Restated)*	Increases	Decreases	Ending Balance
<b>Colorado River Commission:</b>				
<b>Capital assets, being depreciated/amortized</b>				
Power transmission system	\$ 88,278	\$ 24	\$ -	\$ 88,302
Office furniture and fixtures	25	-	-	25
Automobiles and other equipment	691	20	(44)	667
Right to use leased building	364	-	-	364
Total capital assets, being depreciated/amortized	<u>89,358</u>	<u>44</u>	<u>(44)</u>	<u>89,358</u>
<b>Less accumulated depreciation/amortization for</b>				
Power transmission system	(45,320)	(1,994)	-	(47,314)
Office furniture and fixtures	(25)	-	-	(25)
Automobiles and other equipment	(452)	(80)	44	(488)
Right to use leased building	-	(121)	-	(121)
Total accumulated depreciation/amortization	<u>(45,797)</u>	<u>(2,195)</u>	<u>44</u>	<u>(47,948)</u>
<b>Colorado River Commission activity capital assets, net</b>	<u>\$ 43,561</u>	<u>\$ (2,151)</u>	<u>\$ -</u>	<u>\$ 41,410</u>

\*The beginning balance of right to use leased building has been restated due to the implementation of GASB Statement No. 87.

## Notes to the Financial Statements

For the Year Ended June 30, 2022

### Note 8. Finance Agreements and Leases Receivable

#### A. Finance Agreements Receivable

The State entered into a financed sale agreement in fiscal year 2014 with the Nevada System of Higher Education (NSHE), a discretely presented component unit. The agreement is to finance a building construction project at the Nevada State College. Construction was completed in fiscal year 2016. Construction was financed by Lease Revenue Certificates of Participation Series 2013 at 4.0-5.0% interest. Proceeds from the certificates of participation were used to pay the capitalized interest during the construction period, and NSHE began making principal and interest payments starting in fiscal year 2017.

The future minimum payments for finance agreements receivable are as follows (expressed in thousands):

Year Ending June 30	Governmental Activities		
	Principal	Interest	Total
2023	\$ 1,270	\$ 2,110	\$ 3,380
2024	1,335	2,047	3,382
2025	1,400	1,980	3,380
2026	1,470	1,910	3,380
2027	1,545	1,836	3,381
2028-2032	8,760	8,153	16,913
2033-2037	11,035	5,875	16,910
2038-2042	13,955	2,959	16,914
2043-2047	3,220	161	3,381
<b>Total finance agreements receivable</b>	<b>\$ 43,990</b>	<b>\$ 27,031</b>	<b>\$ 71,021</b>

#### B. Leases Receivable

The State leases real estate and equipment to independent third parties. The State has accrued receivables for 24 land leases and 1 building lease as a lessor. At June 30, 2022, the remaining principal and interest receivable for these leases were \$5,601,585 and \$1,816,935, respectively. Deferred inflows related to these leases were \$5,524,536 as of June 30, 2022. Principal and interest revenue recognized on these leases were \$342,916 and \$171,041, respectively, for the year ended June 30, 2022. The implicit interest rate factored into these leases is 3%, based on the State's incremental borrowing rate. Final receipt is expected in fiscal year 2065.

The future minimum payments for leases receivable are as follows (expressed in thousands):

Year Ending June 30	Governmental Activities		
	Principal	Interest	Total
2023	\$ 353	\$ 161	\$ 514
2024	364	150	514
2025	246	141	387
2026	254	134	388
2027	262	126	388
2028-2032	1,429	506	1,935
2033-2037	1,362	292	1,654
2038-2042	786	119	905
2043-2047	117	71	188
2048-2052	103	56	159
2053-2057	120	39	159
2058-2062	139	20	159
2063-2067	67	2	69
<b>Total leases receivable</b>	<b>\$ 5,602</b>	<b>\$ 1,817</b>	<b>\$ 7,419</b>

#### C. Component Units

The Nevada System of Higher Education (NSHE) leases real estate and equipment to independent third parties. The income under these lease agreements was approximately \$6,200,000 in fiscal year 2022. NSHE had current lease receivables and lease receivables due from related organizations of \$4,852,000 and \$2,927,000, respectively, and long-term lease receivables and long-term receivables due from related organizations of \$31,157,000 and \$14,987,000, respectively, as of June 30, 2022. Deferred inflows of resources of \$53,971,000 are associated with these leases as of June 30, 2022.

NSHE had a total of 19 leases of which call for payments that are partially or completely variable and were not included in lease receivables or deferred inflows of resources. These variable payments were a result of the underlying lease measured not

## Notes to the Financial Statements

For the Year Ended June 30, 2022

on a fixed rate, but rather variable due to underlying payments derived from a percentage of sales, use of a capital asset, or changes in an index rate. A total of \$289,000 was recognized as revenue from these variable payments for the year ended June 30, 2022.

The future minimum payments for leases receivable are as follows (expressed in thousands):

Year Ending June 30	Principal	Interest	Total
2023	\$ 4,852	\$ 467	\$ 5,319
2024	3,481	421	3,902
2025	2,646	384	3,030
2026	2,457	352	2,809
2027	1,820	325	2,145
2028-2032	6,010	1,346	7,356
2033-2037	2,967	1,019	3,986
2038-2042	2,822	809	3,631
2043-2047	3,220	573	3,793
2048-2052	3,208	319	3,527
2053-2057	2,526	78	2,604
<b>Total future minimum leases receivable payments</b>	<b>\$ 36,009</b>	<b>\$ 6,093</b>	<b>\$ 42,102</b>

## Note 9. Short and Long -Term Obligations

### A. Changes in Long-Term Obligations

The following is a summary of changes in long-term obligations of the primary government for the fiscal year ended June 30, 2022 (expressed in thousands):

	Beginning Balance (Restated)*	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental activities:</b>					
<i>Bonds payable:</i>					
General obligation bonds	\$ 1,121,898	\$ 144,150	\$ (171,408)	\$ 1,094,640	\$ 123,964
Special obligation bonds	805,065	-	(40,190)	764,875	42,110
Subtotal	1,926,963	144,150	(211,598)	1,859,515	166,074
Issuance premiums (discounts)	146,216	17,547	(33,453)	130,310	29,301
Total bonds payable	2,073,179	161,697	(245,051)	1,989,825	195,375
Certificates of participation	69,240	-	(3,140)	66,100	3,295
Certificates of participation-private placement	1,932	-	(377)	1,555	388
Subtotal	71,172	-	(3,517)	67,655	3,683
Issuance premiums (discounts)	(185)	-	(171)	(356)	115
Total certificates of participation	70,987	-	(3,688)	67,299	3,798
<i>Other governmental long-term activities:</i>					
Finance agreements	7,542	1,543	(2,823)	6,262	2,009
Leases	212,309	11,509	(30,373)	193,445	30,641
Compensated absences obligations	126,298	89,377	(100,316)	115,359	81,154
Pollution remediation obligations	4,523	408	(10)	4,921	747
Total other governmental long-term activities	350,672	102,837	(133,522)	319,987	114,551
<b>Governmental activities long-term obligations</b>	<b>\$ 2,494,838</b>	<b>\$ 264,534</b>	<b>\$ (382,261)</b>	<b>\$ 2,377,111</b>	<b>\$ 313,724</b>
<b>Business-type activities:</b>					
<i>Bonds payable:</i>					
General obligation bonds	\$ 62,687	\$ 85,410	\$ (10,122)	\$ 137,975	\$ 23,286
Special obligation bonds	846,258	322,924	(105,737)	1,063,445	36,196
Subtotal	908,945	408,334	(115,859)	1,201,420	59,482
Issuance premiums (discounts)	10,795	5,173	(2,132)	13,836	1,576
Total bonds payable	919,740	413,507	(117,991)	1,215,256	61,058
Leases	3,938	-	(1,705)	2,233	1,531
Compensated absences obligations	2,536	1,564	(1,907)	2,193	1,506
Tuition benefits payable	208,140	19,133	(22,092)	205,181	19,672
<b>Business-type activities long-term obligations</b>	<b>\$ 1,134,354</b>	<b>\$ 434,204</b>	<b>\$ (143,695)</b>	<b>\$ 1,424,863</b>	<b>\$ 83,767</b>

\*The beginning balances of leases has been restated due to the implementation of GASB Statement No. 87. (See Note 19)

## Notes to the Financial Statements

For the Year Ended June 30, 2022

The General Fund and special revenue funds typically liquidate the finance agreement and lease obligations. Compensated absence obligations are payable by the funds in which they are incurred and are primarily the General Fund and State Highway Fund. The debt service funds typically liquidate the arbitrage obligations.

### B. Bonds Payable

The State issues general obligation bonds for the acquisition, construction and improvement of major capital facilities; buying local governments' bonds in the municipal bond bank fund; loans to municipalities for water projects; protection of natural resources; cultural affairs projects; the construction, reconstruction, improvement and maintenance of highways; and for refunding purposes. General obligation bonds are direct obligations and pledge the full faith and credit of the State.

Special obligation highway improvement revenue bonds provide funds for property acquisition and construction of highway projects. Special obligation housing bonds in the aggregate have a debt limit of \$5 billion and are used for housing loans or to purchase mortgage loans having both fixed and variable interest rates. Special obligation bonds are payable solely from gross pledged revenues and are not general obligations of the State.

General obligation bonds and special obligation bonds of the primary government outstanding at June 30, 2022 are comprised of the following (expressed in thousands):

	Interest Rates	Original Amount	Principal Outstanding
<b>Governmental activities:</b>			
<i>General obligation bonds:</i>			
Subject to Constitutional Debt Limitation	2.0-5.0%	\$ 1,280,525	\$ 932,875
Exempt from Constitutional Debt Limitation	2.0-6.0%	265,491	161,765
<i>Special obligation bonds:</i>			
Exempt from Constitutional Debt Limitation-Highway Improvement Revenue Bonds	1.75-5.0%	946,915	764,875
Subtotal		2,492,931	1,859,515
<i>Issuance premiums (discounts)</i>		625,968	130,310
<b>Governmental activities bonds payable</b>		<b>3,118,899</b>	<b>1,989,825</b>
<b>Business-type activities:</b>			
<i>General obligation bonds:</i>			
Exempt from Constitutional Debt Limitation	2.0-5.5%	98,302	62,975
Subject to Constitutional Debt Limitation	2.4-3.2%	75,000	75,000
<i>Special obligation bonds:</i>			
Housing Bonds	*.20-6.95%	1,381,092	1,063,445
Subtotal		1,554,394	1,201,420
<i>Issuance premiums (discounts)</i>		29,816	13,836
<b>Business-type activities bonds payable</b>		<b>1,584,210</b>	<b>1,215,256</b>
<b>Total bonds payable</b>		<b>\$ 4,703,109</b>	<b>\$ 3,205,081</b>

\*Many Housing bonds have variable rates of interest. The tax exempt bonds track the SIFMA Index while the federally taxable debt tracks the one-month LIBOR Index.

Debt service requirements (principal and interest) for all long-term bonds and notes outstanding at June 30, 2022, of the primary government are summarized in the table following (expressed in thousands):

Year Ending June 30	Governmental Activities				Business-Type Activities			
	General Obligation		Special Obligation		General Obligation		Special Obligation	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 123,964	\$ 45,637	\$ 42,110	\$ 31,393	\$ 23,286	\$ 4,603	\$ 36,196	\$ 30,463
2024	114,629	39,340	43,995	29,317	20,016	3,998	45,656	30,246
2025	113,682	33,633	46,080	27,078	21,133	3,328	21,920	29,833
2026	114,967	27,708	48,285	24,719	21,478	2,610	10,955	29,287
2027	119,405	21,989	50,605	22,352	21,655	1,867	11,448	28,994
2028-2032	262,873	63,305	270,775	74,434	20,177	3,644	71,352	139,455
2033-2037	189,685	22,506	213,645	20,322	9,915	563	319,116	113,691
2038-2042	55,435	2,551	49,380	1,691	315	5	173,500	60,123
2043-2047	-	-	-	-	-	-	90,383	52,030
2048-2052	-	-	-	-	-	-	41,493	47,342
2053-2057	-	-	-	-	-	-	136,574	34,538
2058-2062	-	-	-	-	-	-	104,852	12,306
<b>Total</b>	<b>\$ 1,094,640</b>	<b>\$ 256,669</b>	<b>\$ 764,875</b>	<b>\$ 231,306</b>	<b>\$ 137,975</b>	<b>\$ 20,618</b>	<b>\$ 1,063,445</b>	<b>\$ 608,308</b>

## Notes to the Financial Statements

For the Year Ended June 30, 2022

### C. Constitutional Debt Limitations

Section 3, Article 9, of the State Constitution (as amended) limits the aggregate principal amount of the State's public debt to two percent (2%) of the assessed valuation of the State. Exempt from this limitation are debts authorized by the Legislature that are incurred for the protection and preservation of, or for obtaining the benefits of, any property or natural resources within the State. At June 30, 2022, the debt limitation and its unused portion are computed as follows (expressed in thousands):

Debt limitation (2% of total assessed valuation)	\$	3,342,577
Less: Bonds and leases payable as of June 30, 2022, subject to limitation		(1,007,875)
<b>Remaining debt capacity</b>	<b>\$</b>	<b><u>2,334,702</u></b>

### D. Nevada Municipal Bond Bank

General obligation bonds have been issued through the Municipal Bond Bank, a special revenue fund, as authorized by NRS 350A. These bonds are subject to statutory limitation of \$1.8 billion and are exempt from the Constitutional Debt Limitation. Proceeds from the bonds are used to purchase validly issued general obligation bonds of the State's local governments to finance projects related to natural resources. The State anticipates that the debt service revenue it receives from the participating local governments will be sufficient to pay the debt service requirements of the State bonds as they become due. Nine projects were funded through the Municipal Bond Bank as of June 30, 2022, and total outstanding loans to local governments amounted to \$64,255,000.

### E. Refunded Debt and Redemptions

During the fiscal year 2022, the State of Nevada refunded \$25,468,099 in general obligation, limited tax, bonds related to capital improvement, cultural affairs and refunding and natural resources and refunding - Marlette Lake by issuing refunding bonds with a total par amount of \$21,505,000 at a \$3,835,034 premium. Proceeds from refunding bonds and certificates were used to refund certain outstanding State debt to realize debt service savings. The refunding decreased the aggregate debt service payments by \$4,158,456 with an economic or present value gain of \$4,041,476. The reacquisition price not exceeding the carrying amount of the old debt causing a deferred accounting gain of \$241,136. This amount is being reported as a deferred inflow of resources and amortized as an adjustment to interest expense over the life of the refunded debt or the refunding debt, whichever is shorter. The impact of the refunding issues is presented in the following table (expressed in thousands):

	Refunding Amount	Refunded Amount	Cash Flow Gain (Loss)	Present Value Gain
Capital Improvement, Cultural Affairs and Refunding Bonds, Series 2011A	\$ 23,220	\$ 23,625	\$ 4,034	\$ 3,918
Natural Resources and Refunding Bonds-Marlette Lake, Series 2010D	1,815	1,843	124	123
<b>Total</b>	<b><u>\$ 25,035</u></b>	<b><u>\$ 25,468</u></b>	<b><u>\$ 4,158</u></b>	<b><u>\$ 4,041</u></b>

### F. Finance Agreements

The State has entered into various agreements for the purchase of vehicles and improvement of buildings. Assets of the primary government acquired under such agreements at June 30, 2022 include vehicles and building improvements of \$32,159,486 with accumulated depreciation of \$16,299,264.

For all finance agreements of the primary government, the gross minimum payments and the present value of the net minimum payments as of June 30, 2022 follow (expressed in thousands):

Year Ending June 30	Governmental Activities
2023	\$ 2,261
2024	2,443
2025	1,813
2026	194
Total minimum payments	6,711
Less: amount representing interest	(449)
<b>Obligations under finance agreements</b>	<b><u>\$ 6,262</u></b>



## Notes to the Financial Statements

For the Year Ended June 30, 2022

### G. Lease Liabilities

Lease liabilities represent the State's obligation to make lease payments arising from the leasing of buildings and equipment. Lease liabilities are recognized at the lease commencement date based on the present value of future lease payments expected to be made during the lease term. The present value of lease payments are discounted based on a borrowing rate determined by the State.

The State has entered into lease agreements for buildings and equipment. The State is required to make principal and interest payments through December 31, 2062. The lease liability was valued using a discount rate of 3%, based on the State's incremental borrowing rate at the inception of the leases. The total amount of right to use leased assets, and the related accumulated amortization on right to use leased assets was \$227,755,372 and \$35,089,055, respectively, as of June 30, 2022.

Remaining principal and interest payments on leases are as follows (expressed in thousands):

Year Ending June 30	Governmental Activities			Business-Type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2023	\$ 30,641	\$ 5,293	\$ 35,934	\$ 1,531	\$ 40	\$ 1,571
2024	26,770	4,432	31,202	346	13	359
2025	22,188	3,708	25,896	238	6	244
2026	17,178	3,126	20,304	116	1	117
2027	14,456	2,651	17,107	2	-	2
2028-2032	42,126	8,508	50,634	-	-	-
2033-2037	20,678	4,252	24,930	-	-	-
2038-2042	3,027	2,660	5,687	-	-	-
2043-2047	3,218	2,208	5,426	-	-	-
2048-2052	3,624	1,701	5,325	-	-	-
2053-2057	4,209	1,115	5,324	-	-	-
2058-2062	4,889	435	5,324	-	-	-
2063-2067	441	2	443	-	-	-
<b>Total lease obligations</b>	<b>\$ 193,445</b>	<b>\$ 40,091</b>	<b>\$ 233,536</b>	<b>\$ 2,233</b>	<b>\$ 60</b>	<b>\$ 2,293</b>

### H. Certificates of Participation

In fiscal year 2014, the NRPC issued \$35,785,000 of Lease Revenue Refunding Certificates of Participation Series 2013 at 3.0-5.0% interest to refund the outstanding balances of Lease Revenue Certificates of Participation Series 2004 and 2004B, which were to finance the acquisition and construction of the State's Capitol Complex Building 1 and Casa Grande Projects respectively.

In fiscal year 2014, the NRPC issued \$50,445,000 of new Lease Revenue Certificates of Participation Series 2013 at 4.0-5.0% interest to finance the State's Nevada State College Project. The Project is leased to the Nevada System of Higher Education (NSHE), the State's discretely presented component unit. Meanwhile, the NRPC entered into a Ground Lease with respect to the real property on which the Project is located.

In fiscal year 2017, the NRPC issued \$3,730,000 of Lease Revenue Refunding Certificates of Participation Series 2016A at 2.22% interest to refund the outstanding balances of Lease Revenue Certificate of Participation Series 2006 which were to finance the design and construction of a warehouse addition to the Legislative Counsel Bureau's existing State Printing Office building in Carson City and resurfacing of the exterior of the existing building, together with related improvements on the premises. These Certificates of Participation are Privately Placed.

Under the lease revenue certificates of participation financing arrangements, the certificates are not general obligations of the State and are not backed by the faith and credit or the taxing power of the State. The State's obligation to pay base rent and make other payments to the trustee under the financing leases is subject to appropriation by the State. In the event that the State does not make a sufficient appropriation with respect to a Lease Purchase Agreement, that Lease Purchase Agreement will terminate.

## Notes to the Financial Statements

For the Year Ended June 30, 2022

The following schedule presents future certificates of participation payments as of June 30, 2022 (expressed in thousands):

Year Ending June 30	Certificates of Participation		Certificates of Participation-Private Placements	
	Principal	Interest	Principal	Interest
2023	\$ 3,295	\$ 3,113	\$ 388	\$ 35
2024	3,465	2,948	393	26
2025	3,640	2,775	402	17
2026	3,815	2,593	372	8
2027	4,010	2,402	-	-
2028-2032	19,665	9,362	-	-
2033-2037	11,035	5,875	-	-
2038-2042	13,955	2,959	-	-
2043-2047	3,220	161	-	-
<b>Total</b>	<b>\$ 66,100</b>	<b>\$ 32,188</b>	<b>\$ 1,555</b>	<b>\$ 86</b>

### I. Tuition Benefits Payable

The Higher Education Tuition Trust Fund, an enterprise fund, reports benefits payable as shown in Section A based upon the actuarial present value (APV) of the future tuition obligations and administrative expenses that will be paid in future years. The present value calculation includes the effects of projected tuition and fee increases and termination of contracts as follows (expressed in thousands):

APV of the future tuition obligation	\$	205,181
Net position available		387,201
Net position as a percentage of tuition benefits obligation		188.71 %

The actuarial valuation used an investment yield assumption of 5.00% per year and tuition growth assumptions as follows:

	Universities	Community Colleges
2023-24	2.50%	2.50%
2024-25	1.90%	1.90%
2025-26	2.70%	2.70%
2026-27 and later	4.00%	3.50%

### J. Arbitrage Rebate Requirement

The Tax Reform Act of 1986 imposes a rebate requirement with respect to some bonds issued by the State. Under this requirement, an amount equal to the sum of (a) the excess of the aggregate amount earned on all investments (other than certain specified exceptions) over the amount that would have been earned if all investments were invested at a rate equal to the yield on the bonds, and (b) any income earned on the excess described in (a) must be rebated to the United States Treasury, in order for the interest on the bonds to be excluded from gross income for federal income tax purposes. In accordance with the Internal Revenue Service Regulations, arbitrage rebate liability calculated as of June 30, 2022 is \$0.

### K. Conduit Debt Obligations

The State has issued Industrial Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of commercial facilities deemed to be in the public interest. During the 2013 session, the Nevada Legislature enacted the Charter School Financing Law, which authorizes the issuance of Charter School Bonds and other obligations to finance the acquisition, construction, improvement, maintenance or furnishing of land, buildings and facilities for Charter Schools in the State of Nevada. The above two types of bonds are secured by the properties financed and are payable solely from payments received on the underlying mortgage loans. The State is not obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2022 there are seven series of Industrial Revenue Bonds and five series of Charter School Bonds outstanding, with an aggregate principal amount payable of \$325,367,000.

## Notes to the Financial Statements

For the Year Ended June 30, 2022

### L. Pledged Revenue

*Pledged motor vehicle and special fuel tax* - The State has pledged a portion of future motor vehicle fuel and special fuel tax revenues as well as federal aid for eligible projects to repay the Highway Improvement Revenue Bonds that were issued for highway construction projects and property acquisition purposes. As of June 30, 2022, the outstanding balance of Highway Improvement Revenue and Refunding bonds is \$764,875,000. The total of principal and interest remaining on the bonds is \$996,181,028 payable through December 2041. Upon completion of eligible projects, federal aid of \$378,000,000 is expected to be received in fiscal year 2023. For the current year, principal and interest paid was \$73,576,056 and total motor vehicle fuel and special fuel tax revenues were \$344,754,691.

*Pledged future lease rental payments* – With respect to each series of Lease Revenue Certificates of Participation, the NRPC, a blended component unit, has pledged its rights, title and interest in the applicable Ground Lease and Lease Purchase Agreement to the Trustee (including the right to receive payments of base rent and other payments). As of June 30, 2022, the outstanding balance of Lease Revenue Certificates of Participation is \$67,655,000. The total of principal and interest remaining on the certificates is \$80,361,327 payable through June 2043. In fiscal year 2022, principal and interest of \$6,830,028 was paid. Building rent of \$7,000,000 is expected to be collected in fiscal year 2023, which will be used to pay the fiscal year 2023 debt service principal and interest of \$6,830,359.

*Pledged Nevada Housing Division program funds* – The single-family bonds are payable from, and secured by, a pledge of the proceeds derived from the sale of bonds; the rights and interest of the Housing Division in all mortgage loans purchased under the various bond certificates; revenues which primarily include mortgage repayments and the net income, if any, derived as a result of foreclosure or other action taken in the event of a default on such a mortgage loan; curtailments, consisting generally of all amounts representing monthly principal payments with respect to mortgage loans which are received in advance of the scheduled amortization thereof; and all earnings realized by the investment of monies in all funds and accounts as well as all funds and accounts created by the various bond certificates.

The multi-unit bonds are payable from, and secured by, a pledge of the proceeds derived from the sale of bonds; all earnings realized from the investment of bond proceeds; after permanent financing, all revenues received from the development including housing assistance and rental payments made by tenants, notes receivable collateralized by deeds of trust and the rights to FHA insurance, draws on bank letters of credit, private mortgage and hazard insurance and condemnation proceeds.

As of June 30, 2022, the outstanding balance of single-family and multi-unit bonds is \$1,063,427,830. The total of principal and interest remaining on the bonds is \$1,671,794,270 payable through November 2061. In fiscal year 2022, principal and interest of \$137,890,466 was paid, pursuant to provisions of the related agreements, which permits surplus collections, resulting primarily from mortgage loan payments, to be used to retire the obligation. Total operating revenues were \$40,726,482, receipts of mortgage loans were \$43,537,574, and the proceeds from the sale of bonds were \$326,445,372 during the current year.

### M. Pollution Remediation Obligation

Currently there are eight sites in Nevada in various stages of pollution cleanup associated with contaminated soil and groundwater. The pollution remediation liabilities associated with three of these sites were measured using the expected cash flow technique. Liability estimates are subject to change due to price increases or reductions, technology, or changes in applicable laws or regulations governing the remediation efforts. The State does not anticipate recovering reimbursements from the parties who caused the pollution.

The remaining five sites were identified by Nevada Department of Correction for various gun firing ranges for lead pollution.

As of June 30, 2022 the total pollution remediation obligation is \$4,920,600.

### N. Component Unit Obligations

Nevada System of Higher Education (NSHE) – Bonds, notes, finance agreements, leases and compensated absences payable by NSHE at June 30, 2022 and the changes for the year then ended, consist of the following (expressed in thousands):

## Notes to the Financial Statements

For the Year Ended June 30, 2022

	Beginning Balance (Restated)*	Additions	Reductions	Ending Balance	Due Within One Year
Bonds and notes payable	\$ 682,229	\$ 57,609	\$ (67,449)	\$ 672,389	\$ 36,208
Premiums (discounts)	39,411	5,703	(3,980)	41,134	3,243
<b>Total bonds and notes payable</b>	<b>721,640</b>	<b>63,312</b>	<b>(71,429)</b>	<b>713,523</b>	<b>39,451</b>
Finance agreements	49,081	-	(2,567)	46,514	2,673
Leases	39,122	6,830	(8,975)	36,977	8,538
Compensated absences liabilities	71,364	44,705	(51,453)	64,616	41,058
<b>Total</b>	<b>\$ 881,207</b>	<b>\$ 114,847</b>	<b>\$ (134,424)</b>	<b>861,630</b>	<b>91,720</b>
<b>Discretely presented component units of the NSHE:</b>					
Leases				98	84
<b>Total</b>				<b>\$ 861,728</b>	<b>\$ 91,804</b>

\*The beginning balance of leases has been restated due to the implementation of GASB Statement No. 87. (See Note 19)

Tuition and fees, auxiliary enterprises' revenue and certain other revenue as defined in the bond indentures secure the revenue bonds.

The following table presents annual principal and interest payments for bonds, notes and finance agreements payable outstanding by NSHE at June 30, 2022 (expressed in thousands):

Year Ending June 30	Principal	Interest
2023	\$ 38,881	\$ 27,666
2024	35,175	26,287
2025	32,436	24,793
2026	33,059	23,241
2027	36,283	28,533
2028-2032	159,499	87,493
2033-2037	166,930	54,277
2038-2042	98,655	29,032
2043-2047	87,940	11,797
2048-2052	30,045	1,373
	718,903	314,492
Premiums	41,134	-
<b>Total</b>	<b>\$ 760,037</b>	<b>\$ 314,492</b>

Remaining principal and interest payments by NSHE on leases are as follows (expressed in thousands):

Year Ending June 30	Principal	Interest	Total
2023	\$ 8,538	\$ 388	\$ 8,926
2024	6,077	318	6,395
2025	4,616	263	4,879
2026	3,637	218	3,855
2027	3,406	173	3,579
2028-2032	10,653	304	10,957
2033-2038	50	1	51
<b>Total</b>	<b>\$ 36,977</b>	<b>\$ 1,665</b>	<b>\$ 38,642</b>

Colorado River Commission (CRC) – Bonds, leases and compensated absences payable by CRC at June 30, 2022, and the changes for the year then ended, consist of the following (expressed in thousands):

	Beginning Balance (Restated)*	Additions	Reductions	Ending Balance	Due Within One Year
<b>Bonds payable:</b>					
General obligation bonds	\$ 25,985	\$ -	\$ (770)	\$ 25,215	\$ 800
Issuance premiums (discounts)	(132)	-	6	(126)	-
<b>Total bonds payable</b>	<b>25,853</b>	<b>-</b>	<b>(764)</b>	<b>25,089</b>	<b>800</b>
Leases	367	-	(121)	246	121
Compensated absences obligations	588	343	(346)	585	345
<b>Total</b>	<b>\$ 26,808</b>	<b>\$ 343</b>	<b>\$ (1,231)</b>	<b>\$ 25,920</b>	<b>\$ 1,266</b>

\*The beginning balance of leases has been restated due to the implementation of GASB Statement No. 87. (See Note 19)

## Notes to the Financial Statements

For the Year Ended June 30, 2022

Scheduled maturities for bonds payable by CRC for the years ending June 30 are as follows (expressed in thousands):

Year Ending June 30	Principal	Interest
2023	\$ 800	\$ 994
2024	815	971
2025	835	945
2026	865	916
2027	900	886
2028-2032	5,000	3,900
2033-2037	6,090	2,774
2038-2042	6,830	1,391
2043-2047	3,080	99
<b>Total</b>	25,215	12,876

Remaining principal and interest payments by CRC on leases are as follows (expressed in thousands):

Year Ending June 30	Principal	Interest	Total
2023	\$ 121	\$ 5	\$ 126
2024	125	2	127
<b>Total</b>	246	7	253

### O. Short-Term Obligations

*Primary Government* - There was no short-term debt outstanding at July 1, 2021 or June 30, 2022.

## Note 10. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of each pension plan and additions to/deductions from each pension plan's fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments and refunds of employee contributions are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value.

The State's defined benefit pension plans, the Public Employees' Retirement System of Nevada, the Legislators' Retirement System of Nevada and the Judicial Retirement System of Nevada, are described in detail below. The aggregate pension related amounts for the primary government consist of a net pension liability of \$1,517,053,931, deferred outflows of resources of \$909,143,368, deferred inflows of resources of \$1,314,317,469, pension expenditures of \$23,001,269 and pension expense of \$2,476,411. Pension expenditures and expense total \$25,477,680.

The aggregate pension related amounts for discretely presented component units consist of a net pension liability of \$276,810,024, deferred outflows of resources of \$158,483,362, deferred inflows of resources of \$227,903,419 and pension expense of \$7,421,703.

### A. Public Employees' Retirement System of Nevada

*Plan Description* – The Public Employees' Retirement System (PERS, "the System") was established in 1947 by the Nevada Legislature and is governed by the Public Employees' Retirement Board whose seven members are appointed by the governor. PERS administers a cost-sharing multiple-employer defined benefit pension plan that covers qualified State employees and employees of participating local government entities in the State. Any public employer in the State may elect to have its regular and police/fire employees covered by PERS. The cost to administer the plan is financed through the contributions and investment earnings of the plan. PERS issues a publicly available financial report that includes financial statements and the required supplementary information for the System. That report may be obtained on the PERS website at [www.nvpers.org](http://www.nvpers.org).

## Notes to the Financial Statements

For the Year Ended June 30, 2022

*Pension Benefits* – Benefits provided to participants or their beneficiaries include retirement, disability, and survivor benefits. Benefits, as required by statute, are determined by the number of years of accredited service at the time of retirement and the member’s highest average compensation in any 36 consecutive months, with special provisions for members entering the System on or after January 1, 2010. Members become fully vested as to benefits upon completion of 5 years of service. Unreduced benefits are available, depending upon when the member entered the System, as follows:

Regular Members	Police/Fire Members
<u>Before January 1, 2010</u>	<u>Before January 1, 2010</u>
Age 65 with 5 years of service	Age 65 with 5 years of service
Age 60 with 10 years of service	Age 55 with 10 years of service
Any age with 30 years of service	Age 50 with 20 years of service
	Any age with 25 years of service
<u>On or after January 1, 2010</u>	<u>On or after January 1, 2010</u>
Age 65 with 5 years of service	Age 65 with 5 years of service
Age 62 with 10 years of service	Age 60 with 10 years of service
Any age with 30 years of service	Age 50 with 20 years of service
	Any age with 30 years of service
<u>On or after July 1, 2015</u>	<u>On or after July 1, 2015</u>
Age 65 with 5 years of service	Age 65 with 5 years of service
Age 62 with 10 years of service	Age 60 with 10 years of service
Age 55 with 30 years of service	Age 50 with 20 years of service
Any age with 33.3 years of service	Any age with 33.3 years of service

Members with the years of service necessary to receive a retirement benefit but who have not reached the age for an unreduced benefit may retire at any age with the benefit reduced by 4% (for members entering the System before January 2, 2010) or 6% (for members entering the System on or after January 1, 2010) for each full year they are under the required age.

Monthly benefit allowances for members are computed as 2.5% of average compensation for each accredited year of service prior to July 1, 2001. For service earned on and after July 1, 2001, this multiplier is 2.67% of average compensation. For members entering the System on or after January 1, 2010, there is a 2.5% multiplier. Lastly, for members entering the System on or after July 1, 2015, there is a 2.25% multiplier. PERS offers several alternatives to the unmodified service retirement allowance which, in general, allow the retired employee to accept a reduced service retirement allowance payable monthly during his or her lifetime and various optional monthly payments to a named beneficiary after his or her death.

Retirees are eligible for annual benefit increases if they began receiving benefits at least 3 years before the effective date of the increase. Benefits are increased annually on the first day of the month following the anniversary of the commencement of benefits. The increases begin at 2% in years 4, 5 and 6; increase to 3% in years 7, 8 and 9; 3.5% in years 10, 11 and 12; 4% for years 13 and 14; and 5% in year 15 and each year thereafter. For retirees entering the System on or after January 1, 2010, increases are capped at 4% in year 13 and each year thereafter. If the benefit outpaces inflation in the period since retirement, the increase may be capped by a rolling three-year average of the Consumer Price Index (all items). For retirees entering the System on or after July 1, 2015, the increases begin at 2% in years 4, 5 and 6; increase to 2.5% in years 7, 8 and 9; the lesser of 3% or the increase, if any, in the Consumer Price Index (all items) for the preceding calendar years following year 10 and every year thereafter.

*Member and Employer Contributions* - The authority for establishing and amending the obligation to make contributions, and member contribution rates, is set by statute. New hires of the State of Nevada and public employers have the option of selecting either the employee/employer contribution plan or the employer-pay contribution plan. Under the employee/employer contribution plan, the employee and the employer each make matching contributions. Under the employer-pay contribution plan, the employer pays all contributions on the employee’s behalf; however, the employee shares equally in the cost of the contribution rate either through salary reduction or in lieu of a promised pay increase.

PERS’ basic funding policy provides for periodic contributions at a level pattern of cost as a percentage of salary throughout an employee’s working lifetime in order to accumulate sufficient assets to pay benefits when due. Although PERS receives an actuarial valuation on an annual basis indicating the contribution rates required to fund the System on an actuarial reserve basis, contributions actually made are in accordance with the required rates established by the Nevada Legislature. These statutory rates are increased/decreased pursuant to NRS 286.421 and 286.450.

## Notes to the Financial Statements

For the Year Ended June 30, 2022

Required contribution rates for employers and for active plan members, as a percentage of covered payroll, for the fiscal year ended June 30, 2022, were as follows:

	Statutory Rate	
	Employer	Employees
<b>Regular employees:</b>		
Employer-pay plan	29.75 %	-
Employee/employer plan (matching rate)	15.50 %	15.50 %
<b>Police and Fire employees:</b>		
Employer-pay plan	44.00 %	-
Employee/employer plan (matching rate)	22.75 %	22.75 %

The primary government contributions recognized as part of pension expense for the current fiscal year ended June 30, 2022, were \$175,569,571 and discretely presented component unit contributions totaled \$31,726,847.

*Pension Liabilities, Pension Expenditure/Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - Primary Government* - At June 30, 2022, the State reported a liability of \$1,522,864,723, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The State's proportion of the net pension liability was based on the State's share of contributions in PERS pension plan relative to the total contributions of all participating PERS employers and members. At June 30, 2021, the State's proportion was 16.70%, a decrease of 0.14% from its proportion measured at June 30, 2020.

For the year ended June 30, 2022, the State recognized pension expense of \$2,476,411 and pension expenditure of \$22,546,562. At June 30, 2022, the State reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (expressed in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 168,687	\$ (10,717)
Changes of assumption	505,617	-
Net difference between projected and actual earnings on pension plan investments	-	(1,242,609)
Changes in proportionate share of contributions	48,068	(38,161)
State contributions subsequent to the measurement date	173,103	-
<b>Total</b>	<b>\$ 895,475</b>	<b>\$ (1,291,487)</b>

Deferred outflows of resources of \$173,102,403 for contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (expressed in thousands):

Year Ended June 30:		
2023	\$	(165,480)
2024		(167,931)
2025		(173,507)
2026		(188,625)
2027		110,983
Thereafter		15,445

*Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - Nevada System of Higher Education (NSHE)* - At June 30, 2022, the NSHE reported a liability of \$272,974,000, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The NSHE's proportion of the net pension liability was based on the NSHE's share of contributions in PERS pension plan relative to the total contributions of all participating PERS employers and members. At June 30, 2021, the NSHE's proportion was 2.99%, a decrease of 0.06% from its proportion measured at June 30, 2020.

## Notes to the Financial Statements

For the Year Ended June 30, 2022

For the year ended June 30, 2022, the NSHE recognized pension expense of \$7,132,000. At June 30, 2022, the NSHE reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (expressed in thousands):

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 30,236	\$ (1,921)
Changes of assumption	90,632	-
Net difference between projected and actual earnings on pension plan investments	-	(222,738)
Changes in proportionate share of contributions	4,655	-
NSHE contributions subsequent to the measurement date	30,716	-
<b>Total</b>	<u>\$ 156,239</u>	<u>\$ (224,659)</u>

Deferred outflows of resources of \$30,716,000 for contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (expressed in thousands):

<b>Year Ended June 30:</b>		
2023	\$	(29,614)
2024		(29,129)
2025		(30,216)
2026		(32,386)
2027		19,485
Thereafter		2,724

*Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - Colorado River Commission (CRC)* - At June 30, 2022, the CRC reported a liability of \$3,836,024, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The CRC's proportion of the net pension liability was based on the CRC's share of contributions in PERS pension plan relative to the total contributions of all participating PERS employers and members. At June 30, 2021, the CRC's proportion was 0.04%, no change from its proportion measured at June 30, 2020.

For the year ended June 30, 2022, the CRC recognized pension expense of \$289,703. At June 30, 2022, the CRC reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (expressed in thousands):

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 425	\$ (27)
Changes of assumption	1,274	-
Net difference between projected and actual earnings on pension plan investments	-	(3,130)
Changes in proportionate share of contributions	106	(87)
CRC contributions subsequent to the measurement date	439	-
<b>Total</b>	<u>\$ 2,244</u>	<u>\$ (3,244)</u>

Deferred outflows of resources of \$439,323 for contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (expressed in thousands):

<b>Year Ended June 30:</b>		
2023	\$	(418)
2024		(424)
2025		(438)
2026		(476)
2027		278
Thereafter		39



## Notes to the Financial Statements

For the Year Ended June 30, 2022

*Actuarial Assumptions* – The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

<i>Inflation rate:</i>	2.50%
<i>Payroll growth:</i>	3.50%, including inflation
<i>Investment rate of return:</i>	7.25%
<i>Productivity pay increase:</i>	0.50%
<i>Projected salary increases:</i>	Regular: 4.20% to 9.10%, depending on service Police/Fire: 4.60% to 14.50%, depending on service Rates include inflation and productivity increases
<i>Consumer price index:</i>	2.50%
<i>Other assumptions:</i>	Same as those used in the June 30, 2021, funding actuarial valuation

Mortality rates were based on the Pub-2010 General Healthy Retiree Amount-Weighted Above-Median Mortality Table (separate tables for males and females) with rates increased by 30% for males and 15% for females, projected generationally with the two-dimensional monthly improvement scale MP-2020. For ages 40 through 50, mortality rates are based on the smoothing of the difference between the rates at age 40 from the Pub-2010 General Employee Amount-Weighted Above-Median Mortality Tables and the rates at age 50 from the Pub-2010 General Healthy Retiree Amount-Weighted Above-Median Mortality Tables. The mortality rates before age 40 were developed using the Pub-2010 General Employee Amount-Weighted Above-Median Mortality Tables rates. Mortality rates for disabled members were based on the Pub-2010 Non-Safety Disabled Retiree Amount-Weighted Mortality Table (separate tables for males and females) with rates increased by 20% for males and 15% for females, projected generationally with the two-dimensional mortality improvement scale MP-2020. Mortality rates for pre-retirement members were based on the Pub-2010 General Employee Amount-Weighted Above-Median Mortality Table (separate tables for males and females) projected generationally with the two-dimensional mortality improvement scale MP-2020.

Actuarial assumptions used in the June 30, 2021, valuation were based on an experience study for the period from July 1, 2016, through June 30, 2020.

*Changes in Actuarial Assumptions* - The PERS plan reflects the following changes in assumptions from June 30, 2020, to June 30, 2021.

- The inflation rate decreased from 2.75% to 2.50%.
- Payroll growth decreased from 5.00% to 3.50%.
- Investment rate of return decreased from 7.50% to 7.25%.
- Projected salary increases declined from 4.25% to 9.15% to 4.20% to 9.10% for Regular members.
- Projected salary increases declined from 4.55% to 13.90% to 4.60% to 14.50% for Police/Fire members.
- The consumer price index decreased from 2.75% to 2.50%.
- Mortality rates were changed from Headcount-Weighted RP-2014 Tables to Pub-2010 Mortality Tables.
- Future mortality improvement was changed from 6 years to the Generational Projection Scale MP-2020.

*Investment Policy* - The PERS Board evaluates and establishes the investment portfolio target asset allocations and the expected real rates of return (expected returns, net of investment expenses and inflation) for each asset class. The Board reviews these asset allocations and capital market expectations annually. The System's target asset allocations and current long-term geometric expected real rates of return for each asset class included in the fund's investment portfolio as of June 30, 2021, are included in the following table:

## Notes to the Financial Statements

For the Year Ended June 30, 2022

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Geometric Expected Real Rate of Return</u>
U.S. stocks	42%	5.50%
International stocks	18%	5.50%
U.S. bonds	28%	0.75%
Private markets	12%	6.65%

*Discount Rate* – The discount rate used to measure the total pension liability was 7.25% as of June 30, 2021, which decreased from 7.50% as of June 30, 2020. The projection of cash flows used to determine the discount rate assumed plan contributions will be made in amounts consistent with statutory provisions and recognizing the plan’s current funding policy and cost-sharing mechanism between employers and members. For this purpose, all contributions that are intended to fund benefits for all plan members and their beneficiaries are included, except that projected contributions that are intended to fund the service costs for future plan members and their beneficiaries are not included. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2021.

*Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate* – The following presents the proportionate share of the net pension liability at June 30, 2021, calculated using the discount rate of 7.25%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate (expressed in thousands):

	<u>1% Decrease in Discount Rate (6.25%)</u>	<u>Discount Rate (7.25%)</u>	<u>1% Increase in Discount Rate (8.25%)</u>
Primary government - net pension liability	\$ 3,031,975	\$ 1,522,865	\$ 277,972
Nevada System of Higher Education - net pension liability	543,485	272,974	49,827
Colorado River Commission - net pension liability	7,637	3,836	700,199

*Pension Plan Fiduciary Net Position* – Detailed information about the pension plan’s fiduciary net position is available in the separately issued PERS’ report.

*Payables to the Pension Plan* – At June 30, 2022, the primary government reported payables to the defined benefit pension plan of \$17,508,748 for legally required employer contributions, and \$8,516,129 for legally required employee contributions withheld from employee wages, not yet remitted to PERS.

### B. Legislators’ Retirement System of Nevada

*Plan Description* – The Legislators’ Retirement System (LRS) is a single-employer defined benefit pension plan established in 1967 by the Nevada Legislature (NRS 218C) and is governed by the Public Employees’ Retirement Board whose seven members are appointed by the governor. All State Legislators are members. LRS issues a publicly available financial report that includes financial statements and the required supplementary information for the System. LRS’ financial report may be obtained from the Public Employees’ Retirement System, 693 West Nye Lane, Carson City, Nevada 89703.

At June 30, 2021, the LRS pension plan membership consisted of:

Retirees and beneficiaries currently receiving benefits	70
Inactive vested members	12
Inactive non-vested members	37
Active members	27
<b>Total</b>	<u>146</u>

*Pension Benefits* – Benefits are determined by the number of years of accredited service at the time of retirement. Service years include the entire election term whether or not the Legislature is in session. Benefits payments to which participants may be entitled under the plan include pension and survivor benefits. Monthly benefit allowances are \$25 for each year of service up to 30 years.

## Notes to the Financial Statements

For the Year Ended June 30, 2022

If a Legislator is newly elected after July 1, 1985, they must have at least 10 years of service, be age 60, and no longer be a Legislator in order to retire without benefit reduction. If a Legislator is no longer serving and has at least 10 years of service but is under the age of 60, they can elect to wait to receive their benefit until the age of 60 or begin receiving a reduced benefit prior to the age of 60. The minimum requirement for an unreduced benefit for a Legislator elected prior to July 1, 1985, is 8 years of accredited service at age 60.

Members are eligible for post-retirement benefit increases based on their effective date of membership. For members with an effective date of membership before January 1, 2010, the lesser of: (a) 2% per year following the third anniversary of the commencement of benefits, 3% per year following the sixth anniversary, 3.5% per year following the ninth anniversary, 4% per year following the twelfth anniversary and 5% per year following the fourteenth anniversary, or (b) the average percentage increase in the Consumer Price Index (or other Board approved index) for the three preceding years. In any event, a member's benefit must be increased by the percentages in (a) if it has not been increased at a rate greater than or equal to the average of the Consumer Price Index (CPI) (All items) (or other Board approved index) for the period between retirement and the date of increase. For members with an effective date of membership on or after January 1, 2010, and prior to July 1, 2015, same as above, except the increases in (a) above do not exceed 4% per year. For members with an effective date of membership on or after July 1, 2015, 2% per year following the third through fifth anniversaries of the commencement of benefits; 2.5% per year following the sixth through eighth anniversaries. On succeeding anniversaries, the annual increase shall be the lesser of 3% or the CPI for the preceding calendar year. For future retirees, those hired prior to 2010 are assumed to reach the cap after 14 years of retirement. Those hired in between 2010 and 2015 are also assumed to reach the cap after 14 years of retirement. Those hired after 2015 will never receive an annual increase that exceeds 2.5%. Underlying all of these assumptions is that CPI will grow over time at a rate of 2.5% per year.

*Member and Employer Contributions* - The employee contribution of 15% of compensation is paid by the employee only when the Legislature is in session, as required by statute. The Legislature holds sessions every two years. Prior to 1985, the employee contributions were matched by the employer. The 1985 Legislators' Retirement Act includes NRS 218C.390(2) which states, "The Director of the Legislative Counsel Bureau shall pay to the Board from the Legislative Fund an amount as the contribution of the State of Nevada as employer which is actuarially determined to be sufficient to provide the System with enough money to pay all benefits for which the System will be liable." The Legislature appropriated \$165,692 for fiscal years 2021 and 2022, which is the required State contribution as determined by the actuary. This amount was paid by the State of Nevada to the Legislative fund during fiscal 2021, of which \$82,846 (half) was recognized as employer contributions in the fiscal year 2021, and the other half has been recognized as employer contributions in fiscal year 2022.

State contributions recognized as part of pension expense for the fiscal year ended June 30, 2022, were \$82,846.

LRS' basic funding policy provides for contributions by the State based on a biennial actuarial valuation prepared per NRS 281C.390(2). The Actuarially Determined Employers' Contribution (ADEC) includes the employer's normal cost and a provision for amortizing the Unfunded Actuarial Accrued Liability (UAAL). Beginning July 1, 2014, actuarial valuations are done annually. Effective with the January 1, 2009 valuation, the UAAL is amortized as a level dollar amount over a declining amortization period of 20 years. Any increases or decreases in the UAAL that arise in future years will be amortized over separate 20-year periods. In addition, the Actuarial Value of Assets (AVA) was limited to not less than 75% or greater than 125% of market value. The actuarial funding method used is the Entry Age Normal Cost Method.

*Pension Liabilities/(Asset), Pension Expenditure, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions* – At June 30, 2022, the State reported a net pension asset of \$679,359. The net pension asset was measured as of June 30, 2021, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date.

For the year ended June 30, 2022, the State recognized pension income of \$64,090. At June 30, 2022, the State reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (expressed in thousands):

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ (734)
Differences between expected and actual experience	37	-
State contributions subsequent to the measurement date	83	-
<b>Total</b>	<u>\$ 120</u>	<u>\$ (734)</u>

## Notes to the Financial Statements

For the Year Ended June 30, 2022

Deferred outflows of resources of \$82,846 for contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2023.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (expressed in thousands):

Year Ended June 30		
2023	\$	(166)
2024		(174)
2025		(174)
2026		(183)
2027		-
Thereafter		-

The following table presents the changes in the net pension liability/(asset) for LRS for the year ended June 30, 2021 (expressed in thousands):

	2021	
<b>Total pension liability</b>		
Service cost	\$	32
Interest		350
Difference between expected and actual experience		(119)
Changes of assumptions		268
Benefit payments, including refunds		(421)
Net change in total pension liability		110
Total pension liability - beginning		4,841
<b>Total pension liability - ending (a)</b>	<b>\$</b>	<b>4,951</b>
<b>Plan fiduciary net position</b>		
Contributions - employer	\$	83
Contributions - plan member		19
Net investment income		1,254
Benefit payments, including refunds		(421)
Administration expenses		(83)
Other		84
Net change in plan fiduciary net position		936
Plan fiduciary net position - beginning		4,694
<b>Plan fiduciary net position - ending (b)</b>	<b>\$</b>	<b>5,630</b>
<b>Net pension liability/(asset) - beginning</b>	<b>\$</b>	<b>147</b>
<b>Net pension liability/(asset) - ending (a) - (b)</b>	<b>\$</b>	<b>(679)</b>
Plan fiduciary net position as a percentage of total pension liability		114%
Covered payroll		N/A
Net pension liability as a percentage of covered payroll		N/A

*Actuarial Assumptions* – The State’s net pension asset was measured as of June 30, 2021, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

<i>Inflation rate:</i>	2.50%
<i>Investment rate of return, net of pension plan investment expense, including inflation:</i>	7.25%
<i>Projected salary increases:</i>	2.50%
<i>Consumer price index:</i>	2.50%
<i>Other assumptions:</i>	Same as those used in the June 30, 2021, funding actuarial valuation

Mortality rates were based on the Pub-2010 General Healthy Retiree Amount-Weighted Above-Median Mortality Table (separate tables for males and females), projected generationally with the two-dimensional mortality improvement scale MP-2020. For ages 40 through 50, mortality rates are based on the smoothing of the difference between the rates at age 40 from the Pub-2010 General Employee Amount-Weighted Above-Median Mortality Tables and the rates at age 50 from the Pub-2010

## Notes to the Financial Statements

For the Year Ended June 30, 2022

General Healthy Retiree Amount-Weighted Above-Median Mortality Tables. The mortality rates before age 40 were developed using the Pub-2010 General Employee Amount-Weighted Above-Median Mortality Tables rates. No pre-retirement mortality is assumed.

Actuarial assumptions used in the June 30, 2021, valuation were based on the results of the actuarial experience study for the period July 1, 2016, through June 30, 2020.

*Investment Policy* – The Retirement Board evaluates and establishes the investment portfolio target asset allocations and the expected real rates of return (expected returns, net of investment expenses and inflation) for each asset class. The Board reviews these asset allocations and capital market expectations annually. The System’s target asset allocations and current long-term expected real rates of return for each asset class included in the fund’s investment portfolio as of June 30, 2021, are included in the following table.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Geometric Expected Real Rate of Return</u>
U.S. stocks	50%	5.50%
International stocks	22%	5.50%
U.S. bonds	28%	0.75%

*Discount Rate* – The discount rate used to measure the total pension liability was 7.25% as of June 30, 2021. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, actuarially determined. For this purpose, only employer contributions that are intended to fund benefits for current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the Net Pension Asset to Changes in the Discount Rate* – The following presents the net pension asset calculated using the discount rate of 7.25%, as well as what the net pension asset would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate (expressed in thousands):

	<u>1% Decrease in Discount Rate (6.25%)</u>	<u>Discount Rate (7.25%)</u>	<u>1% Increase in Discount Rate (8.25%)</u>
Net pension liability/(asset)	\$ (230)	\$ (679)	\$ (1,062)

*Pension Plan Fiduciary Net Position* – Detailed information about the pension plan’s fiduciary net position is available in the separately issued LRS report.

*Payables to the Pension Plan* – At June 30, 2022, the State had no payables to the defined benefit pension plan for legally required employer contributions.

### C. Judicial Retirement System of Nevada

*Plan Description* – The Judicial Retirement System (JRS) is an agent multiple-employer defined benefit pension plan established in 2001 by the Nevada Legislature (NRS 1A.160) and is governed by the Public Employees’ Retirement Board whose seven members are appointed by the governor. The JRS was established to provide benefits in the event of retirement, disability, or death of justices of the Supreme Court, district judges, municipal court judges and justices of the peace, funded on an actuarial reserve basis. JRS issues a publicly available financial report that includes financial statements and the required supplementary information for the System. JRS’ financial report may be obtained from the Public Employees’ Retirement System, 693 West Nye Lane, Carson City, Nevada 89703.

## Notes to the Financial Statements

For the Year Ended June 30, 2022

At June 30, 2021, the JRS pension plan membership consisted of:

Retirees and beneficiaries currently receiving benefits	91
Inactive vested members	6
Active members	113
<b>Total</b>	<b>210</b>

*Pension Benefits* - Benefits are paid according to various options contained in pertinent statutes, dependent upon whether a member was serving as a Supreme Court justice or district judge before November 5, 2002. Retiring members who were serving as a judge before November 5, 2002, may select among the two benefit options below. Retiring members who began serving as a justice or judge on or after November 5, 2002, may select only the first option below.

Option 1 - 2003 Benefit Plan: Benefits, as required by statute, are computed at 3.4091% per year of accredited service at the time of retirement times the member's highest average compensation in any 36 consecutive months, to a maximum of 75%. Benefit payments to which participants may be entitled under the plan include pension benefits, disability benefits and survivor benefits.

Option 2 - Previous Benefit Plan: Retiring members who were serving as a Supreme Court justice or district judge prior to November 5, 2002 may select benefit payments computed at 4.1666% for each year of service, up to a total maximum of 22 years, times the member's compensation for their last year of service, for a maximum of 75%.

Members who retired under the Previous Benefit Plan (plan in effect before November 5, 2002) and are appointed as senior judges can earn service credit while receiving their pension payments. They are eligible to have their benefit recalculated each time they earn an additional year of service credit.

Members enrolled in the Judicial Retirement Plan on or after July 1, 2015, will receive 3.1591% for each year of service. Each member is entitled to a benefit of not more than 75% and must contribute 50% of the contribution rate through payroll deductions.

Members of the System become fully vested after five years of service. A member of the System is eligible for retirement at age 65 with five years of service, at age 60 with ten years of service, or at any age with 30 years of service. For those members who were serving as a Supreme Court justice or district judge prior to November 5, 2002, and selected the second benefit option, eligibility for retirement is at age 60 with five years of service.

Members enrolled on or after July 1, 2015, become fully vested after five years of service. Eligible retirement age is 65 with five years of service, at age 62 with 10 years of service, age 55 with 30 years of service, and at any age with 33 1/3 years of service.

*Member and Employer Contributions* -The participating employers submit the percentage of compensation determined by the actuary to pay the normal costs and administrative expenses. Also, the participating employers pay to the JRS an amount on the unfounded liability which is actuarially determined to be sufficient to enable the JRS to pay all current benefits for which the JRS is liable.

JRS' basic funding policy provides for contributions by the participating employers based on an actuarial valuation prepared per Nevada Revised Statute (NRS 1A.312(1)). The amount of the annual contribution required to fund the System is comprised of a normal cost payment and a payment on the unfounded Actuarial Accrued Liability (UAAL). Effective January 1, 2009, UAAL is amortized over a year-by-year closed amortization period as a level percent of pay (3% payroll growth assumed) where each amortization period will be set at 30 years for State judges (Supreme Court justices and district judges) and 20 years for each non-state agency. Any increases or decreases in UAAL that arise in future years will be amortized over separate 30-year periods for State judges and 20-year periods for non-state judges. The actuarial funding method used is the Entry Age Normal Cost Method.

The State's annual actuarially determined contribution to fund the System at June 30, 2022, was \$5,272,433 and the actual contribution made was \$4,660,252.

*Pension Liability/(Asset), Pension Expenditure, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions* - At June 30, 2022, the State reported a net pension asset of \$5,131,433 for the JRS pension plan. The net pension asset was measured as of June 30, 2021, and the total pension liability used to calculate the net pension asset was determined by

## Notes to the Financial Statements

For the Year Ended June 30, 2022

an actuarial valuation as of that date. The State's net pension asset was based on an individual basis and based on the plan provisions and benefit accrual rates applicable to that individual.

For the year ended June 30, 2022, the State recognized pension income of \$390,617. At June 30, 2022, the State reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (expressed in thousands):

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 771	\$ (2,351)
Change of assumptions	8,107	-
Net difference between projected and actual earnings on pension plan investments	-	(19,660)
Changes in proportion and differences between State contributions and proportionate share of contributions	10	(85)
State contributions subsequent to the measurement date	4,660	-
<b>Total</b>	<b>\$ 13,548</b>	<b>\$ (22,096)</b>

Deferred outflows of resources of \$4,660,252 for contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2023.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (expressed in thousands):

<b>Year Ended June 30:</b>	
2023	\$ (3,688)
2024	(2,791)
2025	(2,430)
2026	(4,299)
2027	-
Thereafter	-

The following table presents the changes in the net pension liability/(asset) for JRS for the year ended June 30, 2021 (expressed in thousands):

	<b>2021</b>
<b>Total pension liability</b>	
Service cost	\$ 4,207
Interest	11,585
Differences between expected and actual experience	1,123
Changes of assumptions	11,795
Benefit payments, including refunds	(7,038)
Other	4,424
Net change in total pension liability	26,096
Total pension liability - beginning	151,560
<b>Total pension liability - ending (a)</b>	<b>\$ 177,656</b>
<b>Plan fiduciary net position</b>	
Contributions - employer	\$ 5,413
Employee purchase of service	423
Net investment income	38,931
Benefit payments, including refunds	(7,037)
Administrative expenses	(114)
Other	4,424
Net change in plan fiduciary net position	42,040
Plan fiduciary net position - beginning	141,342
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 183,382</b>
<b>Net pension liability/(asset) - beginning</b>	<b>\$ 10,218</b>
<b>Net pension liability/(asset) - ending (a) - (b)</b>	<b>\$ (5,726)</b>
Plan fiduciary net position as a percentage of total pension liability	103%
Covered payroll (measurement as of end of fiscal year)	\$ 20,193
Net pension liability/(asset) as a percentage of covered payroll	(28)%

*Actuarial Assumptions* – The State's net pension asset was measured as of June 30, 2021, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

## Notes to the Financial Statements

For the Year Ended June 30, 2022

Inflation rate:	2.50%
Investment rate of return, net of pension plan investment expense, including inflation:	7.25%
Projected salary increases:	2.50% to 6.75%, varying by service
Consumer Price Index:	2.50%
Other assumptions:	Same as those used in the June 30, 2021, funding actuarial valuation

Post-Retirement mortality rates were based on the Pub-2010 General Healthy Retiree Amount-Weighted Above-Median Mortality Table (separate tables for males and females), projected generationally with the two-dimensional mortality improvement scale MP-2020. For ages 40 through 50, mortality rates are based on the smoothing of the difference between the rates at age 40 from the Pub-2010 General Employee Amount-Weighted Above-Median Mortality Tables and the rates at age 50 from the Pub-2010 General Healthy Retiree Amount-Weighted Above-Median Mortality Tables. The mortality rates before age 40 were developed using the Pub-2010 General Employee Amount-Weighted Above-Median Mortality Tables rates.

The actuarial assumptions used in the June 30, 2021, valuation were based on the results of the actuarial experience study for the period July 1, 2016, through June 30, 2020.

*Investment Policy* – The Retirement Board evaluates and establishes the investment portfolio target asset allocations and the expected real rates of return (expected returns, net of investment expenses and inflation) for each asset class. The Board reviews these asset allocations and capital market expectations annually. The System’s target asset allocations and current long-term expected real rates of return for each asset class included in the fund’s investment portfolio as of June 30, 2021, are included in the following table:

Asset Class	Target Allocation	Long-term Expected Arithmetic Real Rate of Return
U.S. stocks	50%	6.65%
International stocks	22%	7.18%
U.S. bonds	28%	0.91%

*Discount Rate* – The discount rate used to measure the total pension liability was 7.25% as of June 30, 2021. The projection of cash flows used to determine the discount rate assumed that contributions will be made monthly at the current contribution rate and the payment to amortize the unfunded actuarial liability is assumed to be paid at the end of the year for State and monthly for non-state agencies. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the Net Pension Asset to Changes in the Discount Rate* – The following presents the State’s proportionate share of the net pension asset using the discount rate of 7.25%, as well as what the net pension liability/(asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate (expressed in thousands):

	1% Decrease in Discount Rate (6.25%)	Discount Rate (7.25%)	1% Increase in Discount Rate (8.25%)
Net pension liability/(asset)	\$ 14,126	\$ (5,131)	\$ (21,293)

*Pension Plan Fiduciary Net Position* – Detailed information about the pension plan’s fiduciary net position is available in the separately issued JRS report.

*Payables to the Pension Plan* – At June 30, 2022, the State reported payables to the defined benefit pension plan of \$275,316 for legally required employer contributions not yet remitted to JRS.



## Notes to the Financial Statements

For the Year Ended June 30, 2022

### Note 11. Postemployment Benefits Other than Pensions (OPEB)

For purposes of measuring the State's net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the State's OPEB plan and additions to/deductions from the OPEB plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, 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. Plan assets are reported at fair value.

*Plan description* – Officers and employees of the State of Nevada and of certain other participating local governmental agencies within the State of Nevada are provided with OPEB through the Nevada Public Employees' Benefits Program (PEBP), a multiple-employer cost-sharing defined postemployment benefit plan. The program is administered by the PEBP Board, whose ten members are appointed by the governor. NRS 287.023 provides officers and employees eligible to be covered by any group insurance, plan of benefits or medical and hospital service established pursuant to NRS 287 the option upon retirement to cancel or continue any such coverage. The cost to administer the program is financed through the contributions and investment earnings of the plan. NRS 287.043 grants the PEBP Board the authority to establish and amend the benefit terms of the program. PEBP issues a publicly available financial report that includes financial statements and the required supplementary information for the plan. That report may be obtained from Public Employees' Benefits Program, 901 South Stewart Street, Suite 1001, Carson City, NV 89701.

*Benefits provided* – Benefits other than pensions are provided to eligible retirees and their dependents through the payment of subsidies from the State Retirees' Fund. The "base" subsidy rates are set by PEBP and approved by the Legislature and vary depending on the number of dependents and the medical plan selected. These subsidy rates are subtracted from the premium to arrive at the "participant premium". The "years of service" subsidy rates are then used to adjust the "participant premium" based on years of service. The current subsidy rates can be found on the PEBP website at [www.pebp.state.nv.us](http://www.pebp.state.nv.us). Benefits include health, prescription drug, dental and life insurance coverage. As required by statute, benefits are determined by the number of years of service at the time of retirement and the individual's initial date of hire. Officers and employees hired after December 31, 2011 are not eligible to receive subsidies to reduce premiums. The following individuals and their dependents are eligible to receive subsidies from the State Retirees' Fund:

Any PEBP covered retiree with State service whose last employer was the State or a participating local government entity and who:

- Was initially hired by the State prior to January 1, 2010 and has at least five years of public service; or
- Was initially hired by the State on or after January 1, 2010, but before January 1, 2012 and has at least fifteen years of public service; or
- Was initially hired by the State on or after January 1, 2010, but before January 1, 2012 and has at least five years of public service and has a disability; or
- Any PEBP covered retiree 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 obtain group insurance.

*Contributions* – The State Retirees' Fund was established in 2007 by the Nevada Legislature as an irrevocable trust fund 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 (NRS 287.0436). The money in the State 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 State Retirees' Fund.

The authority for establishing an assessment to pay for a portion of the cost of premiums or contributions for the program is in statute. According to NRS 287.046 the Office of Finance shall establish an assessment that is to be used to pay for a portion of

## Notes to the Financial Statements

For the Year Ended June 30, 2022

the cost of premiums or contributions for the Program for persons who were initially hired before January 1, 2012, and have retired with State service. The money assessed must be deposited into the State Retirees' Fund and must be based upon an amount approved by the Legislature each session to pay for a portion of the current and future health and welfare benefits for persons who retired before January 1, 1994, or for persons who retire on or after January 1, 1994, as adjusted by the years of service subsidy rates. The required contribution rate for employers (the retired employees group insurance rate), as a percentage of covered-employee payroll, for the fiscal year ended June 30, 2022 was 2.17%. Contributions recognized as part of OPEB expense for the current fiscal year ended June 30, 2022 were \$23,162,497 for the primary government, \$16,058,000 for the Nevada System of Higher Education, and \$63,219 for the Colorado River Commission.

*OPEB Liabilities, OPEB Expenditure/Expense, Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB - Primary Government* - At June 30, 2022, the State reported a liability of \$912,583,970, for its proportionate share of the collective net OPEB liability. The collective net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the collective net OPEB liability was determined by an actuarial valuation as of January 1, 2020. The State's proportion of the collective net OPEB liability was based on the State's share of contributions in the OPEB plan relative to the total contributions of all participating OPEB employers and members. At June 30, 2022, the State's proportion was 58.87%, an increase of 0.19% from its proportion measured at June 30, 2021.

For the year ended June 30, 2022, the State recognized OPEB expenditure of \$40,451,224 and OPEB expense of \$1,569,084. At June 30, 2022, the State reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources (expressed in thousands):

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ (32,948)
Changes of assumptions	50,928	(3,954)
Net differences between projected and actual investment earnings on OPEB plan investments	-	(321)
Contributions subsequent to the measurement date and implicit subsidy paid	31,420	-
Total	<u>\$ 82,348</u>	<u>\$ (37,223)</u>

Of the total amount reported as deferred outflows of resources related to OPEB, \$23,162,497 resulting from State contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ended June 30, 2023.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows (expressed in thousands):

<b>Year Ended June 30:</b>		
2023	\$	2,973
2024		6,351
2025		4,432
2026		(51)
2027		-
Thereafter		-

*OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB - Nevada System of Higher Education (NSHE)* - At June 30, 2022, the NSHE reported a liability of \$621,544,000, for its proportionate share of the collective net OPEB liability. The collective net OPEB liability was measured as of July 1, 2021, and the total OPEB liability used to calculate the collective net OPEB liability was determined by an actuarial valuation as of January 1, 2020. The NSHE's proportion of the collective net OPEB liability was based on the NSHE's share of contributions in the OPEB plan relative to the total contributions of all participating OPEB employers and members. At June 30, 2022, the NSHE's proportion was 40.10%, a decrease of 0.25% from its proportion measured at June 30, 2021.

## Notes to the Financial Statements

For the Year Ended June 30, 2022

For the year ended June 30, 2022, the NSHE recognized OPEB expense of \$26,774,000. At June 30, 2022, the NSHE reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources (expressed in thousands):

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ (22,441)
Changes of assumptions	34,684	(2,692)
Net differences between projected and actual investment earnings on OPEB plan investments	-	(218)
Contributions subsequent to the measurement date	16,058	-
Total	<u>\$ 50,742</u>	<u>\$ (25,351)</u>

Of the total amount reported as deferred outflows of resources related to OPEB, \$16,058,000 resulting from NSHE contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ended June 30, 2023.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows (expressed in thousands):

<b>Year Ended June 30:</b>	
2023	\$ 2,025
2024	4,325
2025	3,018
2026	(35)
2027	-
Thereafter	-

*OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB - Colorado River Commission (CRC)* - At June 30, 2022, the CRC reported a liability of \$2,464,632, for its proportionate share of the collective net OPEB liability. The collective net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the collective net OPEB liability was determined by an actuarial valuation as of January 1, 2020. The CRC's proportion of the collective net OPEB liability was based on the CRC's share of contributions in the OPEB plan relative to the total contributions of all participating OPEB employers and members. At June 30, 2022, the CRC's proportion was 0.1590%, a increase of 0.001% from its proportion measured at June 30, 2021.

For the year ended June 30, 2022, the CRC recognized OPEB expense of \$121,349. At June 30, 2022, the CRC reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources (expressed in thousands):

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions	\$ 159	\$ (11)
Net differences between projected and actual investment earnings on OPEB plan investments	-	(90)
Contributions subsequent to the measurement date	63	-
Total	<u>\$ 222</u>	<u>\$ (101)</u>

Of the total amount reported as deferred outflows of resources related to OPEB, \$63,219 resulting from CRC contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ended June 30, 2023.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows (expressed in thousands):

<b>Year Ended June 30:</b>	
2023	\$ 29
2024	17
2025	12
2026	-
2027	-
Thereafter	-

## Notes to the Financial Statements

For the Year Ended June 30, 2022

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

<i>Inflation:</i>	2.50%
<i>Salary increases:</i>	0.50% productivity pay increase, 3.22% average promotional and merit salary increase
<i>Investment rate of return:</i>	2.16% based on a 20-Year Municipal Bond Index
<i>Healthcare cost trend rates:</i>	6.25% initially, decreasing to a 4.50% long-term trend rate after ten years

Healthy mortality rates for public safety officers were based on Pub-2010 Public Retirement Safety Mortality Table weighted by Headcount, projected by MP-2020. Civilian rates were based on Pub-2010 Public Retirement Plans General Mortality Table weighted by Headcount, projected by MP-2020. Disabled public safety officer rates were based on Pub-2010 Public Retirement Safety Disabled Mortality Table weighted by Headcount, projected by MP-2020. Disabled civilian rates were based on Pub-2010 Public Retirement Plans General Disability Mortality Table weighted by Headcount, projected by MP-2020.

The actuarial assumptions used in the January 1, 2020 valuation were based upon certain demographic and other actuarial assumptions as recommended by the actuary Aon, in conjunction with the State and guidance from the GASB statement.

*Discount Rate* – The discount rate used to measure the total OPEB liability was 2.16%, which is 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 assets in the trust as of June 30, 2021 are less than the expected benefit payments in the first year; therefore, the crossover period is assumed to be in the first year, which provides additional support for continuing the discount rate at the 20-Year Municipal Bond Index rate. The previous fiscal year discount rate was 2.21% which is a decrease of .05%.

*Sensitivity of the Proportionate Share of the Collective Net OPEB Liability to Changes in the Discount Rate* – The following presents the proportionate share of the collective net OPEB liability, as well as what the proportionate share of the collective 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 (expressed in thousands):

	<u>1% Decrease in Discount Rate (1.16%)</u>	<u>Discount Rate (2.16%)</u>	<u>1% Increase in Discount Rate (3.16%)</u>
State's proportionate share of the collective net OPEB liability	\$ 1,003,955	\$ 912,584	\$ 812,555
NSHE's proportionate share of the collective net OPEB liability	683,777	621,544	553,418
CRC's proportionate share of the collective net OPEB liability	2,711	2,465	2,194

*Sensitivity of the Proportionate Share of the Collective Net OPEB Liability to Changes in the Healthcare Cost Trend Rates* – The following presents the proportionate share of the collective net OPEB liability, as well as what the proportionate share of the collective net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates (expressed in thousands):

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
State's proportionate share of the collective net OPEB liability	\$ 839,073	\$ 912,584	\$ 973,929
NSHE's proportionate share of the collective net OPEB liability	571,478	621,544	663,327
CRC's proportionate share of the collective net OPEB liability	2,266	2,465	2,630

*OPEB plan Fiduciary Net Position* – Detailed information about the OPEB plan's fiduciary net position is available in the separately issued PEBP financial report.

*Payables to the OPEB Plan* – At June 30, 2022, the primary government and the NSHE reported payables to the defined benefit OPEB plan of \$102,744 and \$1,443,000, respectively, for statutorily required employer contributions which had been assessed on employee salaries but not yet remitted to the State Retirees' Fund.

## Notes to the Financial Statements

For the Year Ended June 30, 2022

### Note 12. Risk Management

The State of Nevada established the Self-Insurance and Insurance Premiums funds in 1983 and 1979, respectively. Both funds are classified as internal service funds.

Interfund premiums are reported as interfund services provided and used. All State funds participate in the insurance program. Changes in the claims liabilities during the past two fiscal years were as follows (expressed in thousands):

	<u>Self-Insurance</u>	<u>Insurance Premiums</u>
Balance June 30, 2020	\$ 89,702	\$ 63,212
Claims and changes in estimates	300,584	21,622
Claim payments	<u>(306,701)</u>	<u>(15,000)</u>
Balance June 30, 2021	83,585	69,834
Claims and changes in estimates	304,753	21,161
Claim payments	<u>(308,846)</u>	<u>(14,746)</u>
<b>Balance June 30, 2022</b>	<b><u>\$ 79,492</u></b>	<b><u>\$ 76,249</u></b>
Due Within One Year	\$ 79,492	\$ 16,797

In accordance with GASB, a liability for claims is reported if information received before the issuance of the financial statements indicates it is probable a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. These liabilities include incremental claims adjustment costs. A reserve for losses has been established in both funds to account for these liabilities and is included in the liability section of the Statement of Net Position.

There was no insurance coverage for excess liability insurance.

There are several pending lawsuits or unresolved disputes involving the State or its representatives at June 30, 2022. The estimated liability for these claims has been factored into the calculation of the reserve for losses and loss adjustment expenses developed.

#### A. Self-Insurance Fund

The Self-Insurance Fund administers the group health, life and disability insurance for covered employees, both active and retired, of the State and certain other participating public employers within the State. All public employers in the State are eligible to participate in the activities of the Self-Insurance Fund and currently, in addition to the State, there are four public employers whose employees are covered under the plan. Additionally, all retirees of public employers contracted with the Self-Insurance Fund to provide coverage to their active employees are eligible to join the program subsequent to their retirement. Public employers are required to subsidize their retirees who participate in the plan in the same manner the State subsidizes its retirees. Currently, the State, the Nevada System of Higher Education and one hundred sixty-five public employers are billed for retiree subsidies. The Self-Insurance Fund is overseen by the Public Employees' Benefit Program Board. The Board is composed of ten members, nine members appointed by the Governor, and the Director of the Department of Administration or their designee.

The Self-Insurance Fund is self-insured for medical, dental, vision, mental health and substance abuse benefits and assumes all risk for claims incurred by plan participants. Fully insured HMO products are also offered. Long-term disability and life insurance benefits are fully insured by outside carriers. For the self-insured benefits, fund rate-setting policies have been established after consultation with an actuary. The participating public employers, with the exception of the State, are not subject to supplemental assessment in the event of deficiencies.

The management of the Self-Insurance Fund establishes claims liabilities based on estimates of the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled and of claims that have been incurred but not reported and the unused portion of the Health Reimbursement Arrangement (HRA) liability. Because actual claims costs depend on such complex factors as inflation, changes in doctrines of legal liability and damage awards, the process used in computing claims liabilities does not necessarily result in an exact amount. Upon consultation with an actuary, claims liabilities are recomputed annually using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claim frequency and other economic and social factors. A provision for inflation in the calculation of estimated

## Notes to the Financial Statements

*For the Year Ended June 30, 2022*

future claims costs is implicit in the calculation, because reliance is placed both on actual historical data that reflect past inflation and on other factors that are considered to be appropriate modifiers of past experience. Adjustments to claims liabilities are charged or credited to expense in the periods in which claims are made.

### **B. Insurance Premiums Fund**

The Insurance Premiums Fund provides general, civil (tort), and auto liability insurance to State agencies, workers' compensation insurance for State employees excluding NSHE, and auto physical damage and property insurance for State agencies.

For the period beginning January 1, 2001, and for each calendar year thereafter, the Fund purchased a high deductible policy for workers' compensation. Liabilities in the amount of \$66,069,300 as of June 30, 2022, were determined using standard actuarial techniques as estimates for the case, reserves, incurred but not reported losses and allocated loss adjustment expenses under the plan as of June 30, 2022.

The Fund is financed by the State. The State has a maximum exposure of \$50,000 through October 1, 2007, \$75,000 through October 1, 2011, \$100,000 through June 30, 2020, \$150,000 through June 30, 2022, and \$200,000 thereafter for each general liability claim, with the exception of claims that are filed in other jurisdictions, namely, federal court. Those claims filed in federal court are not subject to the limit. Per State statute, if, as the result of future general liability or catastrophic losses, fund resources are exhausted, coverage is first provided by the reserve for statutory contingency account and would then revert to the General Fund.

The Fund is fully self-insured for general, civil and vehicle liability. The Fund is also self-insured for comprehensive and collision loss to automobiles, self-insured to \$250,000 for property loss with commercial insurance purchased to cover the excess above this amount, and commercially insured for losses to boilers and machinery and certain other risks.

At June 30, 2022, incurred but not reported claims liability for general, civil and auto liability insurance is based upon standard actuarial techniques, which take into account financial data, loss experience of other self-insurance programs and the insurance industry, the development of known claims, estimates of the cost of reported claims, incurred but not reported claims, and allocated loss adjustment expenses. The incurred but not reported claims liability for property casualty insurance is based upon the estimated cost to replace damaged property. The liability for estimated losses from reported and unreported claims in excess of the amounts paid for the workers' compensation policies is determined using standard actuarial techniques, which take into account claims history and loss development factors for similar entities. Incurred but not reported claims liabilities are included in the reserve for losses.

The State is contingently liable for the cost of post retirement heart, lung and cancer disease benefits payable under the Nevada Occupational Disease Act. Any fireman or police officer that satisfies the two-year employment period under this act is eligible for coverage under Workers' Compensation for heart and lung disease. Any fireman that satisfies the five-year employment period under this act is eligible for coverage under Workers' Compensation for cancer disease. A range of estimated losses from \$7,275,700 to \$26,201,300 for heart disease, \$8,753,070 for lung disease and \$8,188,660 for cancer disease have been determined using standard actuarial techniques. Due to the high degree of uncertainty surrounding this coverage, no accrual for these losses is reflected in the financial statements.

Loss reserve estimates are inherently uncertain because the ultimate amount the Fund will pay for many of the claims it has incurred as of the Statement of Net Position date will not be known for many years. The estimate of loss reserves is intended to equal the difference between the expected ultimate losses of all claims that have occurred as of the Statement of Net Position date and amounts already paid. The Fund establishes loss reserves based on its own analysis of emerging claims and review of the results of actuarial projections. The Fund's aggregate carried reserve for unpaid losses is the sum of its reserves for each accident year and represents its best estimate of outstanding loss reserves.

At June 30, 2022, total liabilities and deferred inflows of resources exceeded total assets and deferred outflows of resources by \$58,851,082. The Fund is liable for approximately \$76 million as of June 30, 2022, in potential claims settlements, which have yet to be funded through premium contributions. As NRS 331.187 provides that if money in the Fund is insufficient to pay a tort claim, the claim is to be paid from the reserve for statutory contingency account, and, as management assesses premiums to cover current claims payments, management believes that this provides the opportunity for the Fund to satisfy these liabilities.

## Notes to the Financial Statements

For the Year Ended June 30, 2022

### Note 13. Fund Balances and Net Position

#### A. Net Position-Restricted by Enabling Legislation

The government-wide statement of net position reports \$3,611,912,000 of net position-restricted for the primary government, of which \$821,763,295 is restricted by enabling legislation.

#### B. Governmental Fund Balances

Governmental fund balances are classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the State is bound to observe constraints imposed on the use of the resources of the fund. A summary of governmental fund balances at June 30, 2022, is shown below (expressed in thousands):

Fund balances:	Major Governmental Funds			Total Governmental
	General Fund	State Education Fund	Nonmajor Governmental Funds	
<b>Nonspendable:</b>				
Long term notes/loans receivable	\$ 12,718	\$ -	\$ -	\$ 12,718
Inventory	8,815	-	21,839	30,654
Advances	5,911	-	-	5,911
Prepaid items	2,488	-	88	2,576
Permanent fund principal	-	-	472,757	472,757
<b>Restricted for:</b>				
Administration	71	-	-	71
Agriculture	216	-	-	216
Business and industry	19,930	-	8,072	28,002
Capital projects	-	-	127,314	127,314
Conservation and natural resources	36,421	-	15,335	51,756
Corrections	13	-	14,536	14,549
Debt service	-	-	27,690	27,690
Economic development	1,646	-	-	1,646
Education K-12	121	555,211	57	555,389
Elected officials	22,814	-	-	22,814
Gaming control	3,358	-	-	3,358
Health and human services	2,637	-	28,323	30,960
Motor vehicles	-	-	53,506	53,506
Other purposes	125	-	5,942	6,067
Public safety	1,406	-	18,012	19,418
Social services	-	-	2,561	2,561
Transportation	-	-	241,522	241,522
Veteran's services	1,170	-	-	1,170
Wildlife	16,028	-	-	16,028
<b>Committed to:</b>				
Administration	18,326	-	-	18,326
Agriculture	8,175	-	1,351	9,526
Business and industry	61,521	-	6,828	68,349
Cannabis compliance	1,486	-	-	1,486
Capital projects	-	-	2,563	2,563
Conservation and natural resources	111,824	-	9,043	120,867
Corrections	10,531	-	-	10,531
Debt service	-	-	269,485	269,485
Economic development	9,136	-	14,923	24,059
Education K-12	28,604	-	-	28,604
Elected Officials	433,457	-	5,092	438,549
Employment and training	3,165	-	-	3,165
Fiscal emergency	856,961	-	-	856,961
Gaming control	3,830	-	-	3,830
Health and human services	125,160	-	798	125,958
Higher education	4,521	-	-	4,521
Judicial	9,455	-	-	9,455
Legislative	48,501	-	-	48,501
Military	1,103	-	-	1,103
Motor vehicles	1,002	-	-	1,002
Other purposes	6,605	-	-	6,605
Public safety	19,513	-	2,987	22,500
Silver state health insurance	8,769	-	-	8,769
Social services	-	-	80,208	80,208
Tobacco settlement program	-	-	63,870	63,870
Taxation	3,223	-	-	3,223
Tourism and culture affairs	1,097	-	-	1,097
Transportation	-	-	97,100	97,100
Veteran's services	8,088	-	-	8,088
Wildlife	27,429	-	-	27,429
<b>Unassigned:</b>	(42,290)	-	-	(42,290)
<b>Total fund balances</b>	<b>\$ 1,905,080</b>	<b>\$ 555,211</b>	<b>\$ 1,591,802</b>	<b>\$ 4,052,093</b>

## Notes to the Financial Statements

For the Year Ended June 30, 2022

### C. Individual Fund Deficit

#### Nonmajor Governmental Funds:

*CIP University System* - The CIP University System accounts for improvement projects for the Nevada System of Higher Education. The fund recorded a decrease in fund balance of \$4,031,305 for the year ended June 30, 2022, resulting in a negative fund balance of \$1,252,607 at June 30, 2022.

#### Nonmajor Enterprise Funds:

*Nevada Magazine* - The Nevada Magazine Fund accounts for the operation of the publication, Nevada Magazine, which is published to promote tourism. The fund recorded an increase in net position of \$316,649 for the year ended June 30, 2022, resulting in a negative net position of \$618,158 at June 30, 2022.

*Marlette Lake Water System* - The Marlette Lake Water System accounts for the costs of operating the State-owned Marlette Lake Water System. The system services the State Buildings and Grounds Division and portions of Carson City and Storey County. The fund recorded a decrease in net position of \$6,458,164 for the year ended June 30, 2022, resulting in a negative net position of \$3,779,949 at June 30, 2022.

*State Infrastructure Bank* - The State Infrastructure Bank accounts for the revenues and expenses associated with operating a revolving fund to finance transportation facilities and utility infrastructure for local governments. The fund recorded a decrease in net position of \$2,636,217 for the year ended June 30, 2022, resulting in a negative net position of \$2,636,217 at June 30, 2022.

#### Internal Service Funds:

*Buildings and Grounds* - The Buildings and Grounds Fund accounts for the maintenance, housekeeping and security of most State buildings. The fund recorded an increase in net position of \$753,666 for the year ended June 30, 2022, resulting in a negative net position of \$186,558 at June 30, 2022.

*Insurance Premiums* - The Insurance Premiums Fund allocates the cost of fidelity insurance, property insurance and workers' compensation insurance to State agencies. The fund recorded a decrease in net position of \$8,450,757 for the year ended June 30, 2022, resulting in a negative net position of \$58,851,082 at June 30, 2022.

*Administrative Services* - The Administrative Services Fund provides administrative and accounting services to various divisions of the Department of Administration. The fund recorded an increase in net position of \$253,528 for the year ended June 30, 2022, resulting in a negative net position of \$3,160,166 at June 30, 2022.

*Personnel* - The Personnel Fund accounts for the costs of administering the State personnel system. The fund recorded an increase in net position of \$2,412,666 for the year ended June 30, 2022, resulting in a negative net position of \$3,779,867 at June 30, 2022.

*Purchasing* - The Purchasing Fund provides purchasing services to State agencies and other governmental units. The fund recorded an increase in net position of \$1,033,683 for the year ended June 30, 2022, resulting in a negative net position of \$496,023 at June 30, 2022.

*Information Services* - The Information Services Fund accounts for designing, programming, and maintaining data processing software and also operating the State's central computer facility, radio communication and telecommunication systems. The fund recorded an increase in net position of \$6,329,272 for the year ended June 30, 2022, resulting in a negative net position of \$10,228,997 at June 30, 2022.

### Note 14. Principal Tax Revenues

The principal taxing authorities for the State of Nevada are the Nevada Tax Commission and the Nevada Gaming Commission. The Nevada Tax Commission was created under NRS 360.010 and is the taxing and collecting authority for most non-gaming taxes. The following are the primary non-gaming tax revenues:



## Notes to the Financial Statements

For the Year Ended June 30, 2022

*Sales and Use Taxes* are imposed at a minimum rate of 6.85%, with county and local option up to an additional 1.525%, on all taxable sales and taxable items of use. The State receives tax revenue of 2% of total sales with the balance distributed to local governmental entities and school districts.

*Modified Business Tax* is imposed at different rates for businesses, financial institutions and mining. Businesses other than financial institutions and mining are assessed a tax at a rate of 1.475% per calendar quarter for amounts the wages exceed \$50,000. Modified Business Tax is imposed on financial institutions and mining at 2% on gross wages paid by the employer during the calendar quarter. There is an allowable deduction from the gross wages for amounts paid by the employer for qualified health insurance or a qualified health benefit plan.

*Insurance Premium Tax* is imposed at 3.5% on insurance premiums written in Nevada. A “Home Office Credit” is given to insurance companies with home or regional offices in Nevada.

*Motor Vehicle Fuel Tax* is levied at 29.35 cents per gallon on gasoline and gasohol sales. 17.65 cents of the tax goes to the State Highway Fund, 5.35 cents goes to the State to be allocated to the counties, and the remaining 6.35 cents is County Mandatory Tax. The counties have an option to levy up to an additional 9 cents per gallon.

*Cigarette Tax* is imposed at a rate of 90 mills per cigarette. A tax on tobacco products, other than cigarettes, is imposed at a rate of 30% of the wholesale price.

*Commerce Tax* is imposed upon each business entity whose Nevada gross revenue in a taxable year exceeds \$4 million. The business entity is entitled to deduct certain amounts. The tax rate is based on the primary business industry classification.

*Lodging Tax* is imposed at a rate of at least 1% of the gross receipts from the rental of transient lodging with three-eighths of the first 1% paid to the State for the Tourism Promotion Fund. In counties with populations greater than 300,000, an additional tax of up to 3% is remitted to the State for distribution to the State Supplemental School Support Account.

*Other Sources* of tax revenues include: Controlled Substance Tax, Jet Fuel, Liquor Tax, Live Entertainment Tax (non-gaming establishments), Business License Fees, Motor Carrier Fees, Motor Vehicle Registration Fees, Net Proceeds of Minerals Tax, Property Tax, Real Property Transfer Tax, Short-Term Lessor Fees, Tire Tax, and Marijuana Excise Tax.

The Nevada Gaming Commission was created under NRS 463.022 and is charged with collecting State gaming taxes and fees. The following sources account for gaming tax revenues:

*Percentage Fees* are the largest of several State levies on gaming. They are based upon gross revenue and are collected monthly. The fee is applied on a graduated basis at the following monthly rates: 3.5% of the first \$50,000 of gross revenue; 4.5% of the next \$84,000 of gross revenue; and 6.75% of the gross revenue in excess of \$134,000.

*Live Entertainment Taxes* are imposed at a rate of 9% on admission to a facility where live entertainment is provided with an occupancy over 200. Live entertainment provided by escort services is also subject to the tax.

*Flat Fee Collections* are levied on the number of gambling games and slot machines operated. Licensees pay fees at variable rates on the number of gaming devices operated per quarter.

*Other Sources* of gaming tax revenues include: Unredeemed Slot Machine Wagering Vouchers, Annual State Slot Machine Taxes, Annual License Fees and Miscellaneous Collections, which consists of penalties and fines, manufacturer’s, distributor’s and slot route operator’s fees, advance payments, race wire fees, pari-mutuel wagering tax and other nominal miscellaneous items.

## Notes to the Financial Statements

For the Year Ended June 30, 2022

### Note 15. Works of Art and Historical Treasures

The State possesses certain works of art, historical treasures, and similar assets that are not included in the capital assets shown in Note 7. The mission of the Lost City Museum in Overton is to study, preserve, and protect prehistoric Pueblo sites found in the Moapa Valley and adjacent areas and to interpret these sites through exhibits and public programs. In Reno, the Nevada Historical Society exhibits and maintains a large number of historical collections preserving the cultural heritage of Nevada. These collections are divided into four sections: library, manuscripts, photography, and museum. The Nevada State Museum in Carson City collects, preserves, and documents three general types of collections: anthropology, history, and natural history as it relates to Nevada and the Great Basin. The mission of the Nevada State Museum, Las Vegas, is to inspire and educate a diverse public about the history and natural history of Nevada. Its major collections include transportation, mining, and tourism as well as daily artifacts such as clothing, historical correspondence, business records, and photography. The Nevada State Railroad Museum, which is located in Carson City, is dedicated to educating visitors and the community through the collection, preservation and interpretation of objects directly related to railroads and railroading in Nevada. The East Ely Depot Museum, located in the historic Nevada Northern Railroad Depot building, exhibits artifacts, documents, and photographs of early Eastern Nevada mining and railroad transportation. In Boulder City, the Nevada State Railroad Museum displays and operates locomotives. The Nevada Arts Council with locations in Carson City and Las Vegas exhibits artwork. Its mission is to enrich the cultural life of the State and make excellence in the arts accessible to all Nevadans.

These collections are not capitalized by the State because they are:

- Held for public exhibition, education or research in furtherance of public service, rather than financial gain,
- Protected, kept unencumbered, cared for and preserved, and
- Subject to an organizational policy that requires the proceeds from sales of collection items to be used to acquire other items for collections.

### Note 16. Tax Abatements

**Abatement of Taxes on Business:** The Governor's Office of Economic Development (GOED) provides multiple tax abatement programs to incentivize business development in Nevada. GOED promotes a robust, diversified and prosperous economy to attract new business and facilitate community development, stimulate business expansion and retention, and encourage entrepreneurial enterprise.

A company that intends to locate or expand a business in the State may apply to GOED for a partial abatement of one or more of the taxes imposed on new or expanded business. GOED may approve an application, upon making certain determinations, as outlined in NRS 360.750, which is effective through June 30, 2032. In addition to agreeing to continue in operation in the State for at least 5 years, applicants must also meet two of the following three requirements:

- New businesses locating in urban areas require fifty or more full-time employees on the payroll by the eighth calendar quarter following the calendar quarter in which the abatement becomes effective; in rural areas, the requirement is ten or more full-time employees. For an existing business that is expanding, the number of employees on the payroll must increase either by 10% more than the number of employees prior to the abatement becoming effective, or by 25 employees for urban areas (6 for rural areas), whichever is greater.
- New businesses locating in urban areas must make a capital investment of \$1 million in eligible equipment within two years; in rural areas, the requirement is \$250,000 in eligible equipment. For an existing business that is expanding, the capital investment must equal at least 20% of the value of the tangible property owned by the business.
- The average hourly wage paid to new employees must meet a specified minimum, and the business must provide a health insurance plan for all employees and their dependents by a specified time period.

A company that intends to locate or expand a business in certain areas of Economic Development may apply to GOED for a partial abatement of one or more of the taxes imposed on new or expanded business. Certain areas of Economic Development are defined in NRS 274.310 as a historically underutilized business zone, a redevelopment area created pursuant to Chapter 279

## Notes to the Financial Statements

For the Year Ended June 30, 2022

of NRS, an area eligible for a community development block grant pursuant to 24 Code of Federal Regulations (CFR) Part 570, or an enterprise community established pursuant to 24 CFR Part 597. Applicants must agree to continue in operation in the State for at least 5 years, and is effective through June 30, 2032. Additionally, businesses looking to start or expand in certain areas of Economic Development must meet either one of the two following requirements to apply for an abatement:

- New businesses must invest a minimum of \$500,000 in capital assets. For an existing business that is expanding, the investment in capital assets is a minimum of \$250,000 (NRS 274.310 through 274.320).
- The business must hire one or more dislocated workers, pay a wage of not less than 100 percent of federally designated levels and provide medical benefits to the employees and their dependents which meet the minimum requirements (NRS 274.330).

All abatements granted to eligible businesses terminate upon determination that the business has ceased to meet eligibility requirements for the abatement. The business shall refund the abatement amount for each month, or portion thereof, from the last day of the month following the period for which the payment would have been made had the partial abatement not been approved until the date of the payment of the tax. These refund payments are also subject to interest at the rate most recently established pursuant to NRS 99.040.

The programs outlined below reflect the requirements and the abatements offered to eligible businesses.

*Local Sales and Use Tax Abatement (NRS 374.357 through 374.358)* – The tax abatement is on the gross receipts from the sale, and the storage, use or other consumption, of eligible capital equipment. The sale and use tax rates vary by county within Nevada. The abatement reduces the local sales and use tax rate to 2%, which is the State’s portion of the tax. Therefore, none of the State’s sales and use tax is abated; only local sales and use taxes are abated. The approved business is eligible for tax abatements for not less than 1 year but not more than 5 years beginning the date the abatement becomes effective. This is effective through June 30, 2032.

*Modified Business Tax Abatement (NRS 363B.120)* – The current excise tax imposed on each employer is at the rate of 1.378% on taxable wages over \$50,000 in a quarter. A business may qualify for a partial abatement of up to 50% of the amount of the business tax due during the first four years of operations. For a new company, the abatement of the modified business tax applies to the number of new employees stated in its application. For an expanding business, the abatement does not apply to existing employees of the business, but does apply to the number of new employees directly related to the expansion. This is effective through June 30, 2032.

*Personal Property Tax Abatement (NRS 361.0687)* – The abatement can be up to 50% of the tax due, or 75% in certain areas of Economic Development, for not less than 1 year and up to 10 years beginning from when the abatement becomes effective. The applicant must apply for abatement not more than one year before the business begins to develop for expansion or operation in Nevada. The personal property tax abatement applies only to the same list of machinery and equipment eligible for the local sales and use tax abatement allowed under NRS 374.357 or 374.358. Property tax rates vary by taxing district within Nevada. This is effective through June 30, 2032.

*Aviation Tax Abatement (NRS 360.753)* - The abatement includes local sales and use tax and personal property tax. The local sales and use tax abatement applies to the purchase of tangible personal property used to operate, manufacture, service, maintain, test, repair, overhaul or assemble an aircraft or any component of an aircraft. The personal property tax abatement applies to aircraft and the personal property used to own, operate, manufacture, service, maintain, test, repair, overhaul or assemble an aircraft or any component of an aircraft. The personal property tax abatement can be up to 50% for 20 years on the taxes due on tangible personal property, and the sales and use tax abatement reduces the applicable tax rate to 2% for a similar 20-year period. The local sales and use tax abatement excludes aircraft purchase. This is effective through June 30, 2035.

*Data Center Tax Abatement (NRS 360.754)* – The abatement includes local sales and use tax and personal property tax. The local sales and use tax abatement applies to the purchase of eligible machinery or equipment for use at a data center. The abatement reduces the applicable tax rate to 2% for a period of 10 or 20 years. The personal property tax abatement applies to personal property located at the center and can be up to 75% of the taxes due for 10 or 20-year abatement periods. The data center will, within 5 years after the date on which the abatement becomes effective, have or have added 10 or more full-time employees who are residents of Nevada, and provide health insurance. The data center must commit to continue operation within the State for a period of not less than 10 years, and must bind successors to the same. This is effective through December 31, 2056.

## Notes to the Financial Statements

For the Year Ended June 30, 2022

*Capital Investment of at least \$1 Billion Tax Abatement (NRS 360.893)* – The partial abatements include personal property, modified business, real property, or local sales and use taxes for companies that have a minimum capital investment of \$1 billion dollars within 10 years of approval of the abatement application. The personal property, modified business and real property tax abatement can be up to 75% of the taxes due for an abatement period of not more than 10 years. Abatements for local sales and use tax are for taxes imposed on the purchase of eligible personal property and construction materials for an abatement period of not more than 15 years. The State’s 2% portion of the sales and use tax is not abated. As a condition of approving a partial abatement of taxes pursuant to NRS 360.880 to 360.896, inclusive, the Executive Director of the Office of Economic Development, if he or she determines it to be in the best interests of the State of Nevada, may require the lead participant to pay at such a time or times as deemed appropriate, an amount of money equal to all or a portion of the abated taxes into a trust fund in the State Treasury to be held until all or portion of the requirements for the partial abatement have been met. Interest and income earned on money in the trust fund must be credited to the trust fund. Any money remaining in the trust fund at the end of the fiscal year does not revert to the State General Fund, and the balance in the trust fund must be carried forward to the next fiscal year. This is effective through June 30, 2032.

*Capital Investments of at least \$3.5 Billion Tax Abatement (NRS 360.945)* – An abatement from personal property, modified business, real property, or local sales and use tax are available to companies that have a minimum capital investment of \$3.5 billion dollars within 10 years of approval of the abatement application. The personal property, modified business, and real property tax abatements can be up to 100% of the taxes due for up to a 10-year abatement period. Abatements for local sales and use tax are for taxes imposed on the purchase of eligible personal property and construction materials for up to a 20-year period. The State’s 2% portion of the sales and use tax is not abated. This was approved during the 28<sup>th</sup> Special Session of the State Legislature in 2014, and is effective through June 30, 2036.

*Transferable Tax Credits to Promote Economic Development (NRS 231.1555)* – Transferable tax credits are available to entities who intend to locate or expand a business in Nevada. The business can apply for credits above or below \$100,000 as long as the transferable tax credits do not extend for a period of more than 5 fiscal years per applicant and, in total, do not exceed set amounts each fiscal year as outlined in statute. The transferable tax credits can be applied to modified business, insurance premium and/or gaming percentage fee taxes. The applicant must set forth the proposed use of the credits, the plans, projects and programs for which the credits will be used, the expected benefits, and a statement of short-term and long-term impacts of the issuance of the transferable tax credits.

*Film and Other Productions (NRS 360.758 through 360.7598)* - A transferable tax credit is available to production companies producing a film, television series, commercial, music video or other qualified production in Nevada. A production may qualify for a transferable tax credit of up to 25% of the qualified direct production expenditures incurred in Nevada if at least 60% of the total qualified expenditures are incurred in Nevada. Principal photography of the production must begin within 90 days after the application is issued. The transferable tax credits issued for qualified film production completed in the State may be used against the modified business, insurance premium and/or the gaming percentage fee taxes.

*Economic Development with Capital Investment of at least \$3.5 Billion (NRS 360.945 through 360.980)* – The 2014 28<sup>th</sup> Special Session of the State Legislature required the Governor’s Office of Economic Development (GOED) to issue transferable tax credits for certain qualifying projects that may be used against the modified business, insurance premium and/or the gaming percentage fee taxes. A qualifying project is required to be located within the geographical borders of the State of Nevada, make a new capital investment in the State of at least \$3.5 billion during the 10-year period immediately following approval of the application, employ Nevada residents in at least half of the project’s construction jobs and operational jobs, and provides health insurance to all employees. The amount of transferable tax credits is equal to \$12,500 for each qualified employee employed by the participants in the project (to a maximum of 6,000 employees), plus 5% of the first \$1 billion and 2.8% of the next \$2.5 billion in new capital investment in the State made collectively by the participants in the qualifying project. The amount of tax credits approved by GOED may not exceed \$45 million per fiscal year (although any unissued credits may be issued in any subsequent fiscal year ending on or before June 30, 2022), and GOED may not issue total tax credits in excess of \$195 million. This is effective through June 30, 2036.

**Renewable Energy Tax Abatements:** The mission of the Governor’s Office of Energy is to ensure the wise development of Nevada’s energy resources in harmony with local economic needs, and to position Nevada to lead the nation in renewable energy production, conservation, and exportation. In an effort to incentivize the development of renewable energy in Nevada, the program awards partial sales and use tax and property tax abatements to eligible renewable energy facilities. Businesses must make a capital investment of \$3 million or \$10 million, dependent on the project location.

## Notes to the Financial Statements

For the Year Ended June 30, 2022

*Local Sales and Use Tax Abatement (NRS 701A.360 through NRS 701A.365)* – The abatement applies to the 3 years following the approval of the application in which the applicant will only be required to pay sales and use taxes imposed in the State at the rate of 2.6%, of which 2% is the State’s portion of the tax. Therefore, none of the State’s sales and use tax is abated. The abatement must not apply during any period in which the facility is receiving another abatement or exemption from local sales and use taxes. The applicant must state that the facility will, after the date on which the abatement becomes effective, continue in operation in the State for a period of not less than 10 years, and bind any successors to the same. This is effective through June 30, 2049.

*Real and Personal Property Tax Abatement (NRS 701A.370)* – The abatement is for a duration of the 20 fiscal years immediately following the date of approval of the application and is equal to 55% of the taxes on real and personal property payable by the facility each year. The abatement must not apply during any period in which the facility is receiving another abatement or exemption from local sales and use taxes. This is effective through June 30, 2049.

**Green Building Tax Abatements:** The Governor’s Office of Energy administers the green building tax abatement program based on criteria set forth in the Leadership in Energy and Environmental Design (LEED) or Green Globes (GG) rating system and certification from the U.S. Green Building Council or the Green Building Initiative. Both LEED and GG rating systems provide a complete framework for assessing building performance and meeting environmental sustainable goals. They use industry recognized standards for designing, operating and certifying green building projects. The program was instituted in 2007 as an incentive for business owners to improve the energy efficiency of new and existing buildings. To qualify for the tax abatement, applicants must earn a minimum number of points for energy conservation to meet the Silver Level or higher through the LEED rating system or two globes or higher under the GG rating system. LEED and GG building rating systems are based on a set of standards for the environmentally sustainable design, construction and operation of the building.

*Real Property Taxes (NRS 701A.110)* – Incentives range from 25% to 35% of the portion of taxes imposed pursuant to NRS 361, other than any taxes imposed for public education, for a period of 5 to 10 years, depending on the certification level. The abatement terminates if it is determined that the building or other structure has ceased to meet the equivalent of the Silver Level or higher. This is effective through June 30, 2035.

The State’s tax abatement programs as of June 30, 2022, on an accrual basis, are summarized in the following table (expressed in thousands):

Abatement Program	Taxes Abated			
	Modified Business Tax	Property Tax	Gaming Tax	Total
Businesses	\$ 1,208	\$ 4,859	\$ -	\$ 6,067
Capital Investment \$3.5B	14,608	-	-	14,608
Renewable Energy	-	1,292	-	1,292
Green Building	-	4,620	-	4,620
Transferable Tax Credits	-	-	1,484	1,484
<b>Total</b>	<b>\$ 15,816</b>	<b>\$ 10,771</b>	<b>\$ 1,484</b>	<b>\$ 28,071</b>

A receivable of \$15,758, associated with the Renewable Energy Tax Incentive, is due from Elko County per NRS 361.483, at June 30, 2022.

## Note 17. Commitments and Contingencies

### A. Primary Government

*Lawsuits* - The State Attorney General’s Office reported that the State of Nevada or its officers and employees were parties to numerous lawsuits, in addition to those described below. In view of the financial condition of the State, the State Attorney General is of the opinion that the State’s financial condition will not be materially affected by this litigation, based on information known at this time.

Several of the actions pending against the State are based upon the State’s (or its agents’) alleged negligence in which the State must be named as a party defendant. However, there is a statutory limit to the State’s liability of \$50,000 per cause of action through October 1, 2007, and \$75,000 per cause of action through October 1, 2011, \$100,000 through June 30, 2020, \$150,000

## Notes to the Financial Statements

*For the Year Ended June 30, 2022*

through June 30, 2022, and \$200,000 per cause of action thereafter. Such limitation does not apply to federal actions such as civil rights actions under 42 U.S.C. Section 1983 brought under federal law or to actions in other states. Building and contents are insured on a blanket replacement cost basis for all risk except certain specified exclusions.

The State and/or its officers and employees are parties to a number of lawsuits filed under the federal civil rights statutes. However, the State is statutorily required to indemnify its officers and employees held liable in damages for acts or omissions on the part of its officers and employees occurring in the course of their public employment. Several claims may thus be filed against the State based on alleged civil rights violations by its officers and employees. Since the statutory limit of liability (discussed above) does not apply in federal civil rights cases, the potential liability of the State is not ascertainable at the present time. Currently, the State is involved in several actions alleging federal civil rights violations that could result in substantial liability to the State.

The State is a defendant on two lawsuits associated with groundwater rights. The State has filed a Motion to Dismiss, which was denied, and discovery is underway. As the amount of potential loss is not capable of reasonable estimation at this time, the accompanying financial statements do not include a liability for any potential loss.

The State settled a class-action lawsuit associated with the Nevada Department of Corrections in November of 2022. The settlement ordered a total payment of \$55 million of which the State is directly responsible for \$40 million and the remaining \$15 million to be paid by the State's insurer. All payments related to the lawsuit will be recognized and paid in full during fiscal year 2023. Since the State has no long-term liability resulting from this settlement, a liability has not been booked.

In the State of Nevada Unemployment Compensation Fund, due to staffing restrictions and the high volume of claims related to the COVID-19 pandemic, as well as the implementation of additional funding programs available to claimants under the various COVID-19 related relief acts, an unusually high number of claims remain under appeal as of the end of the fiscal year. Furthermore, claims are still being processed for benefits related to the year ended June 30, 2022. In addition to recognizing benefits payable for claims that have been processed, Fund management has estimated an amount for claims related to benefit weeks in 2021, and prior, that have not yet been processed or are still under appeal and accrued a liability (benefits payable) of \$23.7 million for those estimated unprocessed claims along with an intergovernmental receivable of \$15.8 million for the amount of the unprocessed claims related to the various federal programs.

The State of Nevada Unemployment Compensation Fund management is aware of a significant dollar amount of claims still being held by Bank of America. These funds relate to debit cards which have not been pinned, or activated, by the claimant and debit cards that have been pinned but have been blocked by the bank for potential fraud. The funds relating to debit cards frozen by the bank for potential fraud have been returned to the Fund and are in the Wells Fargo holding account. The total estimated remaining funds for the two types of transactions is approximately \$80.3 million. Fund management continues to negotiate with the bank on how to handle the various transaction types and which amounts should be returned to the Fund. The Department of Employment, Training, and Rehabilitation (DETR) also continues to explore all potential legal remedies. Although it is not possible to predict the outcome of the negotiations, it is possible the resolution could have a material effect on the financial position of the Fund.

*Federal Grants* - The State receives significant financial assistance from the federal government in the form of grants and entitlements, which are generally conditioned upon compliance with terms and conditions of the grant agreements and applicable federal regulations, including the expenditure of the resources for eligible purposes. Substantially all grants are subject to financial and compliance audits by federal agencies. Any disallowance as a result of these audits could become a liability of the State. As of June 30, 2022, the State is unable to estimate the amount, if any, of expenditures that may be disallowed, although the State expects such amounts, if any, to be immaterial.

*Nonexchange Financial Guarantees* – The 1997 Nevada Legislature added NRS 387.513 through 387.528, allowing school districts to enter into guarantee agreements with the State Treasurer whereby the money in the Permanent School Fund may be used to guarantee the debt service payments on certain bonds issued by Nevada school districts. The amount of the guarantee for bonds of each school district outstanding, at any one time, must not exceed \$60 million. Total bond guarantees at June 30, 2022, were \$144.3 million which includes accrued interest of \$1.1 million. The bonds mature at various intervals through fiscal year 2042. In the event any school district was unable to make a required payment, the State Treasurer would withdraw from the State Permanent School Fund the amount needed to cover the debt service payment. Any amount withdrawn would be deemed a loan to the school district from the State Permanent School Fund, and the State Treasurer would determine the rate of interest on the loan. If the school district is not able to repay the loan in a timely manner, repayment would be made by withholding distributions from the State Education Fund to the school district.

## Notes to the Financial Statements

For the Year Ended June 30, 2022

*Encumbrances* – As of June 30, 2022, encumbered expenditures in governmental funds were as follows (expressed in thousands):

	<u>Amount</u>
General Fund	\$ 2,499
Nonmajor governmental funds	8,071
<b>Total</b>	<u>\$ 10,570</u>

*Construction Commitments* – As of June 30, 2022, the Nevada Department of Transportation had total contractual commitments of approximately \$805.0 million for construction of various highway projects. Other major non-highway construction commitments for the primary government’s budgeted capital projects funds total \$50.7 million.

### B. Discretely Presented Component Units

*Nevada System of Higher Education (NSHE)* – As of June 30, 2022, the NSHE is a defendant or co-defendant in legal actions. Based on present knowledge and advice of legal counsel, the NSHE management believes any ultimate liability in these matters, in excess of insurance coverage, will not materially adversely affect the net position, changes in net position or cash flows of the NSHE.

The NSHE and the State of Nevada are defendants in various lawsuits, collectively referred to as the Little Valley Fire Cases. The cases relate to a prescribed burn conducted by the Nevada Division of Forestry in October, 2016, on land partially owned by the University of Nevada at Reno. Embers from the fire escaped and burned 23 structures. The System and the State of Nevada share an excess liability policy. At this point, it is difficult to estimate the likelihood of an unfavorable outcome and the likely exposure, but the excess liability carrier has been placed on notice of these cases.

The NSHE has an actuarial study of its workers’ compensation losses completed every other year. The study addresses the reserves necessary to pay open claims from prior years and projects the rates needed for the coming year. The NSHE uses a third-party administrator to adjust its workers’ compensation claims.

The NSHE is self-insured for its unemployment liability. The NSHE is billed by the State each quarter based on the actual unemployment benefits paid by the State. Each year the NSHE budgets resources to pay for the projected expenditures. The amount of future benefits payments to claimants and the resulting liability to the NSHE cannot be reasonably determined as of June 30, 2022, but no significant reduction in force or staffing cuts are anticipated.

The NSHE receives Federal grants and awards, and amounts are subject to change based on outcomes of Federal audits. Management believes any changes made will not materially affect the net position, changes in net position or cash flows of the NSHE.

The estimated cost to complete property authorized or under construction at June 30, 2022, is \$167.5 million. These costs will be financed by State appropriations, private donations, available resources, and/or long-term borrowings.

*Colorado River Commission (CRC)* - The CRC may from time to time be a party in various litigation matters. It is management’s opinion, based upon advice from legal counsel, that the risk of financial losses to the CRC from such litigation, if any, will not have a material adverse effect on the CRC’s future financial position, results of operations or cash flows. Accordingly, no provision has been made for any such losses.

*Nevada Capital Investment Corporation (NCIC)* - The NCIC currently has commitments to the Silver State Opportunity Fund (SSOF) of \$50.0 million (the First Tranche) and to Dreamspring 2017G, LLC, of \$1.0 million. As of June 30, 2022, the NCIC has fulfilled \$47.6 million of its total commitment to SSOF and \$1.0 million to Dreamspring. The NCIC has the right, but not the obligation, to increase its capital commitment to SSOF by which would be effective after the end of the First Tranche (or such other date as the NCIC and Manager may agree). If the NCIC elects to make such an additional commitment, both the amount of the NCIC’s additional commitment and an additional commitment from the Manager shall be established by agreement between the NCIC and the Manager (the Second Tranche).

## Notes to the Financial Statements

For the Year Ended June 30, 2022

### Note 18. Subsequent Events

#### A. Primary Government

*Bonds* – On November 15, 2022, the State issued \$47,530,000 in General Obligation Bonds. The 2022D Bonds were issued to finance various capital improvement and historic preservation projects. The 2022E Bonds were issued to finance the costs of environmental improvement projects for the Lake Tahoe Basin as provided in the Tahoe Project Act. The 2022F Bonds were issued to finance various projects in state parks and for the Nevada Department of Wildlife. The 2022G Bonds were issued to finance the initial construction, or renovation, modification or expansion, of portions of a public water system as set forth in the Safe Drinking Act. The 2022H and 2022I Bonds were issued to finance the construction of water treatment works and the implementation of pollution control projects.

*Litigation Settlement* – On September 6, 2022, Nevada Attorney General Aaron D. Ford announced that a settlement had been reached in the multistate lawsuit against JUUL Labs, resulting in a settlement of \$14.47 million for the State of Nevada.

On November 14, 2022, Nevada Attorney General Aaron D. Ford announced that a settlement had been reached in the multistate lawsuit against Google, resulting in a settlement amount of \$6.1 million.

On December 6, 2022, Nevada Attorney General Aaron D. Ford announced that the State of Nevada had entered two opioid litigation settlements. Nevada will receive \$32.2 million from a multistate settlement with Walmart and \$1.5 million, not negotiated as part of a multistate deal, from American Drug Stores. The Mallinckrodt bankruptcy plan was finalized, resulting in \$1.8 million for Nevada.

#### B. Fiduciary Funds

*SSGA Upromise 529 Fiduciary Fund* - On August 9, 2022, the College Savings Plan of Nevada Board reviewed and approved the State Treasurer's recommendation to replace the existing SSGA Upromise 529 Plan with a new plan in partnership with J.P. Morgan. The Board has directed the Nevada State Treasurer's Office staff to work with J.P. Morgan Investment Management, Inc., and Ascensus College Savings Recordkeeping Services, LLC (ACSR) to construct a new agreement. ACSR will continue as Program Manager. The anticipated transition of investment management services will occur mid-to-late 2023.

#### C. Discretely Presented Component Units

*Nevada System of Higher Education (NSHE)* - Subsequent to year-end, the operations of Sierra Nevada University (SNU) were transferred to the University of Nevada, Reno, (UNR) and all real property assets of SNU were gifted to the UNR Foundation. The transaction was finalized on July 1, 2022, at which time UNR began full academic operations at the new University of Nevada, Reno, Lake Tahoe branch campus. In addition, a triple net lease was executed between UNR Foundation and UNR for \$1 a year for an initial term equal to fifty (50) years. UNR does not anticipate this transaction having a material impact on operations.

*Colorado River Commission* - In August of 2022, the United States Bureau of Reclamation (Bureau) announced a tier two water reduction on the Colorado River under current operating guidelines. This declaration limits the amount of water southern Nevada will be allowed to withdraw from Lake Mead beginning in January of 2023. This declaration comes one year after the Bureau first issued a water shortage declaration on the Colorado River. Additionally, in August of 2022, Congress passed the Inflation Reduction Act (IRA) that includes \$4 billion for projects that advance water conservation and efficiency efforts to prevent the Colorado River Basin from declining to critically low elevations. The Bureau is in the process of issuing requests for proposals and awarding proposals for short- and long-term conservation and efficiency projects for funding from the IRA that would benefit the Colorado River.



## Notes to the Financial Statements

For the Year Ended June 30, 2022

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The Bureau has continued to urge the seven basin states to reach a consensus for further major reductions of water deliveries to protect the Colorado River system, with the understanding that if consensus is not reached, the Bureau will impose unilateral operational changes to protect the system. To that end, in November 2022, the Bureau issued a Notice of Intent to Prepare a Supplemental Environmental Impact Statement (SEIS) for the Statement for December 2007 Record of Decision entitled the Interim Guidelines for the Lower Basin Shortages and Continued Operations as Lake Powell and Lake Mead. This SEIS provides the Basin States the opportunity to submit a consensus alternative. It also provides the Bureau the ability to develop a federal alternative, if the Basin States are unsuccessful in reaching consensus or if the consensus alternative is not responsive enough to sufficiently protect the system over the next couple years while the next series of long-term operating guidelines are developed.

### D. New Accounting Pronouncements

In May of 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. The objective of this Statement is to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. This Statement is effective for fiscal years beginning after June 15, 2022. The anticipated impact of this pronouncement is uncertain at this time.

In June of 2022, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections*. The objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This Statement is effective for fiscal years beginning after June 15, 2023. There will be no financial impact caused by this pronouncement.

In June of 2022, the GASB issued Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences, which is to be achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This Statement is effective for fiscal years beginning after December 15, 2023. The anticipated impact of this pronouncement is uncertain at this time.

### E. COVID-19, CARES Act, and ARPA

The COVID-19 pandemic is likely to continue its impact on the State's revenue in future years. The federal government authorized American Rescue Plan Act (ARPA) funding of \$75,369,262 for the State of Nevada to help cover necessary funding needs arising from the COVID-19 pandemic. The State anticipates that the federal funding, along with service reductions and certain budget cuts which began in 2020, will allow Nevada to evaluate long-term financial impacts and make necessary adjustments.

### F. Furlough

On December 6, 2022, Governor Steve Sisolak announced that the State would pay back all employees who took furlough between January 1, 2021, through June 30, 2021, to be paid in January, 2023. The amount of furlough being paid back totals approximately \$18.6 million.

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## Notes to the Financial Statements

For the Year Ended June 30, 2022

### Note 19. Accounting Changes and Restatements

#### A. Primary Government

During the fiscal year 2022, the State identified and corrected the following misstatements in the fiscal year 2021 financial statements:

- The General Fund overstated capital outlay expenditures and understated advances to other funds;
- The Information Services Fund understated capital assets, advances from other funds, and related expenses;
- Infrastructure construction in progress assets were overstated;
- The Intergovernmental Trust Fund understated taxes receivable.

The following table shows the changes to the beginning net position as of July 1, 2021, for the primary government (expressed in thousands):

	<b>Governmental Activities</b>
Net position at June 30, 2021, as previously reported	\$ 9,730,656
Understatement of capital assets and related depreciation (net)	1,437
Overstatement of assets for infrastructure construction in progress	(57,962)
Net position at July 1, 2021, as restated	<u>\$ 9,674,131</u>

The following table shows the changes to the beginning fund balance/net position as of July 1, 2021, for the following funds (expressed in thousands):

	<b>Major Governmental Funds</b>		
	<b>General Fund</b>	<b>Internal Service Funds</b>	<b>Fiduciary Funds</b>
Fund balance/net position at June 30, 2021, as previously reported	\$ 1,421,029	\$ 23,696	\$ 82,907
Understatement of fixed assets and related depreciation (net)	-	1,437	-
Over/understated advances	5,388	(5,388)	-
Over/understated expenditures	(885)	885	-
Understatement of taxes receivable	-	-	162,206
Fund balance/net position at July 1, 2021, as restated	<u>\$ 1,425,532</u>	<u>\$ 20,630</u>	<u>\$ 245,113</u>

#### B. New Accounting Pronouncements

The State implemented GASB Statement No. 87, Leases, in the current year. This statement establishes a single model for lease accounting based on foundational principle that leases are financings of the right to use an underlying asset. The standard requires recognition of certain right to use leased assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources based on the payment provisions of the contract. Restatements were made regarding the classification of assets and liabilities. There was no effect on beginning net position resulting from these reclassifications.

**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**General Fund and Major Special Revenue Funds**

For the Fiscal Year Ended June 30, 2022

	General Fund			Variance with Final Budget
	Original Budget	Final Budget	Actual	
<b>Sources of Financial Resources</b>				
Fund balances, July 1	\$ 4,873,268,804	\$ 4,873,268,804	\$ 4,873,268,804	\$ -
<i>Revenues:</i>				
Sales taxes	1,355,285,000	1,355,285,000	1,679,871,808	324,586,808
Gaming taxes, fees, licenses	808,409,854	808,409,854	1,161,066,679	352,656,825
Intergovernmental	6,912,791,444	8,757,096,003	6,631,974,191	(2,125,121,812)
Other taxes	2,103,036,765	2,106,691,943	2,360,174,132	253,482,189
Sales, charges for services	317,276,229	330,251,405	297,554,994	(32,696,411)
Licenses, fees and permits	789,722,193	884,451,211	864,765,051	(19,686,160)
Interest	14,322,185	15,981,439	28,097,927	12,116,488
Other	566,261,937	688,984,160	654,511,794	(34,472,366)
<i>Other financing sources:</i>				
Proceeds from sale of bonds	16,001,543	16,001,543	16,001,543	-
Transfers	1,071,787,667	2,341,698,365	1,273,445,666	(1,068,252,699)
Reversions from other funds	-	-	1,930,840	1,930,840
<b>Total sources of financial resources</b>	<b>18,828,163,621</b>	<b>22,178,119,727</b>	<b>19,842,663,429</b>	<b>(2,335,456,298)</b>
<b>Uses of Financial Resources</b>				
<i>Expenditures and encumbrances:</i>				
Elected officials	3,303,837,565	3,656,271,549	985,946,160	2,670,325,389
Legislative and judicial	123,376,973	155,743,031	84,010,023	71,733,008
Finance and administration	97,993,552	103,982,495	67,857,669	36,124,826
Education - K to 12	1,978,885,217	2,869,625,344	1,170,261,364	1,699,363,980
Education - higher education	1,071,812,738	1,073,933,460	1,033,751,984	40,181,476
Human services	8,139,823,751	9,222,771,900	8,222,405,845	1,000,366,055
Commerce and industry	475,386,396	1,211,062,737	619,152,286	591,910,451
Public safety	545,812,243	648,352,153	517,902,370	130,449,783
Infrastructure	434,630,018	534,502,220	224,288,197	310,214,023
Special purpose agencies	178,134,059	209,505,610	162,468,338	47,037,272
<i>Other financing uses:</i>				
Transfers to other funds	1,441,464,265	1,441,335,788	1,441,335,788	-
Reversions to other funds	-	-	2,663,601	(2,663,601)
Projected reversions	(50,000,000)	(50,000,000)	-	(50,000,000)
<b>Total uses of financial resources</b>	<b>17,741,156,777</b>	<b>21,077,086,287</b>	<b>14,532,043,625</b>	<b>6,545,042,662</b>
<b>Fund balances, June 30</b>	<b>\$ 1,087,006,844</b>	<b>\$ 1,101,033,440</b>	<b>\$ 5,310,619,804</b>	<b>\$ 4,209,586,364</b>

(continued)

State Education Fund			
Original Budget	Final Budget	Actual	Variance with Final Budget
\$ 50,000,000	\$ 50,000,000	\$ 50,000,000	\$ -
-	-	-	-
23,902,000	23,902,000	23,296,450	(605,550)
5,000,000	6,260,381	6,260,381	-
2,907,649,000	3,366,614,780	3,361,603,955	(5,010,825)
-	-	-	-
3,997,500	3,997,500	1,770,286	(2,227,214)
228,000	2,491,635	2,491,635	-
290,100	297,977	748,245	450,268
-	-	-	-
1,477,644,962	1,487,214,202	1,476,398,269	(10,815,933)
-	-	-	-
<u>4,468,711,562</u>	<u>4,940,778,475</u>	<u>4,922,569,221</u>	<u>(18,209,254)</u>
-	-	-	-
-	-	-	-
4,460,326,643	4,940,778,475	4,322,749,782	618,028,693
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>4,460,326,643</u>	<u>4,940,778,475</u>	<u>4,322,749,782</u>	<u>618,028,693</u>
<u>\$ 8,384,919</u>	<u>\$ -</u>	<u>\$ 599,819,439</u>	<u>\$ 599,819,439</u>

## Notes to the Required Supplementary Information

For the Fiscal Year Ended June 30, 2022

### Budgetary Reporting

The accompanying Budgetary Comparison Schedule – General Fund and Major Special Revenue Funds presents both the original and the final legally adopted budgets, as well as actual data on a budgetary basis. (Note 2 of the basic financial statements identifies the budgeting process and control.)

The original budget is adopted through passage of the General Appropriations Act, which allows for expenditures from unrestricted revenues, while the Authorized Expenditures Act allows for expenditures from revenues collected for specific purposes (restricted revenues). For programs financed from restricted revenues, spending authorization is generally contingent upon recognition of the related revenue. Reductions of spending authority occur if revenues fall short of estimates. If revenues exceed the estimate, supplemental appropriations are required before the additional resources can be spent.

Generally Accepted Accounting Principles (GAAP) require that the final legal budget be reflected in the “final budget” column. Therefore, updated revenue estimates available for appropriations as of September 14th are reported instead of the amounts disclosed in the original budget. The September 14, 2022 date is used because this is the date for which the Legislative Interim Finance Committee affected the last changes to the fiscal year ended June 30, 2022 budget as permitted by NRS 353.220.

Since the budgetary and GAAP presentations of actual data differ, a reconciliation of ending fund balances is presented below (expressed in thousands):

	<u>General Fund</u>	<u>State Education Fund</u>
<b>Fund balances (budgetary basis) June 30, 2022</b>	\$ 5,310,620	\$ 599,819
<b>Adjustments:</b>		
<i>Basis differences:</i>		
Accrual of certain other receivables	390,283	9,514
Inventory	8,372	-
Advances to other funds	57,463	-
Accrual of certain accounts payable and other liabilities	(854,638)	-
Advances from other funds	-	(50,000)
Unearned revenues	(2,619,889)	-
Deferred inflows - unavailable	(259,214)	(311)
Encumbrances	2,499	-
Other	(157,465)	(3,811)
<i>Perspective differences:</i>		
Special revenue fund reclassified to General Fund for GAAP purposes	27,049	-
<b>Fund balances (GAAP basis) June 30, 2022</b>	<u>\$ 1,905,080</u>	<u>\$ 555,211</u>

Total fund balance on the budgetary basis in the General Fund at June 30, 2022, is composed of both restricted funds, which are not available for appropriation, and unrestricted funds as follows (expressed in thousands):

Total fund balance (budgetary basis)	\$ 5,310,620
Restricted funds	(3,475,957)
<b>Unrestricted fund balance (budgetary basis)</b>	<u>\$ 1,834,663</u>

## Required Supplementary Information

For the Fiscal Year Ended June 30, 2022

### Pension Plan Information

#### A. Multiple-employer Cost Sharing Plan

*Primary Government* - The following schedule presents the State's proportionate share of the net pension liability for the Public Employees' Retirement System (expressed in thousands):

	2021	2020	2019	2018	2017	2016	2015	2014
State's proportion of the net pension liability	16.7 %	16.8 %	16.7 %	16.5 %	16.8 %	16.3 %	16.4 %	16.6 %
State's proportionate share of the net pension liability	\$ 1,522,865	\$ 2,345,467	\$ 2,278,610	\$ 2,248,729	\$ 2,233,666	\$ 2,187,213	\$ 1,879,626	\$ 1,730,601
State's covered payroll	\$ 1,085,098	\$ 1,092,368	\$ 1,049,306	\$ 997,840	\$ 984,131	\$ 906,687	\$ 874,098	\$ 872,316
State's proportionate share of the net pension liability as a percentage of its covered payroll	140 %	215 %	217 %	225 %	227 %	241 %	215 %	198 %
Plan fiduciary net position as a percentage of the total pension liability	87 %	77 %	76 %	75 %	74 %	72 %	75 %	76 %

Note: This schedule requires ten years of information to be presented. However, until ten years of data is available, only those years for which information is available will be presented.

The following schedule presents a ten-year history of the State's contributions to the Public Employees' Retirement System (expressed in thousands):

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Statutorily required contributions	\$ 173,527	\$ 175,570	\$ 176,300	\$ 161,627	\$ 153,762	\$ 151,492	\$ 190,528	\$ 176,579	\$ 174,712	\$ 162,484
Contributions in relation to the statutorily required contribution	\$ 173,527	\$ 175,570	\$ 176,300	\$ 161,627	\$ 153,762	\$ 151,492	\$ 190,528	\$ 176,579	\$ 174,712	\$ 162,484
Contribution (deficiency) excess	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 1,058,218	\$ 1,085,098	\$ 1,092,368	\$ 1,049,306	\$ 997,840	\$ 984,131	\$ 906,687	\$ 874,098	\$ 872,316	\$ 855,179
Contributions as a percentage of covered payroll	16 %	16 %	16 %	15 %	15 %	15 %	21 %	20 %	20 %	19 %

Note: GASB Statement No. 82 was implemented in fiscal year 2017, and as a result, contributions no longer include payments made by the State to satisfy contribution requirements that are identified by the plan terms as member contributions. In addition, GASB Statement No. 82 clarified covered payroll which was implemented in fiscal year 2017; prior years are not reflective of this change.

*Nevada System of Higher Education (NSHE)* - The following schedule presents the NSHE's proportionate share of the net pension liability for the Public Employees' Retirement System (expressed in thousands):

	2021	2020	2019	2018	2017	2016	2015	2014
NSHE's proportion of the net pension liability	3.0 %	3.0 %	3.0 %	2.9 %	2.9 %	2.9 %	2.8 %	2.8 %
NSHE's proportionate share of the net pension liability	\$ 272,974	\$ 424,238	\$ 414,036	\$ 398,883	\$ 383,226	\$ 389,352	\$ 324,708	\$ 292,841
NSHE's covered payroll	\$ 205,049	\$ 200,838	\$ 196,183	\$ 187,737	\$ 179,694	\$ 171,007	\$ 165,653	\$ 162,250
NSHE's proportionate share of the net pension liability as a percentage of its covered payroll	133 %	211 %	211 %	212 %	213 %	228 %	196 %	180 %
Plan fiduciary net position as a percentage of the total pension liability	87 %	77 %	76 %	75 %	74 %	72 %	75 %	76 %

Note: This schedule requires ten years of information to be presented. However, until ten years of data is available, only those years for which information is available will be presented.

The following schedule presents a ten-year history of the NSHE's contributions to the Public Employees' Retirement System (expressed in thousands):

	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contributions	\$ 30,715	\$ 31,286	\$ 30,564	\$ 28,549	\$ 27,030	\$ 34,456	\$ 33,124	\$ 29,901
Contributions in relation to the statutorily required contribution	\$ 30,715	\$ 31,286	\$ 30,564	\$ 28,549	\$ 27,030	\$ 43,152	\$ 35,756	\$ 29,901
Contribution (deficiency) excess	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,696	\$ 2,632	\$ -
Covered payroll	\$ 198,288	\$ 205,049	\$ 200,838	\$ 196,183	\$ 187,737	\$ 179,694	\$ 171,007	\$ 165,653
Contributions as a percentage of covered payroll	15 %	15 %	15 %	15 %	14 %	19 %	19 %	18 %

Notes: 1) GASB Statement No. 82 was implemented in fiscal year 2017, and as a result, contributions no longer include payments made by the NSHE to satisfy contribution requirements that are identified by the plan terms as member contributions. In addition, GASB Statement No. 82 clarified covered payroll which was implemented in fiscal year 2017; prior years are not reflective of this change. 2) This schedule requires ten years of information to be presented. However, until ten years of data is available, only those years for which information is available will be presented.

## Required Supplementary Information

For the Fiscal Year Ended June 30, 2022

Colorado River Commission (CRC) - The following schedule presents the CRC's proportionate share of the net pension liability for the Public Employees' Retirement System (expressed in thousands):

	2021	2020	2019	2018	2017	2016	2015	2014
CRC's proportion of the net pension liability	0.04 %	0.04 %	0.04 %	0.04 %	0.04 %	0.05 %	0.05 %	0.05 %
CRC's proportionate share of the net pension liability	\$ 3,836	\$ 6,152	\$ 5,986	\$ 5,994	\$ 5,867	\$ 6,596	\$ 4,997	\$ 6,305
CRC's covered payroll	\$ 2,881	\$ 2,881	\$ 2,970	\$ 2,856	\$ 2,702	\$ 2,575	\$ 2,531	\$ 2,348
CRC's proportionate share of the net pension liability as a percentage of its covered payroll	133 %	214 %	202 %	210 %	217 %	256 %	197 %	269 %
Plan fiduciary net position as a percentage of the total pension liability	87 %	77 %	76 %	75 %	74 %	72 %	75 %	76 %

Note: This schedule requires ten years of information to be presented. However, until ten years of data is available, only those years for which information is available will be presented.

The following schedule presents the CRC's contributions to the Public Employees' Retirement System (expressed in thousands):

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Statutorily required contributions	\$ 421	\$ 439	\$ 460	\$ 423	\$ 406	\$ 396	\$ 523	\$ 507	\$ 528
Contributions in relation to the statutorily required contribution	\$ 440	\$ 441	\$ 465	\$ 423	\$ 406	\$ 396	\$ 523	\$ 507	\$ 528
Contribution (deficiency) excess	\$ 19	\$ 2	\$ 5	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 2,717	\$ 2,881	\$ 3,092	\$ 2,970	\$ 2,856	\$ 2,702	\$ 2,575	\$ 2,531	\$ 2,348
Contributions as a percentage of covered payroll	16 %	15 %	15 %	14 %	14 %	15 %	20 %	20 %	22 %

Notes: 1) GASB Statement No. 82 was implemented in fiscal year 2017, and as a result, contributions no longer include payments made by the CRC to satisfy contribution requirements that are identified by the plan terms as member contributions. In addition, GASB Statement No. 82 clarified covered payroll which was implemented in fiscal year 2017; prior years are not reflective of this change. 2) This schedule requires ten years of information to be presented. However, until ten years of data is available, only those years for which information is available will be presented.

### B. Single-employer Plan

The following schedule presents the changes in the net pension liability for the Legislators' Retirement System (expressed in thousands):

	2021	2020	2019	2018	2017	2016	2015	2014
<b>Total pension liability</b>								
Service cost	\$ 32	\$ 33	\$ 29	\$ 30	\$ 29	\$ 31	\$ 39	\$ 37
Interest	350	349	372	373	398	414	426	428
Differences between expected and actual experience	(119)	56	(266)	47	(82)	(145)	(109)	-
Changes of assumptions	268	-	-	-	125	-	-	-
Benefit payments, including refunds	(421)	(427)	(470)	(460)	(482)	(503)	(497)	(494)
Net change in total pension liability	110	11	(335)	(10)	(12)	(203)	(141)	(29)
Total pension liability - beginning	4,841	4,830	5,165	5,175	5,187	5,390	5,531	5,560
<b>Total pension liability - ending (a)</b>	<b>\$ 4,951</b>	<b>\$ 4,841</b>	<b>\$ 4,830</b>	<b>\$ 5,165</b>	<b>\$ 5,175</b>	<b>\$ 5,187</b>	<b>\$ 5,390</b>	<b>\$ 5,531</b>
<b>Plan fiduciary net position</b>								
Contributions - employer	\$ 83	\$ 98	\$ 98	\$ 105	\$ 105	\$ 156	\$ 156	\$ 213
Contributions - employee	19	25	24	20	20	23	23	27
Net investment income	1,254	294	342	397	526	62	179	804
Benefit payments, including refunds	(421)	(427)	(470)	(460)	(481)	(503)	(497)	(494)
Administrative expense	(83)	(80)	(75)	(72)	(68)	(65)	(85)	(46)
Other	84	81	76	73	69	66	86	46
Net change in plan fiduciary net position	936	(9)	(5)	63	171	(261)	(138)	550
Plan fiduciary net position - beginning	4,694	4,703	4,708	4,645	4,474	4,735	4,873	4,323
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 5,630</b>	<b>\$ 4,694</b>	<b>\$ 4,703</b>	<b>\$ 4,708</b>	<b>\$ 4,645</b>	<b>\$ 4,474</b>	<b>\$ 4,735</b>	<b>\$ 4,873</b>
<b>Net pension liability/(asset) - beginning</b>	<b>\$ 147</b>	<b>\$ 127</b>	<b>\$ 457</b>	<b>\$ 530</b>	<b>\$ 713</b>	<b>\$ 655</b>	<b>\$ 658</b>	<b>\$ 1,237</b>
<b>Net pension liability/(asset) - ending (a) - (b)</b>	<b>\$ (679)</b>	<b>\$ 147</b>	<b>\$ 127</b>	<b>\$ 457</b>	<b>\$ 530</b>	<b>\$ 713</b>	<b>\$ 655</b>	<b>\$ 658</b>
Plan fiduciary net position as a percentage of total pension liability	114 %	97 %	97 %	91 %	90 %	86 %	88 %	88 %
Covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net pension liability/(asset) as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Note: This schedule requires ten years of information to be presented. However, until ten years of data is available, only those years for which information is available will be presented.



## Required Supplementary Information

For the Fiscal Year Ended June 30, 2022

The following schedule presents the State's (primary government's) contributions to the Legislators' Retirement System (expressed in thousands):

	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contributions	\$ -	\$ 166	\$ -	\$ 196	\$ -	\$ 210	\$ -	\$ 312
Contributions in relation to the statutorily required contribution	\$ -	\$ 166	\$ -	\$ 196	\$ -	\$ 210	\$ -	\$ 312
Contribution (deficiency) excess	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Note: This schedule requires ten years of information to be presented. However, until ten years of data is available, only those years for which information is available will be presented.

### C. Agent Multiple-employer Plan

The following schedule presents the changes in the net pension liability for the Judicial Retirement System (expressed in thousands):

	2021	2020	2019	2018	2017	2016	2015	2014
<b>Total pension liability</b>								
Service cost	\$ 4,207	\$ 4,117	\$ 4,092	\$ 4,231	\$ 3,718	\$ 3,828	\$ 3,593	\$ 3,411
Interest	11,585	11,034	10,415	10,141	9,993	9,677	8,876	8,367
Differences between expected and actual experience	1,123	(3,301)	(30)	(5,065)	1,123	(4,211)	1,250	(2,666)
Change of assumptions	11,795	-	-	-	79	-	-	-
Benefit payments, including refunds	(7,038)	(6,594)	(6,119)	(5,657)	(5,524)	(5,351)	(4,896)	(4,295)
Other	4,424	-	220	515	419	-	2,357	990
Net change in total pension liability	26,096	5,256	8,578	4,165	9,808	3,943	11,180	5,807
Total pension liability - beginning	151,560	146,304	137,726	133,561	123,753	119,810	108,630	102,823
<b>Total pension liability - ending (a)</b>	<b>\$ 177,656</b>	<b>\$ 151,560</b>	<b>\$ 146,304</b>	<b>\$ 137,726</b>	<b>\$ 133,561</b>	<b>\$ 123,753</b>	<b>\$ 119,810</b>	<b>\$ 108,630</b>
<b>Plan fiduciary net position</b>								
Contributions - employer	\$ 5,413	\$ 5,334	\$ 5,265	\$ 5,307	\$ 5,786	\$ 5,773	\$ 6,155	\$ 6,002
Contributions - employee	423	635	473	115	255	269	96	-
Net investment income	38,931	8,418	9,551	9,696	12,556	1,556	3,206	14,252
Benefit payments, including refunds	(7,037)	(6,594)	(6,119)	(5,657)	(5,524)	(5,351)	(4,896)	(4,295)
Administrative expense	(114)	(109)	(106)	(101)	(95)	(90)	(86)	(83)
Other	4,424	-	220	515	419	-	2,357	990
Net change in plan fiduciary net position	42,040	7,684	9,284	9,875	13,397	2,157	6,832	16,866
Plan fiduciary net position - beginning	141,342	133,658	124,374	114,499	101,102	98,945	92,113	75,247
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 183,382</b>	<b>\$ 141,342</b>	<b>\$ 133,658</b>	<b>\$ 124,374</b>	<b>\$ 114,499</b>	<b>\$ 101,102</b>	<b>\$ 98,945</b>	<b>\$ 92,113</b>
<b>Net pension liability/(asset) - beginning</b>	<b>\$ 10,218</b>	<b>\$ 12,646</b>	<b>\$ 13,352</b>	<b>\$ 19,062</b>	<b>\$ 22,651</b>	<b>\$ 20,865</b>	<b>\$ 16,517</b>	<b>\$ 27,576</b>
<b>Net pension liability/(asset) - ending (a) - (b)</b>	<b>\$ (5,726)</b>	<b>\$ 10,218</b>	<b>\$ 12,646</b>	<b>\$ 13,352</b>	<b>\$ 19,062</b>	<b>\$ 22,651</b>	<b>\$ 20,865</b>	<b>\$ 16,517</b>
Plan fiduciary net position as a percentage of total pension liability	103 %	93 %	91 %	90 %	86 %	82 %	83 %	85 %
Covered payroll (measurement as of end of fiscal year)	\$ 20,193	\$ 20,561	\$ 20,353	\$ 20,451	\$ 20,995	\$ 20,154	\$ 19,930	\$ 18,934
Net pension liability/(asset) as a percentage of covered payroll	(28)%	50 %	62 %	65 %	91 %	112 %	105 %	87 %

Note: This schedule requires ten years of information to be presented. However, until ten years of data is available, only those years for which information is available will be presented.

The following schedule presents the State's (primary government's) contributions to the Judicial Retirement System (expressed in thousands):

	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 5,272	\$ 5,255	\$ 5,300	\$ 5,191	\$ 5,585	\$ 5,138	\$ 5,443	\$ 5,266
Contributions in relation to the actuarially determined contribution	\$ 4,660	\$ 4,851	\$ 4,776	\$ 4,744	\$ 4,789	\$ 5,262	\$ 5,227	\$ 5,535
Contribution (deficiency) excess	\$ (612)	\$ (404)	\$ (524)	\$ (447)	\$ (796)	\$ 124	\$ (216)	\$ 269
Covered payroll	\$ 17,010	\$ 17,133	\$ 17,549	\$ 17,414	\$ 17,583	\$ 18,195	\$ 17,425	\$ 17,132
Contributions as a percentage of covered payroll	27 %	28 %	27 %	27 %	27 %	29 %	30 %	32 %

Note: This schedule requires ten years of information to be presented. However, until ten years of data is available, only those years for which information is available will be presented.

Notes to Required Supplementary Information – actuarial assumptions used in calculating the actuarially determined contributions can be found in Note 10C.

## Required Supplementary Information

*For the Fiscal Year Ended June 30, 2022*

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*Changes of Assumptions* - The PERS plan reflects the following changes in assumptions from June 30, 2020, to June 30, 2021.

- The inflation rate decreased from 2.75% to 2.50%.
- Payroll growth decreased from 5.00% to 3.50%.
- Investment rate of return decreased from 7.50% to 7.25%.
- Projected salary increases declined from 4.25% to 9.15% to 4.20% to 9.10% for Regular members.
- Projected salary increases declined from 4.55% to 13.90% to 4.60% to 14.50% for Police/Fire members.
- The consumer price index decreased from 2.75% to 2.50%.
- Mortality rates were changed from Headcount-Weighted RP-2014 Tables to Pub-2010 Mortality Tables.
- Future mortality improvement was changed from 6 years to the Generational Projection Scale MP-2020.
- The discount rate decreased from 7.50% to 7.25%.

The PERS plan reflects the following changes in assumptions from June 30, 2016, to June 30, 2017.

- The inflation rate decreased from 3.50% to 2.75%.
- Investment rate of return decreased from 8.00% to 7.50%.
- Productivity of pay decreased from 0.75% to 0.50%.
- Projected salary increases declined from 4.60% to 9.75% to 4.25% to 9.15% for Regular members.
- Projected salary increases declined from 5.25% to 14.50% to 4.55% to 13.90% for Police/Fire members.
- The consumer price index decreased from 3.50% to 2.75%.
- Mortality rates were changed from RP-2000 Combined Healthy/Disabled Mortality Table to Headcount-Weighted RP-2014 Healthy/Disabled Tables.

## Required Supplementary Information

For the Fiscal Year Ended June 30, 2022

### Postemployment Benefits Other Than Pensions (OPEB)

*Primary Government* - The following schedule presents the State's proportionate share of the collective net OPEB liability (expressed in thousands):

	2021	2020	2019	2018	2017
State's proportion of the collective net OPEB liability	58.87 %	58.68 %	58.14 %	59.88 %	61.43 %
State's proportionate share of the collective net OPEB liability	\$ 912,584	\$ 882,306	\$ 810,288	\$ 793,089	\$ 799,477
State's covered payroll *	\$ 986,868	\$ 1,109,289	\$ 1,058,033	\$ 1,010,679	\$ 964,668
State's proportionate share of the collective net OPEB liability as a percentage of its covered payroll *	92.47 %	79.54 %	76.58 %	78.47 %	82.88 %
Plan fiduciary net position as a percentage of the total OPEB liability	(0.65)%	(0.38)%	0.02 %	0.12 %	0.11 %

Note: This schedule requires ten years of information to be presented. However, until ten years of data is available, only those years for which information is available will be presented.

\* The 2017 State's covered payroll and the State's proportionate share of the collective net OPEB liability as a percentage of its covered payroll have been revised.

The following schedule presents the State's contributions to the OPEB plan (expressed in thousands):

	2022	2021	2020	2019	2018
Contractually required contribution *	\$ 23,162	\$ 23,290	\$ 25,957	\$ 24,758	\$ 23,751
Contributions in relation to the contractually required contribution	\$ 23,162	\$ 23,290	\$ 25,957	\$ 24,758	\$ 23,751
State's covered payroll *	\$ 1,067,396	\$ 986,868	\$ 1,109,289	\$ 1,058,033	\$ 1,010,679
Contributions as a percentage of covered payroll	2.17 %	2.36 %	2.34 %	2.34 %	2.35 %

Note: This schedule requires ten years of information to be presented. However, until ten years of data is available, only those years for which information is available will be presented.

\* The 2018 contractually required contribution, contribution deficiency and State's covered payroll have been revised.

*Nevada System of Higher Education (NSHE)* - The following schedule presents the NSHE's proportionate share of the collective net OPEB liability (expressed in thousands):

	2021	2020	2019	2018	2017
NSHE's proportion of the collective net OPEB liability	40.10 %	40.35 %	40.85 %	39.13 %	37.59 %
NSHE's proportionate share of the collective net OPEB liability	\$ 621,544	\$ 606,769	\$ 569,268	\$ 518,254	\$ 489,754
NSHE's covered payroll	\$ 744,695	\$ 757,182	\$ 711,803	\$ 667,622	\$ 625,454
NSHE's proportionate share of the collective net OPEB liability as a percentage of its covered payroll	83.46 %	80.14 %	79.98 %	77.63 %	78.30 %
Plan fiduciary net position as a percentage of the total OPEB liability	(0.65)%	(0.38)%	0.02 %	0.12 %	0.11 %

Note: This schedule requires ten years of information to be presented. However, until ten years of data is available, only those years for which information is available will be presented.

The following schedule presents the NSHE's contributions to the OPEB plan (expressed in thousands):

	2022	2021	2020	2019	2018
Contractually required contribution	\$ 16,061	\$ 17,426	\$ 17,794	\$ 16,727	\$ 15,689
Contributions in relation to the contractually required contribution	\$ 16,058	\$ 15,857	\$ 17,716	\$ 16,656	\$ 15,702
Contribution (deficiency) excess	\$ (3)	\$ (1,569)	\$ (78)	\$ (71)	\$ 13
NSHE's covered payroll	\$ 740,121	\$ 744,695	\$ 757,182	\$ 711,803	\$ 667,622
Contributions as a percentage of covered payroll	2.17 %	2.34 %	2.35 %	2.35 %	2.35 %

Note: This schedule requires ten years of information to be presented. However, until ten years of data is available, only those years for which information is available will be presented.

## Required Supplementary Information

For the Fiscal Year Ended June 30, 2022

Colorado River Commission (CRC) - The following schedule presents the CRC's proportionate share of the collective net OPEB liability (expressed in thousands):

	2021	2020	2019	2018	2017
CRC's proportion of the collective net OPEB liability	0.16 %	0.16 %	0.16 %	0.17 %	0.17 %
CRC's proportionate share of the collective net OPEB liability	\$ 2,465	\$ 2,376	\$ 2,267	\$ 2,218	\$ 2,261
CRC's covered payroll	\$ 2,881	\$ 3,105	\$ 3,167	\$ 2,891	\$ 2,702
CRC's proportionate share of the collective net OPEB liability as a percentage of its covered payroll	85.56 %	76.52 %	71.58 %	76.73 %	83.70 %
Plan fiduciary net position as a percentage of the total OPEB liability	(0.65)%	(0.38)%	0.02 %	0.12 %	0.11 %

Note: This schedule requires ten years of information to be presented. However, until ten years of data is available, only those years for which information is available will be presented.

The following schedule presents the CRC's contributions to the OPEB plan (expressed in thousands):

	2022	2021	2020	2019	2018
Contractually required contribution	\$ 63	\$ 69	\$ 73	\$ 52	\$ 68
Contributions in relation to the contractually required contribution	\$ 63	\$ 63	\$ 73	\$ 69	\$ 66
Contribution (deficiency) excess	\$ -	\$ (7)	\$ -	\$ 17	\$ (2)
CRC's covered payroll	\$ 2,726	\$ 2,881	\$ 3,105	\$ 3,167	\$ 2,750
Contributions as a percentage of covered payroll	2.32 %	2.18 %	2.34 %	1.65 %	2.48 %

Note: This schedule requires ten years of information to be presented. However, until ten years of data is available, only those years for which information is available will be presented.

Notes to Required Supplementary Information - In the valuation report for 2021, the discount rate used to measure the total OPEB liability decreased from 2.21% to 2.16%. In the valuation report for 2020, the discount rate decreased from 3.87% to 2.21%. The valuation report for 2019 kept the same discount rate as 2018. In the valuation report for 2018, the discount rate increased from 3.58% to 3.87%.

## Required Supplementary Information

For the Fiscal Year Ended June 30, 2022

### Schedule of Infrastructure Condition and Maintenance Data

The State has adopted the modified approach for reporting infrastructure assets defined as a single roadway network that includes bridges. Bridges are not considered a subsystem as they are included in the cost of road construction. Under this approach, the State expenses certain maintenance and preservation costs and does not report depreciation expense. The single roadway network accounted for under the modified approach includes the combination of 5,400 centerline miles of roads and 1,200 bridges.

The State manages its roadway network by dividing the roadway system into five categories based on the traffic load. The categories range from category I, representing the busiest roadways and interstates, to category V, representing the least busy rural routes with an average daily traffic of less than 400 vehicles. To monitor the condition of the roadways the State uses the International Roughness Index (IRI). IRI measures the cumulative deviation from a smooth surface. The lower the IRI value, the better the condition of the roadway. Results of the condition assessments provide reasonable assurance that the condition level of the roadways is being preserved above, or approximately at, the condition level established for all road categories. The following tables show the State's condition level of the roadways.

<b>Condition Level of the Roadways</b>					
<b>Percentage of roadways with an IRI of 95 or less</b>					
	<b>Category</b>				
	<b>I</b>	<b>II</b>	<b>III</b>	<b>IV</b>	<b>V</b>
State Policy-minimum percentage	70%	65%	60%	40%	10%
Actual results of 2021 condition assessment	90%	88%	81%	64%	21%
Actual results of 2020 condition assessment	91%	86%	87%	54%	28%
Actual results of 2019 condition assessment	91%	86%	88%	57%	28%

The State has set a policy to maintain its bridges so that not more than 7 percent are structurally deficient. The following table shows the State's policy and condition level of the bridges.

<b>Condition Level of the Bridges</b>			
<b>Percentage of substandard bridges</b>			
	<b>2022</b>	<b>2021</b>	<b>2020</b>
State Policy-maximum percentage	7%	7%	7%
Actual results condition assessment	1%	1%	1%

The following table shows the State's estimate of spending necessary to preserve and maintain the roadway network at, or above, the established condition level and the actual amount spent during the past five fiscal years.

<b>Maintenance and Preservation Costs</b>						
<b>(Expressed in Thousands)</b>						
	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	
Estimated	\$ 269,778	\$ 212,856	\$ 178,393	\$ 134,713	\$ 286,153	
Actual	230,580	181,928	152,595	130,158	252,859	

Maintenance and preservation costs are primarily funded with highway user revenue, fuel taxes, vehicle registration and license fees. The funding level for maintenance and preservation costs is affected by the amount of taxes and fees collected and the amount appropriated for construction of new roadways.

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**Independent Auditor’s Report on Internal Control over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards***

The Honorable Andy Matthews  
State Controller  
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 of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Nevada (the State), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the State’s basic financial statements, and have issued our report thereon dated January 10, 2024. Our report includes a reference to other auditors who audited the financial statements of the following, as described in our report on the State of Nevada’s financial statements:

- Nevada System of Higher Education, a discretely presented component unit
- Colorado River Commission, a discretely presented component unit
- Pension and Other Employee Benefits Trust Funds, a fiduciary fund
- Retirement Benefits Investment Fund, a fiduciary investment trust fund
- Vanguard, SSGA, USAA, and Putnam Nevada College Savings Plans, a part of the private-purpose trust fiduciary fund
- Self-Insurance, an internal service fund
- Insurance Premiums, an internal service fund
- Printing, an internal service fund
- Legislative and Contingency, a part of the general fund

This report does not include the results of the other auditors’ testing of internal control over financial reporting or compliance and other matters that are reported on separately by some of those auditors. The financial statements of the Pension Trust Funds, the Insurance Premiums Internal Service Fund and the Retirement Benefits Investment Fund were not audited in accordance with *Government Auditing Standards*.

Our report qualifies the opinion on the governmental activities and the general fund because the State was unable to determine an amount that should have been recorded for the Division of Emergency Management’s inventory at the end of the year.

## **Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the State's internal control over financial reporting (internal control) as a basis for designing the 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's internal control. Accordingly, we do not express an opinion on the effectiveness of the State's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

*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. We consider the deficiencies described in the accompanying schedule of findings and responses as findings 2022-001 through 2022-014 to be material weaknesses.

*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. We consider the deficiencies described in the accompanying schedule of findings and responses as findings 2022-015 through 2022-017 to be significant deficiencies.

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the State's financial statements are free of 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*.

## **The State's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the State's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The State's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.



### **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 State'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 State'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 Bailly LLP". The signature is written in black ink and is positioned in the middle-left area of the page.

Reno, Nevada  
January 10, 2024



**Independent Auditor’s Report on Compliance for Each Major Federal Program;  
Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of  
Federal Awards Required by the Uniform Guidance**

Legislative Auditor  
Legislative Counsel Bureau  
Capitol Complex  
Carson City, Nevada

**Report on Compliance for Each Major Federal Program**

***Qualified and Unmodified Opinions***

We have audited the State of Nevada’s (the State’s) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the State’s major federal programs for the year ended June 30, 2022. The State’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

*Qualified Opinion on Child Nutrition Cluster, Coronavirus Relief Fund, Emergency Rental Assistance Program, Homeowner Assistance Fund, Coronavirus State and Local Fiscal Recovery Fund, Title I Grants to Local Educational Agencies, Education Stabilization Fund, Low-Income Home Energy Assistance, CCDF Cluster, Foster Care – Title IV-E, Medicaid Cluster, and Opioid STR*

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, the State complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the Child Nutrition Cluster, Coronavirus Relief Fund, Emergency Rental Assistance Program, Homeowner Assistance Fund, Coronavirus State and Local Fiscal Recovery Fund, Title I Grants to Local Educational Agencies, Education Stabilization Fund, Low-Income Home Energy Assistance, CCDF Cluster, Foster Care – Title IV-E, Medicaid Cluster, and Opioid STR for the year ended June 30, 2022.

*Unmodified Opinion on Each of the Other Major Federal Programs*

In our opinion, the State complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2022.

***Basis for Qualified and Unmodified Opinions***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the State and to meet our other ethical responsibilities, in accordance with 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 qualified and unmodified opinions on compliance for each major federal program. Our audit does not provide a legal determination of the State’s compliance with the compliance requirements referred to above.

*Matter(s) Giving Rise to Qualified Opinion on Child Nutrition Cluster, Coronavirus Relief Fund, Emergency Rental Assistance Program, Homeowner Assistance Fund, Coronavirus State and Local Fiscal Recovery Fund, Title I Grants to Local Educational Agencies, Education Stabilization Fund, Low-Income Home Energy Assistance, CCDF Cluster, Foster Care – Title IV-E, Medicaid Cluster, and Opioid STR*

As described in the accompanying schedule of findings and questioned costs, the State did not comply with requirements regarding:

<b>Finding #</b>	<b>Assistance Listing #</b>	<b>Program (or Cluster) Name</b>	<b>Compliance Requirement</b>
2022-019	10.553/10.555/ 10.556/10.559/10.582	Child Nutrition Cluster	Reporting
2022-024	21.019	Coronavirus Relief Fund	Reporting
2022-027	21.023	Emergency Rental Assistance	Reporting
2022-031	21.026	Homeowner Assistance Fund	Reporting
2022-035	21.027	Coronavirus State and Local Fiscal Recovery Fund	Subrecipient Monitoring
2022-040	84.010	Title I Grants to Local Educational Agencies	Special Tests
2022-041	84.425	Education Stabilization Fund	Matching, Level of Effort and Earmarking
2022-043	84.425	Education Stabilization Fund	Reporting
2022-044	84.425	Education Stabilization Fund	Reporting
2022-051	93.568	Low-Income Home Energy Assistance	Reporting
2022-052	93.568	Low-Income Home Energy Assistance	Subrecipient Monitoring
2022-053	93.575/93.596	CCDF Cluster	Reporting
2022-054	93.575/93.596	CCDF Cluster	Reporting
2022-057	93.658	Foster Care – Title IV-E	Reporting
2022-062	93.775/93.777/93.778	Medicaid Cluster	Reporting
2022-065	93.788	Opioid STR	Reporting

Compliance with such requirements is necessary, in our opinion, for the State to comply with the requirements applicable to that program.

### ***Other Matter – Federal Expenditures Not Included in the Compliance Audit***

The State’s basic financial statements include the operations of the Nevada System of Higher Education, a discretely presented component unit, which expended \$849,360,065 in federal awards which is not included in the State’s schedule of expenditures of federal awards during the year ended June 30, 2022. Our compliance audit, described in the “Qualified and Unmodified Opinions” does not include the operations of the Nevada System of Higher Education because the Nevada System of Higher Education engaged other auditors to perform an audit in accordance with Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the State’s federal programs.

### ***Auditor’s Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the State’s compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the State’s compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 State’s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the State’s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the State’s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### ***Other Matters***

The results of our auditing procedures disclosed other instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as findings 2022-056 and 2022-061. Our opinion on each major federal program is not modified with respect to these matters.

*Government Auditing Standards* requires the auditor to perform limited procedures on the State’s response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The State’s response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### **Report on Internal Control over Compliance**

Our consideration of internal control over compliance was for the limited purpose described in the Auditor’s Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as findings 2022-019 through 2022-021, 2022-024, 2022-025, 2022-027, 2022-029, 2022-031 through 2022-033, 2022-035, 2022-036, 2022-039 through 2022-045, 2022-048, 2022-050 through 2022-055, 2022-057, 2022-059, 2022-061, 2022-062, 2022-064, and 2022-065 to be material weaknesses.

*A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as findings 2022-018, 2022-022, 2022-023, 2022-026, 2022-030, 2022-034, 2022-037, 2022-038, 2022-046, 2022-047, 2022-049, 2022-056, 2022-058, 2022-060, and 2022-063 to be significant deficiencies.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

*Government Auditing Standards* requires the auditor to perform limited procedures on the State's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The State's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

#### **Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the State's basic financial statements. We issued our report thereon dated January 10, 2024, which contained qualified and unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



Reno, Nevada  
January 24, 2024

**STATE OF NEVADA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

Federal Grantor / Pass-Through Grantor Program Title	CFDA Number	Award or Pass- Through Number	Expenditures	Payments to Subrecipients
<b>Department of the Interior</b>				
<b>Research and Development CLUSTER</b>				
Outdoor Recreation Acquisition, Development and Planning	15.916	FFY 2011	\$ 1,364	\$ 1,364
Outdoor Recreation Acquisition, Development and Planning	15.916	FFY 2012	42,489	42,489
Outdoor Recreation Acquisition, Development and Planning	15.916	FFY 2016 LWCF	62,544	59,225
Outdoor Recreation Acquisition, Development and Planning	15.916	FFY 2017 LWCF	4,163	4,163
Outdoor Recreation Acquisition, Development and Planning	15.916	FFY 2018 LWCF	246,937	245,837
Outdoor Recreation Acquisition, Development and Planning	15.916	FFY 2019 LWCF	468,208	32,524
Outdoor Recreation Acquisition, Development and Planning	15.916	FFY 2020 LWCF	349,393	-
			<b>1,175,098</b>	<b>385,602</b>
<b>Total Research and Development CLUSTER</b>			<b>1,175,098</b>	<b>385,602</b>
<b>Total Department of the Interior</b>			<b>1,175,098</b>	<b>385,602</b>
<b>Department of Justice</b>				
<b>Research and Development CLUSTER</b>				
National Institute of Justice Research, Evaluation, and Development Project Grants	16.560	2016-CK-BX-0007	81,656	81,656
National Institute of Justice Research, Evaluation, and Development Project Grants	16.560	2016-CK-BX-0007-0875-DPS	193,744	-
			<b>275,400</b>	<b>81,656</b>
<b>Total Research and Development CLUSTER</b>			<b>275,400</b>	<b>81,656</b>
<b>Total Department of Justice</b>			<b>275,400</b>	<b>81,656</b>
<b>Environmental Protection Agency</b>				
<b>Research and Development CLUSTER</b>				
Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act	66.034	PM 98T04301	27,247	-
Regional Wetland Program Development Grants	66.461	98T30101	4,709	4,709
Regional Wetland Program Development Grants	66.461	99T93201	99,900	83,535
			<b>104,609</b>	<b>88,244</b>
Passed Through Nevada System of Higher Education Science to Achieve Results (STAR)	66.509	RD-84023601	27,009	-
			<b>158,865</b>	<b>88,244</b>
<b>Total Research and Development CLUSTER</b>			<b>158,865</b>	<b>88,244</b>
<b>Total Environmental Protection Agency</b>			<b>158,865</b>	<b>88,244</b>
<b>Department of Health and Human Services</b>				
<b>Research and Development CLUSTER</b>				
Passed Through Association of Food and Drug Officials Food and Drug Administration Research	93.103	G-2010-02694	5,102	-
Passed Through Association of Food and Drug Officials Food and Drug Administration Research	93.103	G-ME-2103-02916	15,948	-

**STATE OF NEVADA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

Federal Grantor / Pass-Through Grantor Program Title	CFDA Number	Award or Pass- Through Number	Expenditures	Payments to Subrecipients
Food and Drug Administration Research	93.103	5U18FD005892-04	\$ 13,778	\$ 13,778
Food and Drug Administration Research	93.103	IU2FFD007421-01	238,283	-
			<b>273,111</b>	<b>13,778</b>
Cooperative Agreements to States/Territories for the Coordination and Development of Primary Care Offices	93.130	5 U68HP11441-13-00	107,416	-
Cooperative Agreements to States/Territories for the Coordination and Development of Primary Care Offices	93.130	U68HP11441-14-00	31,378	-
			<b>138,794</b>	<b>-</b>
Injury Prevention and Control Research and State and Community Based Programs	93.136	1 NU17CE010040-01-00	97,512	56,561
Injury Prevention and Control Research and State and Community Based Programs	93.136	1 NU17CE925001-02-00	741,501	497,188
Injury Prevention and Control Research and State and Community Based Programs	93.136	5 NU17CE924856-05	91,817	78,814
Injury Prevention and Control Research and State and Community Based Programs	93.136	5 NU17CE925001-03-00	2,851,999	1,245,947
Injury Prevention and Control Research and State and Community Based Programs	93.136	5 NUF2CE002475-03-00	316,586	223,794
Injury Prevention and Control Research and State and Community Based Programs	93.136	5 NUF2CE002475-04-00	78,834	54,604
			<b>4,178,249</b>	<b>2,156,908</b>
<b>Total Research and Development CLUSTER</b>			<b>4,590,154</b>	<b>2,170,686</b>
<b>Total Department of Health and Human Services</b>			<b>4,590,154</b>	<b>2,170,686</b>
<b>Grand Total Research and Development CLUSTER</b>			<b>6,199,517</b>	<b>2,726,188</b>
<b>Department of Agriculture</b>				
<b>Child Nutrition CLUSTER</b>				
School Breakfast Program	10.553	227NVAG3N1199	39,392,496	39,296,266
School Breakfast Program	10.553	7NV300AG3/202120N109947	10,432,931	10,398,855
			<b>49,825,427</b>	<b>49,695,121</b>
National School Lunch Program	10.555	217NVAG1H1703	12,388,722	12,373,334
National School Lunch Program	10.555	227NVAG3N1199	124,854,810	124,675,740
National School Lunch Program	10.555	227NVAG3N8903	3,025,330	3,003,200
National School Lunch Program	10.555	7NV300AG3/202120N109947	32,006,468	31,943,319
National School Lunch Program	10.555	National School Lunch Program Commodities	30,259,726	30,259,726
National School Lunch Program	10.555	USDA Commodity Credit Corp (CCC)	50,107	50,107
			<b>202,585,163</b>	<b>202,305,426</b>
Special Milk Program for Children	10.556	227NVAG3N1199	5,660	5,660
Special Milk Program for Children	10.556	7NV300AG3/202120N109947	4,138	4,138
			<b>9,798</b>	<b>9,798</b>



**STATE OF NEVADA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

Federal Grantor / Pass-Through Grantor Program Title	CFDA Number	Award or Pass- Through Number	Expenditures	Payments to Subrecipients
Summer Food Service Program for Children	10.559	227NVAG3N1199	\$ 71,848	\$ -
Summer Food Service Program for Children	10.559	227NVAG3N2020	61,024	61,024
Summer Food Service Program for Children	10.559	7NV300AG3/202120N109947	11,813,777	11,771,815
Summer Food Service Program for Children	10.559	Summer Food Service Program Commodities	150,410	150,410
			<b>12,097,059</b>	<b>11,983,249</b>
Fresh Fruit and Vegetable Program	10.582	7NV310AG1/202120L160347	194,494	194,494
Fresh Fruit and Vegetable Program	10.582	7NV310AG1/227NVAG1L1603	1,461,802	1,461,802
			<b>1,656,296</b>	<b>1,656,296</b>
<b>Total Child Nutrition CLUSTER</b>			<b>266,173,743</b>	<b>265,649,890</b>
<b>Food Distribution CLUSTER</b>				
Commodity Supplemental Food Program	10.565	227NVAG8Y8005	388,054	290,817
Commodity Supplemental Food Program	10.565	7NV810AG1/202121Y800547	195,136	162,497
Commodity Supplemental Food Program	10.565	Commodity Supplemental Food Program (CSFP)	1,330,927	1,330,927
COVID-19 Commodity Supplemental Food Program	10.565	7NV810AG1/202121Y750345	30,911	30,911
COVID-19 Commodity Supplemental Food Program	10.565	7NV820AG1 202121J800347	19,740	19,740
			<b>1,964,768</b>	<b>1,834,892</b>
Emergency Food Assistance Program (Administrative Costs)	10.568	227NVAG8Y8105	785,275	771,969
Emergency Food Assistance Program (Administrative Costs)	10.568	227NVNV8P1103	47,923	47,923
Emergency Food Assistance Program (Administrative Costs)	10.568	7NV810AG8/202121Y810547	470,599	465,450
Emergency Food Assistance Program (Administrative Costs)	10.568	Build Back Better (TEFAP)	3,096,466	3,096,466
COVID-19 Emergency Food Assistance Program (Administrative Costs)	10.568	7NV820NV8/202121J700347	820,803	820,803
COVID-19 Emergency Food Assistance Program (Administrative Costs)	10.568	COVID Supplemental Assistance COSUP (TEFAP)	3,631,386	3,631,386
COVID-19 Emergency Food Assistance Program (Administrative Costs)	10.568	Coronavirus Aid, Relief, and Economic Security Act	54,529	54,529
COVID-19 Emergency Food Assistance Program (Administrative Costs)	10.568	Family First Coronavirus Response Act (TEFAP)	84,104	82,104
			<b>8,991,085</b>	<b>8,970,630</b>
Emergency Food Assistance Program (Food Commodities)	10.569	Emergency Food Assistance Program (TEFAP)	13,603,073	13,603,073
<b>Total Food Distribution CLUSTER</b>			<b>24,558,926</b>	<b>24,408,595</b>
<b>Forest Service Schools and Roads CLUSTER</b>				
Schools and Roads - Grants to States	10.665	Schools and Roads Grants to States	3,495,275	3,495,275
<b>Total Forest Service Schools and Roads CLUSTER</b>			<b>3,495,275</b>	<b>3,495,275</b>
<b>SNAP CLUSTER</b>				
Supplemental Nutrition Assistance Program (SNAP)	10.551	SNAP	1,232,098,816	-

**STATE OF NEVADA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

Federal Grantor / Pass-Through Grantor Program Title	CFDA Number	Award or Pass- Through Number	Expenditures	Payments to Subrecipients
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	202020Q390347	\$ 31,209	\$ 31,209
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	202121Q390347	1,425,754	1,359,630
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	202121Q750347	239,407	-
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	202121S802647	4,672	-
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	202222Q390347	2,251,415	2,006,929
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	207NVNV4S2514 202020S251447	222,943	222,943
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	217NVNV4S2514 202121S251447	8,008,737	372,550
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	217NVNV4S2519 202121S251947	5,459	-
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	217NVNV4S2520 202121S252047	2,917	-
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	227NVNV4Q750347 202222Q7750347	951,537	-
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	227NVNV4S2514 202222S251447	19,717,098	-
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	227NVNV4S2519 202222S251947	14,406	14,406
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	227NVNV4S2520 202222S252047	8,039	-
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	FOODNUTRITION SNAP BONUS	33,989	-
COVID-19 - State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	202121F100347	348,589	-
COVID-19 - State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	7NV460NV7 20221FI00347	2,455,917	-
			<b>35,722,088</b>	<b>4,007,667</b>
<b>Total SNAP CLUSTER</b>			<b>1,267,820,904</b>	<b>4,007,667</b>
Plant and Animal Disease, Pest Control, and Animal Care	10.025	04-8576-0836-CA	44,781	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP19PPQFO000C347	593	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP19PPQFO000C349	1,833	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP19PPQFO000C372	31	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP20PPQFO000C046	18,891	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP20PPQFO000C058	15,532	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP20PPQFO000C062	36,431	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP20PPQFO000C076	1,679	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP20PPQFO000C077	11,935	-

**STATE OF NEVADA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

Federal Grantor / Pass-Through Grantor Program Title	CFDA Number	Award or Pass- Through Number	Expenditures	Payments to Subrecipients
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP20PPQFO000C335	\$ 37,465	\$ -
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP20PPQFO000C339	31,605	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP20PPQFO000C340	12,921	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP20PPQFO000C341	4,378	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP20PPQFO000C342	30,345	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP20PPQFO000C348	13,053	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP20PPQFO000C349	13,808	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP20PPQFO000C363	14,666	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP20PPQFO000C374	16,407	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP21PPQFO000C299	16,235	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP21PPQFO000C320	7,195	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP21PPQFO000C321	22,138	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP21PPQFO000C322	4,356	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP21PPQFO000C323	2,956	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP21PPQFO000C324	4,179	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP21PPQFO000C325	11,506	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP21PPQFO000C326	33,014	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP21PPQFO000C327	8,833	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP21PPQFO000C328	15,971	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP21PPQFO000C369	21,643	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP21PPQFO000C370	2,608	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP21PPQFO000C371	38,859	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP21PPQFO000C514	9,869	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP21PPQFO000C521	21,387	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP21VSSPRS00C099	32,826	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP21VSSPRS00C101	26,090	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP22VSSPRS00C020	6,850	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP22VSSPRS00C021	4,406	-
			<b>597,275</b>	<b>-</b>
Wildlife Services	10.028	AP21WSNWRC00C020	5,169	-
Market Protection and Promotion	10.163	21-COOLX-NV-0026	6,638	-
Specialty Crop Block Grant Program - Farm Bill	10.170	21SCBPNV1042-00	26,327	4,975
Specialty Crop Block Grant Program - Farm Bill	10.170	AM170100XXXXG038	2,141	2,141
Specialty Crop Block Grant Program - Farm Bill	10.170	AM180100XXXXG027	39,282	39,282

**STATE OF NEVADA**  
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Federal Grantor / Pass-Through Grantor Program Title	CFDA Number	Award or Pass- Through Number	Expenditures	Payments to Subrecipients
Specialty Crop Block Grant Program - Farm Bill	10.170	AM190100XXXXG022	\$ 57,367	\$ 57,338
Specialty Crop Block Grant Program - Farm Bill	10.170	AM200100XXXXG022	36,184	5,425
			<b>161,301</b>	<b>109,161</b>
Passed Through UC Davis Homeland Security Agricultural	10.304	A22-1782-S006	6,201	-
Farm and Ranch Stress Assistance Network Competitive Grants Program	10.525	2021-70035-35748	938	-
Supplemental Nutrition Assistance Program (SNAP) Employment and Training (E&T) Data and Technical Assistance Grants	10.537	227NV4NVS8069	1,350	-
COVID-19 Pandemic EBT Food Benefits	10.542	PANDEMIC EBT	492,070,004	-
WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	202121W100347	6,116,674	5,404,811
WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	202121W100647	5,401,938	-
WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	202222W100347	9,376,631	7,315,563
WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	202222W100647	19,558,782	-
WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	7NV700NV1-20205347	434,973	422,474
WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	7NV700NV1-20215347	185,250	155,566
WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	WIC NON-FED PROGRAM INCOME	1,229	1,229
COVID-19 WIC Special Supplemental Nutrition Program for Women, Infants and Children	10.557	202121W700347	2,052,953	-
			<b>43,128,430</b>	<b>13,299,643</b>
Child and Adult Care Food Program	10.558	217NVAG2H1706	1,559,572	1,559,572
Child and Adult Care Food Program	10.558	227NVAG3N1199	7,759,378	7,676,337
Child and Adult Care Food Program	10.558	227NVAG3N2020	272,848	272,848
Child and Adult Care Food Program	10.558	227NVAG4N1150	66,048	66,048
Child and Adult Care Food Program	10.558	7NV300AG3/202120N202047	130,232	130,232
Child and Adult Care Food Program	10.558	7NV300AG4/202120N105047	33,703	33,703
Child and Adult Care Food Program	10.558	7NV300AG4/202121N115047	2,742,066	2,725,696
Child and Adult Care Food Program	10.558	Child & Adult Food Care Program Commodities	117,252	117,252
			<b>12,681,099</b>	<b>12,581,688</b>
State Administrative Expenses for Child Nutrition	10.560	227NVAG2N2533	1,169,661	-
State Administrative Expenses for Child Nutrition	10.560	7NV300AG2/202020N253347	175,202	-
State Administrative Expenses for Child Nutrition	10.560	7NV300AG2/202121N253347	743,169	-
			<b>2,088,032</b>	<b>-</b>

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Federal Grantor / Pass-Through Grantor Program Title	CFDA Number	Award or Pass- Through Number	Expenditures	Payments to Subrecipients
Food Distribution Program on Indian Reservations	10.567	217NVAG4Q5208	\$ 800	\$ -
Food Distribution Program on Indian Reservations	10.567	227NVAG4Q5206	211,372	-
Food Distribution Program on Indian Reservations	10.567	7NV430AG4/202020Q520647	20,867	-
Food Distribution Program on Indian Reservations	10.567	7NV430AG4/202121Q520647	82,531	-
Food Distribution Program on Indian Reservations	10.567	Food Distribution Program on Indian Reservations	344,626	344,626
			<b>660,196</b>	<b>344,626</b>
WIC Farmers' Market Nutrition Program (FMNP)	10.572	7NV810NV7-202121Y860447	11,186	-
WIC Farmers' Market Nutrition Program (FMNP)	10.572	7NV810NV7-202121Y860747	39,020	-
WIC Farmers' Market Nutrition Program (FMNP)	10.572	7NV810NV7-202222Y860447	31,926	-
WIC Farmers' Market Nutrition Program (FMNP)	10.572	7NV810NV7-202222Y860747	1,025	-
			<b>83,157</b>	<b>-</b>
Farm to School Grant Program	10.575	CN-F2S-FY20-SA-NV-01	15,351	-
Senior Farmers Market Nutrition Program	10.576	217NVAG2Y8313/202121Y831347	146,164	146,164
Senior Farmers Market Nutrition Program	10.576	217NVAG2Y8314/202121Y831447	1,034	-
Senior Farmers Market Nutrition Program	10.576	227NVAG2N8313	3,751	-
Senior Farmers Market Nutrition Program	10.576	7NV810AG2/202020Y831347	22,559	22,559
			<b>173,508</b>	<b>168,723</b>
Child Nutrition Discretionary Grants Limited Availability	10.579	217NVAG7N8103	48,193	48,193
Child Nutrition Discretionary Grants Limited Availability	10.579	7NV300AG7-201919N810347	31,900	31,900
Child Nutrition Discretionary Grants Limited Availability	10.579	7NV300AG7-202020N810347	87,714	65,308
Child Nutrition Discretionary Grants Limited Availability	10.579	8NV310159/201918L180330	850,424	-
			<b>1,018,231</b>	<b>145,401</b>
COVID-19 Pandemic EBT Administrative Costs	10.649	202121S900747	5,157,041	-
COVID-19 Pandemic EBT Administrative Costs	10.649	7NV400NV6 202222S900747	2,776,582	-
			<b>7,933,623</b>	<b>-</b>
Cooperative Forestry Assistance	10.664	15-DG-11046000-612	58,666	-
Cooperative Forestry Assistance	10.664	16-DG-11046000-606	138,227	10,000
Cooperative Forestry Assistance	10.664	16-DG-11046000-609	32,038	17,384
Cooperative Forestry Assistance	10.664	16-DG-11046000-613	240,285	139,547
Cooperative Forestry Assistance	10.664	17-DG-11046000-608	63,537	-
Cooperative Forestry Assistance	10.664	17-DG-11046000-611	107,778	50,645
Cooperative Forestry Assistance	10.664	17-DG-11046000-618	144,466	144,466
Cooperative Forestry Assistance	10.664	18-DG-11046000-614	231,875	114,855
Cooperative Forestry Assistance	10.664	18-DG-11046000-617	24,664	17,643
Cooperative Forestry Assistance	10.664	19-DG-11046000-610	18,930	-

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Federal Grantor / Pass-Through Grantor Program Title	CFDA Number	Award or Pass- Through Number	Expenditures	Payments to Subrecipients
Cooperative Forestry Assistance	10.664	19-DG-11046000-612	\$ 338,366	\$ 91,756
Cooperative Forestry Assistance	10.664	20-DG-11046000-606	121,882	116,889
Cooperative Forestry Assistance	10.664	20-DG-11046000-620	62,623	-
Cooperative Forestry Assistance	10.664	21-DG-11046000-611	251,787	-
Cooperative Forestry Assistance	10.664	21-DG-11046000-620	88,487	83,394
			<b>1,923,611</b>	<b>786,579</b>
Forest Legacy Program	10.676	17-DG-11046000-600	3,899	-
Forest Legacy Program	10.676	18-DG-11046000-605	14,106	-
Forest Legacy Program	10.676	19-DG-11046000-609	6,965	-
Forest Legacy Program	10.676	21-DG-11046000-605	502	-
			<b>25,472</b>	<b>-</b>
Forest Health Protection	10.680	17-DG-11046000-601	10,530	8,700
Forest Health Protection	10.680	18-DG-11046000-611	2,372	-
Forest Health Protection	10.680	19-DG-11046000-614	22,931	18,758
Forest Health Protection	10.680	20-DG-11046000-604	6,708	6,018
Forest Health Protection	10.680	21-DG-11046000-601	3,810	-
Forest Health Protection	10.680	21-DG-11046000-613	11,336	-
			<b>57,687</b>	<b>33,476</b>
Watershed Restoration and Enhancement Agreement Authority	10.693	20-PA-11051900-027	10,184	-
State & Private Forestry Hazardous Fuel Reduction Program	10.697	18-DG-11046000-606	62,000	-
State & Private Forestry Hazardous Fuel Reduction Program	10.697	20-DG-11046000-611	413	-
State & Private Forestry Hazardous Fuel Reduction Program	10.697	21-DG-11046000-607	4,993	-
			<b>67,406</b>	<b>-</b>
Cooperative Fire Protection Agreement	10.703	20-FP-10041700-017	1,197	-
Technical Assistance and Training Grants	10.761	000C2510G164024	3,993	-
Soil and Water Conservation	10.902	NR199327XXXXC002	26,211	-
			<b>2,124,795,112</b>	<b>325,030,724</b>
<b>Total Department of Agriculture</b>				
<b>Department of Defense</b>				
Procurement Technical Assistance for Business Firms	12.002	SP4800-20-2-2024	18,058	-
Procurement Technical Assistance for Business Firms	12.002	SP4800-21-2-2124	541,679	-
			<b>559,737</b>	<b>-</b>
State Memorandum of Agreement Program for the Reimbursement of Technical Services	12.113	W912DY-20-2-0230	326,805	-
Military Construction, National Guard	12.400	W9124X-16-2-2001	5,390	-

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Federal Grantor / Pass-Through Grantor Program Title	CFDA Number	Award or Pass- Through Number	Expenditures	Payments to Subrecipients
Military Construction, National Guard	12.400	W9124X-21-2-2001	\$ 864,914	\$ -
Military Construction, National Guard	12.400	W9124X-21-2-2002	248,142	-
			<b>1,118,446</b>	<b>-</b>
National Guard Military Operations and Maintenance (O&M) Projects	12.401	W9124X-16-2-1001	720,924	-
National Guard Military Operations and Maintenance (O&M) Projects	12.401	W9124X-16-2-1002	873	-
National Guard Military Operations and Maintenance (O&M) Projects	12.401	W9124X-16-2-1003	36,655	-
National Guard Military Operations and Maintenance (O&M) Projects	12.401	W9124X-20-2-1001	1,662,921	-
National Guard Military Operations and Maintenance (O&M) Projects	12.401	W9124X-20-2-1003	45,224	-
National Guard Military Operations and Maintenance (O&M) Projects	12.401	W9124X-20-2-1004	7,212	-
National Guard Military Operations and Maintenance (O&M) Projects	12.401	W9124X-20-2-1005	111,667	-
National Guard Military Operations and Maintenance (O&M) Projects	12.401	W9124X-20-2-1014	495	-
National Guard Military Operations and Maintenance (O&M) Projects	12.401	W9124X-21-2-1001	2,312,147	-
National Guard Military Operations and Maintenance (O&M) Projects	12.401	W9124X-21-2-1002	183,899	-
National Guard Military Operations and Maintenance (O&M) Projects	12.401	W9124X-21-2-1003	496,746	-
National Guard Military Operations and Maintenance (O&M) Projects	12.401	W9124X-21-2-1004	75,898	-
National Guard Military Operations and Maintenance (O&M) Projects	12.401	W9124X-21-2-1005	266,549	-
National Guard Military Operations and Maintenance (O&M) Projects	12.401	W9124X-21-2-1010	30,042	-
National Guard Military Operations and Maintenance (O&M) Projects	12.401	W9124X-21-2-1011	27,291	-
National Guard Military Operations and Maintenance (O&M) Projects	12.401	W9124X-21-2-1014	27,971	-
National Guard Military Operations and Maintenance (O&M) Projects	12.401	W9124X-21-2-1021	398,132	-
National Guard Military Operations and Maintenance (O&M) Projects	12.401	W9124X-21-2-1023	245,437	-
National Guard Military Operations and Maintenance (O&M) Projects	12.401	W9124X-21-2-1024	470,588	-
National Guard Military Operations and Maintenance (O&M) Projects	12.401	W9124X-21-2-1040	68,565	-
National Guard Military Operations and Maintenance (O&M) Projects	12.401	W9124X-21-2-1041	120,029	-
National Guard Military Operations and Maintenance (O&M) Projects	12.401	W9124X-22-2-1001	3,790,227	-
National Guard Military Operations and Maintenance (O&M) Projects	12.401	W9124X-22-2-1002	243,950	-
National Guard Military Operations and Maintenance (O&M) Projects	12.401	W9124X-22-2-1003	1,220,432	-
National Guard Military Operations and Maintenance (O&M) Projects	12.401	W9124X-22-2-1004	144,381	-
National Guard Military Operations and Maintenance (O&M) Projects	12.401	W9124X-22-2-1005	574,458	-
National Guard Military Operations and Maintenance (O&M) Projects	12.401	W9124X-22-2-1007	29,914	-
National Guard Military Operations and Maintenance (O&M) Projects	12.401	W9124X-22-2-1010	86,024	-
National Guard Military Operations and Maintenance (O&M) Projects	12.401	W9124X-22-2-1011	72,150	-
National Guard Military Operations and Maintenance (O&M) Projects	12.401	W9124X-22-2-1014	50,556	-
National Guard Military Operations and Maintenance (O&M) Projects	12.401	W9124X-22-2-1021	1,005,782	-
National Guard Military Operations and Maintenance (O&M) Projects	12.401	W9124X-22-2-1023	678,383	-

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Federal Grantor / Pass-Through Grantor Program Title	CFDA Number	Award or Pass- Through Number	Expenditures	Payments to Subrecipients
National Guard Military Operations and Maintenance (O&M) Projects	12.401	W9124X-22-2-1024	\$ 1,040,684	\$ -
National Guard Military Operations and Maintenance (O&M) Projects	12.401	W9124X-22-2-1040	156,123	-
National Guard Military Operations and Maintenance (O&M) Projects	12.401	W9124X-22-2-1041	367,385	-
			<b>16,769,714</b>	<b>-</b>
National Guard ChalleNGe Program	12.404	W9124X-19-2-4001	265,945	-
National Guard ChalleNGe Program	12.404	W9124X-21-2-4001	2,843,985	-
National Guard ChalleNGe Program	12.404	W9124X-21-2-4002	456,417	-
National Guard ChalleNGe Program	12.404	W9124X-22-2-4002	515,498	-
			<b>4,081,845</b>	<b>-</b>
<b>Total Department of Defense</b>			<b>22,856,547</b>	<b>-</b>
<b>Department of Housing and Urban Development</b>				
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	B-08-MN-32-0001	403,662	400,873
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	B-11-DN-32-0001	75	-
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	B-17-DC-32-0001	1	1
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	B-18-DC-32-0001	375,136	361,173
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	B-19-DC-32-0001	1,299,590	1,274,598
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	B-20-DC-32-001	1,098,415	1,089,468
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	B-21-DC-32-0001	239,768	111,045
COVID-19 Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	B-20-DW-32-0001	1,837,469	1,837,469
			<b>5,254,116</b>	<b>5,074,627</b>
Emergency Solutions Grants Program	14.231	E-19-DC-32-0001	5,565	5,209
Emergency Solutions Grants Program	14.231	E20-DC-32-0001	117,653	117,653
Emergency Solutions Grants Program	14.231	E21-DC-32-0001	329,258	317,215
COVID-19 Emergency Solutions Grant Program	14.231	E-20-DW-32-0001	4,157,844	3,923,101
			<b>4,610,320</b>	<b>4,363,178</b>
Home Investment Partnerships Program	14.239	M16-SG320100	239,972	239,972
Home Investment Partnerships Program	14.239	M17-SG320100	62,829	58,695
Home Investment Partnerships Program	14.239	M18-SG320100	566,469	341,583
Home Investment Partnerships Program	14.239	M19-SG320100	435,427	435,427
Home Investment Partnerships Program	14.239	M20-SG320100	476,361	476,361
			<b>1,781,058</b>	<b>1,552,038</b>



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Federal Grantor / Pass-Through Grantor Program Title	CFDA Number	Award or Pass- Through Number	Expenditures	Payments to Subrecipients
Housing Opportunities for Persons with AIDS	14.241	NVH19-F999	\$ 3,438	\$ -
Housing Opportunities for Persons with AIDS	14.241	NVH20-F999	66,516	66,087
Housing Opportunities for Persons with AIDS	14.241	NVH21-F999	325,125	323,399
			<b>395,079</b>	<b>389,486</b>
Continuum of Care Program	14.267	NV0018L9T012013	122,723	-
Continuum of Care Program	14.267	NV0023L9T021911	33,770	33,770
Continuum of Care Program	14.267	NV0023L9T022012	63,007	63,007
Continuum of Care Program	14.267	NV005L9T001912	7,626	-
Continuum of Care Program	14.267	NV005L9T002013	26,188	-
Continuum of Care Program	14.267	NV0145L9T022000	24,430	-
			<b>277,744</b>	<b>96,777</b>
Housing Trust Fund	14.275	F17-SG320100	93,369	-
Housing Trust Fund	14.275	F18-SG320100	197,271	100,000
Housing Trust Fund	14.275	F19-SG320100	1,000	1,000
Housing Trust Fund	14.275	F20-SG320100	1,308,280	1,308,280
			<b>1,599,920</b>	<b>1,409,280</b>
<b>Total Department of Housing and Urban Development</b>			<b>13,918,237</b>	<b>12,885,386</b>
<b>Department of the Interior</b>				
<b>Fish and Wildlife CLUSTER</b>				
Sport Fish Restoration	15.605	F14AF01085	27,394	-
Sport Fish Restoration	15.605	F15AF00465	700,000	-
Sport Fish Restoration	15.605	F18AF01174	1,097,370	-
Sport Fish Restoration	15.605	F20AF11652	323,022	323,022
Sport Fish Restoration	15.605	F21AF02864	22,729	-
Sport Fish Restoration	15.605	F21AF03523	33,487	7,336
Sport Fish Restoration	15.605	F21AF03535	324,595	-
Sport Fish Restoration	15.605	F21AF03760-00	276,967	6,560
Sport Fish Restoration	15.605	F21AF03761	1,149,190	-
Sport Fish Restoration	15.605	F21AF03875-00	1,279,141	-
Sport Fish Restoration	15.605	F21AF04097-00	67,845	-
Sport Fish Restoration	15.605	F21AF04098-00	252,440	-
			<b>5,554,180</b>	<b>336,918</b>
Wildlife Restoration and Basic Hunter Education	15.611	F17AF01025	255,536	255,536
Wildlife Restoration and Basic Hunter Education	15.611	F18AF00106	297,000	-
Wildlife Restoration and Basic Hunter Education	15.611	F19AF00385	89,451	89,451

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Federal Grantor / Pass-Through Grantor Program Title	CFDA Number	Award or Pass- Through Number	Expenditures	Payments to Subrecipients
Wildlife Restoration and Basic Hunter Education	15.611	F20AF11033	\$ 62,817	\$ 62,817
Wildlife Restoration and Basic Hunter Education	15.611	F20AF11036	316,453	316,453
Wildlife Restoration and Basic Hunter Education	15.611	F20AF11037	48,347	48,347
Wildlife Restoration and Basic Hunter Education	15.611	F20AF11076	6,372	-
Wildlife Restoration and Basic Hunter Education	15.611	F20AF11241	22,955	22,955
Wildlife Restoration and Basic Hunter Education	15.611	F20AF12115	46,043	46,043
Wildlife Restoration and Basic Hunter Education	15.611	F20AF11649	7,664	-
Wildlife Restoration and Basic Hunter Education	15.611	F21AF003534-00	1,030,320	-
Wildlife Restoration and Basic Hunter Education	15.611	F21AF02611	279,616	-
Wildlife Restoration and Basic Hunter Education	15.611	F21AF02612-00	519,517	229,273
Wildlife Restoration and Basic Hunter Education	15.611	F21AF02830	1,739,569	85,356
Wildlife Restoration and Basic Hunter Education	15.611	F21AF02864	42,732	-
Wildlife Restoration and Basic Hunter Education	15.611	F21AF03523	691,440	-
Wildlife Restoration and Basic Hunter Education	15.611	F21AF03535	1,839,370	-
Wildlife Restoration and Basic Hunter Education	15.611	F21AF03663-00	972,172	-
Wildlife Restoration and Basic Hunter Education	15.611	F21AF03669	58,185	58,185
Wildlife Restoration and Basic Hunter Education	15.611	F21AF03763-00	4,336,362	247,389
Wildlife Restoration and Basic Hunter Education	15.611	F22AF00875	1,420,771	-
			<b>14,082,692</b>	<b>1,461,805</b>
<b>Total Fish and Wildlife CLUSTER</b>			<b>19,636,872</b>	<b>1,798,723</b>
Distribution of Receipts to State and Local Governments	15.227	TAYLOR GRAZING	217,017	217,017
BLM Fuels Management and Community Fire Assistance Program Activities	15.228	L17AC00117	15,620	-
Southern Nevada Public Land Management	15.235	L16AC00040	42,874	-
Southern Nevada Public Land Management	15.235	L17AC00066	178,390	-
			<b>221,264</b>	<b>-</b>
Environmental Quality and Protection	15.236	L21AC10403-00	200,000	-
Environmental Quality and Protection	15.236	L21AC10510	22,195	-
			<b>222,195</b>	<b>-</b>
Plant Conservation and Restoration Management	15.245	L19AC00148	19,051	-
Plant Conservation and Restoration Management	15.245	L20AC00104	68,735	-
Plant Conservation and Restoration Management	15.245	L20AC00315	25,143	-
			<b>112,929</b>	<b>-</b>
Wildlife Resource Management	15.247	L19AC00035	187,581	181,449
Wildlife Resource Management	15.247	L20AC00282	45,475	-
Wildlife Resource Management	15.247	L20AC00519	816	-

**STATE OF NEVADA**  
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Federal Grantor / Pass-Through Grantor Program Title	CFDA Number	Award or Pass- Through Number	Expenditures	Payments to Subrecipients
Wildlife Resource Management	15.247	L21AC10487	\$ 20,874	\$ -
Wildlife Resource Management	15.247	L21AC10527	26,501	-
Wildlife Resource Management	15.247	L21AC10528	1,465	-
			<b>282,712</b>	<b>181,449</b>
Providing Water to At-Risk Natural Desert Terminal Lakes	15.508	R21AP10526-00	58,693	-
Fish and Wildlife Coordination Act	15.517	R19AC00010	714,158	-
Fish and Wildlife Coordination Act	15.517	R20AP00268	34,157	-
Fish and Wildlife Coordination Act	15.517	R20AP00334	142,334	-
			<b>890,649</b>	<b>-</b>
Fish and Wildlife Management Assistance	15.608	F18AP00268	5,671	5,671
Fish and Wildlife Management Assistance	15.608	F19AC00504	38,025	-
Fish and Wildlife Management Assistance	15.608	F20AP00186	36,089	-
Fish and Wildlife Management Assistance	15.608	F20AP12162	91,792	91,792
Fish and Wildlife Management Assistance	15.608	F20AP12165	26,012	-
Fish and Wildlife Management Assistance	15.608	F21AP03205	23,296	-
Fish and Wildlife Management Assistance	15.608	F22AP00007	83,087	-
			<b>303,972</b>	<b>97,463</b>
Cooperative Endangered Species Conservation Fund	15.615	F18AP00714	30,542	-
Cooperative Endangered Species Conservation Fund	15.615	F19AP00406	29,752	29,544
Cooperative Endangered Species Conservation Fund	15.615	F19AP00407	38,415	-
Cooperative Endangered Species Conservation Fund	15.615	F19AP00409	4,836	-
Cooperative Endangered Species Conservation Fund	15.615	F21AP00230	10,310	8,594
Cooperative Endangered Species Conservation Fund	15.615	F21AP03631	83,265	-
Cooperative Endangered Species Conservation Fund	15.615	F21AP03645	16,029	-
Cooperative Endangered Species Conservation Fund	15.615	F21AP03646	31,951	-
Cooperative Endangered Species Conservation Fund	15.615	F21AP03647	109,027	-
			<b>354,127</b>	<b>38,138</b>
Clean Vessel Act	15.616	F16AP00382	64,820	64,820
Partners for Fish and Wildlife	15.631	F17AC00609	212,514	-
State Wildlife Grants	15.634	F18AP00884	79,393	79,393
State Wildlife Grants	15.634	F21AF02864	5,447	-
State Wildlife Grants	15.634	F21AF03689	810,618	-

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**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
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Federal Grantor / Pass-Through Grantor Program Title	CFDA Number	Award or Pass- Through Number	Expenditures	Payments to Subrecipients
State Wildlife Grants	15.634	F21AF04040	\$ 517,041	\$ -
			<b>1,412,499</b>	<b>79,393</b>
National Wildlife Refuge System Enhancements	15.654	F20AC11124	5,559	-
National Wildlife Refuge System Enhancements	15.654	F21AC01719-00	12,350	-
			<b>17,909</b>	<b>-</b>
Endangered Species Recovery Implementation	15.657	F21AC00469	6,156	-
Candidate Species Conservation	15.660	F19AC00510	7,999	7,999
Candidate Species Conservation	15.660	F20AC11691	6,000	-
			<b>13,999</b>	<b>7,999</b>
Adaptive Science	15.670	F19AP00002	23,823	23,823
Adaptive Science	15.670	F20AP00115	132,249	-
Adaptive Science	15.670	F21AC01451	65,436	1,623
			<b>221,508</b>	<b>25,446</b>
White-nose Syndrome National Response Implementation	15.684	F20AP12060	37,464	-
White-nose Syndrome National Response Implementation	15.684	F21AP04153	39,541	-
			<b>77,005</b>	<b>-</b>
Historic Preservation Fund Grants-In-Aid	15.904	P19AF00007	33,091	33,091
Historic Preservation Fund Grants-In-Aid	15.904	P19AP00177	17,448	17,448
Historic Preservation Fund Grants-In-Aid	15.904	P20AF00033	354,005	82,630
Historic Preservation Fund Grants-In-Aid	15.904	P21AF11033	273,163	2,380
			<b>677,707</b>	<b>135,549</b>
Natural Resource Stewardship	15.944	P17AC01700	132,850	13,304
Natural Resource Stewardship	15.944	P20AC00212	77,787	-
Natural Resource Stewardship	15.944	P21AC10109	34,357	18,080
			<b>244,994</b>	<b>31,384</b>
National Park Service Conservation, Protection, Outreach, and Education	15.954	P19AC00387	346,665	-
Water Use and Data Research	15.981	G19AC00328	30,000	-
<b>Total Department of the Interior</b>			<b>25,641,826</b>	<b>2,677,381</b>
<b>Department of Justice</b>				
Sexual Assault Services Formula Program	16.017	15JOVW-21-GG-00470-SASP	265,636	243,740
Sexual Assault Services Formula Program	16.017	2018-KF-AX-0034	2,733	2,733
Sexual Assault Services Formula Program	16.017	2019-KF-AX-0019	8,248	8,248
Sexual Assault Services Formula Program	16.017	2020-KF-AX-0029	96,648	96,521
			<b>373,265</b>	<b>351,242</b>

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Federal Grantor / Pass-Through Grantor Program Title	CFDA Number	Award or Pass- Through Number	Expenditures	Payments to Subrecipients
COVID-19 Coronavirus Emergency Supplemental Funding Program	16.034	2020-VD-BX-0150	\$ 3,408,499	\$ 2,944,320
Community-Based Violence Prevention Program	16.123	2019-MU-FX-K001	430,200	416,624
Antiterrorism Emergency Reserve	16.321	2019-V7-GX-0001	2,329,929	1,441,223
Enhanced Training and Services to End Violence and Abuse of Women Later In Life	16.528	2016-EW-AX-K008	19,925	9,843
Juvenile Justice and Delinquency Prevention	16.540	2019-JX-FX-0014	120,440	20,976
Juvenile Justice and Delinquency Prevention	16.540	2020-JX-FX-0036	260,298	181,120
			<b>380,738</b>	<b>202,096</b>
National Criminal History Improvement Program (NCHIP)	16.554	2019-RU-BX-K017	5,005	-
National Criminal History Improvement Program (NCHIP)	16.554	2020-RU-BX-K023	583,587	-
			<b>588,592</b>	<b>-</b>
Passed Through Pacific Institute For Research and Evaluation National Institute of Justice Research, Evaluation, and Development Proj	16.560	2016-CK-BX-0007	232,553	160,034
Crime Victim Assistance	16.575	2018-V2-GX-0076	3,799,983	3,793,557
Crime Victim Assistance	16.575	2019-V2-GX-0021	16,935,957	16,189,721
			<b>20,735,940</b>	<b>19,983,278</b>
Crime Victim Compensation	16.576	15POVC-21-GG-00445-COMP	1,118,900	-
Crime Victim Assistance/Discretionary Grants	16.582	2019-V3-GX-0143	112,295	-
Crime Victim Assistance/Discretionary Grants	16.582	2020-V3-GX-0049	15,872	-
			<b>128,167</b>	<b>-</b>
Violence Against Women Formula Grants	16.588	15JOVW-21-GG-00539-STOP	1,198,724	1,038,621
Violence Against Women Formula Grants	16.588	2018-WF-AX-0004	16,231	16,231
Violence Against Women Formula Grants	16.588	2019-WF-AX-0045	85,475	85,456
Violence Against Women Formula Grants	16.588	2020-WF-AX-0042	382,610	380,497
			<b>1,683,040</b>	<b>1,520,805</b>
Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	16.590	2018-WE-AX-0023	33,176	6,510
Residential Substance Abuse Treatment for State Prisoners	16.593	2017-RT-BX-0017	68,072	-
Residential Substance Abuse Treatment for State Prisoners	16.593	2018-J2-BX-0016	138,344	14,989
			<b>206,416</b>	<b>14,989</b>
Project Safe Neighborhoods	16.609	2020-GP-BX-0032	76,885	72,629
Public Safety Partnership and Community Policing Grants	16.710	2019HPWX0011	46,627	-
Special Data Collections and Statistical Studies	16.734	2015-R2-CX-K043	131,418	131,418
PREA Program: Strategic Support for PREA Implementation	16.735	2019-RP-BX-0004	64,933	-

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Federal Grantor / Pass-Through Grantor Program Title	CFDA Number	Award or Pass- Through Number	Expenditures	Payments to Subrecipients
Edward Byrne Memorial Justice Assistance Grant Program	16.738	15PBJA21GG00252MUMU	\$ 334,117	\$ 220,643
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2018-MU-BX-0216	196,963	105,042
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2019-MU-BX-0077	268,663	129,462
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2020-MU-BX-0028	900,935	796,433
			<b>1,700,678</b>	<b>1,251,580</b>
Paul Coverdell Forensic Sciences Improvement Grant Program	16.742	2019-CD-BX-0036	1,351	1,351
Paul Coverdell Forensic Sciences Improvement Grant Program	16.742	2020-CD-BX-0051	148,961	146,604
			<b>150,312</b>	<b>147,955</b>
Support for Adam Walsh Act Implementation Grant Program	16.750	2018-AW-BX-0003	57,840	-
Support for Adam Walsh Act Implementation Grant Program	16.750	2019-AW-BX-0023	164,308	-
Support for Adam Walsh Act Implementation Grant Program	16.750	2020-AW-BX-0060	687	-
			<b>222,835</b>	<b>-</b>
Edward Byrne Memorial Competitive Grant Program	16.751	2019-XT-BX-0019	15,124	-
Second Chance Act Reentry Initiative	16.812	2016-CZ-BX-0015	10,932	-
Second Chance Act Reentry Initiative	16.812	2018-RQ-BX-0009	33,757	-
			<b>44,689</b>	<b>-</b>
NICS Act Record Improvement Program	16.813	2018-NS-BX-K005	151,007	-
NICS Act Record Improvement Program	16.813	2019-NS-BX-K005	5,100	-
NICS Act Record Improvement Program	16.813	2020-NS-BX-K014	11,213	-
			<b>167,320</b>	<b>-</b>
Passed Through Community Resources For Justice, Inc. Justice Reinvestment Initiative	16.827	2019-ZB-BX-K002	36,000	36,000
Passed Through Community Resources For Justice, Inc. Justice Reinvestment Initiative	16.827	2019-ZB-BX-K003	11,615	-
Passed Through Community Resources For Justice, Inc. Justice Reinvestment Initiative	16.827	2019-ZB-BX-K003-406	13,513	-
			<b>61,128</b>	<b>36,000</b>
National Sexual Assault Kit Initiative	16.833	2016-AK-BX-K004	27,735	27,007
National Sexual Assault Kit Initiative	16.833	2017-AK-BX-0017	60,971	34,808
National Sexual Assault Kit Initiative	16.833	2018-AK-BX-0005	300,426	277,598
National Sexual Assault Kit Initiative	16.833	2019-AK-BX-0007	417,677	395,183
			<b>806,809</b>	<b>734,596</b>
Comprehensive Opioid, Stimulant, and Substance Abuse Program	16.838	2017-AR-BX-K003	209,174	142,055
STOP School Violence	16.839	2018-YS-BX-0046	171,953	31,220
STOP School Violence	16.839	2018-YS-BX-0142	106,989	-
			<b>278,942</b>	<b>31,220</b>

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Federal Grantor / Pass-Through Grantor Program Title	CFDA Number	Award or Pass- Through Number	Expenditures	Payments to Subrecipients
Equitable Sharing Program	16.922	DPS FEDERAL FORFEITURES	\$ 165,836	\$ -
Equitable Sharing Program	16.922	Justice Forfeiture Gaming	1,037,299	-
			<b>1,203,135</b>	<b>-</b>
<b>Total Department of Justice</b>			<b>36,849,349</b>	<b>29,598,417</b>
<b>Department of Labor</b>				
<b>Employment Service CLUSTER</b>				
Employment Service/Wagner-Peyser Funded Activities	17.207	ES-33404-19-55-A-32	60,409	-
Employment Service/Wagner-Peyser Funded Activities	17.207	ES-35356-20-55-A-32-1	4,615,274	-
Employment Service/Wagner-Peyser Funded Activities	17.207	ES-36767-21-55-A-32	328,826	-
			<b>5,004,509</b>	<b>-</b>
Jobs for Veterans State Grants	17.801	DV-34210-20-55-5-32	274,697	-
Jobs for Veterans State Grants	17.801	DV-35760-21-55-5-32	1,395,200	-
			<b>1,669,897</b>	<b>-</b>
<b>Total Employment Service CLUSTER</b>			<b>6,674,406</b>	<b>-</b>
<b>WIOA CLUSTER</b>				
WIOA Adult Program	17.258	AA-32217-18-55-A-32	154,892	-
WIOA Adult Program	17.258	AA-33248-19-55-A-32	346,063	148,610
WIOA Adult Program	17.258	AA-34781-20-55-A-32	3,883,574	3,605,882
WIOA Adult Program	17.258	AA-36332-21-55-A-32	8,435,716	8,435,696
			<b>12,820,245</b>	<b>12,190,188</b>
WIOA Youth Activities	17.259	AA-33248-19-55-A-32	1,147,907	-
WIOA Youth Activities	17.259	AA-34781-20-55-A-32	291,870	-
WIOA Youth Activities	17.259	AA-36332-21-55-A-32	3,246,827	3,168,653
WIOA Youth Activities	17.259	AA347812055A32	5,866,075	5,399,588
			<b>10,552,679</b>	<b>8,568,241</b>
WIOA Dislocated Worker Formula Grants	17.278	AA-32217-18-55-A-32	936,418	874,918
WIOA Dislocated Worker Formula Grants	17.278	AA-33248-19-55-A-32	2,350,668	-
WIOA Dislocated Worker Formula Grants	17.278	AA-34781-20-55-A-32	7,350,764	6,772,633
WIOA Dislocated Worker Formula Grants	17.278	AA-36332-21-55-A-32	2,455,033	2,339,946
			<b>13,092,883</b>	<b>9,987,497</b>
<b>Total WIOA CLUSTER</b>			<b>36,465,807</b>	<b>30,745,926</b>
Labor Force Statistics	17.002	LM-34568-21-75-J-32	241,673	-
Labor Force Statistics	17.002	LM-36118-22-75-J-32	753,181	-
			<b>994,854</b>	<b>-</b>

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Federal Grantor / Pass-Through Grantor Program Title	CFDA Number	Award or Pass- Through Number	Expenditures	Payments to Subrecipients
Compensation and Working Conditions	17.005	OS-34551-21-75-J-32	\$ 22,280	\$ -
Compensation and Working Conditions	17.005	OS-TEMP-22-75-J-32	82,448	-
			<b>104,728</b>	<b>-</b>
Unemployment Insurance	17.225	UI EUC	4,755	-
Unemployment Insurance	17.225	UI Trust Fund	201,295,491	-
Unemployment Insurance	17.225	UI-34071-20-55-A-32	205,155	-
Unemployment Insurance	17.225	UI-34508-20-60-A-32	1,938,437	-
Unemployment Insurance	17.225	UI-35661-21-55-A-32	7,186,684	-
Unemployment Insurance	17.225	UI-35957-21-60-A-32	569,851	-
Unemployment Insurance	17.225	UI-37236-22-55-A-32	17,707,960	-
Unemployment Insurance	17.225	UIPL-39-37	462,767	-
COVID-19 Unemployment Insurance	17.225	UI EXTENDED BENEFITS	8,168,534	-
COVID-19 Unemployment Insurance	17.225	UI FPUC	372,990,933	-
COVID-19 Unemployment Insurance	17.225	UI PEUC	216,012,713	-
COVID-19 Unemployment Insurance	17.225	UI PUA	91,693,390	-
COVID-19 Unemployment Insurance	17.225	UI-34728-20-55-A-32	42,359,557	-
COVID-19 Unemployment Insurance	17.225	UIPL 18-20	63,194,478	-
COVID-19 Unemployment Insurance	17.225	UIPL 18-20.	236,596	-
			<b>1,024,027,301</b>	<b>-</b>
Senior Community Service Employment Program	17.235	AD-35183-20-60-A-32	51,882	51,882
Senior Community Service Employment Program	17.235	AD-36242-21-60-A-32	194,284	149,781
Trade Adjustment Assistance	17.245	TA-32664-19-55-A-32	14,324	-
Trade Adjustment Assistance	17.245	TA-36062-21-55-A-32	81,896	-
			<b>96,220</b>	<b>-</b>
H1-B Job Training Grants	17.268	HG-35887-21-60-A-32	260,891	-
Work Opportunity Tax Credit Program (WOTC)	17.271	WT-35837-21-55-A-32	53,786	-
Work Opportunity Tax Credit Program (WOTC)	17.271	WT-37929-22-55-A-32	61,710	-
			<b>115,496</b>	<b>-</b>
Temporary Labor Certification for Foreign Workers	17.273	FL-34386-20-55-A-32	8,586	-
Temporary Labor Certification for Foreign Workers	17.273	FL-36008-21-55-A-32	153,267	-
			<b>161,853</b>	<b>-</b>



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Federal Grantor / Pass-Through Grantor Program Title	CFDA Number	Award or Pass- Through Number	Expenditures	Payments to Subrecipients
WIOA National Dislocated Worker Grants / WIA National Emergency Grants	17.277	DW-34818-20-60-A-32	\$ 1,730,752	\$ 1,726,503
WIOA National Dislocated Worker Grants / WIA National Emergency Grants	17.277	DW-35240-20-60-A-32	4,652,919	4,648,721
			<b>6,383,671</b>	<b>6,375,224</b>
Apprenticeship USA Grants	17.285	AP-35116-20-60-A-32	86,964	-
Apprenticeship USA Grants	17.285	AP-36518-21-60-A-32	35,226	-
			<b>122,190</b>	<b>-</b>
Occupational Safety and Health State Program	17.503	SP-35559-SP1	17,280	-
Occupational Safety and Health State Program	17.503	SP-36941-SP2	1,670,400	-
COVID-19 Occupational Safety and Health State Program	17.503	SP-36803-SA1	141,592	-
			<b>1,829,272</b>	<b>-</b>
Consultation Agreements	17.504	CS36901CS2	662,600	-
Mine Health and Safety Grants	17.600	MS-36708-21-55-R-32	9,584	-
Mine Health and Safety Grants	17.600	MS-TEMP-22-55-32	380,924	-
			<b>390,508</b>	<b>-</b>
<b>Total Department of Labor</b>			<b>1,078,535,963</b>	<b>37,322,813</b>
<b>Department of Transportation</b>				
<b>FMCSA CLUSTER</b>				
Motor Carrier Safety Assistance	20.218	69A3601930207MCG0NV	68,931	-
Motor Carrier Safety Assistance	20.218	69A3602030393MCG0NV	470,340	-
Motor Carrier Safety Assistance	20.218	69A3602130613MCG0NV	1,634,886	-
			<b>2,174,157</b>	<b>-</b>
<b>Total FMCSA CLUSTER</b>			<b>2,174,157</b>	<b>-</b>
<b>Federal Transit CLUSTER</b>				
Buses and Bus Facilities Formula, Competitive, and Low or No Emissions Programs	20.526	NV-2020-001-01	92,595	92,595
Buses and Bus Facilities Formula, Competitive, and Low or No Emissions Programs	20.526	NV-2021-036-00	1,567,980	1,567,980
Buses and Bus Facilities Formula, Competitive, and Low or No Emissions Programs	20.526	NV-2022-001-00	259,409	207,527
			<b>1,919,984</b>	<b>1,868,102</b>
<b>Total Federal Transit CLUSTER</b>			<b>1,919,984</b>	<b>1,868,102</b>
<b>Highway Planning and Construction CLUSTER</b>				
Highway Planning and Construction	20.205	20205	317,663,981	22,814,447
COVID-19 Highway Planning and Construction	20.205	20205 COVID	1,116,869	-
			<b>318,780,850</b>	<b>22,814,447</b>

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Federal Grantor / Pass-Through Grantor Program Title	CFDA Number	Award or Pass- Through Number	Expenditures	Payments to Subrecipients
Recreational Trails Program	20.219	NRTP-013	\$ 73,216	\$ -
Recreational Trails Program	20.219	NRTP018	5,631	5,631
Recreational Trails Program	20.219	NRTP019	797,243	739,063
			<b>876,090</b>	<b>744,694</b>
<b>Total Highway Planning and Construction CLUSTER</b>			<b>319,656,940</b>	<b>23,559,141</b>
<b>Highway Safety CLUSTER</b>				
State and Community Highway Safety	20.600	18X9204020NV20	1,210,121	737,235
State and Community Highway Safety	20.600	69A37519300004020NV0	91,060	-
State and Community Highway Safety	20.600	69A37S21300004020NVO	1,183,517	393,297
			<b>2,484,698</b>	<b>1,130,532</b>
National Priority Safety Programs	20.616	18X920405BNV20	257,371	149,308
National Priority Safety Programs	20.616	18X920405CNV19	267,730	201,451
National Priority Safety Programs	20.616	18X920405CNV20	251,632	175,658
National Priority Safety Programs	20.616	18X920405DNV20	375,370	211,322
National Priority Safety Programs	20.616	18X920405HNV20	78,954	78,862
National Priority Safety Programs	20.616	69A37S213000040S0NVM	845,464	149,132
National Priority Safety Programs	20.616	69A37S213000040SBNVH	132,659	8,317
National Priority Safety Programs	20.616	69A37SZ130000405HNVO	116,163	96,735
			<b>2,325,343</b>	<b>1,070,785</b>
<b>Total Highway Safety CLUSTER</b>			<b>4,810,041</b>	<b>2,201,317</b>
<b>Transit Services Programs CLUSTER</b>				
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	NV-2017-016-01-00	73,412	73,412
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	NV-2017-016-02	8,664	8,664
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	NV-2017-016-03-00	106	106
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	NV-2017-016-04-00	27,121	27,121
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	NV-2017-016-05-00	6,102	6,102
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	NV-2017-016-06-00	6,821	6,821
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	NV-2019-025-00	133	133
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	NV-2021-001-00	7,080	7,080
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	NV-2021-032-00	16,411	16,411
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	NV-2021-38-00	100,139	100,139
			<b>245,989</b>	<b>245,989</b>
<b>Total Transit Services Programs CLUSTER</b>			<b>245,989</b>	<b>245,989</b>

**STATE OF NEVADA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

Federal Grantor / Pass-Through Grantor Program Title	CFDA Number	Award or Pass- Through Number	Expenditures	Payments to Subrecipients
Airport Improvement Program, COVID-19 Airports Programs, and Infrastructure Investment and Jobs Act Programs	20.106	3-32-0000-012-2020	\$ 296,372	\$ -
COVID-19 Airport Improvement Program, COVID-19 Airports Programs, and Infrastructure Investment and Jobs Act Programs	20.106	3-32-0000-012-2020	19,758	-
			<b>316,130</b>	<b>-</b>
Formula Grants for Rural Areas and Tribal Transit Program	20.509	NV-2017-017-29-00	19,430	19,430
Formula Grants for Rural Areas and Tribal Transit Program	20.509	NV-2018-014-00	2,735,776	1,687,785
Formula Grants for Rural Areas and Tribal Transit Program	20.509	NV-2019-022-00	2,546,786	1,610,874
Formula Grants for Rural Areas and Tribal Transit Program	20.509	NV-2021-004-00	1,933,005	1,134,858
Formula Grants for Rural Areas and Tribal Transit Program	20.509	NV-2021-031-00	903,954	608,753
Formula Grants for Rural Areas and Tribal Transit Program	20.509	NV-2021-034-00	313,300	313,300
COVID-19 Formula Grants for Rural Areas and Tribal Transit Program	20.509	NV-2020-008-00	4,955,297	4,955,297
			<b>13,407,548</b>	<b>10,330,297</b>
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	18X9205464NV20	850,736	703,666
National Highway Traffic Safety Administration (NHTSA) Discretionary Safety Grants and Cooperative Agreements	20.614	DTNH2217H00149	69,324	-
Pipeline Safety Program State Base Grant	20.700	693JK31930026PGSB	618,868	-
Pipeline Safety Program State Base Grant	20.700	693JK32030028PGSB	693,030	-
Pipeline Safety Program State Base Grant	20.700	693JK32130026PGSB	614,093	-
			<b>1,925,991</b>	<b>-</b>
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703	693JK31940028HMEP	127,779	127,779
PHMSA Pipeline Safety Program One Call Grant	20.721	693JK32040020PSOC	11,685	-
PHMSA Pipeline Safety Program One Call Grant	20.721	693JK32140025PSOC	36,698	-
			<b>48,383</b>	<b>-</b>
<b>Total Department of Transportation</b>			<b>345,553,002</b>	<b>39,036,291</b>
<b>Department of Treasury</b>				
Equitable Sharing	21.016	US TREASURY FORFEITURE GAMING	208,837	-
COVID-19 Coronavirus Relief Fund	21.019	CARES ACT 2020	84,984,997	11,825,737
COVID-19 Emergency Rental Assistance Program	21.023	ERAP 2 GRANT	39,000,000	39,000,000
COVID-19 Emergency Rental Assistance Program	21.023	ERAP GRANT	86,929,321	86,929,321
			<b>125,929,321</b>	<b>125,929,321</b>
COVID-19 Homeowner Assistance Fund	21.026	HOMEOWNER ASSISTANCE FUND	12,000,000	12,000,000
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	ARPA FISCAL RECOVERY FUNDS	404,976,213	8,823,299

**STATE OF NEVADA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

Federal Grantor / Pass-Through Grantor Program Title	CFDA Number	Award or Pass- Through Number	Expenditures	Payments to Subrecipients
COVID-19 - Coronavirus Capital Projects Fund	21.029	CORONAVIRUS CAPITAL PROJECTS FUND	\$ 414,851	\$ -
<b>Total Department of Treasury</b>			<b>628,514,219</b>	<b>158,578,357</b>
<b>National Aeronautics and Space Administration</b>				
Office of Stem Engagement (OSTEM)	43.008	80NSSC21M0038	141,663	-
<b>Total National Aeronautics and Space Administration</b>			<b>141,663</b>	<b>-</b>
<b>National Endowment for the Arts</b>				
Promotion of the Arts Partnership Agreements	45.025	1856024-61-19	11,750	11,750
Promotion of the Arts Partnership Agreements	45.025	1863371-61-20	122,883	105,461
Promotion of the Arts Partnership Agreements	45.025	1886912-61-21	596,071	328,425
COVID-19 Promotion of the Arts Partnership Agreements	45.025	1863371-61-20	772,800	772,800
COVID-19 Promotion of the Arts Partnership Agreements	45.025	1856024-61-19C	16,000	16,000
			<b>1,519,504</b>	<b>1,234,436</b>
Grants to States	45.310	LS-246180-OLS-20	680,110	522,214
Grants to States	45.310	LS-249975-OLS-21	1,214,546	286,417
COVID-19 Grants to States	45.310	LS-250224-OLS-21	1,192,842	931,556
COVID-19 Grants to States	45.310	LS-246546-OLS-20	122,547	82,525
			<b>3,210,045</b>	<b>1,822,712</b>
<b>Total National Endowment for the Arts</b>			<b>4,729,549</b>	<b>3,057,148</b>
<b>Small Business Administration</b>				
State Trade Expansion	59.061	SBAHQ20IT0016	325,197	254,289
<b>Total Small Business Administration</b>			<b>325,197</b>	<b>254,289</b>
<b>Department of Veterans Affairs</b>				
VA Grants for Adaptive Sports Programs for Disabled Veterans and Disabled Members of the Armed Forces	64.034	SPORTS-20-090	5,495	500
VA Grants for Adaptive Sports Programs for Disabled Veterans and Disabled Members of the Armed Forces	64.034	SPORTS-21-084	7,435	7,435
			<b>12,930</b>	<b>7,935</b>
Veterans Transportation Program	64.035	702-2019-HRTG-015	6,616	6,616
Veterans Transportation Program	64.035	702-2020-HRTG-015	20,951	20,951
Veterans Transportation Program	64.035	702-2021-HRTG-015	28,869	28,869
			<b>56,436</b>	<b>56,436</b>
Veterans Cemetery Grants Program	64.203	NV-19-15	4,583,514	-
<b>Total Department of Veterans Affairs</b>			<b>4,652,880</b>	<b>64,371</b>

**STATE OF NEVADA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

Federal Grantor / Pass-Through Grantor Program Title	CFDA Number	Award or Pass- Through Number	Expenditures	Payments to Subrecipients
<b>Environmental Protection Agency</b>				
<b>Clean Water State Revolving Fund (CWSRF) CLUSTER</b>				
Clean Water State Revolving Fund	66.458	CS-32000121-0	\$ 7,116,115	\$ -
Clean Water State Revolving Fund	66.458	CS32000120-0	1,533,512	-
			<b>8,649,627</b>	<b>-</b>
<b>Total Clean Water State Revolving Fund (CWSRF) CLUSTER</b>			<b>8,649,627</b>	<b>-</b>
<b>Drinking Water State Revolving Fund (DWSRF) CLUSTER</b>				
Drinking Water State Revolving Fund	66.468	FS99996019-0	442,977	176,585
Drinking Water State Revolving Fund	66.468	FS99996020-0	2,361,011	255,291
Drinking Water State Revolving Fund	66.468	FS99996021-0	7,624,522	44,076
			<b>10,428,510</b>	<b>475,952</b>
<b>Total Drinking Water State Revolving Fund (DWSRF) CLUSTER</b>			<b>10,428,510</b>	<b>475,952</b>
State Indoor Radon Grants	66.032	K1-96963520-1	45,239	45,239
State Indoor Radon Grants	66.032	K1-96963520-2	225,218	218,917
Diesel Emissions Reduction Act (DERA) State Grants	66.040	DS-99T94101	58,470	-
Multipurpose Grants to States and Tribes	66.204	AA-98T17701	57,831	-
Multipurpose Grants to States and Tribes	66.204	AA-99T60401	1,824	-
Multipurpose Grants to States and Tribes	66.204	AA-99T99201	44,075	30,121
			<b>103,730</b>	<b>30,121</b>
Water Pollution Control State, Interstate, and Tribal Program Support	66.419	I-00T20617	21,084	-
Water Pollution Control State, Interstate, and Tribal Program Support	66.419	I-00T20618	56,386	-
Water Pollution Control State, Interstate, and Tribal Program Support	66.419	I-00T20620	150,940	-
Water Pollution Control State, Interstate, and Tribal Program Support	66.419	I-00T20621	41,325	-
Water Pollution Control State, Interstate, and Tribal Program Support	66.419	I-00T20622	1,518	-
Water Pollution Control State, Interstate, and Tribal Program Support	66.419	I-97933621	804,627	6,673
Water Pollution Control State, Interstate, and Tribal Program Support	66.419	I-97933721	153,266	-
			<b>1,229,146</b>	<b>6,673</b>
State Public Water System Supervision	66.432	F-00910522	844,750	97,901
State Underground Water Source Protection	66.433	G-00945619	86,000	-
Voluntary School and Child Care Lead Testing and Reduction Grant Program (SDWA 1464(d))	66.444	M1-99T87901	126,819	-
Water Quality Management Planning	66.454	C6-97965921	39,939	39,939
Water Quality Management Planning	66.454	C6-97965922	60,000	61
			<b>99,939</b>	<b>40,000</b>

**STATE OF NEVADA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

Federal Grantor / Pass-Through Grantor Program Title	CFDA Number	Award or Pass- Through Number	Expenditures	Payments to Subrecipients
Nonpoint Source Implementation Grants	66.460	C9-97908117	\$ 10,557	\$ -
Nonpoint Source Implementation Grants	66.460	C9-97908118	93,274	79,976
Nonpoint Source Implementation Grants	66.460	C9-97908119	319,625	274,579
Nonpoint Source Implementation Grants	66.460	C9-97908120	405,826	176,894
Nonpoint Source Implementation Grants	66.460	C9-97908121	546,998	309,907
Nonpoint Source Implementation Grants	66.460	C9-97908122	18,032	17,956
			<b>1,394,312</b>	<b>859,312</b>
Performance Partnership Grants	66.605	97958822	1,111,848	-
Performance Partnership Grants	66.605	BG 00T87021 0	346,631	-
Performance Partnership Grants	66.605	BG-00T87017-07	111,447	-
			<b>1,569,926</b>	<b>-</b>
Environmental Information Exchange Network Grant Program and Related Assistance	66.608	OS-83969201	21,026	-
Environmental Information Exchange Network Grant Program and Related Assistance	66.608	OS-883969201	49,000	-
			<b>70,026</b>	<b>-</b>
Superfund State, Political Subdivision, and Indian Tribe Site-Specific Cooperative Agreements	66.802	99T88001	118,595	-
Superfund State, Political Subdivision, and Indian Tribe Site-Specific Cooperative Agreements	66.802	V-99T28801	219,226	-
			<b>337,821</b>	<b>-</b>
Underground Storage Tank (UST) Prevention, Detection, and Compliance Program	66.804	99T86701	448,552	-
Leaking Underground Storage Tank Trust Fund Corrective Action Program	66.805	99T86801	526,687	-
State and Tribal Response Program Grants	66.817	RP-99T41601	791,576	71
<b>Total Environmental Protection Agency</b>			<b>27,036,348</b>	<b>1,774,186</b>
<b>Department of Energy</b>				
State Energy Program	81.041	DE-EE0009482	513,133	-
ARRA - State Energy Program	81.041A	DE-EE-0000084	715,117	399,230
			<b>1,228,250</b>	<b>399,230</b>
Weatherization Assistance for Low-Income Persons	81.042	DE-EE0007934	1,000,008	859,984
Passed Through New Buildings Institute, Inc. Conservation Research and Development	81.086	DE-EE009747	424	-
Passed Through University of Illinois Conservation Research and Development	81.086	DE-EE0009092	5,496	-
			<b>5,920</b>	<b>-</b>

**STATE OF NEVADA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

Federal Grantor / Pass-Through Grantor Program Title	CFDA Number	Award or Pass- Through Number	Expenditures	Payments to Subrecipients
Environmental Remediation and Waste Processing and Disposal	81.104	DE-EM0005232	\$ 2,931,330	\$ -
Environmental Remediation and Waste Processing and Disposal	81.104	DE-EM0005237	595,903	-
Environmental Remediation and Waste Processing and Disposal	81.104	DE-NA0003296	6,486	6,486
			<b>3,533,719</b>	<b>6,486</b>
Passed Through Western Governor's Association Transport of Transuranic Wastes to the Waste Isolation Pilot Plant: Stat	81.106	DE-EM0005229	120,245	-
Environmental Monitoring/Cleanup, Cultural and Resource Mgmt., Emergency Response Research, Outreach, Technical Analysis	81.214	DE-EM0005233	127,109	112,515
Environmental Monitoring/Cleanup, Cultural and Resource Mgmt., Emergency Response Research, Outreach, Technical Analysis	81.214	DE-EM0005234	509,374	-
			<b>636,483</b>	<b>112,515</b>
<b>Total Department of Energy</b>			<b>6,524,625</b>	<b>1,378,215</b>
<b>Department of Education</b>				
<b>Special Education (IDEA) CLUSTER</b>				
Special Education Grants to States	84.027	H027A190043	5,182,468	5,133,246
Special Education Grants to States	84.027	H027A200043	35,268,627	33,889,937
Special Education Grants to States	84.027	H027A210043	49,106,842	48,933,777
COVID-19 Special Education Grants to States	84.027	H027A180043	64,913	64,913
COVID-19 Special Education Grants to States	84.027	H027X210043	3,443,275	3,443,275
			<b>93,066,125</b>	<b>91,465,148</b>
Special Education Preschool Grants	84.173	H173A190046	313,774	313,706
Special Education Preschool Grants	84.173	H173A200046	1,039,849	965,467
Special Education Preschool Grants	84.173	H173A210046	974,990	969,961
Special Education Preschool Grants	84.173	H173X210046	337,579	337,579
			<b>2,666,192</b>	<b>2,586,713</b>
<b>Total Special Education (IDEA) CLUSTER</b>			<b>95,732,317</b>	<b>94,051,861</b>
Adult Education - Basic Grants to States	84.002	V002A190029	175,350	138,333
Adult Education - Basic Grants to States	84.002	V002A200029	3,165,747	3,159,357
Adult Education - Basic Grants to States	84.002	V002A210029	3,870,889	2,923,993
			<b>7,211,986</b>	<b>6,221,683</b>
Title I Grants to Local Educational Agencies	84.010	S010A190028	7,304,779	6,793,763
Title I Grants to Local Educational Agencies	84.010	S010A200028	58,687,874	57,868,076
Title I Grants to Local Educational Agencies	84.010	S011A210028	76,248,390	75,910,554
Title I Grants to Local Educational Agencies	84.010	S010A180028	25,223	25,223
			<b>142,266,266</b>	<b>140,597,616</b>

**STATE OF NEVADA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

Federal Grantor / Pass-Through Grantor Program Title	CFDA Number	Award or Pass- Through Number	Expenditures	Payments to Subrecipients
Migrant Education State Grant Program	84.011	S011A190028	\$ 7,497	\$ 7,497
Migrant Education State Grant Program	84.011	S011A210028	44,807	36,243
Migrant Education State Grant Program	84.011	S011A200028	33,893	31,331
			<b>86,197</b>	<b>75,071</b>
Title I State Agency Program for Neglected and Delinquent Children and Youth	84.013	S013A180028	30,351	30,351
Title I State Agency Program for Neglected and Delinquent Children and Youth	84.013	S013A190028	174,124	163,308
Title I State Agency Program for Neglected and Delinquent Children and Youth	84.013	S013A200028	512,931	322,730
Title I State Agency Program for Neglected and Delinquent Children and Youth	84.013	S013A210028	92,170	65,031
			<b>809,576</b>	<b>581,420</b>
Career and Technical Education -- Basic Grants to States	84.048	V048A190028	468,602	229,932
Career and Technical Education -- Basic Grants to States	84.048	V048A200028	6,184,292	5,693,029
Career and Technical Education -- Basic Grants to States	84.048	V048A210028	4,736,487	4,170,974
			<b>11,389,381</b>	<b>10,093,935</b>
Rehabilitation Services Vocational Rehabilitation Grants to States	84.126	H126A200041	21,108	-
Rehabilitation Services Vocational Rehabilitation Grants to States	84.126	H126A210041	4,124,541	-
Rehabilitation Services Vocational Rehabilitation Grants to States	84.126	H126A220041	12,191,577	-
			<b>16,337,226</b>	<b>-</b>
Migrant Education Coordination Program	84.144	S144F180028	9,441	-
Migrant Education Coordination Program	84.144	S144F190028	49,643	-
Migrant Education Coordination Program	84.144	S144F200028	158	-
			<b>59,242</b>	<b>-</b>
Rehabilitation Services Independent Living Services for Older Individuals Who are Blind	84.177	H177B210028	46,164	-
Rehabilitation Services Independent Living Services for Older Individuals Who are Blind	84.177	H177B220028	166,633	-
			<b>212,797</b>	<b>-</b>
Special Education-Grants for Infants and Families	84.181	H181A200019	2,155,321	-
Special Education-Grants for Infants and Families	84.181	H181A210019	1,283,493	-
Special Education-Grants for Infants and Families	84.181	H181X210019	90,265	-
			<b>3,529,079</b>	<b>-</b>
School Safety National Activities	84.184	S184F140007	57,819	57,819
School Safety National Activities	84.184	S184F180007	1,007,900	747,815
School Safety National Activities	84.184	S184H200012	617,467	152,303
			<b>1,683,186</b>	<b>957,937</b>



**STATE OF NEVADA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

Federal Grantor / Pass-Through Grantor Program Title	CFDA Number	Award or Pass- Through Number	Expenditures	Payments to Subrecipients
Supported Employment Services for Individuals with the Most Significant Disabilities	84.187	H187A210042	\$ 17,985	\$ -
Supported Employment Services for Individuals with the Most Significant Disabilities	84.187	H187A220042	23,473	-
Supported Employment Services for Individuals with the Most Significant Disabilities	84.187	H187B210042	8,937	-
Supported Employment Services for Individuals with the Most Significant Disabilities	84.187	H187B220042	21,123	-
			<b>71,518</b>	<b>-</b>
Education for Homeless Children and Youth	84.196	S196A190029	47,589	47,545
Education for Homeless Children and Youth	84.196	S196A200029	506,822	353,687
Education for Homeless Children and Youth	84.196	S196A210029	344,973	344,907
			<b>899,384</b>	<b>746,139</b>
Charter Schools	84.282	U282A150016	3,246,977	3,246,977
Twenty-First Century Community Learning Centers	84.287	S287C150028	177,493	174,448
Twenty-First Century Community Learning Centers	84.287	S287C160028	1,946,074	1,946,074
Twenty-First Century Community Learning Centers	84.287	S287C190028	5,019,247	4,838,712
Twenty-First Century Community Learning Centers	84.287	S287C200028	5,458,025	5,349,401
Twenty-First Century Community Learning Centers	84.287	S287C210028	4,146,439	3,907,402
			<b>16,747,278</b>	<b>16,216,037</b>
Indian Education -- Special Programs for Indian Children	84.299	S299A170030	529,991	443,867
Special Education - State Personnel Development	84.323	H323A150012	9,530	9,530
Special Education - State Personnel Development	84.323	H323A200020	721,426	617,093
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	P334S190009	3,091,691	1,939,691
Rural Education	84.358	S35B190028	636	636
Rural Education	84.358	S358B210028	130,390	124,943
Rural Education	84.358	S35B200028	19,473	19,467
			<b>150,499</b>	<b>145,046</b>
English Language Acquisition State Grants	84.365	S365A200028	3,776,039	3,571,672
English Language Acquisition State Grants	84.365	S365A210028	2,084,595	2,017,593
English Language Acquisition State Grants	84.365	S365A190028	254,232	168,649
			<b>6,114,866</b>	<b>5,757,914</b>
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84.367	S367A190027	4,005,325	3,982,380
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84.367	S367A200027	9,530,350	9,284,078

**STATE OF NEVADA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

Federal Grantor / Pass-Through Grantor Program Title	CFDA Number	Award or Pass- Through Number	Expenditures	Payments to Subrecipients
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84.367	S367A210027	\$ 2,296,097	\$ 2,162,488
			<b>15,831,772</b>	<b>15,428,946</b>
Grants for State Assessments and Related Activities	84.369	S369A200029	3,026,951	-
Grants for State Assessments and Related Activities	84.369	S369A210029	926,831	-
			<b>3,953,782</b>	<b>-</b>
Statewide Longitudinal Data Systems	84.372	R372A200020	844,941	-
School Improvement Grants	84.377	S377A160029	2,188,260	2,154,829
Preschool Development Grants	84.419	S419A150004-15A	112	112
Student Support and Academic Enrichment Program	84.424	S424A190029	4,372,446	4,297,293
Student Support and Academic Enrichment Program	84.424	S424A200029	1,551,107	1,371,250
Student Support and Academic Enrichment Program	84.424	S424A210029	1,073,672	1,064,842
Student Support and Academic Enrichment Program	84.424	S424D200002	82,564	-
Student Support and Academic Enrichment Program	84.424C	S424C190005-19A	1,040,924	-
			<b>8,120,713</b>	<b>6,733,385</b>
COVID-19 Education Stabilization Fund	84.425U	S425U210018	50,618,471	47,063,939
COVID-19 Education Stabilization Fund	84.425C	S424C210033	167,749	47,472
COVID-19 Education Stabilization Fund	84.425R	Emergency Assistance to Non-Public Schools	3,341,835	-
COVID-19 Education Stabilization Fund	84.425C	GEER GRANT	19,052,439	12,432,828
COVID-19 Education Stabilization Fund	84.425D	S425D200018	40,334,837	40,163,282
COVID-19 Education Stabilization Fund	84.425D	S425D210018	212,838,004	210,014,623
COVID-19 Education Stabilization Fund	84.425G	V425G200036	4,938,475	45,286
COVID-19 - Education Stabilization Fund	84.425W	S425W210029	83,168	61,030
			<b>331,374,978</b>	<b>309,828,460</b>
COVID-19 Randolph-Sheppard - Financial Relief and Restoration Payments	84.426	H426A210041	260,623	260,623
<b>Total Department of Education</b>			<b>673,475,594</b>	<b>616,108,172</b>
<b>Election Assistance Commission</b>				
2018 HAVA Election Security Grants	90.404	EAC-ELSEC22NV-01	995,872	29,022
COVID-19 2020 Supplemental COVID-19 Election Security Grants	90.404	NV20101CARES	15,510	15,449
			<b>1,011,382</b>	<b>44,471</b>
<b>Total Election Assistance Commission</b>			<b>1,011,382</b>	<b>44,471</b>

**STATE OF NEVADA**  
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Federal Grantor / Pass-Through Grantor Program Title	CFDA Number	Award or Pass- Through Number	Expenditures	Payments to Subrecipients
<b>Department of Health and Human Services</b>				
<b>Aging CLUSTER</b>				
Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	2001NVOASS	\$ 675,196	\$ 644,497
Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	2101NVOASS	1,879,992	1,708,492
Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	2201NVOASS	537,541	-
COVID-19 Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	2101NVSSC6-00	261,069	196,890
COVID-19 Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	2001NVSSC3	446,866	446,866
COVID-19 Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	2101NVVAC5	63,605	63,605
			<b>3,864,269</b>	<b>3,060,350</b>
Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	1901NVOACM	23,348	-
Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	1901NVOAHD	1,177	1,177
Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	2001NVOACM	832,590	796,925
Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	2001NVOAHD	1,005,547	1,005,547
Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	2101NVOACM	1,915,068	776,491
Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	2101NVOAHD	2,304,358	2,304,358
Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	2201NVOACM	260,741	160,863
Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	2201NVOAHD	742,995	742,995
COVID-19 Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	2101NVCMC6-00	189,148	134,943
COVID-19 Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	2101NVHDC6-00	254,548	196,977
COVID-19 Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	2001NVCMC2	26,224	26,224
COVID-19 Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	2001NVHDC2	99,783	99,783
COVID-19 Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	2001NVHDC3	2,179,803	2,179,803
COVID-19 Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	2101NVHDC5	1,135,818	1,135,818
			<b>10,971,148</b>	<b>9,561,904</b>
Nutrition Services Incentive Program	93.053	2101NVOANS	602,979	602,979
Nutrition Services Incentive Program	93.053	2201NVOANS	729,327	729,327
Nutrition Services Incentive Program	93.053	NSIP COMMODITIES	161,635	161,635
			<b>1,493,941</b>	<b>1,493,941</b>
<b>Total Aging CLUSTER</b>			<b>16,329,358</b>	<b>14,116,195</b>

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Federal Grantor / Pass-Through Grantor Program Title	CFDA Number	Award or Pass- Through Number	Expenditures	Payments to Subrecipients
<b>CCDF CLUSTER</b>				
Child Care and Development Block Grant	93.575	2001NVCCDF	\$ 44,286	\$ 44,286
Child Care and Development Block Grant	93.575	2101NVCCDF	40,791,727	34,115,618
COVID-19 Child Care and Development Block Grant	93.575	2101NVCCSC6	120,240,604	120,240,604
COVID-19 Child Care and Development Block Grant	93.575	2001NVCCC3	1,315,255	1,315,255
COVID-19 Child Care and Development Block Grant	93.575	2101NVCCC5	43,448,990	43,408,782
			<b>205,840,862</b>	<b>199,124,545</b>
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	2101NVCCDF	6,736,512	6,736,512
<b>Total CCDF CLUSTER</b>			<b>212,577,374</b>	<b>205,861,057</b>
<b>Head Start CLUSTER</b>				
Head Start	93.600	09CD004076	41,145	-
Head Start	93.600	09CD004076-02-00	63,075	-
			<b>104,220</b>	<b>-</b>
<b>Total Head Start CLUSTER</b>			<b>104,220</b>	<b>-</b>
<b>Medicaid CLUSTER</b>				
State Medicaid Fraud Control Units	93.775	2101NV5050	530,060	-
State Medicaid Fraud Control Units	93.775	2201NV5050	1,396,295	-
			<b>1,926,355</b>	<b>-</b>
State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare	93.777	2105NV5000	432,081	38,588
State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare	93.777	2105NV5002	38,838	-
State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare	93.777	2205NV5000	1,297,486	67,528
State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare	93.777	2205NV5002	121,727	-
State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare	93.777	2205NV5CAA	18,019	-
COVID-19 State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare	93.777	2205NV50C3	21,825	-
			<b>1,929,976</b>	<b>106,116</b>
Medical Assistance Program	93.778	2105NV5ADM	9,049,692	-
Medical Assistance Program	93.778	2105NV5MAP	3,904,544,266	-
Medical Assistance Program	93.778	2105NVIMPL	197,499	-
Medical Assistance Program	93.778	2105NVINCT	320,157	-
Medical Assistance Program	93.778	2205NV5ADM	111,368,077	-

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Federal Grantor / Pass-Through Grantor Program Title	CFDA Number	Award or Pass- Through Number	Expenditures	Payments to Subrecipients
Medical Assistance Program	93.778	2205NVIMPL	\$ 834,751	\$ -
			<b>4,026,314,442</b>	<b>-</b>
<b>Total Medicaid CLUSTER</b>			<b>4,030,170,773</b>	<b>106,116</b>
Special Programs for the Aging, Title VII, Chapter 3, Programs for Prevention of Elder Abuse, Neglect, and Exploitation	93.041	1901NVOAEA	1,400	-
Special Programs for the Aging, Title VII, Chapter 3, Programs for Prevention of Elder Abuse, Neglect, and Exploitation	93.041	2001NVOAEA	7,612	-
Special Programs for the Aging, Title VII, Chapter 3, Programs for Prevention of Elder Abuse, Neglect, and Exploitation	93.041	2101NVOAEA	20,313	-
Special Programs for the Aging, Title VII, Chapter 3, Programs for Prevention of Elder Abuse, Neglect, and Exploitation	93.041	2201NVOAEA	20,722	-
			<b>50,047</b>	<b>-</b>
Special Programs for the Aging, Title VII, Chapter 2, Long Term Care Ombudsman Services for Older Individuals	93.042	2001NVOAOM	49,312	-
Special Programs for the Aging, Title VII, Chapter 2, Long Term Care Ombudsman Services for Older Individuals	93.042	2101NVOAOM	32,788	-
Special Programs for the Aging, Title VII, Chapter 2, Long Term Care Ombudsman Services for Older Individuals	93.042	2201NVOAOM	36,428	-
COVID-19 Special Programs for the Aging, Title VII, Chapter 2, Long Term Care Ombudsman Services for Older Individuals	93.042	2101NVOMC6-00	25,300	8,000
COVID-19 Special Programs for the Aging, Title VII, Chapter 2, Long Term Care Ombudsman Services for Older Individuals	93.042	2001NVOMC3	7,039	-
			<b>150,867</b>	<b>8,000</b>
Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Promotion Services	93.043	2001NVOAPH	146,096	146,096
Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Promotion Services	93.043	2101NVOAPH	66,563	66,563
COVID-19 Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Promotion Services	93.043	2101NVPHC6-00	106,102	86,652
			<b>318,761</b>	<b>299,311</b>
Special Programs for the Aging, Title IV, and Title II, Discretionary Projects	93.048	90MPPG0047-04	263,923	171,226
Special Programs for the Aging, Title IV, and Title II, Discretionary Projects	93.048	90MPPG004705	10,350	-
COVID-19 Special Programs for the Aging, Title IV, and Title II, Discretionary Projects	93.048	90NWC30009	150,022	148,823
COVID-19 Special Programs for the Aging, Title IV, and Title II, Discretionary Projects	93.048	90NWC50041-01-00	19,875	19,875
			<b>444,170</b>	<b>339,924</b>
National Family Caregiver Support, Title III, Part E	93.052	2001NVOAFC	195,635	195,635
National Family Caregiver Support, Title III, Part E	93.052	2101NVOAFC	1,536,254	1,536,254
COVID-19 National Family Caregiver Support, Title III, Part E	93.052	2101NVFCC6-00	283,040	261,252

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COVID-19 National Family Caregiver Support, Title III, Part E	93.052	2001NVFCC3	\$ 315,084	\$ 315,084
			<b>2,330,013</b>	<b>2,308,225</b>
Public Health Emergency Preparedness	93.069	5 NU90TP922047-02-00	1,397,753	1,397,753
Public Health Emergency Preparedness	93.069	NU90TP922047-03-00	5,191,853	3,319,795
Medicare Enrollment Assistance Program	93.071	2101NVMIAA	75,017	71,113
Medicare Enrollment Assistance Program	93.071	2101NVMIDR	1,558	495
Medicare Enrollment Assistance Program	93.071	2101NVMISH	91,433	43,309
			<b>168,008</b>	<b>114,917</b>
Lifespan Respite Care Program	93.072	90LRLI0035-01	23,727	3,000
Lifespan Respite Care Program	93.072	90LRLI0035-02	199,129	87,091
			<b>222,856</b>	<b>90,091</b>
Guardianship Assistance	93.090	G-2101NVGARD	925,074	918,150
Guardianship Assistance	93.090	G-2201NVGARD	419,042	387,471
			<b>1,344,116</b>	<b>1,305,621</b>
Affordable Care Act (ACA) Personal Responsibility Education Program	93.092	1901NVPREP	193,570	164,055
Affordable Care Act (ACA) Personal Responsibility Education Program	93.092	2001NVPREP	247,376	177,906
			<b>440,946</b>	<b>341,961</b>
Maternal and Child Health Federal Consolidated Programs	93.110	5 H18MC00032-28-00	32,638	-
Maternal and Child Health Federal Consolidated Programs	93.110	5 H18MC00032-29-00	61,796	2,115
Maternal and Child Health Federal Consolidated Programs	93.110	5 U4CMC32318-03-00	71,718	-
Maternal and Child Health Federal Consolidated Programs	93.110	5 U4CMC32318-04-00	316,638	-
			<b>482,790</b>	<b>2,115</b>
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	5 NU52PS910224-02	474,959	416,451
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	5 NU52PS910224-03-00	270,185	207,000
			<b>745,144</b>	<b>623,451</b>
Emergency Medical Services for Children	93.127	5 H33MC06694-16-00	114,392	7,960
Emergency Medical Services for Children	93.127	6 H33MC06694-17-01	20,908	-
			<b>135,300</b>	<b>7,960</b>
Projects for Assistance in Transition from Homelessness (PATH)	93.150	1X06SM083696-01	286,911	286,560
Projects for Assistance in Transition from Homelessness (PATH)	93.150	1X06SM085832-01	292,566	270,384
			<b>579,477</b>	<b>556,944</b>

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Family Planning Services	93.217	5 FPHPA006447-03-00	\$ 316,452	\$ -
COVID-19 - Family Planning Services	93.217	1 FPHPA006586-01-00	30,115	-
			<b>346,567</b>	<b>-</b>
Title V State Sexual Risk Avoidance Education (Title V State SRAE) Program	93.235	2001NVSRAE	206,331	145,999
Title V State Sexual Risk Avoidance Education (Title V State SRAE) Program	93.235	2102NVSRAE	165,239	142,156
			<b>371,570</b>	<b>288,155</b>
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	1H79SM082235-01	2,796,642	48,952
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	3H79SP080994-04	1,171,009	1,035,595
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	5H79SM080637-02	292,536	290,797
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	5H79SP080994-03	1,216,285	983,163
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	H79SM080637-03	1	-
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	H79SM083645	937,618	424,674
			<b>6,414,091</b>	<b>2,783,181</b>
Early Hearing Detection and Intervention	93.251	5 H61MC25010-10-00	221,766	58,127
Early Hearing Detection and Intervention	93.251	5 H61MC25010-11-00	50,936	1,540
			<b>272,702</b>	<b>59,667</b>
Immunization Cooperative Agreements	93.268	1 NH23IP922609-01-00	363,683	363,683
Immunization Cooperative Agreements	93.268	5 NH23IP922609-02-00	205,103	205,103
Immunization Cooperative Agreements	93.268	5 NH23IP922609-03	2,951,648	853,971
Immunization Cooperative Agreements	93.268	DIRECT ASSISTANCE	38,395,807	-
COVID-19 Immunization Cooperative Agreements	93.268	6 NH23IP22609-02V	19,211,858	14,637,747
COVID-19 Immunization Cooperative Agreements	93.268	6 NH23IP922609-02C	1,151,465	416,228
			<b>62,279,564</b>	<b>16,476,732</b>
Viral Hepatitis Prevention and Control	93.270	1 NU51PS005157-01-00	277,872	123,161
Viral Hepatitis Prevention and Control	93.270	NU51PS005157-02	8,277	3,260
			<b>286,149</b>	<b>126,421</b>
Early Hearing Detection and Intervention Information System (EHDI-IS) Surveillance Program	93.314	5 NU50DD000090-02-00	106,344	6,459
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	5 NU50CK000560-02-00	377,321	317,988
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	5 NU50CK000560-03-00	1,864,053	764,365

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Federal Grantor / Pass-Through Grantor Program Title	CFDA Number	Award or Pass- Through Number	Expenditures	Payments to Subrecipients
COVID-19 Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	5 NU50CK000560-02-CV	\$ 96,557,363	\$ 81,338,315
COVID-19 Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	5 NU50CK000560-03-00	1,320,389	271,472
COVID-19 Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	6 NU50CK000560-01-05	37,368,951	36,867,702
			<b>137,488,077</b>	<b>119,559,842</b>
State Health Insurance Assistance Program	93.324	90SAPG0066-02	439,290	337,885
State Health Insurance Assistance Program	93.324	90SAPG006603	47,042	-
			<b>486,332</b>	<b>337,885</b>
The Healthy Brain Initiative: Technical Assistance to Implement Public Health Actions related to Cognitive Health, Cognitive Impairment, and Caregiving	93.334	5 NU58DP006924-02	135,256	31,958
The Healthy Brain Initiative: Technical Assistance to Implement Public Health Actions related to Cognitive Health, Cognitive Impairment, and Caregiving	93.334	NU58DP006924-01	37,967	22,718
			<b>173,223</b>	<b>54,676</b>
COVID-19 Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354	1 NU90TP922107-01	1,160,594	959,705
COVID-19 Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354	NU90TP922191-01	3,648,266	1,859,946
			<b>4,808,860</b>	<b>2,819,651</b>
Flexible Funding Model - Infrastructure Development and Maintenance for State Manufactured Food Regulatory Programs	93.367	5U18FD006396-03	12,339	5,340
Flexible Funding Model - Infrastructure Development and Maintenance for State Manufactured Food Regulatory Programs	93.367	SU18FD006396-04	148,825	-
			<b>161,164</b>	<b>5,340</b>
ACL Independent Living State Grants	93.369	2001NVILSG	29,412	29,412
ACL Independent Living State Grants	93.369	2101NVILSG	184,596	90,838
ACL Independent Living State Grants	93.369	2201NVILSG	106,304	57,121
			<b>320,312</b>	<b>177,371</b>
National and State Tobacco Control Program	93.387	5 NU58DP006783-02	1,264,606	903,824
National and State Tobacco Control Program	93.387	NU58DP006783-03	103,084	2,302
			<b>1,367,690</b>	<b>906,126</b>
COVID-19 Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Response to Public Health or Healthcare Crises	93.391	1 NH75OT000092-01	6,406,994	3,635,549
The State Flexibility to Stabilize the Market Grant Program	93.413	PRPPR180130-01-00	8,951	-



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The National Cardiovascular Health Program	93.426	5 NU58DP006538-03-00	\$ 262,085	\$ 262,085
The National Cardiovascular Health Program	93.426	5 NU58DP006538-040	1,379,762	767,897
The National Cardiovascular Health Program	93.426	5 NU58DP006538-05	1,432	-
			<b>1,643,279</b>	<b>1,029,982</b>
The Innovative Cardiovascular Health Program	93.435	5 NU58DP006624-03-00	244,671	171,151
The Innovative Cardiovascular Health Program	93.435	5 NU58DP006624-04	415,866	249,986
			<b>660,537</b>	<b>421,137</b>
Well-Integrated Screening and Evaluation for Women Across the Nation (WiseWoman)	93.436	1 NU58DP006840-01	197,354	152,986
Well-Integrated Screening and Evaluation for Women Across the Nation (WiseWoman)	93.436	5 NU58DP006840-02	264,926	127,117
			<b>462,280</b>	<b>280,103</b>
ACL Assistive Technology	93.464	1901NVATSG	128,811	126,346
ACL Assistive Technology	93.464	2001NVATSG	131,775	127,692
ACL Assistive Technology	93.464	2101NVATSG	62,493	-
ACL Assistive Technology	93.464	2201NVATSG	18,427	-
			<b>341,506</b>	<b>254,038</b>
Preventing Maternal Deaths: Supporting Maternal Mortality Review Committees	93.478	1 NU58DP006937-01	2,642	2,115
COVID-19 Family Violence Prevention and Services/ Sexual Assault/ Rape Crisis Services and Supports	93.497	G-2201NVFSC6	16,917	14,684
MaryLee Allen Promoting Safe and Stable Families Program	93.556	2001NVFFTA	398,617	350,492
MaryLee Allen Promoting Safe and Stable Families Program	93.556	G-2001NVFPCV	189,360	47,319
MaryLee Allen Promoting Safe and Stable Families Program	93.556	G-2001NVFPSS	1,475,569	1,446,451
MaryLee Allen Promoting Safe and Stable Families Program	93.556	G-2001NVPKIN	78,883	66,026
MaryLee Allen Promoting Safe and Stable Families Program	93.556	G-2101NVFPCV	11,050	-
MaryLee Allen Promoting Safe and Stable Families Program	93.556	G-2101NVFPSS	1,883,911	1,444,195
MaryLee Allen Promoting Safe and Stable Families Program	93.556	G-2101NVPKIN	158,631	151,631
COVID-19 MaryLee Allen Promoting Safe and Stable Families Program	93.556	G-2101NVFPSS	101,338	97,244
			<b>4,297,359</b>	<b>3,603,358</b>
Temporary Assistance for Needy Families	93.558	2001NVTANF 2020G996115	16,495,186	4,294,501
Temporary Assistance for Needy Families	93.558	2101NVTANF 2021G996115	23,687,076	7,387,917
Temporary Assistance for Needy Families	93.558	2201NVTANF 2022G9996115	1,394,671	-
COVID-19 Temporary Assistance for Needy Families	93.558	2021NVTANFC6 2021G990228	1,925,422	26,578
			<b>43,502,355</b>	<b>11,708,996</b>

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Child Support Enforcement	93.563	2001NVCSES 2021G9921CS	\$ 7,608,893	\$ 5,938,338
Child Support Enforcement	93.563	2018 1604NVCEST	1,500,608	1,083,747
Child Support Enforcement	93.563	2201NVCSES	30,101,058	12,291,182
Child Support Enforcement	93.563	PROGRAM INCOME	7,189,551	6,360,532
			<b>46,400,110</b>	<b>25,673,799</b>
Low-Income Home Energy Assistance	93.568	2101NVLIEA	4,220,408	561,876
Low-Income Home Energy Assistance	93.568	2201NVLIEA 2022G992201	8,110,441	-
COVID-19 Low-Income Home Energy Assistance	93.568	2101NVE5C6	11,116,459	91,794
COVID-19 Low-Income Home Energy Assistance	93.568	2101NVLWC6	406,996	-
COVID-19 Low-Income Home Energy Assistance	93.568	2001NVE5C3	211,395	144,385
			<b>24,065,699</b>	<b>798,055</b>
Community Services Block Grant	93.569	G-2001NVCOSR	499,447	499,447
Community Services Block Grant	93.569	G-2101NVCOSR	1,422,818	1,362,088
Community Services Block Grant	93.569	G-2201NVCOSR	1,800,487	1,722,144
COVID-19 Community Services Block Grant	93.569	2001NVCSC3	1,294,233	1,277,651
			<b>5,016,985</b>	<b>4,861,330</b>
State Court Improvement Program	93.586	G-2001NVSCID	51,565	-
State Court Improvement Program	93.586	G-2001NVSCIP	67,964	-
State Court Improvement Program	93.586	G-2001NVSCIT	75,767	-
State Court Improvement Program	93.586	G-2101NVSCID	27,848	-
State Court Improvement Program	93.586	G-2101NVSCIP	56,122	-
State Court Improvement Program	93.586	G-2101NVSCIT	40,252	-
COVID-19 State Court Improvement Program	93.586	G-2101NVSCIC	115,809	-
			<b>435,327</b>	<b>-</b>
Community-Based Child Abuse Prevention Grants	93.590	G-2001NVBCAP	190,519	190,519
Community-Based Child Abuse Prevention Grants	93.590	G-2101NVBCAP	48,388	30,009
COVID-19 Community-Based Child Abuse Prevention Grants	93.590	G-2101NVBCC6	87,927	65,845
			<b>326,834</b>	<b>286,373</b>
Grants to States for Access and Visitation Programs	93.597	2001NVSAVP	4,254	-
Grants to States for Access and Visitation Programs	93.597	2101NVSAVP	22,749	-
			<b>27,003</b>	<b>-</b>
Chafee Education and Training Vouchers Program (ETV)	93.599	2001NVCETV	268,984	268,984
Chafee Education and Training Vouchers Program (ETV)	93.599	2101NVCETV	188,711	188,711
COVID-19 Chafee Education and Training Vouchers Program (ETV)	93.599	G-2101NVETVC	470,812	470,812
			<b>928,507</b>	<b>928,507</b>

**STATE OF NEVADA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

Federal Grantor / Pass-Through Grantor Program Title	CFDA Number	Award or Pass- Through Number	Expenditures	Payments to Subrecipients
Adoption and Legal Guardianship Incentive Payments	93.603	1801NVAIPP	\$ 40,709	\$ 19,845
Adoption and Legal Guardianship Incentive Payments	93.603	1901NVAIPP	237,294	172,466
Adoption and Legal Guardianship Incentive Payments	93.603	G-2001NVAIPP	27,168	-
			<b>305,171</b>	<b>192,311</b>
Developmental Disabilities Basic Support and Advocacy Grants	93.630	1901NVSCDD	57,751	57,751
Developmental Disabilities Basic Support and Advocacy Grants	93.630	2001NVSCDD	265,816	187,434
Developmental Disabilities Basic Support and Advocacy Grants	93.630	2101NVSCDD	290,986	71,192
			<b>614,553</b>	<b>316,377</b>
COVID-19 Section 9813: State Planning Grants for Qualifying Community-Based Mobile Crisis Intervention Services	93.639	2I2CMS331809-01-00	324,419	-
Children's Justice Grants to States	93.643	G-1801NVCJA1	54,240	24
Children's Justice Grants to States	93.643	G-1901NVCJA1	142,316	132,994
Children's Justice Grants to States	93.643	G-2001NVCJA1	8,326	8,326
			<b>204,882</b>	<b>141,344</b>
Stephanie Tubbs Jones Child Welfare Services Program	93.645	G-2001NVCWSS	878,785	326,125
Stephanie Tubbs Jones Child Welfare Services Program	93.645	G-2101NVCWSS	1,648,321	249,163
COVID-19 Stephanie Tubbs Jones Child Welfare Services Program	93.645	G-2001NVCWC3	212,787	201,263
			<b>2,739,893</b>	<b>776,551</b>
Foster Care Title IV-E	93.658	G-2001NVFOST	2	2
Foster Care Title IV-E	93.658	G-2101NVFCGP	8,759,141	8,759,141
Foster Care Title IV-E	93.658	G-2101NVFOST	10,937,730	9,538,821
Foster Care Title IV-E	93.658	G-2201NVFOST	28,199,750	22,498,387
			<b>47,896,623</b>	<b>40,796,351</b>
Adoption Assistance	93.659	G-2001NVADPT	19	19
Adoption Assistance	93.659	G-2101NVADPT	20,629,509	19,824,929
Adoption Assistance	93.659	G-2201NVADPT	27,491,200	23,073,837
			<b>48,120,728</b>	<b>42,898,785</b>
Substance Use-Disorder Prevention that Promotes Opioid Recovery and Treatment (SUPPORT) for Patients and Communities Act	93.664	2C2CMS331738-01-00	385,724	-
COVID-19 Emergency Grants to Address Mental and Substance Use Disorders During COVID-19	93.665	1H79FG000711-01	2,279,140	2,274,078
COVID-19 Emergency Grants to Address Mental and Substance Use Disorders During COVID-19	93.665	6H79FG000283-01	97,108	62,295
			<b>2,376,248</b>	<b>2,336,373</b>
Social Services Block Grant	93.667	G-2001NVSOSR	948,023	660,771
Social Services Block Grant	93.667	G-2101NVSOSR	6,378,997	2,717,537

**STATE OF NEVADA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

Federal Grantor / Pass-Through Grantor Program Title	CFDA Number	Award or Pass- Through Number	Expenditures	Payments to Subrecipients
Social Services Block Grant	93.667	G-2201NVSOSR	\$ 6,168,180	\$ 1,580,302
			<b>13,495,200</b>	<b>4,958,610</b>
Child Abuse and Neglect State Grants	93.669	G-1801NVNCAN	178,355	19,954
Child Abuse and Neglect State Grants	93.669	G-1901NVNCAN	230,055	8,076
COVID-19 Child Abuse and Neglect State Grants	93.669	G-2101NVNCC6	31,433	-
			<b>439,843</b>	<b>28,030</b>
Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services	93.671	G-2001NVFVPS	575,829	574,824
Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services	93.671	G-2101NVFVPS	502,285	460,218
COVID-19 Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services	93.671	2101NVFVC6	244,985	243,715
COVID-19 Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services	93.671	G-2201NVFTC6	161,989	159,086
COVID-19 Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services	93.671	G-2001NVFVC3	82,616	82,616
			<b>1,567,704</b>	<b>1,520,459</b>
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	G-2001NVCILP	747,518	739,220
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	G-2101NVCILP	1,026,470	953,371
COVID-19 John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	G-2101NVCILC	2,199,072	2,086,084
			<b>3,973,060</b>	<b>3,778,675</b>
Elder Abuse Prevention Interventions Program	93.747	90EJIB0022-01-00	229,878	-
Elder Abuse Prevention Interventions Program	93.747	90EJSG0033-03	297,892	67,281
Elder Abuse Prevention Interventions Program	93.747	90EJSG0045-01	422,569	211,927
COVID-19 Elder Abuse Prevention Interventions Program	93.747	2101NCAPC6-00	54,782	-
COVID-19 Elder Abuse Prevention Interventions Program	93.747	2101NVAPC5	518,194	8,591
COVID-19 Elder Abuse Prevention Interventions Program	93.747	2101NVLOC5	27,442	11,660
			<b>1,550,757</b>	<b>299,459</b>
Children's Health Insurance Program	93.767	2105NV5021	78,844,281	-
Children's Health Insurance Program	93.767	2205NV5021	46,707	-
			<b>78,890,988</b>	<b>-</b>
Opioid STR	93.788	1H79TI083310-01	2,551,237	2,459,152
Opioid STR	93.788	5H79TI081732-02	6,028,398	5,467,594
Opioid STR	93.788	5H79TI083310-02	7,329,147	5,235,334
			<b>15,908,782</b>	<b>13,162,080</b>
Money Follows the Person Rebalancing Demonstration	93.791	1LICMS330822-01-02	264,818	-

**STATE OF NEVADA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

Federal Grantor / Pass-Through Grantor Program Title	CFDA Number	Award or Pass- Through Number	Expenditures	Payments to Subrecipients
State Survey Certification of Health Care Providers and Suppliers (Title XIX) Medicaid	93.796	2005NV5001	\$ 801,793	\$ -
State Survey Certification of Health Care Providers and Suppliers (Title XIX) Medicaid	93.796	2105NV5001	261,160	-
			<b>1,062,953</b>	<b>-</b>
Maternal, Infant and Early Childhood Home Visiting Grant Program	93.870	1 X10MC33594-01	228	-
Maternal, Infant and Early Childhood Home Visiting Grant Program	93.870	1 X10MC39700-01	939,843	803,959
Maternal, Infant and Early Childhood Home Visiting Grant Program	93.870	1 X10MC43594-01-00	1,032,916	737,245
COVID-19 Maternal, Infant and Early Childhood Home Visiting Grant Program	93.870	1 X11MC41943-01-00	114,651	92,483
			<b>2,087,638</b>	<b>1,633,687</b>
National Bioterrorism Hospital Preparedness Program	93.889	1 U3REP190613-01	101,175	101,175
National Bioterrorism Hospital Preparedness Program	93.889	5 U3REP190613-02-00	549,345	489,960
National Bioterrorism Hospital Preparedness Program	93.889	5 U3REP190613-03-00	1,601,588	1,187,288
COVID-19 National Bioterrorism Hospital Preparedness Program	93.889	6 U3REP190613-01V	184,820	182,917
			<b>2,436,928</b>	<b>1,961,340</b>
Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations	93.898	5 NU58DP006306-05	4,019,780	2,526,337
Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations	93.898	6 NU58DP006306-04-00	365,412	365,412
Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations	93.898	NU58DP007102-01	3,544	-
			<b>4,388,736</b>	<b>2,891,749</b>
HIV Care Formula Grants	93.917	1 X08HA45089-01-00	233,248	175,903
HIV Care Formula Grants	93.917	2X07HA00001-32-00	418,848	182,519
HIV Care Formula Grants	93.917	5 X07HA00001-31-00	8,951,266	8,172,774
COVID-19 HIV Care Formula Grants	93.917	1 X7CHA36923-01	116,146	116,146
			<b>9,719,508</b>	<b>8,647,342</b>
HIV Prevention Activities Health Department Based	93.940	5 NU62PS924579-04-00	2,091,877	1,694,860
HIV Prevention Activities Health Department Based	93.940	5NU62PS924579-05-00	1,013,950	729,677
			<b>3,105,827</b>	<b>2,424,537</b>
Cooperative Agreements to Support State-Based Safe Motherhood and Infant Haeath Initiative Programs	93.946	1 U01DP006587-01-00	100,519	80,468
Cooperative Agreements to Support State-Based Safe Motherhood and Infant Haeath Initiative Programs	93.946	5 U01DP006587-02-00	8,093	-
Cooperative Agreements to Support State-Based Safe Motherhood and Infant Haeath Initiative Programs	93.946	5 U01DP006241-05-00	17,554	17,554
			<b>126,166</b>	<b>98,022</b>

**STATE OF NEVADA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

Federal Grantor / Pass-Through Grantor Program Title	CFDA Number	Award or Pass- Through Number	Expenditures	Payments to Subrecipients
Block Grants for Community Mental Health Services	93.958	6B09SM082616-01	\$ 2,680,397	\$ 1,957,736
Block Grants for Community Mental Health Services	93.958	6B09SM083815-01M001	4,297,196	2,442,495
COVID-19 Block Grants for Community Mental Health Services	93.958	1B09SM083986-01	1,050,441	747,124
			<b>8,028,034</b>	<b>5,147,355</b>
Block Grants for Prevention and Treatment of Substance Abuse	93.959	1B08TI083130-01	9,102,044	8,174,487
Block Grants for Prevention and Treatment of Substance Abuse	93.959	1B08TI083433-01	10,175,376	7,989,820
Block Grants for Prevention and Treatment of Substance Abuse	93.959	6B08TI084628-01	386	-
COVID-19 Block Grants for Prevention and Treatment of Substance Abuse	93.959	1B08TI083925-01	353,524	347,307
COVID-19 Block Grants for Prevention and Treatment of Substance Abuse	93.959	1B08TI083493-01	3,482,725	2,419,929
			<b>23,114,055</b>	<b>18,931,543</b>
Sexually Transmitted Diseases (STD) Prevention and Control Grants	93.977	5 NH25PS005179-03-00	817,477	555,930
Sexually Transmitted Diseases (STD) Prevention and Control Grants	93.977	5 NH25PS005179-04-00	262,904	198,684
COVID-19 Sexually Transmitted Diseases (STD) Prevention and Control Grants	93.977	6 NH25PS005179-03-02	1,264,427	817,096
COVID-19 Sexually Transmitted Diseases (STD) Prevention and Control Grants	93.977	NH25PS005179-04-02	453,290	428,556
			<b>2,798,098</b>	<b>2,000,266</b>
Mental Health Disaster Assistance and Emergency Mental Health	93.982	1H07SM083737-01	229,936	-
Preventive Health and Health Services Block Grant	93.991	1 NB01OT009412-01	343,708	93,975
Preventive Health and Health Services Block Grant	93.991	NB01OT009322-01	188,383	99,903
			<b>532,091</b>	<b>193,878</b>
Maternal and Child Health Services Block Grant to the States	93.994	6 B04MC33852-01-03	833,203	370,443
Maternal and Child Health Services Block Grant to the States	93.994	6 B04MC40147-01-04	1,112,405	412,554
			<b>1,945,608</b>	<b>782,997</b>
<b>Total Department of Health and Human Services</b>			<b>4,901,244,727</b>	<b>583,817,089</b>
<b>Social Security Administration</b>				
<b>Disability Insurance/SSI CLUSTER</b>				
Social Security Disability Insurance	96.001	04-1804NVDI00	191	-
Social Security Disability Insurance	96.001	04-2104NVDI00	4,543,745	-
Social Security Disability Insurance	96.001	04-2204NVDI00	12,595,151	-
Social Security Disability Insurance	96.001	1904NVD100	78,829	-
Social Security Disability Insurance	96.001	2004NVD100	13,715	-
			<b>17,231,631</b>	<b>-</b>
<b>Total Disability Insurance/SSI CLUSTER</b>			<b>17,231,631</b>	<b>-</b>
<b>Total Social Security Administration</b>			<b>17,231,631</b>	<b>-</b>

**STATE OF NEVADA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

Federal Grantor / Pass-Through Grantor Program Title	CFDA Number	Award or Pass- Through Number	Expenditures	Payments to Subrecipients
<b>Department of Homeland Security</b>				
Non-Profit Security Program	97.008	EMW-2019-UA-00057	\$ 64,993	\$ 64,993
Non-Profit Security Program	97.008	EMW-2020-UA-00044-S01	169,045	169,045
Non-Profit Security Program	97.008	EMW-2021-UA-00042-S01	2,678	-
			<b>236,716</b>	<b>234,038</b>
Boating Safety Financial Assistance	97.012	3321FAS210132	699,106	-
Community Assistance Program State Support Services Element (CAP-SSSE)	97.023	EMF-2020-CA-00021	42,766	-
Community Assistance Program State Support Services Element (CAP-SSSE)	97.023	EMF-2021-CA-0019	101,003	-
			<b>143,769</b>	<b>-</b>
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	PA-09-NV-4303	1,897,417	1,897,417
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	PA-09-NV-4307	359,532	315,884
COVID-19 Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-3443-EM-NV	14,515,073	6,270,705
			<b>16,772,022</b>	<b>8,484,006</b>
Hazard Mitigation Grant	97.039	FEMA-4303-DR-NV	9,223	-
Hazard Mitigation Grant	97.039	FEMA-4307-DR-NV	523,080	465,792
			<b>532,303</b>	<b>465,792</b>
National Dam Safety Program	97.041	EMF-2020-GR-00002	42,034	-
National Dam Safety Program	97.041	EMF-2021-GR-00006	34,469	-
			<b>76,503</b>	<b>-</b>
Emergency Management Performance Grants	97.042	EMF-2019-EP-00009	1,010,130	75,541
Emergency Management Performance Grants	97.042	EMF-2020-EP-00005	2,505,114	1,423,285
Emergency Management Performance Grants	97.042	EMF-2021-EP-00005-S01	1,059,923	1,053,932
COVID-19 Emergency Management Performance Grants	97.042	EMF-2021-EP-00013-S01	135,885	135,885
COVID-19 Emergency Management Performance Grants	97.042	EMF-2020-EP-00017-S01	354,702	329,703
			<b>5,065,754</b>	<b>3,018,346</b>
Cooperating Technical Partners	97.045	EMF-2020-CA-00008	84,366	-
Cooperating Technical Partners	97.045	EMF-2021-CA-00012	65,289	-
			<b>149,655</b>	<b>-</b>
BRIC: Building Resilient Infrastructure and Communities	97.047	EMF-2015-PC-0001	1,118,748	1,118,748
BRIC: Building Resilient Infrastructure and Communities	97.047	EMF-2017-PC-0009	202,058	192,333
BRIC: Building Resilient Infrastructure and Communities	97.047	EMF-2018-PC-0007	16,942	16,942
BRIC: Building Resilient Infrastructure and Communities	97.047	EMF-2019-PC-0007	579	-
BRIC: Building Resilient Infrastructure and Communities	97.047	EMF-2020-PC-0012	194,099	86,250
			<b>1,532,426</b>	<b>1,414,273</b>

**STATE OF NEVADA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

Federal Grantor / Pass-Through Grantor Program Title	CFDA Number	Award or Pass- Through Number	Expenditures	Payments to Subrecipients
COVID-19 Presidential Declared Disaster Assistance to Individuals and Households - Other Needs	97.050	4523DRNVSPWL	\$ 1,512,522	\$ -
Homeland Security Grant Program	97.067	EMW-2017-SS-00006-S01	49,730	45,574
Homeland Security Grant Program	97.067	EMW-2018-SS-00066	590,546	395,420
Homeland Security Grant Program	97.067	EMW-2019-SS-00061-S01	3,098,048	2,484,205
Homeland Security Grant Program	97.067	EMW-2020-SS-00056	3,356,783	2,312,843
Homeland Security Grant Program	97.067	EMW-2021-SS-00046-S01	449,064	213,837
			<b>7,544,171</b>	<b>5,451,879</b>
Earthquake Consortium	97.082	EMF-2019-CA-00013-S01	7,463	7,463
Earthquake State Assistance	97.082	EMF-2020-CA-00026-S01	45,639	45,639
Earthquake State Assistance	97.082	EMF-2021-CA-00018-S01	49,556	-
			<b>102,658</b>	<b>53,102</b>
Homeland Security Biowatch Program	97.091	13OHBIO00025-08-00	98,409	98,409
Homeland Security Biowatch Program	97.091	13OHBIO00025-09-00	1,236,920	1,224,421
Homeland Security Biowatch Program	97.091	13OHBIO00025-10-00	5,335	-
			<b>1,340,664</b>	<b>1,322,830</b>
<b>Total Department of Homeland Security</b>			<b>35,708,269</b>	<b>20,444,266</b>
<b>Total Federal Financial Assistance</b>			<b>\$ 9,954,945,637</b>	<b>\$ 1,834,797,764</b>



**Note 1 - Basis of Presentation and Summary of Significant Accounting Policies**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the State of Nevada (the State) under programs of the federal government for the year ended June 30, 2022. The information is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the State, it is not intended to and does not present the net position, fund balance, or cash flows of the State.

Expenditures reported in the Schedule are reported on the modified accrual basis of accounting, except for subrecipient expenditures, which are recorded on the cash basis. The State received federal awards directly from federal agencies.

The Schedule is used as a managerial tool by the State Controller's Office, primarily to monitor compliance with the Cash Management Improvement Act. As such, the Schedule separately identifies the expenditures for each federal program at the grant award level.

The State has not elected to use the 10% de minimis cost rate.

The "Expenditures" column includes the amounts reported in the "Payments to Subrecipients" column.

The expenditures for the following programs include the dollar value of food commodities, as determined by the U.S. Department of Agriculture or U.S. Department of Health and Human Services, distributed to eligible recipients during the year:

- National School Lunch Program (10.555)
- Commodity Supplemental Food Program (10.565)
- Emergency Food Assistance Program (Administrative Costs) (10.568)
- Emergency Food Assistance Program (Food Commodities) (10.569)
- Child and Adult Care Food Program (10.558)
- Summer Food Service Program for Children (10.559)
- Food Distribution Program on Indian Reservations (10.567)
- Nutrition Services Incentive Program (93.053)

**Note 2 - Unemployment Insurance Program (17.225)**

The expenditures reported on the Schedule include both federal funds and state funds, as required. The state funds represent the amounts expended from the Unemployment Trust Fund to pay benefits under the federally approved state unemployment law.

The following identifies the state and federal portions of the expenditures reported:

State Benefits	\$ 201,295,491
Federal Benefits	752,764,166
Federal Funds - Grants	<u>69,967,644</u>
Total Reported	<u><u>\$ 1,024,027,301</u></u>

**Note 3 - Special Supplemental Nutrition Program for Women, Infants, and Children (10.557)**

The expenditures for this program include the cost of food vouchers in the amount of \$26,961,920.

**Note 4 - Identification of COVID-19 Related Awards**

To maximize the transparency of COVID-19 related award expenditures, the State has separately identified COVID-19 expenditures in the Schedule with the prefix "COVID-19" in the program name when a new grant award was received for a COVID-19 related grant or program. In addition, in some cases, the State received increased federal participation rates, which increased the amount of federal expenditures of a given grant or program in relation to the State's own local expenditures. The most significant increase in federal participation rate is the change in the Federal Medical Assistance Percentages (FMAP) which was increased by 6.2% under the Families First Coronavirus Response Act (FFCRA) beginning on January 1, 2020. Starting April 1, 2023, the FMAP amount will be gradually phased down and end on December 31, 2023. Increased federal participation rates were not separately identified in the Schedule of the State as they related to the same pre-existing grant or program.

**Note 5 - Medicaid and Children's Health Insurance Program Liability (93.778, 93.767)**

The expenditures reported on the Schedule include an adjustment for Medicaid and Children's Health Insurance Program (CHIP) liabilities due to incurred but not reported (IBNR) costs. IBNR are costs that have been incurred but cannot be cleared quickly. Providers have 60 days to submit claims. The average clearing is about 90 days for approximately 95-96% of claims. A small number of claims are disputed and take longer. If a claim is submitted within 60 days, but not correct, additional time, up to a year, is allowed to resubmit. The State recognizes the change in the IBNR for both of these programs in the Schedule. The following identifies the adjustment to each program:

Medicaid 93.778	(\$ 26,891,615)
CHIP 93.767	<u>(253,189)</u>
Total Adjusted Amount	<u><u>(\$ 27,144,804)</u></u>

**A. Summary of Auditor's Results**

**FINANCIAL STATEMENTS**

Type of auditor's report issued:

Unmodified for all opinion units except for the following, which were qualified:

- Governmental Activities
- General Fund

Internal control over financial reporting:

Material weaknesses identified? Yes

Significant deficiencies identified not considered to be material weaknesses? Yes

Noncompliance material to financial statements noted? No

**FEDERAL AWARDS**

Internal control over major program:

Material weaknesses identified? Yes

Significant deficiencies identified not considered to be material weaknesses? Yes

Type of auditor's report issued on compliance for major programs:

Unmodified for all major federal programs except for the following, which were qualified opinions:

- Child Nutrition Cluster
- Coronavirus Relief Fund
- Emergency Rental Assistance Program
- Homeowner Assistance Fund
- Coronavirus State and Local Fiscal Recovery Fund
- Title I Grants to Local Educational Agencies
- Education Stabilization Fund
- Low-Income Home Energy Assistance
- CCDF Cluster
- Foster Care – Title IV-E
- Medicaid Cluster
- Opioid STR

Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516? Yes

Identification of major programs:

<u>Name of Federal Program</u>	<u>Assistance Listing Number</u>
U.S. Department of Agriculture:	
Child Nutrition Cluster:	
School Breakfast Program	10.553
National School Lunch Program	10.555
Special Milk Program for Children	10.556
Summer Food Service Program for Children	10.559
Fresh Fruit and Vegetable Program	10.582
U.S. Department of Labor:	
Unemployment Insurance	17.225
WIOA Cluster:	
WIOA Adult Program	17.258
WIOA Youth Activities	17.259
WIOA Dislocated Worker Formula Grants	17.278
U.S. Department of Treasury:	
Coronavirus Relief Fund	21.019
Emergency Rental Assistance Program	21.023
Homeowner Assistance Fund	21.026
Coronavirus State and Local Fiscal Recovery Fund	21.027
U.S. Department of Education:	
Title I Grants to Local Educational Agencies	84.010
Education Stabilization Fund	84.425
U.S. Department of Health and Human Services:	
Immunization Cooperative Agreements	93.268
Low-Income Home Energy Assistance	93.568
CCDF Cluster:	
Child Care and Development Block Grant	93.575
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596
Foster Care - Title IV-E	93.658
Children's Health Insurance Program (CHIP)	93.767

Medicaid Cluster:	
State Medicaid Fraud Control Units	93.775
State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare	93.777
Medical Assistance Program	93.778
Opioid STR	93.788
 Dollar threshold used to distinguish between type A and type B programs:	 \$29,864,836
 Auditee qualified as low-risk auditee:	 No

**B. Findings – Financial Statement Audit**

**2022-001: Controller’s Office - Overall Risk Assessment and Monitoring Activities  
Material Weakness**

*Criteria:* Management is responsible for establishing and maintaining an effective system of internal control over financial reporting.

*Condition:* Analysis and review of financial reporting information received by the Controller’s Office from the various state agencies is not operating effectively.

*Cause:* Financial reporting information received from the various state agencies is frequently misstated or otherwise in error. However, the State of Nevada Controller’s Office does not have adequate internal controls to effectively analyze and review this information. In some cases, information is compiled for financial reporting without adequate review and follow-up with state agencies for potential material errors.

*Effect:* Materially misstated information is compiled and recorded for financial reporting. As a result, our audit procedures identified adjustments for:

- Cash and Investments
- Accounts Receivable
- Capital Assets
- Accounts Payable
- Unearned Revenue
- Unavailable Revenue
- Revenue
- Expenses

*Recommendation:* We recommend the Controller’s Office enhance internal controls to effectively analyze and review information received from the various state agencies.

*Views of Responsible Officials:* Management agrees with this finding.

**2022-002:      Controller's Office - Cash and Investments – Reconciliation, Classification and Disclosures  
Material Weakness**

*Criteria:*                                      Management is responsible for establishing and maintaining an effective system of internal control over financial reporting. Properly reconciling bank accounts in a timely and accurate manner is a key component of effective internal control over financial reporting. In addition, proper classification of cash and investment balances and accuracy of disclosure is necessary for the preparation of financial statements in accordance with U.S. GAAP and to prevent misappropriation of assets.

*Condition:*                                    The June 30, 2022 bank reconciliation for the outside bank accounts includes an unexplained variance of \$19,331,785 between the book balance and the bank balance.

In addition, there were items not included within the adjusted pooled cash and investments reconciliation and were recorded in error.

Moreover, the cash and investment note disclosures and cash flow statements were not accurate.

*Cause:*                                        The State of Nevada Controller's Office's (Controller's Office) internal controls in place allow for a tolerable variance in bank reconciliations that are not investigated; however, the internal controls were not adequate to ensure all significant reconciling items reflected in the general ledger were included in the bank reconciliation.

The Controller's Office did not have adequate internal controls to ensure accuracy of cash and investment note disclosures and cash flow statements.

*Effect:*                                        The cash balance recorded in the State of Nevada's general ledger may be incorrect. In addition, the following errors were noted:

- General Fund
  - Cash was overstated by \$84,064,014.
  - Accounts payable was overstated by \$71,059,184.
  - Investment income was overstated by \$13,004,830.

The restricted cash note disclosure in Note 6 required the following update:

- Capital projects – unspent bond proceeds of \$163,133,000.

The cash and investment disclosures in Note 3 required the following updates:

- Mutual Funds were overstated and money market mutual funds were understated by \$1,487,000,000.
- Various other adjustments were required for classifications between maturity, quality ratings and fair value table.

The Statement of Cash Flows required updates for the Water Project Loans Fund to present program loans as operating activities rather than investing activities.

*Recommendation:*

We recommend the Controller’s Office enhance internal controls to ensure the bank reconciliation includes all significant reconciling items and that the tolerable unreconciled variance be a lower threshold.

We recommend the Controller’s Office enhance internal controls to ensure accuracy of cash and investment disclosures as well as cash flow statements.

*Views of Responsible Officials:*

Management agrees with this finding



**2022-003:      Controller's Office – Revenue Recognition  
Material Weakness**

*Criteria:* Management is responsible for establishing and maintaining an effective system of internal control over financial reporting. Ensuring accounts receivables, revenue, and unearned revenue are recorded in the appropriate time period and meet the criteria for recognition is a key component of effective internal control over financial reporting.

*Condition:* Accounts receivables, revenue, and unearned revenue were not recorded appropriately as noted:

- Gold and silver tax revenue was not allocated over the period earned.
- Changes in identified grant receivables and unearned revenues were not timely identified.
- Opioid settlement amounts were not initially estimated appropriately to include amounts net of legal fees.
- Fiduciary funds were not maintained on an accrual basis of accounting.

*Cause:* The State of Nevada Controller's Office (Controller's Office) did not have adequate internal controls to ensure accounts receivables, revenue, and unearned revenue were appropriately recorded.

*Effect:* The following errors were noted:

- General Fund
  - Understatement of gold and silver tax revenue and overstatement of related unearned revenue by \$28,707,415.
  - Understatement of federal grant related receivables and unearned revenue as well as an overstatement of revenue and unavailable revenue by \$5,608,334.
- Intergovernmental Fund
  - Overstatement of opioid accounts receivables and revenue by \$11,066,894.
  - Understatement of tax receivable by \$175,203,159, understatement of revenue by \$244,760,164, understatement of expense by \$231,763,465, and a \$162,206,460 prior period adjustment for various tax revenue that should have been recorded in the fiscal year 2021.

*Recommendation:* We recommend the Controller’s Office enhance internal controls to ensure accounts receivable, revenue, and unearned revenue are appropriately recorded.

*Views of Responsible Officials:* Management agrees with this finding.

**2022-004:      Controller's Office – Settlement Liability and Expenses  
Material Weakness**

*Criteria:* Management is responsible for establishing and maintaining an effective system of internal control over financial reporting. Ensuring liabilities and expenses are recorded in the appropriate time period is a key component of effective internal control over financial reporting.

*Condition:* Settlement liability and expenses were not recorded in the appropriate fiscal year.

*Cause:* The State of Nevada Controller's Office (Controller's Office) did not have adequate internal controls to track legal settlements and ensure they were recorded in the appropriate fiscal year.

*Effect:* The following error was noted:

- General Fund
  - Understatement of settlement liability and expenditures by \$40,000,000.

*Recommendation:* We recommend the Controller's Office enhance internal controls to track legal settlements and ensure they are recorded in the appropriate fiscal year.

*Views of Responsible Officials:* Management agrees with this finding.

**2022-005:        Controller’s Office – Leases and Adoption of GASB Statement No. 87 Leases  
Material Weakness**

*Criteria:*                                        Management is responsible for establishing and maintaining an effective system of internal control over financial reporting. Ensuring right of use leased assets and lease liabilities are recorded appropriately and in accordance with the implementation of Governmental Accounting Standards Board (GASB) Statement No. 87 Leases is a key component of effective internal control over financial reporting.

*Condition:*                                      Right of use leased assets and lease liabilities entered into during the year were not recorded as new additions. In addition, certain existing right of use leased assets and lease liabilities did not assess the extension period of the lease term.

*Cause:*    The State of Nevada Controller’s Office (Controller’s Office) did not have adequate internal controls to ensure leases were recorded in accordance with GASB Statement No. 87.

*Effect:*    The following errors were noted:

- General Fund
  - Understatement of capital outlay – leases and understatement of other financing sources - lease proceeds by \$9,395,910.
- Highway Fund
  - Understatement of capital outlay – leases and understatement of other financing sources - lease proceeds by \$942,652.
- Governmental Activities
  - Understatement of right of use leased assets and lease liabilities by \$11,796,994.

*Recommendation:*                                        We recommend the Controller’s Office enhance internal controls to ensure leases are recorded in accordance with GASB Statement No. 87.

*Views of Responsible Officials:*                                        Management agrees with this finding.

**2022-006: Division of Health Care Financing and Policy – Medicaid and CHIP Balances  
Material Weakness**

*Criteria:* Management is responsible for establishing and maintaining an effective system of internal control over financial reporting. Properly calculating and valuing significant estimates in a timely and accurate manner is a key component of effective internal control over financial reporting. In addition, ensuring expenses are recorded in the appropriate time period is a key component of effective internal control over financial reporting.

*Condition:* Estimates for Medicaid and the Children Health Insurance Program (CHIP) incurred but not reported (or processed) claims and related amounts due from the federal government were not developed using accurate data and appropriate assumptions. In addition, capitation expenditures were not recorded in the appropriate fiscal year.

*Cause:* The State of Nevada Division of Health Care Financing and Policy (DHCFP) did not have adequate internal controls to develop the Medicaid and CHIP claim estimates using appropriate data and assumptions.

The Medicaid and CHIP estimates were calculated using reports from the Medicaid Management Information System (MMIS). However, the reports were run prior to significant data being captured in the system (in early August rather than in October or November). These estimates are generally developed using subsequent claims and payments with a minimum of at least 60-120 days of activity, to ensure accuracy and precision.

In addition, the DHCFP did not have adequate internal controls to ensure capitation expenditures were recorded in the appropriate period.

*Effect:* The following errors were noted:

- General Fund
  - Understatement of receivables by \$298,546.
  - Overstatement of unavailable revenues by \$79,885,558.
  - Overstatement of liabilities by \$25,527,521.
  - Understatement of revenues by \$79,587,012.
  - Overstatement of expenditures by \$25,527,521.

*Recommendation:*

We recommend the DHCFP enhance internal controls to develop the Medicaid and CHIP estimates using appropriate data and assumptions. Reports from the MMIS should be developed using significant, relevant data and through the correct time period. In addition, we recommend the DHCFP enhance internal controls to ensure capitation expenses are recorded in the appropriate period.

*Views of Responsible Officials:*

Management agrees with this finding.

**2022-007: Department of Taxation – Sales and Use Tax  
Material Weakness**

*Criteria:* Management is responsible for establishing and maintaining an effective system of internal control over financial reporting. Ensuring sales and use tax receivables and unavailable revenues are recorded appropriately is a key component of effective internal control over financial reporting.

*Condition:* Sales and use tax receivables and unavailable revenues were not recorded appropriately.

*Cause:* The State of Nevada Department of Taxation (Taxation) did not have adequate internal controls to communicate sales and use tax receivables of a highly questionable nature to the Controller’s Office.

*Effect:* The following error was noted:

- General Fund
  - Overstatement of sales and use tax receivables and related unavailable revenues by \$123,509,056.

*Recommendation:* We recommend Taxation enhance internal controls to communicate sales and use tax receivables that appear highly questionable to the Controller’s Office to ensure appropriate financial reporting matters are considered.

*Views of Responsible Officials:* Management agrees with this finding.

**2022-008: Department of Agriculture – Receivables  
Material Weakness**

*Criteria:* Management is responsible for establishing and maintaining an effective system of internal control over financial reporting. Ensuring receivables and related unavailable revenues are recorded appropriately is a key component of effective internal control over financial reporting.

*Condition:* Receivables and related unavailable revenues were not recorded appropriately.

*Cause:* The State of Nevada Department of Agriculture (NDA) did not have adequate internal controls to ensure amounts reported to the Controller’s Office for agency receivables were accurate.

*Effect:* The following error was noted:

- General Fund
  - Overstatement of accounts receivables and unavailable revenues by \$9,958,107.

*Recommendation:* We recommend the NDA enhance internal controls to ensure amounts reported to the Controller’s Office for agency receivables are accurate.

*Views of Responsible Officials:* Management agrees with this finding.



**2022-009: Department of Public Safety – Receivables  
Material Weakness**

*Criteria:* Management is responsible for establishing and maintaining an effective system of internal control over financial reporting. Ensuring receivables and related unavailable revenues are recorded appropriately is a key component of effective internal control over financial reporting.

*Condition:* Receivables and related unavailable revenues were not recorded appropriately.

*Cause:* The State of Nevada Department of Public Safety (DPS) did not have adequate internal controls to ensure amounts reported to the Controller’s Office for agency receivables were accurate.

*Effect:* The following error was noted:

- General Fund
  - Overstatement of accounts receivables and unavailable revenues by \$32,055,889.

*Recommendation:* We recommend the DPS enhance internal controls to ensure amounts reported to the Controller’s Office for agency receivables are accurate.

*Views of Responsible Officials:* Management agrees with this finding.

**2022-010: Division of Welfare and Supportive Services - Pandemic Electronic Benefit Transfer  
 Material Weakness**

*Criteria:* Management is responsible for establishing and maintaining an effective system of internal control over financial reporting. Ensuring noncash revenues and related expenditures are recorded appropriately is a key component of effective internal control over financial reporting.

*Condition:* Pandemic food benefits provided through electronic benefit transfer (EBT) cards were not recorded.

*Cause:* The State of Nevada Division of Welfare and Supportive Services (DWSS) did not have adequate internal controls to ensure EBT benefits were communicated to the Controller’s Office for appropriate recording.

*Effect:* The following error was noted:

- General Fund
  - Understatement of revenues and expenditures by \$489,716,006.

*Recommendation:* We recommend the DWSS enhance internal controls to ensure EBT benefits are communicated to the Controller’s Office for appropriate recording.

*Views of Responsible Officials:* Management agrees with this finding.

**2022-011:      Division of Emergency Management – Inventory  
Material Weakness**

*Criteria:* Management is responsible for establishing and maintaining an effective system of internal control over financial reporting. Inventory management is a key component of effective internal control over financial reporting.

*Condition:* Inventory was not appropriately stored to allow for an accurate count or reconciliation of amounts.

*Cause:* The State of Nevada Division of Emergency Management (DEM) transferred inventory to a new warehouse during the year. The inventory was not organized in a systematic manner to allow for the performance of an inventory count. Internal controls in place did not ensure inventory could be accounted for correctly.

*Effect:* The amount of inventory was unknown and unable to be verified.

*Recommendation:* We recommend the DEM enhance internal controls to ensure inventory is organized in a systematic manner to allow for the performance of an inventory count and reconciliation.

*Views of Responsible Officials:* Management agrees with this finding.

**2022-012: Department of Transportation - Infrastructure Construction in Progress  
Material Weakness**

*Criteria:* Management is responsible for establishing and maintaining an effective system of internal control over financial reporting. Ensuring infrastructure is recorded appropriately is a key component of effective internal control over financial reporting.

*Condition:* Certain infrastructure projects were capitalized by the State of Nevada Department of Transportation (NDOT) in the prior year that were not assets of the State of Nevada.

*Cause:* NDOT did not have adequate internal controls to ensure ownership of infrastructure was adequately reviewed prior to capitalizing the construction as a State of Nevada asset.

*Effect:* A prior period adjustment was required of infrastructure construction in progress and beginning net position by \$57,962,515.

*Recommendation:* We recommend the NDOT enhance internal controls to ensure ownership of infrastructure is adequately reviewed prior to capitalizing the construction as a State of Nevada asset.

*Views of Responsible Officials:* Management agrees with this finding.

**2022-013      Higher Education Tuition Trust Fund – Financial Statement and Reconciliation Controls  
Material Weakness**

*Criteria:* Management is responsible for establishing and maintaining an effective system of internal control over financial reporting. One of the key components of an effective system of internal control over financial reporting is the preparation of full disclosure financial statements that do not require adjustment as part of the audit process.

*Condition:* Management prepares internal use financial statements. However, management required the assistance of the external audit firm to prepare the Higher Education Tuition Trust Enterprise Fund's (the Trust Fund) audited financial statements and related note disclosures. Although the preparation of financial statements as a part of the audit engagement is not unusual, it may result in financial statements and related information included in financial statement disclosures not being available for management purposes as timely as it would be if prepared by the Trust Fund's personnel.

In addition, we proposed audit adjustments related to investments, accounts payable, cash, and net increase/decrease in fair value of investments.

*Cause:* Accounting personnel do not have the current resources of time and training necessary to prepare the financial statements in accordance with generally accepted accounting principles. As a result, the Trust Fund chose to contract with Eide Bailly, LLP to the prepare its financial statements. In addition, the Trust Fund did not have adequate internal controls to ensure investment and related balances were appropriately reconciled and recorded.

*Effect:* The Trust Fund's internally prepared records upon which the financial statements are prepared did not contain all information required by generally accepted accounting principles. Correcting audit entries were posted for:

- Overstatement of investments by \$21,124,245.
- Overstatement of accounts payable by \$4,996,990.
- Understatement of cash equivalents by \$148,430.
- Overstatement of net increase/decrease in fair value of investments by \$15,978,825.

*Recommendation:*

We recommend the Trust Fund allocate the resources necessary to provide sufficient training to enable the preparation of the financial statements in accordance with generally accepted accounting principles and enhance internal controls to ensure investment and related balances are appropriately reconciled and recorded.

*Views of Responsible Officials:*

Management agrees with this finding.

**2022-014: Unemployment Insurance - Assessment Revenue  
Material Weakness**

*Criteria:* Management is responsible for establishing and maintaining an effective system of internal control over financial reporting. Accurate reconciliation of employer assessment revenues and receivables is a key component of internal control.

*Condition:* Employers in the State of Nevada self-report amounts owed with respect to unemployment assessments. In some cases, employers overpaid the amount of assessment that was owed either through paying the wrong assessment tax rate or through duplicate payments made by third party payroll companies on their behalf.

The Department of Employment, Training, and Rehabilitation (DETR) did not separately identify or account for employer accounts with overpaid assessments and thus accounted for employer overpayments in error.

*Cause:* DETR did not have adequate internal controls to provide for the initial identification and reconciliation of employer overpayments to ensure appropriate recognition in the financial statements.

*Effect:* Prior to adjustment, employer assessment revenue was overstated by \$58,357,785, employer assessment receivables were overstated by \$16,985,482, and accounts payable were understated by \$41,372,303.

*Recommendation:* We recommend DETR enhance internal controls to provide for the initial identification and reconciliation of employer overpayments to ensure appropriate recognition in the financial statements.

*Views of Responsible Officials:* Management agrees with this finding.

**2022-015: Department of Education – Receivables and Expenditures  
Significant Deficiency**

*Criteria:* Management is responsible for establishing and maintaining an effective system of internal control over financial reporting. Ensuring the pupil centered funding plan (PCFP) final true-up adjustments are recorded appropriately is a key component of effective internal control over financial reporting.

*Condition:* A PCFP true-up payment received from a local school district was not recorded in the appropriate fiscal year.

*Cause:* The State of Nevada Department of Education (NDE) did not have adequate internal controls to ensure PCFP true-up amounts were recorded in the appropriate year.

*Effect:* The following error was noted:

- State Education Fund
  - Overstatement of expenditures and understatement of receivables by \$5,431,006.

*Recommendation:* We recommend the NDE enhance internal controls to ensure PCFP true-up amounts are recorded in the appropriate year.

*Views of Responsible Officials:* Management agrees with this finding.



**2022-016: Department of Corrections – Payroll Internal Controls  
Significant Deficiency**

*Criteria:* Management is responsible for establishing and maintaining an effective system of internal control over financial reporting. Proper reconciliation of payroll is a key component of effective internal control over financial reporting.

To ensure proper reconciliation occurs, the State of Nevada’s internal control policies require that agencies with a timekeeper function print reports from the Payroll Data Warehouse for each employee’s timesheet entered by a timekeeper. The agency must verify that time and pay entries reported on the payroll register agree with the timesheet. For all employees, if the leave or overtime was not preapproved in the Nevada Employee Action and Timekeeping System (NEATS), then an approved hard copy must be on file. This is performed by the agencies every pay period. In addition, on the Monday following payday, agencies also reconcile the expenditures from the Budget Status Report to the Detail Cost Listing report (provided by Advantage-HR).

*Condition:* No reconciliation of payroll occurred during fiscal year 2022 by the State of Nevada Department of Corrections (NDOC), in accordance with the State of Nevada internal control policy.

*Cause:* NDOC did not monitor and follow established internal control policies.

*Effect:* Errors could occur and not be corrected or detected by NDOC.

*Recommendation:* We recommend the NDOC follow the State of Nevada payroll reconciliation internal control policies.

*Views of Responsible Officials:* Management agrees with this finding.

**2022-017: Department of Health and Human Services – Payroll Internal Control  
Significant Deficiency**

*Criteria:* Management is responsible for establishing and maintaining an effective system of internal control over financial reporting. Proper reconciliation of payroll is a key component of effective internal control over financial reporting.

To ensure proper reconciliation occurs, the State of Nevada’s internal control policies require that agencies with a timekeeper function print reports from the Payroll Data Warehouse for each employee’s timesheet entered by a timekeeper. The agency must verify that time and pay entries reported on the payroll register agree with the timesheet. For all employees, if the leave or overtime was not preapproved in the Nevada Employee Action and Timekeeping System (NEATS), then an approved hard copy must be on file. This is performed by the agencies every pay period. In addition, on the Monday following payday, agencies also reconcile the expenditures from the Budget Status Report to the Detail Cost Listing report (provided by Advantage-HR).

*Condition:* No reconciliation of payroll occurred during fiscal year 2023 by the State of Nevada Department of Health and Human Services (DHHS), in accordance with the State of Nevada internal control policy.

*Cause:* DHHS did not monitor and follow established internal control policies.

*Effect:* Errors could occur and not be corrected or detected by DHHS.

*Recommendation:* We recommend the DHHS follow the State of Nevada payroll reconciliation internal control policies.

*Views of Responsible Officials:* Management agrees with this finding.

**C. Findings and Questioned Costs – Major Federal Award Programs**

**2022-018: U.S. Department of Agriculture  
 Child Nutrition Cluster:  
 School Breakfast Program, 10.553  
 National School Lunch Program, 10.555  
 Special Milk Program for Children, 10.556  
 Summer Food Service Program for Children, 10.559  
 Fresh Fruit and Vegetable Program, 10.582**

**Reporting  
 Significant Deficiency in Internal Control over Compliance**

*Grant Award Number:* Affects all grant awards included under assistance listings 10.553 and 10.555 on the Schedule of Expenditures of Federal Awards.

*Criteria:* The *OMB Compliance Supplement* requires that reports submitted to the federal awarding agency include all activity of the reporting period, are supported by underlying accounting information or performance records, and are fairly presented in accordance with governing requirements.

Pursuant to Title 7 *Agriculture Part 210 National School Lunch Program* and Part 220 *School Breakfast Program*, state agencies are required to submit a report on school program operations (FNS-10) to Food and Nutrition Service (FNS) each month.

*Condition:* Membership enrollment amounts reported on the FNS-10 report were inaccurate.

*Cause:* The Nevada Department of Agriculture (NDA) did not have adequate internal controls to ensure accurate information was reported to the federal awarding agency.

*Effect:* Inaccurate information was reported to FNS.

*Questioned Costs:* None

*Context/Sampling:* A nonstatistical sample of seven out of a population of 36 reports was selected for testing. The October 2021 FNS-10 report includes annual information (rather than monthly). Line 12b – Membership (Enrollment) of Public Schools was reported as 13. The actual enrollment supported by the underlying documentation of public schools was 22.

*Repeat Finding from Prior Year:* No

*Recommendation:* We recommend NDA enhance internal controls to ensure accurate information is reported to the federal awarding agency.

*Views of Responsible  
Officials:*

The Nevada Department of Agriculture agrees with this finding.

**2022-019: U.S. Department of Agriculture**  
**Child Nutrition Cluster:**  
**School Breakfast Program, 10.553**  
**National School Lunch Program, 10.555**  
**Special Milk Program for Children, 10.556**  
**Summer Food Service Program for Children, 10.559**  
**Fresh Fruit and Vegetable Program, 10.582**

**Reporting**  
**Material Weakness in Internal Control over Compliance and Material Noncompliance**

*Grant Award Number:* Affects all grant awards included under assistance listings 10.553, 10.555, 10.556, 10.559, and 10.582 on the Schedule of Expenditures of Federal Awards.

*Criteria:* The Federal Funding Accountability and Transparency Act (FFATA) requires direct recipients of certain federal awards to report subaward information by the end of the month following the month in which the prime awardee obligates a subgrant award equal to \$30,000.

*Condition:* Required subaward information was not reported in the FFATA Subaward Reporting System (FSRS).

*Cause:* The Nevada Department of Agriculture (NDA) did not have internal controls to ensure subaward information was submitted in accordance with the FFATA.

*Effect:* Subaward obligations were not reported in the FSRS and therefore not included on the FFATA’s website for public information disclosure.

*Questioned Costs:* None

*Context/Sampling:* A nonstatistical sample of 6 out of a population of 54 applicable subaward obligations was selected for testing. The quantity and subaward obligation errors were noted as follows:

	Subawards	Obligations
Total Tested	6	\$2,748,488
Not Reported	6	\$2,748,488
Not Timely	6	\$2,748,488
Obligation Incorrect	6	\$2,748,488
Missing Key Elements	6	\$2,748,488

*Repeat Finding from Prior Year:* No

*Recommendation:* We recommend NDA implement internal controls to ensure subaward information is submitted in accordance with the FFATA.

*Views of Responsible  
Officials:*

The Nevada Department of Agriculture agrees with this finding.

**2022-020: U.S. Department of Labor  
Unemployment Insurance, 17.225**

**Reporting  
Material Weakness in Internal Control over Compliance**

*Grant Award Number:* Affects all grant awards included under assistance listing 17.225 on the Schedule of Expenditures of Federal Awards.

*Criteria:* The *OMB Compliance Supplement* requires that reports submitted to the federal awarding agency include all activity of the reporting period, are supported by underlying accounting information or performance records, and are fairly presented in accordance with governing requirements.

The Nevada Department of Employment, Training and Rehabilitation (DETR) must submit the *ETA 2112 UI Financial Transaction Summary* as directed by the *Employment & Training Administration Handbook*. This report is a monthly summary of transactions, which account for all funds received in, passed through, or paid out of the state unemployment fund.

*Condition:* Amounts reported on the ETA 2112 were misreported by category (benefit type).

*Cause:* DETR did not have adequate internal controls to ensure benefit payments were appropriately categorized by type.

*Effect:* Inaccurate information was reported to the federal awarding agency.

*Questioned Costs:* None

*Context/Sampling:* A nonstatistical sample of four out of 12 monthly reports was selected for testing. Errors were noted on each of the four reports tested as follows:

Month Ended July 31, 2021

- Deposit and disbursement total variances of \$29,400.
- Off-setting variances in specific benefits ranging from \$1,069 to \$522,826.

Month Ended August 31, 2021

- Off-setting variances in specific benefits ranging from \$2,993 to \$3,244,522.

Month Ended December 31, 2021

- Off-setting variances in specific benefits ranging from \$4,785 to \$373,125.

Month Ended April 30, 2022

- Off-setting variances in specific benefits ranging from \$2,992 to \$161,515.

*Repeat Finding from  
Prior Year:*

Yes – prior year finding 2021-026.

*Recommendation:*

We recommend the DETR enhance the internal controls to ensure benefit payments are appropriately categorized by type.

*Views of Responsible  
Officials:*

The Nevada Department of Employment, Training and Rehabilitation agrees with this finding.



**2022-021: U.S. Department of Labor  
Unemployment Insurance, 17.225**

**Special Tests and Provisions – UI Benefit Payments  
Material Weakness in Internal Control over Compliance**

*Grant Award Number:* Affects all grant awards included under assistance listing 17.225 on the Schedule of Expenditures of Federal Awards.

*Criteria:* State Workforce Agencies are required by 20 CFR section 602.11(d) to operate and maintain a quality control system. The Benefits Accuracy Measurement (BAM) program is the quality control system designed to assess the accuracy of UI benefit payments and denied claims. The State’s BAM unit is required to draw a weekly sample of payments and denied claims, complete prompt and in-depth investigations to determine the degree of accuracy in the administration of the program. The requirements are promulgated in the *ET Handbook No. 395* (Handbook).

Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) section 200.303 provides that non-federal entities must establish and maintain effective internal control that provides reasonable assurance that the non-federal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award.

*State of Nevada, Department of Employment, Training and Rehabilitation, Manual of Operations, Chapter 7800, Part V, Section 7862 Supervisor Case Review* states that the supervisor review is intended as a final check of information gathered and processed during the audit to ensure horizontal consistency, consistent and correct coding, and ensure all required elements are complete and included. Items/Areas of concern will be addressed to the investigator of the case and resolved prior to closing the case.

*Department of Labor ET Handbook 395, Part VI, Section 11 Completion of Cases and Timely Data Entry* states that a minimum of 70% of cases must be completed within 60 days of the week ending date of the batch, and 95% of cases must be completed within 90 days of the week ending batch; and a minimum of 98% of cases for the year must be completed within 120 days of the ending date of the calendar year.

<i>Condition:</i>	Investigations performed by the BAM supervisor or senior investigator are not reviewed by someone other than the investigator. In addition, completion of cases and timely data entry requirements were not met.
<i>Cause:</i>	The Nevada Department of Employment, Training and Rehabilitation (DETR) did not have internal controls to ensure appropriate segregation of duties on all BAM investigations and to ensure the timely data entry requirements were met.
<i>Effect:</i>	Errors may occur in a BAM investigation that are not detected or may not be detected timely.
<i>Questioned Costs:</i>	None
<i>Context/Sampling:</i>	A nonstatistical sample of 60 completed BAM cases out of a population of 734 was selected for testing. The investigator and reviewer were the same person for 17 of the cases tested. In addition, a time lapse report of case completion was examined for paid claims accuracy. Of these investigations, 85.19% of the cases were completed within 90 days, rather than the 95% required. In addition, the total completion percentage was 92.12% complete, rather than the 98% completion required.
<i>Repeat Finding from Prior Year:</i>	Yes – prior year finding 2021-028.
<i>Recommendation:</i>	We recommend DETR implement internal controls to ensure appropriate segregation of duties on all BAM investigations and to ensure timeliness requirements are met.
<i>Views of Responsible Officials:</i>	The Nevada Department of Employment, Training and Rehabilitation agrees with this finding.

**2022-022: U.S. Department of Labor**  
**WIOA Cluster:**  
**WIOA Adult Program, 17.258**  
**WIOA Youth Activities, 17.259**  
**WIOA Dislocated Worker Formula Grants, 17.278**

**Reporting**  
**Significant Deficiency in Internal Control over Compliance**

*Grant Award Number:* Affects all grant awards included under assistance listing 17.258, 17.259, and 17.278 on the Schedule of Expenditures of Federal Awards.

*Criteria:* The Federal Funding Accountability and Transparency Act (FFATA) requires direct recipients of certain federal awards to report subaward information by the end of the month following the month in which the prime awardee obligates a subgrant award equal to \$30,000.

*Condition:* Accurate and timely subaward information was not reported in the FFATA Subaward Reporting System (FSRS).

*Cause:* The Department of Employment, Training, and Rehabilitation (DETR) did not have internal controls to ensure subaward information was submitted in accordance with the FFATA.

*Effect:* Subaward obligation dates were not reported accurately or timely in the FSRS; therefore, public information disclosures are inaccurate.

*Questioned Costs:* None

*Context/Sampling:* A nonstatistical sample of three out of a population of eight applicable subawards obligations during the year was selected for testing.:

	Subawards	Obligations
Total Tested	3	\$38,640,550
Not Reported	-	-
Not Timely	2	\$31,112,031
Obligation Incorrect	-	-
Missing Key Elements	3	\$38,640,550

Obligation dates were reported as October 1, 2021 for all three subawards rather than August 2, 2021 (two subawards) or September 22, 2021 (one subaward).

*Repeat Finding from Prior Year:* No

*Recommendation:* We recommend DETR implement internal controls to ensure subaward information is submitted in accordance with the FFATA.

*Views of Responsible Officials:* The Department of Employment, Training, and Rehabilitation agrees with this finding.

**2022-023: U.S. Department of Labor**  
**WIOA Cluster:**  
**WIOA Adult Program, 17.258**  
**WIOA Youth Activities, 17.259**  
**WIOA Dislocated Worker Formula Grants, 17.278**

**Subrecipient Monitoring**  
**Significant Deficiency in Internal Control over Compliance**

*Grant Award Number:* Affects all grant awards included under assistance listing 17.258, 17.259, and 17.278 on the Schedule of Expenditures of Federal Awards.

*Criteria:* Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) requires that pass-through entities ensure that every subaward includes certain information at the time of the subaward and that the award's assistance listing number is identified to the subrecipient at the time of disbursement.

*Condition:* The assistance listing number was not identified at the time of disbursement.

*Cause:* The Department of Employment, Training and Rehabilitation (DETR) did not have internal controls to ensure the assistance listing number was communicated on each disbursement to a subrecipient.

*Effect:* Noncompliance at the subrecipient level may occur and not be detected by the Department.

*Questioned Costs:* None

*Context/Sampling:* A nonstatistical sample of 60 out of a population of 571 payments to subrecipients was selected for testing. DETR did not communicate the award's assistance listing number at the time of disbursement for all 60 payments.

*Repeat Finding from Prior Year:* No

*Recommendation:* We recommend DETR implement internal controls to ensure the assistance listing number is communicated on each disbursement to a subrecipient.

*Views of Responsible Officials:* The Department of Employment, Training and Rehabilitation agrees with this finding.

**2022-024: U.S. Department of the Treasury  
Coronavirus Relief Fund, 21.019**

**Reporting  
Material Weakness in Internal Control over Compliance and Material Noncompliance**

*Grant Award Number:* Affects all grant awards included under assistance listing 21.019 on the Schedule of Expenditures of Federal Awards.

*Criteria:* The *OMB Compliance Supplement* requires that reports submitted to the federal awarding agency include all activity of the reporting period, are supported by applicable accounting or performance records, and are fairly presented in accordance with governing requirements.

The Nevada Governor's Finance Office (GFO) must submit quarterly *Financial Progress Reports* that contain COVID-19 related costs incurred during the covered period to Treasury OIG. Critical information includes:

- The total amount of payments received from Treasury.
- The amount of funds received that were expended or obligated for each project or activity.
- A detailed list and a description of all projects or activities for which funds were expended or obligated.
- Detailed information on any loans issued; contracts and grants awarded; transfers made to other government entities; and direct payments made that are greater than \$50,000.

*Condition:* Some expenditures were not reported in the appropriate classification or by vendor.

*Cause:* GFO did not have adequate internal controls to ensure *Financial Progress Reports* were prepared in accordance with governing requirements.

*Effect:* Inaccurate information was reported to the federal awarding agency.

*Questioned Costs:* None

*Context/Sampling:* A nonstatistical sample of two *Financial Progress Reports* from a population of four was selected for testing. Obligations for Direct Payments greater than \$50,000 did not agree to underlying support. Transfers to other agencies within the State were reported as direct payments to the State of Nevada rather than reported by the vendor that those agencies expended funds to. In addition, payments to subrecipients were reported as direct payments to vendors rather than as a subrecipient payment.

The cumulative impact is as follows:

Reporting Period Ended December 31, 2021

For reporting category - direct payments > \$50,000:

Obligations were reported as \$371,850,696. However, supporting documentation showed obligations of \$44,591,536. Of the \$371,850,696 \$327,259,160 should have been reported by vendor as either a contract, grant, transfer, vendor specific (rather than state agency, county, or city) direct payment, or an aggregate payment to an individual.

Expenditures were reported as \$4,297,856. However, we identified \$4,109,950 in expenditures that were reported as a direct payment to other state agencies, counties, or cities. The \$4,109,950 should have been reported by vendor as either a contract, grant, transfer, vendor specific (rather than state agency, county, or city) direct payment, or aggregate payment to an individual.

Reporting Period Ended June 30, 2022

For reporting category - direct payments > \$50,000:

Obligations were reported as \$33,920,290. However, we identified \$7,773,744 in obligations that were reported as a direct payment to other state agencies, counties, or cities. The \$7,773,744 should have been reported by vendor as either a contract, grant, transfer, vendor specific (rather than state agency, county, or city) direct payment, or aggregate payment to an individual.

*Repeat Finding from  
Prior Year:*

Yes – prior year finding 2021-030.

*Recommendation:*

We recommend the GFO enhance internal controls to ensure *Financial Progress Reports* are prepared in accordance with governing requirements.

*Views of Responsible  
Officials:*

The Nevada Governor’s Finance Office agrees with this finding.

**2022-025: U.S. Department of the Treasury  
Coronavirus Relief Fund, 21.019**

**Subrecipient Monitoring  
Material Weakness in Internal Control over Compliance**

*Grant Award Number:* Affects all grant awards included under assistance listing 21.019 on the Schedule of Expenditures of Federal Awards.

*Criteria:* Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) section 200.332 requires that:

Pass-through entities communicate the award's assistance listing number to the subrecipient at the time of disbursement.

Pass-through entities verify every subrecipient is audited as required by Uniform Guidance, issue management decisions for audit findings, as applicable, and ensure the subrecipient takes timely corrective action on all audit findings, as applicable.

*Condition:* Assistance listing numbers were not communicated at disbursement and there was no evidence that subrecipient audit reports were monitored.

*Cause:* Adequate internal controls were not in place to ensure compliance with subrecipient monitoring requirements for the following agencies:

- Nevada Supreme Court
- Nevada Governor's Finance Office

*Effect:* Noncompliance at the subrecipient level may occur and not be detected by the State.

*Questioned Costs:* None

*Context/Sampling:* A nonstatistical sample of 4 subrecipients out of a population of 18 across all State agencies was selected for testing. A nonstatistical sample of 12 pass-through payments out of a population of 56 was selected for testing.

The following errors were noted by agency:

Nevada Governor's Finance Office

We tested four subrecipients and nine pass-through payments applicable to the Governors Finance Office. No documentation was available to provide that any of the four subrecipient audit reports had been monitored.



In addition, the assistance listing was not communicated at the time of disbursement for one pass-through payment tested.

Nevada Supreme Court

We tested three pass-through payments applicable to the Nevada Supreme Court. The assistance listing was not communicated at the time of disbursement for all three pass-through payments.

*Repeat Finding from  
Prior Year:*

Yes – prior year finding 2021-031.

*Recommendation:*

We recommend the State agencies listed above enhance internal controls to ensure compliance with subrecipient monitoring requirements.

*Views of Responsible  
Officials:*

The agencies listed above agree with this finding.

**2022-026: U.S. Department of Treasury  
Emergency Rental Assistance Program, 21.023**

**Reporting  
Significant Deficiency in Internal Control over Compliance**

*Grant Award Number:* Affects all grant awards included under assistance listing 21.023 on the Schedule of Expenditures of Federal Awards.

*Criteria:* Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) section 200.303 provides that non-federal entities must establish and maintain effective internal control that provides reasonable assurance that the non-federal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award.

The *OMB Compliance Supplement* provides that states are required to submit *Federal Financial Reports* (SF-425). In addition, states are required to submit *Quarterly Reports* for Emergency Rental Assistance as amended by the Consolidated Appropriations Act of 2021 (ERA1) and Emergency Rental Assistance from the American Rescue Plan Act (ERA2).

*Condition:* There was no review of the SF-425 reports or *Quarterly Reports* by an individual independent of the preparation of the reports.

*Cause:* The Nevada Housing Division (NHD) did not have internal controls to ensure reports are reviewed prior to submission.

*Effect:* Inaccurate information may be submitted to the federal awarding agency.

*Questioned Costs:* None

*Context/Sampling:* A nonstatistical sample of two SF-425 reports out of a population of four and four *Quarterly Reports* out of a population of eight was selected for testing. There was no evidence of segregation of duties on any of the reports selected for testing.

*Repeat Finding from Prior Year:* No

*Recommendation:* We recommend NHD implement internal controls to ensure reports are reviewed prior to submission.

*Views of Responsible  
Officials:*

The Nevada Housing Division agrees with this finding.

**2022-027: U.S. Department of Treasury  
 Emergency Rental Assistance Program, 21.023**

**Reporting  
 Material Weakness in Internal Control over Compliance and Material Noncompliance**

*Grant Award Number:* Affects all grant awards included under assistance listing 21.023 on the Schedule of Expenditures of Federal Awards.

*Criteria:* The *OMB Compliance Supplement* requires that reports submitted to the federal awarding agency include all activity of the reporting period, are supported by underlying accounting information, and are presented in accordance with program requirements.

The *OMB Compliance Supplement* provides that all grantees must submit *Quarterly Reports* with reporting periods of one calendar quarter and several cumulative fields covering all activity from the date of award through the quarter close. The key line items are the cumulative amount obligated and the cumulative amount expended. These *Quarterly Reports* are required for expenditures of Emergency Rental Assistance as amended by the Consolidated Appropriations Act of 2021 (ERA1) and Emergency Rental Assistance from the American Rescue Plan Act (ERA2).

*Condition:* *Quarterly Reports* submitted for ERA2 were not prepared with the same underlying methodology as the ERA1 *Quarterly Reports* and adequate documentation was not available to support the inconsistent reporting.

*Cause:* The Nevada Housing Division (NHD) did not have adequate internal controls to ensure required reports were prepared consistently and with appropriate supporting documentation.

*Effect:* Inaccurate information may have been reported to the federal awarding agency.

*Questioned Costs:* None

*Context/Sampling:* A nonstatistical sample of four *Quarterly Reports* out of a population of eight was selected for testing. The December 31, 2021 and March 31, 2022 ERA 2 *Quarterly Reports* were supported by partial underlying information. However, the information reported (i.e., what constituted an obligation and an expenditure) was different than the ERA 1 *Quarterly Reports* for the same quarter ends. Supporting documentation was not available to describe why the deviation in reporting methodology took place for the same quarter ends.

*Repeat Finding from Prior Year:* Yes – prior year finding 2021-034.

*Recommendation:* We recommend NHD enhance internal controls to ensure the *Quarterly Reports* are prepared consistently and with appropriate supporting documentation.

*Views of Responsible Officials:* The Nevada Housing Division agrees with this finding.

**2022-028:** No finding reported, finding 2022-028 was not used.

**2022-029: U.S. Department of Treasury  
Homeowners Assistance Fund, 21.026**

**Cash Management  
Material Weakness in Internal Control over Compliance**

*Grant Award Number:* Affects all grant awards included under assistance listing 21.026 on the Schedule of Expenditures of Federal Awards.

*Criteria:* *Title 2 U.S Code of Federal Regulations (CFR) Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) section 305(b)(1) states that pass-through entities must monitor cash drawdowns by their subrecipients to ensure that the time elapsing between the transfer of federal funds to the subrecipient and their disbursement for program purposes is minimized.*

*In accordance with Title 2 of U.S Code of Federal Regulation (CFR) Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) section 305(b)(8) and section 305(b)(9), HAF participants must maintain advance payments of their Federal awards in interest-bearing accounts, except in cases specified by that provision of regulations. HAF participants may retain up to \$500 in earned interest annually from the date Treasury disbursed HAF award funds to the HAF participant. Any additional interest earned must be remitted annually to the Department of Health and Human Services Payment Management System.*

*Condition:* The Nevada Housing Division (NHD) did not adequately monitor cash drawdowns by their subrecipients to ensure that the time elapsing between transfer of federal funds to the subrecipient and their disbursement for the program purpose was minimized. NHD did not track interest earned on funds advanced by the Department of Treasury and did not remit NHD's interest earned greater than \$500.

*Cause:* NHD did not have internal controls to ensure time between disbursement of federal funds to the subrecipient and their disbursement for program purposes was minimized and to ensure interest was appropriately tracked and remitted in accordance with federal regulations.

*Effect:* An interest liability occurred due to cash advances not being spent as close as administratively feasible to when received and NHD's interest was not remitted.

*Questioned Costs:* None

*Context/Sampling:* The entire population of two subrecipient payments were selected for testing. The subaward provided for an initial advance funding of \$3,000,000 for initial program costs, which was advanced on September 16, 2021. A second payment was made on May 17, 2022 for \$9,000,000 when the original \$3,000,000 had not yet been spent.

Interest of \$213,019 was earned on funds advanced to NHD for the year ended June 30, 2022 and was not remitted to the Department of Health and Human Services Payment Management System in accordance with federal regulations.

*Repeat Finding from Prior Year:* No

*Recommendation:* We recommend NHD implement internal controls to ensure time between disbursement of federal funds to the subrecipient and their disbursement for program purposes is minimized and to ensure interest is appropriately tracked and remitted.

*Views of Responsible Officials:* The Nevada Housing Division partially agrees with this finding.



**2022-030: U.S. Department of Treasury  
Homeowners Assistance Fund, 21.026**

**Reporting  
Significant Deficiency in Internal Control over Compliance**

*Grant Award Number:* Affects all grant awards included under assistance listing 21.026 on the Schedule of Expenditures of Federal Awards.

*Criteria:* Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) section 200.303 provides that non-federal entities must establish and maintain effective internal control that provides reasonable assurance that the non-federal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award.

The *OMB Compliance Supplement* requires that state homeowner assistance fund (HAF) participants submit a one-time interim report.

*Condition:* There was no evidence that the one-time interim report was reviewed by an individual separate from the preparer.

*Cause:* The Nevada Housing Division (NHD) did not have internal controls to ensure there was documented review of the one-time interim report.

*Effect:* Incorrect information may be submitted to the federal awarding agency.

*Questioned Costs:* None

*Context/Sampling:* We tested the entire population of one report submitted during the year.

*Repeat Finding from Prior Year:* No

*Recommendation:* We recommend NHD implement internal controls to ensure there is documented review of reports submitted to federal awarding agencies.

*Views of Responsible Officials:* The Nevada Housing Division agrees with this finding.

**2022-031: U.S. Department of Treasury  
 Homeowners Assistance Fund, 21.026**

**Reporting  
 Material Weakness in Internal Control over Compliance and Material Noncompliance**

*Grant Award Number:* Affects all grant awards included under assistance listing 21.026 on the Schedule of Expenditures of Federal Awards.

*Criteria:* The Federal Funding Accountability and Transparency Act (FFATA) requires direct recipients of certain federal awards to report subaward information by the end of the month following the month in which the prime awardee obligates a subgrant award equal to \$30,000.

*Condition:* Required subaward information was not reported in the FFATA Subaward Reporting System (FSRS).

*Cause:* The Nevada Housing Division (NHD) did not have internal controls to ensure subaward information was submitted in accordance with the FFATA.

*Effect:* Subaward obligations were not reported in the FSRS and therefore not included on the FFATA’s website for public information disclosure.

*Questioned Costs:* None

*Context/Sampling:* We tested the entire population of one subaward obligated during the year. The quantity and subaward obligation errors were noted as follows:

	Subawards	Obligations
Total Tested	1	\$12,000,000
Not Reported	1	\$12,000,000
Not Timely	1	\$12,000,000
Obligation Incorrect	1	\$12,000,000
Missing Key Elements	1	\$12,000,000

*Repeat Finding from Prior Year:* No

*Recommendation:* We recommend NHD implement internal controls to ensure subaward information is submitted in accordance with the FFATA.

*Views of Responsible Officials:* The Nevada Housing Division agrees with this finding.

**2022-032: U.S. Department of Health and Human Services  
Homeowner Assistance Fund, 21.026**

**Subrecipient Monitoring  
Material Weakness in Internal Control over Compliance**

*Grant Award Number:* Affects all grant awards included under assistance listing 21.026 on the Schedule of Expenditures of Federal Awards.

*Criteria:* Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) section 200.332 requires that:

Pass-through entities ensure every subaward includes certain information at the time of the subaward and that the award's assistance listing number is identified to the subrecipient at the time of disbursement.

Pass-through entities evaluate each subrecipient's risk of noncompliance with federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring.

*Condition:* Subawards and disbursements did not contain all the required information, an evaluation of each subrecipient's risk of noncompliance for purposes of determining the appropriate subrecipient monitoring was not performed.

*Cause:* The Nevada Housing Division (NHD) did not have internal controls to ensure compliance with subrecipient monitoring requirements.

*Effect:* Noncompliance at the subrecipient level may occur and not be detected by NHD.

*Questioned Costs:* None

*Context/Sampling:* The entire population of one subrecipient was selected for testing, which included two payments. The subaward was missing required information, a risk assessment was not performed, and both payments were missing the assistance listing number.

*Repeat Finding from Prior Year:* No

*Recommendation:* We recommend NHD implement internal controls to ensure compliance with subrecipient monitoring requirements.

*Views of Responsible  
Officials:*

The Nevada Housing Division agrees with this finding.

**2022-033: U.S. Department of the Treasury  
Coronavirus State and Local Fiscal Recovery Fund, 21.027**

**Allowable Activities  
Material Weakness in Internal Control over Compliance**

*Grant Award Number:* Affects all grant awards included under assistance listing 21.027 on the Schedule of Expenditures of Federal Awards.

*Criteria:* The *OMB Compliance Supplement* provides that recipients may use funds for any eligible expenses subject to restrictions set forth in sections 602 and 603 of the Social Security Act as added by section 9901 of the American Rescue Plan Act of 2021, Treasury's Interim Final Rule and Final Rule at 31 CFR sections 35.7 and 35.8, and Treasury's FAQs.

The Final Rule provides that recipients may use funds to replace lost public sector revenue to provide government services to the extent of the reduction in revenue experienced due to the pandemic. The lost revenue calculation is described in the Final Rule and provides an illustrative example of the definition of general revenue within the census bureau classification structure of revenue in the FAQs.

*Condition:* Lost revenue was not calculated consistently in accordance with the Final Rule's definition of general revenue.

*Cause:* The Nevada Governor's Finance Office (GFO) did not have adequate internal controls to ensure the revenue loss calculation was prepared in accordance with governing requirements.

*Effect:* The maximum allowable expenditures to be spent on government services pursuant to lost public sector revenue was inaccurate.

*Questioned Costs:* None

*Context/Sampling:* Cumulative lost revenue, applicable to fiscal year 2022 was calculated for calendar years 2020 and 2021. We examined the calculation performed by GFO and noted general revenues that were improperly excluded (from the base years and calculated years). We reperformed the calculation and noted the following:

- We calculated a growth rate of 6.5% from the base years, whereas GFO used a growth rate of 5.2% (minimum rate allowable).

- For calendar year 2020, GFO determined revenue loss to be \$1,086,485,000. We recalculated revenue loss using all general revenues and revenue loss was determined to be \$2,058,142,958. This was a variance of \$971,657,958 where GFO was understated in the calculation of lost revenue (which does not cause any unallowable expenditures).
- For calendar year 2021, we and GFO both calculated lost revenue of \$0, although the revenue comparisons were different based on the revenues and growth rate used.

*Repeat Finding from  
Prior Year:*

No

*Recommendation:*

We recommend GFO enhance internal controls to ensure the revenue loss calculation is prepared in accordance with the governing requirements.

*Views of Responsible  
Officials:*

The Nevada Governor's Finance Office agrees with this finding.

**2022-034: U.S. Department of Treasury  
Coronavirus State and Local Fiscal Recovery Fund, 21.027**

**Procurement, Suspension, and Debarment  
Significant Deficiency in Internal Control over Compliance**

*Grant Award Number:* Affects all grant awards included under assistance listing 21.027 on the Schedule of Expenditures of Federal Awards.

*Criteria:* Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) requires contracts contain the applicable provisions described in Appendix II to Part 200 for contracts under federal awards.

Non-Federal entities are prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred.

*Condition:* Certain applicable provisions described in Appendix II to Part 200 were not included in contracts as required. Procedures were not followed to verify if an entity was suspended or debarred before entering into a covered transaction.

*Cause:* The Nevada Governor's Finance Office (GFO) did not have adequate internal controls to ensure contracts under federal awards contained all of the applicable provisions or to ensure procedures were followed to verify an entity was not suspended or debarred prior to entering into a covered transaction.

The Nevada Housing Division (NHD) did not have adequate internal controls to ensure procedures were followed to verify subrecipients were not suspended or debarred prior to entering into a covered transaction.

*Effect:* Contractors may not be aware of required terms and conditions. A covered transaction may be entered into with an entity or subrecipient that is suspended or debarred.

*Questioned Costs:* None

*Context/Sampling:* A nonstatistical sample of 60 procurement transactions out of approximately 2,500 was selected for testing, including 12 contracts subject to Appendix II to Part 200. A nonstatistical sample of three subrecipients out of a population of six was selected for testing.

The following errors were noted by agency:

Nevada Governor's Finance Office

Two of the contracts were missing certain applicable provisions. Suspension and debarment verification procedures were not performed for two vendors.

Nevada Housing Division

Suspension and debarment verification procedures were not performed for one subrecipient.

*Repeat Finding from  
Prior Year:*

No

*Recommendation:*

We recommend the State agencies listed above enhance internal controls to ensure all contracts under federal awards contain the applicable provisions and procedures are followed to ensure entities are not suspended or debarred prior to entering into covered transactions.

*Views of Responsible  
Officials:*

The State of Nevada agrees with this finding.



**2022-035: U.S. Department of the Treasury  
Coronavirus State and Local Fiscal Recovery Fund, 21.027**

**Subrecipient Monitoring  
Material Weakness in Internal Control over Compliance and Material Noncompliance**

*Grant Award Number:* Affects all grant awards included under assistance listing 21.027 on the Schedule of Expenditures of Federal Awards.

*Criteria:* Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) section 200.332 requires that:

Pass-through entities ensure every subaward includes certain information at the time of the subaward and the assistance listing number is communicated at the time of disbursement to subrecipients.

Pass-through entities evaluate each subrecipient's risk of noncompliance with federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring. In addition, the subrecipient monitoring must ensure that the subaward is used for authorized purposes.

*Condition:* Subawards did not contain all the required information, assistance listing numbers were not communicated at the time of disbursement, an evaluation of each subrecipients risk of noncompliance for purposes of determining the appropriate subrecipient monitoring was not performed and monitoring procedures were not performed.

*Cause:* Adequate internal controls were not in place to ensure compliance with subrecipient monitoring requirements for the following agencies:

- Nevada Governor's Finance Office
- Nevada Housing Division

*Effect:* Noncompliance at the subrecipient level may occur and not be detected by the State.

*Questioned Costs:* None

*Context/Sampling:* A nonstatistical sample of three subrecipients out of a population of six across all State agencies was selected for testing. A nonstatistical sample of five pass-through payments out of a population of 20 was selected for testing.

The following errors were noted by agency:

Nevada Governor's Finance Office

We tested 5 pass-through payments applicable to the Nevada Governor's Finance Office. The assistance listing was not communicated at the time of disbursement for all pass-through payments tested.

Nevada Housing Division

We tested one subrecipient applicable to the Nevada Housing Division. A risk assessment was not performed, the subaward was missing required information and no monitoring procedures were performed as necessary to ensure the subaward was used for authorized purposes.

*Repeat Finding from  
Prior Year:*

No

*Recommendation:*

We recommend the State agencies listed above enhance internal controls to ensure compliance with subrecipient monitoring requirements.

*Views of Responsible  
Officials:*

The State of Nevada agrees with this finding.

**2022-036: U.S. Department of Treasury  
Coronavirus State and Local Fiscal Recovery Fund, 21.027**

**Other  
Material Weakness in Internal Control over Compliance**

<i>Grant Award Number:</i>	Affects all grant awards included under assistance listing 21.027 on the Schedule of Expenditures of Federal Awards.
<i>Criteria:</i>	Title 2 <i>Code of Federal Regulations</i> Part 200, <i>Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards</i> (Uniform Guidance) requires the State of Nevada to prepare a Schedule of Expenditures of Federal Awards (SEFA) showing both total federal expenditures and payments to subrecipients for the year.
<i>Condition:</i>	Amounts were originally reported incorrectly on the SEFA.
<i>Cause:</i>	The Nevada Governor's Finance Office (GFO) did not have adequate internal controls to ensure payments to subrecipients were appropriately reported on the SEFA.
<i>Effect:</i>	Prior to correction, amounts passed through to subrecipients on the SEFA were overstated by \$332,407,747.
<i>Questioned Costs:</i>	None
<i>Context/Sampling:</i>	No sampling was used; all program expenditures on the SEFA were reconciled to supporting records.
<i>Repeat Finding from Prior Year:</i>	No
<i>Recommendation:</i>	We recommend GFO enhance internal controls to ensure payments to subrecipients are appropriately reported on the SEFA.
<i>Views of Responsible Officials:</i>	The Governors Finance Office agrees with this finding.

**2022-037: U.S. Department of Education  
Title I Grants to Local Educational Agencies, 84.010**

**Matching, Level of Effort, and Earmarking  
Significant Deficiency in Internal Control over Compliance**

*Grant Award Number:* Affects all grant awards included under assistance listing 84.010 on the Schedule of Expenditures of Federal Awards.

*Criteria:* Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) section 200.303 provides that non-federal entities must establish and maintain effective internal control that provides reasonable assurance that the non-federal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award.

*Condition:* Information the Nevada Department of Education (NDE) compiled to monitor local educational agency compliance with maintenance of effort requirements did not agree to underlying supporting documentation.

*Cause:* NDE did not have sufficient internal controls to ensure information included in the maintenance of effort monitoring document agreed to underlying documentation.

*Effect:* Noncompliance with maintenance of effort requirements may not be detected.

*Questioned Costs:* None

*Context/Sampling:* A nonstatistical sample of five school districts and four charter schools out of a population of 17 school districts and 37 charter schools was selected for testing. Amounts included in the calculation for one school district and one charter school did not agree to underlying supporting documentation.

*Repeat Finding from Prior Year:* No

*Recommendation:* We recommend NDE enhance internal controls to ensure information included in the maintenance of effort monitoring document agrees to underlying documentation.

*Views of Responsible Officials:* The Nevada Department of Education agrees with this finding.

**2022-038: U.S. Department of Education  
Title I Grants to Local Educational Agencies, 84.010**

**Reporting  
Significant Deficiency in Internal Control over Compliance**

*Grant Award Number:* Affects all grant awards included under assistance listing 84.010 on the Schedule of Expenditures of Federal Awards.

*Criteria:* The *OMB Compliance Supplement* provides that State Educational Agencies must submit their average state per pupil expenditure data to the National Center for Education Statistics (*State Per Pupil Expenditure Report*).

*Condition:* Formula errors in the *State Per Pupil Expenditure Report* resulted in amounts reported for certain pass-through dollars to be inaccurate.

*Cause:* The Nevada Department of Education (NDE) did not have internal controls to ensure the *State Per Pupil Expenditure Report* was completed accurately.

*Effect:* Inaccurate information was reported to the National Center for Education Statistics.

*Questioned Costs:* None

*Context/Sampling:* The *State Per Pupil Expenditure Report* for the year ended June 30, 2021 (submitted in August 2022) was selected for testing. There were no expenditures reported for "Object Code 970 pass-through dollars"; however, the actual amount was \$2,408,320. This error had no effect on the final per pupil expenditure calculation.

*Repeat Finding from Prior Year:* No

*Recommendation:* We recommend NDE enhance internal controls to ensure the *State Per Pupil Expenditure Report* is completed accurately.

*Views of Responsible Officials:* The Nevada Department of Education agrees with this finding.

**2022-039: U.S. Department of Education  
 Title I Grants to Local Educational Agencies, 84.010**

**Reporting  
 Material Weakness in Internal Control over Compliance**

*Grant Award Number:* Affects all grant awards included under assistance listing 84.010 on the Schedule of Expenditures of Federal Awards.

*Criteria:* The Federal Funding Accountability and Transparency Act (FFATA) requires direct recipients of certain federal awards to report subaward information by the end of the month following the month in which the prime awardee obligates a subgrant award equal to \$30,000.

*Condition:* Required subaward information was not reported timely in the FFATA Subaward Reporting System (FSRS).

*Cause:* The Nevada Department of Education (NDE) did not have internal controls to ensure subaward information was submitted timely in accordance with the FFATA.

*Effect:* Subaward obligations were not reported timely in the FSRS.

*Questioned Costs:* None

*Context/Sampling:* A nonstatistical sample of four out of a population of 17 applicable subaward obligations was selected for testing. The quantity and subaward obligation errors were noted as follows:

	Subawards	Obligations
Total Tested	4	\$1,318,963
Not Reported	-	-
Not Timely	4	\$1,318,963
Obligation Incorrect	-	-
Missing Key Elements	-	-

*Repeat Finding from Prior Year:* Yes – prior year finding 2021-036.

*Recommendation:* We recommend NDE enhance internal controls to ensure subaward information is submitted timely in accordance with the FFATA.

*Views of Responsible Officials:* The Nevada Department of Education agrees with this finding.

**2022-040: U.S. Department of Education  
Title I Grants to Local Educational Agencies, 84.010**

**Special Tests and Provisions  
Material Weakness in Internal Control over Compliance and Material Noncompliance**

*Grant Award Number:* Affects all grant awards included under assistance listing 84.010 on the Schedule of Expenditures of Federal Awards.

*Criteria:* The *OMB Compliance* Supplement provides that a State Educational Agency (SEA) must apply section 4306(c) of the ESEA to calculate a hold-harmless base for the prior year that reflects the new or significantly expanded enrollment of the charter school local educational agency (LEA).

*Condition:* Documentation that the hold-harmless base for the prior year that reflects the new or significantly expanded enrollment of the charter school LEA was not maintained and thus not able to be tested.

*Cause:* The Nevada Department of Education (NDE) did not have internal controls to ensure appropriate documentation of the calculation of the hold-harmless base for the prior year that reflects the new or significantly expanded enrollment of the charter school LEA was maintained.

*Effect:* Noncompliance with section 4306(c) of the ESEA may have occurred and not be detected or corrected.

*Questioned Costs:* None

*Context/Sampling:* No information was maintained by NDE; therefore, testing was not able to be performed.

*Repeat Finding from Prior Year:* No

*Recommendation:* We recommend NDE implement internal controls to ensure appropriate documentation of compliance with section 4306(c) of the ESEA is maintained.

*Views of Responsible Officials:* The Nevada Department of Education agrees with this finding.

**2022-041: U.S. Department of Education  
Education Stabilization Fund, 84.425**

**Level of Effort – Maintenance of Effort  
Material Weakness in Internal Control over Compliance and Material Noncompliance**

*Grant Award Number:* Affects all grant awards included under assistance listing 84.425 on the Schedule of Expenditures of Federal Awards.

*Criteria:* Under section 317 of the CRRSA Act, a state that receives ESSER II, GEER II, or EANS funds under CRRSA Act must:

- Maintain state support for elementary and secondary education in FY 2022 at least at the proportional level of the state’s overall spending, averaged over FYs 2017, 2018, and 2019; and
- Maintain state support for higher education in FY 2022 at least at the proportional level of the state’s support for higher education relative to the state’s overall spending, averaged over FYs 2017, 2018, and 2019.

Under section 2004(a) of the ARP Act, a state that receives ARP ESSER funds must meet the above MOE requirement in each of FYs 2022 and 2023.

The CRRSA and ARP Acts have two MOE baselines:

- Elementary and secondary education baseline, which averages the percentages of total spending that are used to support elementary and secondary education over the three baseline years (FYs 2017, 2018, and 2019).
- Higher education baseline, which averages percentages of total state spending that are used to support higher education over the three baseline years (FYs 2017, 2018, and 2019).

*Condition:* The Nevada Department of Education (NDE) did not provide supporting documentation to evidence that the State of Nevada met the level of effort requirements. In addition, there was no evidence of review and approval (segregation of duties) between the preparer and the reviewer of the level of effort calculations.

*Cause:* NDE did not have internal controls to ensure level of effort was tracked and supporting documents were maintained.

*Effect:* Level of effort requirements may not be met.

*Questioned Costs:* None



*Context/Sampling:*

We tested all level of effort computations required to be completed in State fiscal year 2022. A summary of the deficiency is as follows:

State support for elementary and secondary education

- NDE reported to the federal agency that maintenance of effort was met, but was unable to provide supporting documentation to support the amounts reported.

State support for higher education

- Proportional level from base years: 5.4% or \$1,117,028,683
- Amounts reported as appropriated: 3.0% or \$626,096,643
- Deficient appropriations based on reported levels by \$490,932,040
- NDE was unable to provide supporting documentation for the amounts reported to the federal agency; the above calculations were calculated on the information reported.

*Repeat Finding from Prior Year:*

No

*Recommendation:*

We recommend NDE implement internal controls to ensure level of effort is tracked and supporting documents are maintained.

*Views of Responsible Officials:*

The Nevada Department of Education agrees with this finding.

**2022-042: U.S. Department of Education  
Education Stabilization Fund, 84.425**

**Earmarking  
Material Weakness in Internal Control over Compliance**

*Grant Award Number:* Affects grant awards *S425U210018* and *S425W210029* included under assistance listing 84.425 on the Schedule of Expenditures of Federal Awards.

*Criteria:* The *OMB Compliance Supplement* provides the following requirements:

- ESSER
  - An SEA must allocate at least 90% of ESSER funds to LEAs using the statutorily prescribed formula.
- ARP ESSER
  - Under section 2001(f) of the ARP act, each SEA must reserve: (1) at least 5% of ARP ESSER funds for evidence-based interventions that address the academic impact of lost instructional time; (2) at least 1% of ARP ESSER funds for evidence-based summer enrichment programs; (3) at least 1% of ARP ESSER funds for evidence-based comprehensive after school programs.
- Allowances for Administrative Costs
  - Under section 18001(e) of the CARES act and section 313(e) of the CRRSA act, an SEA may reserve up to 0.5% of it's total ESSER I and ESSER II allocations for administrative cost.
  - Under Section 2001(f)(4) of the ARP Act, an SEA may reserve not more than 0.5% of the state's total ARP ESSER award for administrative costs.
  - Under section 312(d)(5) of the CRRSA Act, an SEA may reserve up to 0.5% of it's total allocation or up to \$200,000, whichever is greater, to administer the EANS program.

*Condition:* The Nevada Department of Education (NDE) did not meet the earmarking set aside for evidence-based summer enrichment programs and evidence-based after school programs. In addition, there is no evidence that compliance with the earmarking requirements (i.e., actual amounts meeting the allocations or that there could be future changes to allocated amounts) is monitored.

*Cause:* NDE did not have adequate internal controls to ensure earmarking requirements were initially met and to ensure on-going compliance was monitored.

*Effect:* Earmarking requirements were not met and may not be met in the future.

*Questioned Costs:* None

<i>Context/Sampling:</i>	<p>We tested all earmarking computations required to be completed in State fiscal year 2022. There was no evidence monitoring of earmarking requirements.</p> <p>Under section 2001(f) of the ARP act, each SEA must reserve: (2) at least 1% of ARP ESSER funds for evidence-based summer enrichment programs; (3) at least 1% of ARP ESSER funds for evidence-based comprehensive after school programs.</p> <ul style="list-style-type: none"><li>• The minimum amount to allocate to evidence-based summer enrichment programs and evidence-based after school programs was \$21,455,664 and the actual amount allocated was \$20,040,662.</li></ul>
<i>Repeat Finding from Prior Year:</i>	No
<i>Recommendation:</i>	We recommend NDE enhance internal controls to ensure earmarking requirements are initially met and implement internal controls to ensure on-going compliance is monitored.
<i>Views of Responsible Officials:</i>	The Nevada Department of Education agrees with this finding.

**2022-043: U.S. Department of Education  
Education Stabilization Fund, 84.425**

**Reporting  
Material Weakness in Internal Control over Compliance and Material Noncompliance**

*Grant Award Number:* Affects all grant awards included under assistance listing 84.425 on the Schedule of Expenditures of Federal Awards.

*Criteria:* The *OMB Compliance Supplement* provides that State Educational Agencies submit annual reports over Governor’s Emergency Education Relief (GEER), Elementary and Secondary School Emergency Relief (ESSER) Grants and Emergency Assistance to Non-Public Schools (EANS). Each report contains data on expenditures, planned expenditures, subrecipients, and use of funds, including for mandatory reservations.

Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) section 200.303 provides that non-federal entities must establish and maintain effective internal control that provides reasonable assurance that the non-federal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award.

*Condition:* Certain amounts included in the annual reports submitted for EANS and GEER did not agree to underlying support or underlying support for amounts reported were not maintained. In addition, there was no evidence of review and approval (segregation of duties) between the preparer and reviewer of these reports.

*Cause:* The Nevada Department of Education (NDE) did not have internal controls to identify required information to be reported, ensure accuracy, or maintain adequate document retention to support compliance.

*Effect:* Inaccurate or incomplete information was reported to the federal awarding agency or was not reported timely.

*Questioned Costs:* None

*Context/Sampling:* Two annual reports were required to be filed in the State Fiscal Year, GEER and EANS. The errors for the submitted reports were noted as follows:

GEER 7/1/2020 through 6/31/2021 Report

- The amount allocated was reported as \$38,490,388, there was no underlying support for the amount reported.
- The amount expended was reported as \$13,771,505, there was no underlying support for the amount reported.
- Administrative uses were reported as \$0, there was no underlying support for the amount reported.
- Non-administrative uses were reported as \$3,227,999, there was no underlying support for the amount reported.
- 13 of the 18 local educational agencies reported did not agree to underlying support for reportable categories.
- No underlying support was available for information reported on Institutions of Higher Education.
- No underlying support was available for information reported on Other Entities.

EANS 7/1/2020 through 6/30/2021 Report

- The amount expended was reported as \$1,701,593, there was no underlying support for the amount reported
- The amount obligated (not yet expended) was reported as \$12,357,444, there was no underlying support for the amount reported.
- 1 out of 22 non-public schools reported did not agree to underlying support for reportable categories.

*Repeat Finding from  
Prior Year:*

Yes – prior year finding 2021-038.

*Recommendation:*

We recommend NDE implement internal controls to identify required information to be reported, ensure accuracy, and maintain adequate document retention to support compliance.

*Views of Responsible  
Officials:*

The Nevada Department of Education agrees with this finding.

**2022-044: U.S. Department of Education  
Education Stabilization Fund, 84.425**

**Reporting  
Material Weakness in Internal Control over Compliance and Material Noncompliance**

*Grant Award Number:* Affects all grant awards included under assistance listing 84.425 on the Schedule of Expenditures of Federal Awards.

*Criteria:* The Federal Funding Accountability and Transparency Act (FFATA) requires direct recipients of certain federal awards to report subaward information by the end of the month following the month in which the prime awardee obligates a subgrant award equal to \$30,000.

*Condition:* Accurate and timely subaward information was not reported in the FFATA Subaward Reporting System (FSRS).

*Cause:* The Nevada Department of Education (NDE) did not have adequate internal controls to ensure subaward information was submitted in accordance with the FFATA.

*Effect:* Subaward obligations were not reported accurately or timely in the FSRS; therefore, public information disclosures are inaccurate.

*Questioned Costs:* None

*Context/Sampling:* A nonstatistical sample of 15 out of a population of 74 applicable subaward obligations was selected for testing. The quantity and subaward obligation errors were noted as follows:

	Subawards	Obligations
Total Tested	15	\$10,033,829
Not Reported	-	-
Not Timely	15	\$10,033,829
Obligation Incorrect	9	\$671,385
Missing Key Elements	-	-

*Repeat Finding from Prior Year:* Yes – prior year finding 2021-039.

*Recommendation:* We recommend NDE enhance internal controls to ensure subaward information is submitted in accordance with the FFATA.

*Views of Responsible Officials:* The Nevada Department of Education agrees with this finding.

**2022-045: U.S. Department of Education  
Education Stabilization Fund, 84.425**

**Subrecipient Monitoring  
Material Weakness in Internal Control over Compliance**

*Grant Award Number:* Affects all grant awards included under assistance listing 84.425 on the Schedule of Expenditures of Federal Awards.

*Criteria:* Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) section 200.332 requires that:

Pass-through entities ensure every subaward includes certain information at the time of the subaward.

Pass-through entities identify the dollar amount made available under each federal award and the assistance listing number at time of disbursement.

*Condition:* Subaward agreements did not contain all the required information and assistance listing numbers were not communicated at the time of disbursement.

*Cause:* The Nevada Department of Education (NDE) did not have adequate internal controls to ensure subawards and disbursements to subrecipients included all required information.

*Effect:* Noncompliance at the subrecipient level may occur and not be detected by NDE.

*Questioned Costs:* None

*Context/Sampling:* A nonstatistical sample of 13 out of a population of 65 subrecipients was selected for testing. The 13 subrecipients had a total of 28 subawards issued. Required information was missing from 14 of the 28 subawards tested. The missing information was related to: federal award date to the State by the federal agency, name of the federal awarding agency, and whether the award included research and development activities.

A nonstatistical sample of 60 out 1601 subrecipient payments was selected for testing. The assistance listing number was not communicated at the time of disbursement for 15 of the subrecipient payments.

*Repeat Finding from  
Prior Year:* No

*Recommendation:* We recommend NDE enhance internal controls to ensure subawards and disbursements to subrecipients include all required information.

*Views of Responsible Officials:* The Nevada Department of Education agrees with this finding.



**2022-046: U.S. Department of Education  
Education Stabilization Fund, 84.425**

**Other  
Significant Deficiency in Internal Control over Compliance**

*Grant Award Number:* Affects all grant awards included under assistance listing 84.425 on the Schedule of Expenditures of Federal Awards.

*Criteria:* Title 2 *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) requires the State of Nevada to prepare a Schedule of Expenditures of Federal Awards (SEFA) showing both total federal expenditures and payments to subrecipients for the year.

*Condition:* Amounts were originally reported incorrectly on the SEFA.

*Cause:* The Nevada Department of Education (NDE) did not have adequate internal controls to ensure payments to subrecipients were recorded to the designated subrecipient general ledger accounts within the chart of accounts. The Controller's Office uses the chart of accounts to prepare the SEFA.

*Effect:* Prior to correction, the total federal expenditures passed through to subrecipients on the SEFA were overstated by \$1,667,511.

*Questioned Costs:* None

*Context/Sampling:* No sampling was used; all program expenditures on the SEFA were reconciled to supporting records.

*Repeat Finding from Prior Year:* Yes – prior year finding 2021-041.

*Recommendation:* We recommend NDE enhance internal controls to ensure payments to subrecipients are recorded to the designated subrecipient general ledger accounts within the chart of accounts.

*Views of Responsible Officials:* The Nevada Department of Education agrees with this finding.

**2022-047: U.S. Department of Health and Human Services  
Low-Income Home Energy Assistance, 93.568**

**Cash Management  
Significant Deficiency in Internal Control over Compliance**

*Grant Award Number:* Affects all grant awards included under assistance listing 93.568 on the Schedule of Expenditures of Federal Awards.

*Criteria:* Title 2 U.S. Code of Federal Regulations (CFR) Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) section 200.303 provides that non-federal entities must establish and maintain effective internal control that provides reasonable assurance that the non-federal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award.

*Condition:* A reimbursement request was not reviewed and approved by an individual independent of the preparation of the request.

*Cause:* The Nevada Division of Welfare and Supportive Services (DWSS) did not have adequate internal controls to ensure all reimbursement requests were reviewed and approved in accordance with the Division's internal control policy.

*Effect:* Inaccurate reimbursement requests may occur and not detected by DWSS timely.

*Questioned Costs:* None

*Context/Sampling:* A nonstatistical sample of 14 reimbursement requests out of a population of 68 was selected for testing. One reimbursement request did not have the evidence of review and approval in accordance with DWSS's internal control policy.

*Repeat Finding from Prior Year:* No

*Recommendation:* We recommend DWSS enhance internal controls to ensure all reimbursement requests are reviewed and approved in accordance with the Division's internal control policy.

*Views of Responsible Officials:* The Nevada Division of Welfare and Supportive agrees with this finding.

**2022-048: U.S. Department of Health and Human Services  
Low-Income Home Energy Assistance, 93.568**

**Eligibility  
Material Weakness in Internal Control over Compliance**

*Grant Award Number:* Affects all grant awards included under assistance listing 93.568 on the Schedule of Expenditures of Federal Awards.

*Criteria:* Title 2 U.S. Code of Federal Regulations (CFR) Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) section 200.303 provides that non-federal entities must establish and maintain effective internal control that provides reasonable assurance that the non-federal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award.

The *Low-Income Home Energy Assistance State Plan* (State Plan) provides for internal controls related to beneficiary case reviews, in part, as follows:

Supervisors are required to complete a set number of case reviews per worker per month to monitor staff performance. Trainees and staff with performance issues are subject to 100% review prior to the posting of benefits. The Program Manager reviews a subset of the review completed by the supervisors to ensure they are adequately identifying and addressing performance issues.

*Condition:* Supervisor case reviews were not performed in accordance with the State Plan.

*Cause:* The Nevada Division of Welfare and Supportive Services (DWSS) did not have adequate internal controls to ensure beneficiary case review policies were followed due to supervisory retirements in which the positions were not refilled in a timely manner.

*Effect:* Inaccurate eligibility or benefit determinations may be established and not detected by DWSS.

*Questioned Costs:* None

*Context/Sampling:* We examined a listing of beneficiary case reviews performed for the entire year. A total of 20 non trainee reviews were performed out of approximately 396, and only two months out of the year were performed for trainee reviews that were required to be performed in accordance with the State Plan.

*Repeat Finding from Prior Year:* Yes – prior year finding 2021-047.

*Recommendation:* We recommend DWSS enhance internal controls to ensure beneficiary case review policies are followed.

*Views of Responsible Officials:* The Nevada Division of Welfare and Supportive Services agrees with this finding.

**2022-049: U.S. Department of Health and Human Services  
Low-Income Home Energy Assistance, 93.568**

**Eligibility  
Significant Deficiency in Internal Control over Compliance**

*Grant Award Number:* Affects all grant awards included under assistance listing 93.568 on the Schedule of Expenditures of Federal Awards.

*Criteria:* As provided by 42 USC 8624(b)(2), assistance may be provided to:

- Households in which one or more individuals are receiving Temporary Assistance for Needy Families (TANF), Supplemental Security Income (SSI), Supplemental Nutrition Assistance Program (SNAP) benefits, or certain needs-tested veterans' benefits or;
- Households with incomes which do not exceed the greater of 150% of the State's established poverty level, or 60% of the State's median income. Lower income eligibility criteria may be established, but no household may be excluded solely on the basis of income if the household income is less than 110% of the State's poverty level.

The *Low-Income Home Energy Assistance State Plan* (State Plan) establishes and describes assistance benefit levels, which provides for the calculation of a Fixed Annual Credit (FAC) and ultimately, the amount of assistance provided.

*Condition:* The amount of assistance to provide was not calculated correctly as it related to social security cost-of-living increases.

*Cause:* The Nevada Division of Welfare and Supportive Services (DWSS) did not have adequate internal controls to ensure the social security cost of living increases were appropriately adjusted in recipients' income calculation.

*Effect:* The recipient was entitled to more assistance than calculated.

*Questioned Costs:* None

*Context/Sampling:* A nonstatistical sample of 60 recipients out of a population of approximately 18,865 was selected for testing. We noted an error in the amount of income used in the calculation of benefits for two recipients. The sample totaled \$53,854 in benefits paid and the error was \$11.85.

*Repeat Finding from Prior Year:* Yes – prior year finding 2021-046.

*Recommendation:*

We recommend DWSS enhance internal controls to ensure the social security cost of living increases are appropriately adjusted in the recipients' income calculation.

*Views of Responsible  
Officials:*

The Nevada Division of Welfare and Supportive Services agrees with this finding.

**2022-050: U.S. Department of Health and Human Services  
Low-Income Home Energy Assistance, 93.568**

**Reporting  
Material Weakness in Internal Control over Compliance**

*Grant Award Number:* Affects grant award 2101NVLIEA on the Schedule of Expenditures of Federal Awards.

*Criteria:* The *OMB Compliance Supplement* requires that reports submitted to the federal awarding agency include all activity of the reporting period, are supported by underlying accounting information, and are presented in accordance with program requirements.

The Nevada Division of Welfare and Supportive Services (DWSS) is required to submit the *LIHEAP Carryover and Reallotment Report* each year, which indicates the amount expected to be carried forward for obligation in the following fiscal year and the planned use of those funds.

*Condition:* The projected unobligated balance (carryover amount) did not agree to the underlying actual unobligated balance and there was no underlying documentation or support to support the variance.

*Cause:* DWSS did not have adequate internal controls to ensure the unobligated balance was adequately documented and supported.

*Effect:* Inaccurate information may have been reported to the federal awarding agency.

*Questioned Costs:* None

*Context/Sampling:* The one annual report submitted during the audit period was selected for testing. The projected regular block grant carryover amount was reported as \$0 on January 12, 2022. The underlying account records supported a carryover amount of \$298,004 as of September 30, 2021. There was no documentation available to explain why the projected balance was different from the actual balance when the projected balance was reported at a later date.

*Repeat Finding from Prior Year:* Yes – prior year finding 2021-048.

*Recommendation:* We recommend DWSS enhance internal controls to ensure the projected unobligated balance is adequately documented and supported.

*Views of Responsible Officials:* The Nevada Division of Welfare and Supportive Services agrees with this finding.

**2022-051: U.S. Department of Health and Human Services  
 Low-Income Home Energy Assistance, 93.568**

**Reporting  
 Material Weakness in Internal Control over Compliance and Material Noncompliance**

*Grant Award Number:* Affects all grant awards included under assistance listing 93.568 on the Schedule of Expenditures of Federal Awards.

*Criteria:* The Federal Funding Accountability and Transparency Act (FFATA) requires direct recipients of certain federal awards to report subaward information by the end of the month following the month in which the prime awardee obligates a subgrant award equal to \$30,000.

*Condition:* Required subaward information was not reported in the FFATA Subaward Reporting System (FSRS).

*Cause:* The Nevada Housing Division (NHD) did not have internal controls to ensure subaward information was submitted in accordance with the FFATA.

*Effect:* Subaward obligations were not reported in the FSRS and therefore not included on the FFATA’s website for public information disclosure.

*Questioned Costs:* None

*Context/Sampling:* We tested the entire population of 4 subawards obligated during the year. The quantity and subaward obligation errors were noted as follows:

	Subawards	Obligations
Total Tested	4	\$798,055
Not Reported	4	\$798,055
Not Timely	4	\$798,055
Obligation Incorrect	4	\$798,055
Missing Key Elements	4	\$798,055

*Repeat Finding from Prior Year:* Yes – prior year finding 2021-050.

*Recommendation:* We recommend NHD implement internal controls to ensure subaward information is submitted in accordance with the FFATA.

*Views of Responsible Officials:* The Nevada Housing Division agrees with this finding.



**2022-052: U.S. Department of Health and Human Services  
Low-Income Home Energy Assistance, 93.568**

**Subrecipient Monitoring  
Material Weakness in Internal Control over Compliance and Material Noncompliance**

*Grant Award Number:* Affects all grant awards included under assistance listing 93.568 on the Schedule of Expenditures of Federal Awards.

*Criteria:* Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) section 200.332 requires that:

Pass-through entities ensure every subaward includes certain information at the time of the subaward.

Pass-through entities evaluate each subrecipient's risk of noncompliance with federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring.

Pass-through entities verify every subrecipient is audited as required by Uniform Guidance, issue management decisions for audit findings, as applicable, and ensure the subrecipient takes timely corrective action on all audit findings, as applicable.

*Condition:* Subawards did not contain all the required information, an evaluation of each subrecipient's risk of noncompliance for purposes of determining the appropriate subrecipient monitoring was not performed, and subrecipients were not monitored to ensure audits required by Uniform Guidance were performed.

*Cause:* The Nevada Housing Division (NHD) did not have internal controls to ensure compliance with subrecipient monitoring requirements.

*Effect:* Noncompliance at the subrecipient level may occur and not be detected by the Division.

*Questioned Costs:* None

*Context/Sampling:* A nonstatistical sample of two subrecipients out of a population of four was selected for testing. A risk assessment was not performed and the subawards were missing required information for both subrecipients. In addition, there was no documentation available to demonstrate that the two subrecipients were monitored to ensure Uniform Guidance audits were obtained, if required, or that management decisions were issued, if applicable.

*Repeat Finding from  
Prior Year:*

Yes – prior year finding 2021-051.

*Recommendation:*

We recommend the NHD implement internal controls to ensure compliance with subrecipient monitoring requirements.

*Views of Responsible  
Officials:*

The Nevada Housing Division agrees with this finding.

<b>2022-053:</b>	<b>U.S. Department of Health and Human Services</b>
	<b>CCDF Cluster:</b>
	<b>Child Care and Development Block Grant, 93.575</b>
	<b>Child Care Mandatory and Matching Funds of the Child Care and Development Fund, 93.596</b>
	<b>Reporting</b>
	<b>Material Weakness in Internal Control over Compliance and Material Noncompliance</b>
<i>Grant Award Number:</i>	Affects all grant awards included under assistance listings 93.575 and 93.596 on the Schedule of Expenditures of Federal Awards.
<i>Criteria:</i>	The <i>OMB Compliance Supplement</i> requires that reports submitted to the federal awarding agency include all activity of the reporting period, are supported by underlying accounting information or performance records, and are fairly presented in accordance with governing requirements. State agencies must submit the <i>ACF-696, Child Care and Development Fund Financial Reports</i> quarterly.
<i>Condition:</i>	The Division of Welfare and Support Services (DWSS) did not maintain underlying documentation to support the amounts reported in the ACF-696 reports.
<i>Cause:</i>	DWSS did not have internal controls to ensure the amounts reported were adequately documented and supported.
<i>Effect:</i>	Inaccurate information may have been reported to the federal awarding agency.
<i>Questioned Costs:</i>	None
<i>Context/Sampling:</i>	A nonstatistical sample of two quarterly reports out of a population of four submitted during the audit period were selected for testing. Reconciliations or other records of the underlying accounting system to the amounts reported were not retained by the Division for both reports selected for testing. Therefore, we were unable to test the accuracy of the amounts reported in the ACFR-696 reports for the quarters ended September 30, 2021 and March 31, 2022.
<i>Repeat Finding from Prior Year:</i>	No
<i>Recommendation:</i>	We recommend DWSS implement internal controls to ensure the amounts reported are adequately documented and supported.
<i>Views of Responsible Officials:</i>	The Division of Welfare and Supportive Services agrees with this finding.

**2022-054: U.S. Department of Health and Human Services**  
**CCDF Cluster:**  
**Child Care and Development Block Grant, 93.575**  
**Child Care Mandatory and Matching Funds of the Child Care and Development Fund, 93.596**

**Reporting**  
**Material Weakness in Internal Control over Compliance and Material Noncompliance**

*Grant Award Number:* Affects all grant awards included under assistance listings 93.575 and CFDA 93.596 on the Schedule of Expenditures of Federal Awards.

*Criteria:* The Federal Funding Accountability and Transparency Act (FFATA) requires direct recipients of certain federal awards to report subaward information by the end of the month following the month in which the prime awardee obligates a subgrant award equal to \$30,000.

*Condition:* Required subaward information was not reported in the FFATA Subaward Reporting System (FSRS).

*Cause:* The Division of Welfare Support Services (DWSS) did not have internal controls to ensure subaward information was submitted in accordance with the FFATA.

*Effect:* Subaward obligations were not reported in the FSRS and therefore not included on the FFATA’s website for public information disclosure.

*Questioned Costs:* None

*Context/Sampling:* A nonstatistical sample of three subawards obligated during the year out of a population of eight was selected for testing. The quantity and subaward obligation errors were noted as follows:

	Subawards	Obligations
Total Tested	3	\$52,564,220
Not Reported	3	\$52,564,220
Not Timely	3	\$52,564,220
Obligation Incorrect	3	\$52,564,220
Missing Key Elements	3	\$52,564,220

*Repeat Finding from Prior Year:* No

*Recommendation:* We recommend DWSS implement internal controls to ensure subaward information is submitted in accordance with the FFATA.

*Views of Responsible  
Officials:*

The Division of Welfare and Supportive Services agrees with this finding.

<b>2022-055:</b>	<b>U.S. Department of Health and Human Services</b> <b>CCDF Cluster:</b> <b>Child Care and Development Block Grant, 93.575</b> <b>Child Care Mandatory and Matching Funds of the Child Care and Development Fund, 93.596</b>
	<b>Subrecipient Monitoring</b> <b>Material Weakness in Internal Control over Compliance</b>
<i>Grant Award Number:</i>	Affects all grant awards included under assistance listings 93.575 and CFDA 93.596 on the Schedule of Expenditures of Federal Awards.
<i>Criteria:</i>	Title 2 U.S. <i>Code of Federal Regulations</i> Part 200, <i>Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards</i> (Uniform Guidance) section 200.332 requires that:  Pass-through entities ensure every subaward includes certain information at the time of the subaward.  Pass-through entities evaluate each subrecipient’s risk of noncompliance with federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring.
<i>Condition:</i>	Subawards did not contain all the required information, an evaluation of each subrecipient’s risk of noncompliance for purposes of determining the appropriate subrecipient monitoring was not performed.
<i>Cause:</i>	The Division of Welfare and Supportive Services (DWSS) did not have adequate internal controls to ensure risk assessments were performed and subawards contained all required items.
<i>Effect:</i>	Noncompliance at the subrecipient level may occur and not be detected by the Division.
<i>Questioned Costs:</i>	None
<i>Context/Sampling:</i>	A nonstatistical sample of three subrecipients out of a population of eight was selected for testing. A risk assessment was not performed for one subrecipient and two subawards were missing communication of whether any research and development activities were included.
<i>Repeat Finding from Prior Year:</i>	Yes – prior year finding 2021-052.
<i>Recommendation:</i>	We recommend DWSS enhance internal controls to ensure risk assessments are performed and subawards contain all required items.

*Views of Responsible  
Officials:*

The Division of Welfare and Supportive Services agrees with this finding.

**2022-056: U.S. Department of Health and Human Services  
Foster Care – Title IV-E, 93.658**

**Allowable Costs/Cost Principles  
Significant Deficiency in Internal Control over Compliance**

*Grant Award Number:* Affects all grant awards included under assistance listing 93.658 on the Schedule of Expenditures of Federal Awards.

*Criteria:* Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) provides that a State must claim federal financial participation for costs associated with a program only in accordance with its approved cost allocation plan. Since cost allocation plans are of a narrative nature, the Federal government needs assurance that the cost allocation plan has been implemented as approved.

*Condition:* Allocation methods used in cost allocation did not agree to the approved cost allocation plan and allocation statistics did not agree to underlying support.

*Cause:* The Nevada Division of Child and Family Services (DCFS) did not have adequate internal controls to ensure costs were allocated accurately and in accordance with the cost allocation plan.

*Effect:* Costs may be charged to the federal programs that do not agree to the cost allocation plan.

*Questioned Costs:* None as known and projected costs are less than \$25,000.

*Context/Sampling:* A nonstatistical sample of two out of four quarters was selected for testing. One allocation method did not agree to the submitted cost allocation plan for the March 31, 2022. In addition, one allocation statistic included an error that impacted the allocation percentages by 0.32% for one allocation method in the March 31, 2022 cost allocation.

*Repeat Finding from Prior Year:* Yes – prior year finding 2021-054.

*Recommendation:* We recommend DCFS enhance internal controls to ensure costs are allocated accurately and in accordance with the cost allocation plan.

*Views of Responsible Officials:* The Nevada Division of Child and Family Services agrees with this finding.



**2022-057: U.S. Department of Health and Human Services  
 Foster Care – Title IV-E, 93.658**

**Reporting  
 Material Weakness in Internal Control over Compliance and Material Noncompliance**

*Grant Award Number:* Affects all grant awards included under assistance listing 93.658 on the Schedule of Expenditures of Federal Awards.

*Criteria:* The Federal Funding Accountability and Transparency Act (FFATA) requires direct recipients of certain federal awards to report subaward information by the end of the month following the month in which the prime awardee obligates a subgrant award equal to \$30,000.

*Condition:* Required subaward information was not reported in the FFATA Subaward Reporting System (FSRS).

*Cause:* The Nevada Division of Child and Family Services (DCFS) did not have internal controls to ensure subaward information was submitted in accordance with the FFATA.

*Effect:* Subaward obligations were not reported in the FSRS and therefore not included on the FFATA’s website for public information disclosure.

*Questioned Costs:* None

*Context/Sampling:* We tested the entire population of two subawards obligated during the year. The quantity and subaward obligation errors were noted as follows:

	Subawards	Obligations
Total Tested	2	\$39,341,910
Not Reported	2	\$39,341,910
Not Timely	2	\$39,341,910
Obligation Incorrect	2	\$39,341,910
Missing Key Elements	2	\$39,341,910

*Repeat Finding from Prior Year:* Yes – prior year finding 2021-055.

*Recommendation:* We recommend DCFS implement internal controls to ensure subaward information is submitted in accordance with the FFATA.

*Views of Responsible Officials:* The Nevada Division of Child and Family Services agrees with this finding.

**2022-058: U.S. Department of Health and Human Services  
Foster Care – Title IVE-E, 93.658**

**Subrecipient Monitoring  
Significant Deficiency in Internal Control over Compliance**

*Grant Award Number:* Affects all grant awards included under assistance listings 93.658 on the Schedule of Expenditures of Federal Awards.

*Criteria:* Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) section 200.332 requires that pass-through entities ensure that every subaward includes certain information at the time of the subaward and that the award’s assistance listing number is identified to the subrecipient at the time of disbursement.

*Condition:* The assistance listing number was not identified at the time of disbursement.

*Cause:* The Division of Child and Family Services (DCFS) did not have adequate internal controls to ensure the assistance listing number was communicated on each disbursement to a subrecipient.

*Effect:* Noncompliance at the subrecipient level may occur and not be detected by DCFS.

*Questioned Costs:* None

*Context/Sampling:* A nonstatistical sample of four subrecipient payments out of a population of 31 was selected for testing. The assistance listing number was not communicated on one payment.

*Repeat Finding from Prior Year:* No

*Recommendation:* We recommend DCFS enhance internal controls to ensure the assistance listing number is communicated on each disbursement to a subrecipient.

*Views of Responsible Officials:* The Nevada Department of Child and Family Services agrees with this finding.

**2022-059: U.S. Department of Health and Human Services  
Children’s Health Insurance Program (CHIP), 93.767**

**Eligibility  
Material Weakness in Internal Control over Compliance**

*Grant Award Number:* Affects all grant awards included under assistance listing 93.767 on the Schedule of Expenditures of Federal Awards.

*Criteria:* States are required to determine eligibility in accordance with the eligibility requirements defined in the approved State plan (42 CFR 457). The State plan describes certain aid categories, including the eligibility criteria and potential benefits allowed under the aid categories for eligible individuals.

*Condition:* Individuals were deemed eligible but were placed in an incorrect aid category or did not have supporting documentation available for review.

*Cause:* The Nevada Division of Welfare and Supportive Services (DWSS) did not have adequate internal controls to ensure aid categories were accurate or applications for CHIP were maintained.

*Effect:* Individuals may receive benefits that they are not entitled to or not receive benefits for which they are entitled to.

*Questioned Costs:* None

*Context/Sampling:* A nonstatistical sample of 60 out of a population of 32,789 eligible participants was selected for testing. One individual had the incorrect aid code classified and two individuals did not have applications available for review.

*Repeat Finding from Prior Year:* Yes – prior year finding 2021-056.

*Recommendation:* We recommend DWSS enhance internal controls to ensure that aid categories are accurate and applications for CHIP are maintained.

*Views of Responsible Officials:* The Nevada Division of Welfare and Supportive Services agrees with this finding.

**2022-060: U.S. Department of Health and Human Services  
Children’s Health Insurance Program (CHIP), 93.767**

**Reporting  
Significant Deficiency in Internal Control over Compliance**

*Grant Award Number:* Affects all grant awards included under assistance listing 93.767 on the Schedule of Expenditures of Federal Awards.

*Criteria:* The *OMB Compliance Supplement* requires that reports submitted to the federal awarding agency include all activity of the reporting period, are supported by underlying accounting information, and are presented in accordance with program requirements.

The Nevada Division of Health Care Financing and Policy (DHCFP) is required to submit *Quarterly Children’s Health Insurance Program Statement Expenditures for Title XXI (CMS-21)* reports based on actual recorded expenditures (Sections 2105(e) and 2107(b)(1) of Title XXI).

*Condition:* Amounts reported on the CMS-21 were not supported by the underlying accounting information.

*Cause:* DHCFP did not have adequate internal controls to ensure CMS-21 reports were accurate.

*Effect:* Inaccurate information was reported to the federal awarding agency.

*Questioned Costs:* None

*Context/Sampling:* A nonstatistical sample of two CMS-21 reports out of a population of four was selected for testing. DHCFP was unable to provide support for one variance identified.

The December 31, 2021 CMS-21 report had the following unreconciled variance (Total Computable Column).

- Lines 1B/1D: \$253 (less reported than general ledger support)

*Repeat Finding from Prior Year:* Yes – prior year finding 2021-057.

*Recommendation:* We recommend DHCFP enhance internal controls to ensure CMS-21 reports are accurate.

*Views of Responsible Officials:* The Nevada Division of Health Care Financing and Policy agrees with this finding.

**2022-061: U.S. Department of Health and Human Services  
Children’s Health Insurance Program (CHIP), 93.767  
Medicaid Cluster:  
State Medicaid Fraud Control Units, 93.775  
State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare,  
93.777  
Medical Assistance Program (Medicaid; Title XIX), 93.778**

**Eligibility  
Material Weakness in Internal Control over Compliance**

*Grant Award Number:* Affects all grant awards included under assistance listing 93.767 and 93.778 on the Schedule of Expenditures of Federal Awards.

*Criteria:* Title 42 *Public Health* section 435.403 *State Residence* provides that the State must provide Medicaid to eligible residents of the State, including residents who are absent from the State, except in cases where another state has determined that the person is a resident there for purposes of Medicaid.

The Medicaid State Plan provides that the State has an eligibility determination system for data matching through the Public Assistance Reporting Information System (PARIS). The information that is requested is to be exchanged with states and other entities legally entitled to verify Title XIX applications and individuals eligible for covered Title XIX services consistent with applicable PARIS agreements. The State will transmit and receive data quarterly (February, May, August, and November).

The State enrolls beneficiaries on a mandatory basis into managed care entities (managed care organizations and/or primary care case managers) in the absence of certain allowable waivers. The State contracts with managed care organizations and reimburses them for capitation payments.

*Condition:* PARIS data was not utilized by the Division of Health Care Financing and Policy (DHCFP) or the Division of Welfare and Supportive Services (DWSS) to monitor residency changes to determine when managed care benefits needed to be terminated because the beneficiary was a resident of another state for Medicaid purposes.

*Cause:* DHCFP and DWSS did not have internal controls in place to effectively communicate the PARIS data between the two agencies to ensure managed care benefits were terminated when appropriate.

<i>Effect:</i>	Individuals are enrolled in Medicaid (and CHIP) plans in multiple states and benefits are not being terminated timely. Therefore, the State of Nevada is paying capitation payments to managed care organizations, when the benefits should have been terminated.
<i>Questioned Costs:</i>	Projected questioned costs are \$12,743,890 for Medicaid and \$186,062 for CHIP.
<i>Context/Sampling:</i>	<p>No sampling was used. The PARIS data was obtained and examined in total. The PARIS data included 56,892 participants with dual enrollment. Of those 56,892 participants, 9,722 participants were enrolled in another state after the State of Nevada. The projected questioned costs were estimated by performing the following:</p> <ul style="list-style-type: none"><li>• Identifying individuals who enrolled in another state after they had enrolled in Nevada (termination date for Nevada).</li><li>• Estimating a weighted average capitation payment based on demographics that determine the payment amount.</li><li>• Applying the weighted average capitation payments from the termination date through June 30, 2022 to determine the total projected questioned costs.</li><li>• The total projected questioned costs were then allocated between Medicaid and CHIP using participant counts in each plan between the ages of 0-18. Participants older than 18 were allocated to Medicaid. The allocated projected questioned costs were then multiplied by a weighted average Federal Medical Assistance Percentage (FMAP) to determine the final projected federal questioned costs.</li></ul>
<i>Repeat Finding from Prior Year:</i>	No
<i>Recommendation:</i>	We recommend DHCFP and DWSS implement internal controls to effectively communicate the PARIS data between each other and to ensure managed care benefits are terminated when appropriate.
<i>Views of Responsible Officials:</i>	The Division of Health Care Financing and Policy and the Division of Welfare and Supportive Services agrees with this finding.

<b>2022-062:</b>	<b>U.S. Department of Health and Human Services Medicaid Cluster: State Medicaid Fraud Control Units, 93.775 State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare, 93.777 Medical Assistance Program (Medicaid; Title XIX), 93.778</b>
	<b>Reporting Material Weakness in Internal Control over Compliance and Material Noncompliance</b>
<i>Grant Award Number:</i>	Affects all grant awards included under assistance listing 93.778 on the Schedule of Expenditures of Federal Awards.
<i>Criteria:</i>	<p>The <i>OMB Compliance Supplement</i> requires that reports submitted to the federal awarding agency include all activity of the reporting period, are supported by underlying accounting information, and are presented in accordance with program requirements.</p> <p>The Nevada Division of Health Care Financing and Policy (DHCFP) is required to submit <i>Quarterly Medicaid Statement of Expenditures for the Medical Assistance Program (CMS-64)</i> reports based on actual recorded expenditures (42 CFR 430.30).</p>
<i>Condition:</i>	Amounts reported on the CMS-64 were not supported by the underlying accounting information.
<i>Cause:</i>	DHCFP did not have adequate internal controls to ensure CMS-64 reports were accurate or supporting documentation for reconciling items was maintained.
<i>Effect:</i>	Inaccurate information may be reported to the federal awarding agency.
<i>Questioned Costs:</i>	None
<i>Context/Sampling:</i>	A nonstatistical sample of two CMS-64 reports out of a population of four was selected for testing. DHCFP has manual adjustments to key line items within the CMS-64 from the general ledger. DHCFP did not maintain a record of any of the manual adjustments and we were unable to verify whether the manual adjustment was appropriate. In total, there were \$91,007,519 in manual adjustments in the December 31, 2021 CMS-64 report and \$121,971,786 in the March 31, 2022 CMS-64 report that we were unable to verify.
<i>Repeat Finding from Prior Year:</i>	Yes – prior year finding 2021-061.
<i>Recommendation:</i>	We recommend DHCFP enhance internal controls to ensure CMS-64 reports are accurate and supporting documentation is maintained.

*Views of Responsible  
Officials:*

The Nevada Division of Health Care Financing and Policy agrees with this finding.



**2022-063: U.S. Department of Health and Human Services  
Opioid STR, 93.788**

**Earmarking  
Significant Deficiency in Internal Control over Compliance**

*Grant Award Number:* Affects all grant awards included under assistance listing 93.788 on the Schedule of Expenditures of Federal Awards.

*Criteria:* Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) section 200.303 provides that non-federal entities must establish and maintain effective internal control that provides reasonable assurance that the non-federal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award.

The grant agreements provide that no more than five percent of the total grant award may be used for administrative and infrastructure development costs. In addition, no more than two percent of the total grant award may be used for data collection and reporting.

*Condition:* The Nevada Division of Public and Behavioral Health (DPBH) did not have evidence of monitoring administrative, infrastructure development, data collection, and reporting costs to ensure they did not exceed the maximum allowable.

*Cause:* DPBH did not have internal controls to provide for the monitoring of earmarking requirements.

*Effect:* Costs may be expended above the maximum allowable.

*Questioned Costs:* None

*Context/Sampling:* No sampling was performed; earmarking requirements were tested in total. DPBH did not exceed the maximum allowable spending; however, there was no evidence that the earmarking requirement was actively monitored.

*Repeat Finding from Prior Year:* No

*Recommendation:* We recommend DPBH implement internal controls to provide for the monitoring of earmarking requirements.

*Views of Responsible  
Officials:*

The Nevada Division of Public and Behavioral Health agrees with this finding.

**2022-064: U.S. Department of Health and Human Services  
Opioid STR, 93.788**

**Procurement, Suspension, and Debarment  
Material Weakness in Internal Control over Compliance**

*Grant Award Number:* Affects all grant awards included under assistance listing 93.788 on the Schedule of Expenditures of Federal Awards.

*Criteria:* Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) requires contracts contain the applicable provisions described in Appendix II to Part 200 for contracts under federal awards.

Non-Federal entities are prohibited from contracting with parties that are suspended or debarred under covered transactions.

*Condition:* Certain applicable provisions described in Appendix II to Part 200 were not included in contracts as required. Procedures were not followed to verify if an entity was suspended or debarred before entering into a covered transaction.

*Cause:* The Nevada Division of Public and Behavioral Health (DPBH) did not have adequate internal controls to ensure contracts under federal awards contained all of the applicable provisions or to ensure procedures were followed to verify an entity was not suspended or debarred prior to entering into a covered transaction.

*Effect:* Contractors may not be aware of required terms and conditions. A covered transaction may be entered into with an entity that is suspended or debarred.

*Questioned Costs:* None

*Context/Sampling:* A nonstatistical sample of 60 procurement transactions out of a population of 263 was selected for testing, including 11 contracts subject to Appendix II to Part 200. Eight vendor contracts selected did not contained the applicable provisions required by Appendix II to Part 200 and of those eight, seven were missing procedures to verify the vendor was not suspended or debarred.

*Repeat Finding from Prior Year:* No

*Recommendation:* We recommend DPBH enhance internal controls to ensure all contracts under federal awards contain the applicable contract provisions and to ensure procedures are followed to verify an entity was not suspended or debarred prior to entering into a covered transaction.

*Views of Responsible  
Officials:*

The Nevada Division of Public and Behavioral Health agrees with this finding.

**2022-065: U.S. Department of Health and Human Services  
Opioid STR, 93.788**

**Reporting  
Material Weakness in Internal Control over Compliance and Material Noncompliance**

*Grant Award Number:* Affects all grant awards included under assistance listings 93.788 on the Schedule of Expenditures of Federal Awards.

*Criteria:* Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) section 200.303 provides that non-federal entities must establish and maintain effective internal control that provides reasonable assurance that the non-federal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award.

The grant agreements require that award recipients submit an annual and a mid-year *Performance Progress Report* (PPR).

*Condition:* The Nevada Division of Public and Behavioral Health (DPBH) did not maintain underlying documentation to support the amounts reported in annual and mid-year PPRs.

*Cause:* DPBH did not have internal controls to maintain adequate document retention to support compliance with the reporting requirements.

*Effect:* Inaccurate information may have been reported to the federal awarding agency.

*Questioned Costs:* None

*Context/Sampling:* The annual performance report and the mid-year performance report submitted during the audit period were selected for testing. Support was not maintained to reconcile or verify the accuracy of the amounts reported to the federal awarding agency for either report.

*Repeat Finding from Prior Year:* No

*Recommendation:* We recommend DPBH implement internal controls to maintain adequate document retention to support compliance with the reporting requirements.

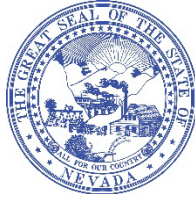
*Views of Responsible Officials:* The Nevada Division of Public and Behavioral Health agrees with this finding.

Management's Response to Auditor's Findings:  
Status of Prior Audit Findings and Corrective Action Plans  
June 30, 2022

Prepared by Management of  
**Nevada State Agencies**

Management's Response to Auditor's Findings

Status of Prior Audit Findings .....	A-1
Corrective Action Plans .....	A-123



**OFFICE OF THE  
STATE CONTROLLER**

January 24, 2024

Eide Bailly LLP  
5441 Kietzke Lane  
Reno, NV 89511

Dear Sirs:

In accordance with Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), please accept the following Summary Schedule of Prior Audit Findings for the year ended June 30, 2022.

**2021-001: Unemployment Due from Federal Government  
Material Weakness**

*Initial Fiscal Year  
Finding Occurred:* 2021

*Finding Summary:* Management is responsible for establishing and maintaining an effective system of internal control over financial reporting. Accurate reconciliation of federal cash on hand balances and related returns and refunds is a key component of internal control.

Unemployment benefits paid by the Federal government were overdrawn.

The Department of Employment, Training, and Rehabilitation (DETR) did not have adequate internal controls to provide for the reconciliation of federal cash on hand balances, ACH returns, and refunds to ensure the correct amounts from the Federal government were requested.

A prior period adjustment of \$65,495,019 was recognized to reduce the amounts receivable from the Federal government in the prior year and \$52,850,558 was noted as overdrawn as of June 30, 2021.



We recommend DETR enhance internal controls to provide for the reconciliation of federal cash on hand balances, ACH returns, and refunds to ensure the correct amounts from the Federal government are requested.

*Status:* Corrected

**2021-002: Unemployment Accounts Receivable  
Material Weakness**

*Initial Fiscal Year*  
*Finding Occurred:* 2021

*Finding Summary:* Management is responsible for establishing and maintaining an effective system of internal control over financial reporting. Accurate reconciliation of accounts receivable and receipt of appropriate receivable information are key components of internal control.

Certain accounts receivable for overpayments and the related allowance for doubtful accounts required adjustment to report the balances in accordance with U.S. GAAP.

In addition, certain accounts receivable aging information is not available for employer assessments to allow for appropriate, detailed analysis of the allowance for doubtful accounts.

The Department of Employment, Training, and Rehabilitation (DETR) did not have adequate internal controls or information available to provide for the appropriate analysis of outstanding accounts receivable and related allowance for doubtful accounts.

Prior to adjustment, net accounts receivable was overstated by \$130,665,612. In addition, these amounts had an estimated federal impact of \$101,295,272 which reduced the estimated amount payable to the federal government.

We recommend DETR enhance internal controls and generate information to provide for the appropriate analysis of outstanding accounts receivable and related allowance for doubtful accounts.

*State's Response:* **Nevada DETR's Response**

Management accepts this finding and is working on a policy and procedure to determine a reasonable method for calculating an allowance for doubtful accounts. Further, Management will ensure appropriate reporting, including accounts receivable aging reports, are included for both contributions and benefit overpayments in the new Unemployment Insurance Claim payment system.

**Nevada DETR's Response 05/2022**

DETR has established internal controls and procedures (4.e. Doubtful Accounts), which went into effect 03.01.2022, is being applied and is available upon request.

Management accepts this finding and has enhanced internal controls and Implemented procedures to aid in analyzing and reporting employer accounts with credit balances (overpayments) in order to assure proper recognition in the financial statements.

*Status:* Partially Corrected – Repeated as Finding 2022-014 (in part).

**2021-003: Unemployment Revenue and Expense Accrual Adjustments  
Material Weakness**

*Initial Fiscal Year*  
*Finding Occurred:* 2021

*Finding Summary:* Management is responsible for establishing and maintaining an effective system of internal control over financial reporting. Accurate opening balances and reversal of prior year accrual entries are key components of internal control.

Federal revenues and benefits expenses were not accurately reported on an accrual basis.

The State of Nevada did not have adequate internal controls to ensure prior year closing balances were accurately reflected in the current year opening balances, which caused prior year amounts to be reversed inaccurately in the current year.

Prior to adjustment, federal revenue and benefits expense were both overstated \$370,233,231.

We recommend the State of Nevada enhance internal controls to ensure closing balances are accurately reflected in the opening balances of the next fiscal year.

*Status:* Corrected

**2021-004, 2020-003,  
2019-005:**

**Cash – Monthly Bank Reconciliation  
Material Weakness**

*Initial Fiscal Year*

*Finding Occurred:* 2021

*Finding Summary:*

Management is responsible for establishing and maintaining an effective system of internal control over financial reporting. Properly reconciling bank accounts in a timely and accurate manner is a key component of effective internal control over financial reporting. In addition, review and approval of the reconciliation is a key component of effective internal control over financial reporting.

The June 30, 2021 bank reconciliation for the outside bank accounts includes an unexplained variance of \$7,802,169 between the book balance and the bank balance.

The March 31, 2021 bank reconciliation for the outside bank accounts includes an unexplained variance of \$12,520,497 between the book balance and the bank balance.

The December 31, 2020 bank reconciliation for the outside bank accounts includes an unexplained variance of \$7,228,069 between the book balance and the bank balance.

The October 31, 2020 bank reconciliation for the outside bank accounts includes an unexplained variance of \$6,816,714 between the book balance and the bank balance.

In addition, there was no evidence of review and approval (segregation of duties) on any of the four bank reconciliations noted above.

Internal controls in place did not ensure bank reconciliation variances were reviewed, researched, and resolved in a timely manner.

The cash balance recorded in the State of Nevada's general ledger may be incorrect.

We recommend the Controller's Office enhance internal controls to ensure the bank reconciliation variances are reviewed, researched, and resolved in a timely manner.

*State's Response:*

Signatures of the preparer and reviewer have been included on the bank reconciliations. Additional funding was approved beginning in June 2022 for the previously contracted employee to assist with bank reconciliations. Controls will be reviewed and enhanced to ensure the bank reconciliation variances are researched and resolved in a timely manner.

Estimated completion March 2024

We are seeking contract approval in January 2024, for additional funding for an independent audit firm to assist in researching and resolving the bank reconciliation variance. In addition, more communication and comparison will occur between the unit that prepares the bank reconciliation and the unit that prepares the adjustments to pooled cash and investments to ensure all items are included in the bank reconciliation.

Controls will be reviewed and enhanced to ensure that the bank reconciliation variances are researched and resolved in a timely manner.

New procedures are being implemented to ensure appropriate classification of cash and investments. We will also include a process for reconciling the Treasurer's pooled cash to the bank reconciliation to ensure that any changes to cash are reflected within both. The procedures for restricted cash will be updated to ensure that bond proceeds related to capital assets are included in the restricted cash disclosure are correct.

Estimated completion January 2024

*Status:* Partially Corrected, repeated as finding 2022-002

**2021-005: Cash and Investments – Classification and Disclosures  
Material Weakness**

*Initial Fiscal Year  
Finding Occurred:* 2021

*Finding Summary:* Management is responsible for establishing and maintaining an effective system of internal control over financial reporting. Proper classification of cash and investment balances and accuracy of disclosures is necessary for the preparation of financial statements in accordance with U.S. GAAP and key components of effective internal control over financial reporting.

Restricted cash balances, related to unspent bond proceeds, were not appropriately presented in the financial statements and cash and investment disclosures were not accurate.

The State of Nevada Controller's Office did not have adequate internal controls to ensure appropriate classification of unspent bond proceeds and accuracy of cash and investment disclosures.

Prior to adjustment, restricted cash balances for unspent bond proceeds were understated by \$174,195,712.

The cash and investment disclosures in Note 3 required the following updates:

- Money market mutual funds totaling \$646,343,260 were duplicated in both deposits and investment balances.
- Investment maturities were originally understated by \$4,319,432,000
- Quality ratings were originally overstated by \$58,336,000
- Fair value balances were originally overstated by \$277,121,000
- Various other adjustments were required for classifications of securities, disclosures on net asset value and discretely presented component units.

We recommend the Controller’s Office enhance internal controls to ensure appropriate classification of unspent bond proceeds and accuracy of investment disclosures.

*State’s Response:*

We are seeking contract approval in January 2024, for additional funding for an independent audit firm to assist in researching and resolving the bank reconciliation variance. In addition, more communication and comparison will occur between the unit that prepares the bank reconciliation and the unit that prepares the adjustments to pooled cash and investments to ensure all items are included in the bank reconciliation.

Controls will be reviewed and enhanced to ensure that the bank reconciliation variances are researched and resolved in a timely manner.

New procedures are being implemented to ensure appropriate classification of cash and investments. We will also include a process for reconciling the Treasurer’s pooled cash to the bank reconciliation to ensure that any changes to cash are reflected within both. The procedures for restricted cash will be updated to ensure that bond proceeds related to capital assets are included in the restricted cash disclosure are correct.

Estimated completion January 2024

*Status:*

Not corrected, repeated as finding 2022-002.

**2021-006:**

**Housing Division Fund – Cash and Investments  
Material Weakness**

*Initial Fiscal Year*

*Finding Occurred:* 2021

*Finding Summary:*

Management is responsible for establishing and maintaining an effective system of internal control over financial reporting. Proper reconciliation and recording of cash and investments is a key component of effective internal control over financial reporting.

Cash and investments were not appropriately stated in the Housing Division Fund.

The Housing Division issued separately audited financial statements that the State of Nevada Controller's Office uses and partially relies on. A variance was noted between the Controller's Office's records and the separately audited financial statements. The Controller's Office did not have adequate internal controls to investigate the cause of the variance to ensure appropriate reconciliation and recording of cash and investments.

Prior to adjustment, cash and investment balances, as well as accounts payable, in the Housing Division Enterprise Fund were understated by \$18,086,711.

We recommend the Controller's Office enhance internal controls to investigate variances from its records to amounts reported in separately audited and issued financial statements.

*Status:* Corrected

**2021-007: Highway Fund – Inventory Balance  
Material Weakness**

*Initial Fiscal Year  
Finding Occurred:* 2021

*Finding Summary:* Management is responsible for establishing and maintaining an effective system of internal control over financial reporting. Proper recording of inventory is a key component of effective internal control over financial reporting.

Physical inventory counts are performed during the months of April through June each year; however, inventory reports used to record the inventory balance stockpile by locations throughout the State of Nevada did not agree to the balance recorded by the Nevada Department of Transportation (NDOT). In addition, during our audit procedures the invoices provided to support inventory pricing significantly varied from the unit prices used in the inventory balance. Unit prices could not be verified for stockpile related items.

The State of Nevada Department of Transportation (NDOT) did not have internal controls to ensure its stockpile inventory was appropriately quantified or valued. Stockpile amounts reported in inventory are not adequately reviewed for reasonableness and accuracy.

The effect cannot be quantified as there were insufficient records in place to reasonably estimate the year-end inventory balance.

We recommend NDOT implement internal controls, which includes a review of stockpile quantities and prices, to ensure its stockpile inventory is appropriately valued.

*State's Response:*

**Reason for recurrence, if applicable:** During the implementation of the Enterprise Asset Management System (EAMS), the test environment and all the sample transactional activity were converted into the production environment. This is causing some slightly miscalculated unit cost (weighted-average cost) values. NDOT is currently adjusting for these trial transactions as they are found; however, this adds to some discrepancies with the unit price (weighted-average cost).

NDOT's IT team and the implementation company cannot remove the test environment transactions, so staff is left to manually find these test entries and make the necessary corrections as they are discovered.

**New corrective action:** NDOT staff initially proposed a procedural change to perform quarterly reconciliation of inventory and price checks so staff can catch discrepancies earlier and make the necessary correction promptly. Due to the time that it takes for the material stockpiles to be measured in the field, quantities reported, discrepancies investigated, and stockpiles reconciled, there is not enough time in the year to complete these actions quarterly, so reconciliation is being performed twice per year rather than quarterly.

Date of estimated completion: July 29, 2022

NDOT also considered separating the labor cost from the inventory cost when valuing stockpile inventories. This idea was provided as a possible solution by auditors. The separation of labor from materials purchases was considered and will not be pursued as the valuation of labor separate from materials would require system modifications and modifications to past system transactions.

**Partial corrective action taken:**

NDOT is partnering with the Pavement Engineering & Science Program Civil and Environmental Engineering Board of Regents, on behalf of The University of Nevada, Reno (UNR), to provide technical assistance on the accurate measurement of NDOT's stockpile inventories records & management for maintenance activities. This will help NDOT formulate a more thorough raw inventory measurement calculation, which will be rolled out to each NDOT field location, bringing all NDOT locations to one formula-based measurement calculation. This action is in progress and not yet complete.

NDOT also updated the Enterprise Asset Management System (EAMS) with one data field change and two error invoice entry checkpoint validations. The purchasing function in the program has been updated with a check for the unit prices. If the unit price is adjusted by a certain percentage (which varies for each type of material due to large price increases) the program will not let the purchase be saved. In addition, the unit price multiplied by the amount of material must match the invoice cost entered to be able to be saved as a purchase. This was completed in 2021.

NDOT staff have manually located many test entries in EAMS and made the associated corrections. NDOT staff have gone through all of the stockpiles that were affected by the testing phase and corrected the amounts and the costs. This was completed in late in 2020.

*Status:* Partially Corrected

**2021-008, 2020-006: Capital Assets – CIP, Infrastructure, and Rights-of-way  
Material Weakness**

*Initial Fiscal Year  
Finding Occurred:* 2021

*Finding Summary:* Management is responsible for establishing and maintaining an effective system of internal control over financial reporting. Proper recording of changes to construction in progress, infrastructure, and rights of way is a key component of effective internal control over financial reporting.

Some assets were double counted and included in infrastructure and construction in progress. Moreover, some additions to infrastructure and rights-of-way assets were already recorded in the prior year. Lastly, some additions were recorded in the current year, which should have been recorded in the prior year.

The State of Nevada Department of Transportation (NDOT) did not have adequate internal controls to properly roll-forward and reconcile capital asset balances. Review of on-going and completed projects was not adequate to ensure assets were removed from construction in progress when completed and the project roll-forward was accurate and consistent (assets not duplicated between years).

The following errors were noted:

- \$133,775,285 of infrastructure and rights-of-way were included in the current year, that were already completed and recognized in the prior year.



- \$100,604,611 of construction in progress was duplicated with amounts recorded in infrastructure and rights-of-way.
- \$10,378,856 of current year construction in progress that should have been recorded in the prior year.
- \$23,800,594 reduction of current year construction in progress as it should not have been recorded in the prior year.

We recommend NDOT enhance internal controls to properly roll-forward and reconcile capital assets. These internal controls should include a review of on-going and completed projects for accuracy and to avoid duplication of assets.

*State's Response:*

**Reason for recurrence, if applicable:** Internal controls were not effectively operating at the agency.

**New corrective action:**

The CIP balance will be rolled forward and verified on an individual project level. The final vouchered report will also be verified against the CIP balance report to confirm that final projects are being removed from the CIP balances and that all capacity and Right-of-Way expenditures are balanced. A periodic review with the engineering department will be done on projects that do not have a capacity-reported balance, so we capture any changes in the project before the final voucher.

Date of estimated completion: July 29, 2022

**Partial corrective action taken:**

On May 31, 2022, The NDOT staff met with the State Controller's office to thoroughly discuss the Capital Assets – CIP, Infrastructure, and Right-of-way activity report. The State Controllers' office prepared a sample mock draft of the required balance activity format along with the matching supporting detail by project that is to be included in the annual report. NDOT reviewed the new requirement and has agreed to make these minor reporting adjustments.

**Explain significant differences in corrective action from prior year, if applicable:**

In prior year CIP understated by \$16,160,342 due to infrastructure transfers not recorded in the proper accounting period. Transfers were recorded based upon transfer of operational control of right-of-way (ROW) versus completion of approved agreements formalizing the transfer.

Procedure updated to ensure that all Nevada Department of Transportation roadway transfers in and/or out will only be counted as a capital asset upon the complete and official ROW transfer board approved agreements. The Roadway Transfer Excel worksheet will be filled out and signed by the Road Data & Research Division Chief or His/her designee, confirming ROW transfer of miles has been finalized, which will be supported by the respective agreement(s).

NDOT installed the Masterworks system June 2023 which allows NDOT to plan, build, and maintain capital assets, infrastructure, and facilities in one place. The new system provides a dropdown box to signify an LPA project. The old system required manual data entry. This functionality will allow elimination of LPA projects from the capitalization entry of NDOT's infrastructure projects.

Date of Completion: July 1, 2023

*Status:* Partially Corrected, repeated as finding 2022-012

**2021-009: Highway Fund – Accounts Receivable and Deferred Inflows  
Significant Deficiency**

*Initial Fiscal Year*

*Finding Occurred:* 2021

*Finding Summary:*

Management is responsible for establishing and maintaining an effective system of internal control over financial reporting. Proper reconciliation and recording of accounts receivable and deferred inflows of resources is a key component of effective internal control over financial reporting.

Amounts billed and collected after June 30, 2021, which related to the fiscal year for motor carrier fuel and registration fees were not accurately reported.

The Nevada Department of Motor Vehicles (DMV) did not have adequate internal controls to properly summarize and report subsequent collections of motor carrier fuel and registration fees.

Accounts receivable and deferred inflows of resources were both overstated by \$2,934,591.

We recommend the DMV enhance internal controls to properly summarize and report subsequent collections of motor carrier fuel and registration fees.

*State's Response:* Corrected on 7/28/22.

*Status:* Partially Corrected

**2021-010, 2020-005: General Fund – Federal Grant Revenue  
Material Weakness**

*Initial Fiscal Year  
Finding Occurred:* 2021

*Finding Summary:* Management is responsible for establishing and maintaining an effective system of internal control over financial reporting. Proper recording of revenue is a key component of effective internal control over financial reporting.

Revenue was recognized for a federal grant prior to meeting the requirements of the grant, such as in the incurrence of allowable costs.

The State of Nevada Housing Division did not have adequate internal controls to ensure federal grant revenue was recognized only once all requirements were met.

Revenue related to federal grants was overstated and unearned revenue was understated by \$51,608,087 in the General Fund.

We recommend the Housing Division enhance internal controls to ensure federal grant revenue is recognized only once all requirements are met.

*Status:* Corrected

**2021-011: Medicaid and CHIP Estimated Receivables and Liabilities  
Material Weakness**

*Initial Fiscal Year  
Finding Occurred:* 2021

*Finding Summary:* Management is responsible for establishing and maintaining an effective system of internal control over financial reporting. Properly calculating and valuing significant estimates in a timely and accurate manner is a key component of effective internal control over financial reporting.

Estimates for Medicaid and Children Health Insurance Program (CHIP) incurred but not reported (or processed) claims and related amounts due from the federal government were not reasonable.

The Medicaid and CHIP estimates were calculated using reports from the Medicaid Management Information System (MMIS). However, the reports were run prior to significant data being captured in the system (in early August rather than in October or November) both in the current and prior year. These estimates are developed using subsequent claims and payments, of at a minimum at least 60-120 days after year end, to ensure accuracy and precision.

The State of Nevada Division of Health Care Financing and Policy did not have adequate internal controls to develop the Medicaid and CHIP claim estimates using appropriate data and assumptions.

Prior to adjustment, the following errors were noted for Medicaid and CHIP related amounts:

- Receivables were understated by \$74,604,849
- Unavailable revenues were overstated by \$52,697,879
- Liabilities were understated by \$107,071,335
- Revenues were understated by \$43,443,361
- Expenses were understated by \$11,023,361
- Beginning fund balance was overstated by \$12,188,607

*Recommendation:* We recommend the Division of Health Care Financing and Policy enhance internal controls to develop the Medicaid and CHIP claim estimates using appropriate data and assumptions. Reports from the MMIS should be developed using significant, relevant data and through the correct time period.

*State's Response:* The Division will enhance internal controls to ensure appropriate and relevant data is used to develop the Medicaid and CHIP estimates, use MMIS data to develop reports through the correct time period, and ensure capitation expenses are recorded in the appropriate period. The Division is actively filling vacancies and training staff to ensure reconciliations are performed to ensure the integrity of data and reports are correct.

Date of Estimated Completion: December 2024

*Status:* Not corrected, repeated as finding 2022-006.

**2021-012: Prescription Rebate Allowance for Doubtful Accounts  
Material Weakness**

*Initial Fiscal Year  
Finding Occurred:* 2021

*Finding Summary:* Management is responsible for establishing and maintaining an effective system of internal control over financial reporting. Having a policy and calculation methodology that considers historical information and currently known facts and circumstances in the development of an allowance for doubtful accounts is a key component of effective internal control over financial reporting.

*The allowance for doubtful accounts in relation to prescription rebates* was calculated using a standard policy (applied to all receivables) without regard to historical collection rates or currently known facts and circumstances specific to prescription rebates.

The Nevada Division of Health Care Financing and Policy did not have adequate internal controls to ensure its allowance for doubtful accounts policy was appropriate for prescription rebates.

The allowance for doubtful accounts was overstated (receivables understated) by approximately \$16,000,000.

We recommend the Division of Health Care Financing and Policy enhance internal controls to ensure its allowance for doubtful accounts policy is appropriate for prescription rebates.

*State's Response:* **Partial corrective action taken:** Controls were put in place to facilitate a quarterly review, which was implemented as expected on July 31, 2022. The corrective action was not retroactive. This action is only considered partially implemented for the purposes of this update because it was completely implemented after June 30, 2022.

*Status:* Not Corrected

**2021-013: Medicaid and CHIP Expenses and Accounts Payable  
Material Weakness**

*Initial Fiscal Year*

*Finding Occurred:* 2021

*Finding Summary:* Management is responsible for establishing and maintaining an effective system of internal control over financial reporting. Ensuring expenses are recorded in the appropriate time period is a key component of effective internal control over financial reporting.

Certain payments for Medicaid and Children Health Insurance Program (CHIP) claims were not recorded in the appropriate fiscal year.

The Nevada Division of Health Care Financing and Policy did not have adequate internal controls to ensure Medicaid and CHIP capitation claims and disproportionate share hospital (DSH) payments were recorded in the proper period.

A prior period adjustment was required for \$252,740,971 in the General Fund for capitation claims that were recorded in fiscal year 2021 that should have been recorded in fiscal year 2020. In addition, \$11,331,575 in DSH payments were also recorded in fiscal year 2021 that should have been recorded in fiscal year 2020.

We recommend the Division of Health Care Financing and Policy enhance internal controls to ensure Medicaid and CHIP capitation claims and DSH payments are recorded in the proper period.

*State's Response:* The Division will enhance internal controls to ensure appropriate and relevant data is used to develop the Medicaid and CHIP estimates, use MMIS data to develop reports through the correct time period, and ensure capitation expenses are recorded in the appropriate period. The Division is actively filling vacancies and training staff to ensure reconciliations are performed to ensure the integrity of data and reports are correct.

Date of Estimated Completion: December 2024

*Status:* Not corrected, repeated as finding 2022-006.

**2021-014: Internal Balances - Due To/From and Transfers  
Material Weakness**

*Initial Fiscal Year  
Finding Occurred:* 2021

*Finding Summary:* Management is responsible for establishing and maintaining an effective system of internal control over financial reporting. Proper reconciliation and presentation of internal balances and activity, such as due to/from component units and interfund transfers is a key component of effective internal control over financial reporting.

Interfund transfers were reported at net and not reported at gross, as required. In addition, amounts recorded as due to component units and amounts due from the primary government did not agree with each other and were not appropriately recorded.

The State of Nevada Controller's Office did not have adequate internal controls to ensure internal balances and activity were appropriately communicated, recorded, and reported.

Prior to adjustment, the following errors were noted:

General Fund

Overstatement of Due From Other Funds by \$24,701,943  
Overstatement of Due To Other Funds by \$24,701,943  
Understatement of Transfers In by \$29,462,161  
Overstatement of Intergovernmental Revenue by \$29,462,161

Highway Fund

Overstatement of Due From Other Funds by \$24,701,943  
Overstatement of Due To Other Funds by \$24,701,943

Consolidated Bond Interest and Redemption Fund

Understatement of Transfers In by \$419,924  
Overstatement of Intergovernmental Revenue by \$419,924

CIP University System Fund

Overstatement of Due To Component Unit by \$2,778,699  
Overstatement of Interest and Investment Income by \$536,786  
Understatement of Transfers Out by \$29,882,085  
Understatement of Education Expenses by \$69,559,670  
Understatement of Transfers In by \$60,779,438  
Understatement of Beginning Fund Balance by \$41,977,801

CIP Bond Proceeds Fund

Overstated Education Expenses by \$60,779,438  
Understated Transfers Out by \$60,779,438 Discretely Presented

Component Unit

Overstatement of Due From Primary Government by \$30,026,699  
Understatement of Accounts Receivable by \$2,778,699  
Understatement of Payments From State by \$131,155,801  
Overstatement of Beginning Net Position by \$158,403,801

We recommend the Controller's Office enhance internal controls to ensure internal balances and activity are appropriately communicated, recorded, and reported.

*Status:*

Corrected

**2021-015: Net Position - Net Investment in Capital Assets  
Material Weakness**

*Initial Fiscal Year*  
*Finding Occurred:* 2021

*Finding Summary:* Management is responsible for establishing and maintaining an effective system of internal control over financial reporting. Proper calculation and reconciliation of the components of net position is a key component of effective internal control over financial reporting.

Net Investment in Capital Assets was not calculated correctly due to capital asset related deferred charges on refunding being excluded from the calculation.

The State of Nevada Controller's Office identified capital asset related deferred charges on refunding. However, the Controller's Office did not have adequate internal controls to ensure the amounts identified were included in the calculation of Net Investment in Capital Assets.

An inappropriate calculation method could potentially lead to a material misstatement of the components and classification of net position. The misstatement was \$17,617,914 for an understatement in Net Investment in Capital Assets and overstatement in Unrestricted Net Position.

We recommend the Controller's Office enhance internal controls to ensure capital asset related deferred charges on refunding are included in the calculation of Net Investment in Capital Assets.

*Status:* Corrected

**2021-016: Highway Fund – Developer Deposits  
Material Weakness**

*Initial Fiscal Year*  
*Finding Occurred:* 2021

*Finding Summary:* Management is responsible for establishing and maintaining an effective system of internal control over financial reporting. Proper recording of revenue is a key component of effective internal control over financial reporting.

Developer deposits were recognized as revenue before they were earned.

The State of Nevada Department of Transportation did not have adequate internal controls to ensure developer deposits were recognized as revenue only when they were non-refundable to the developer.



Revenue related to developer deposits was recognized improperly in the prior year for \$1,000,000. Refunds were made in the current year and as a result, beginning fund balance is overstated by \$1,000,000 and current year revenue is understated by \$1,000,000.

We recommend the Department of Transportation enhance internal controls to ensure developer deposits are recognized as revenue only when they are non-refundable to the developer.

*Status:* Corrected

**2021-017: Overall Control Environment and Control Activities  
Material Weakness**

*Initial Fiscal Year  
Finding Occurred:* 2021

*Finding Summary:* Management is responsible for establishing and maintaining an effective system of internal control over financial reporting.

Analysis, review, and reconciliation of financial reporting information received by the Controller's Office from the various state agencies is not operating effectively.

Financial reporting information received from the various state agencies is frequently misstated or otherwise in error. However, the State of Nevada Controller's Office does not have adequate internal controls to effectively analyze, review, and reconcile this information. In some cases, information is compiled for financial reporting rather than analyzed and reviewed for material error.

Materially misstated information is compiled and recorded for financial reporting. As a result, our audit procedures identified adjustments for:

- Cash and Investments
- Accounts Receivable
- Inventory
- Capital Assets
- Accounts Payable
- Unearned Revenue
- Unavailable Revenue
- Internal Balances (Receivables, Payables, and Transfers)
- Revenue
- Expenses
- Fund Balance/Net Position

We recommend the Controller's Office enhance internal controls to effectively analyze, review, and reconcile information received from the various state agencies.

*State's Response:* All documents provided to the State Controller's Office from other State agencies will be analyzed for reasonableness, compared to prior year(s) documents, and checked for any math errors.

Estimated completion January 2024

*Status:* Not corrected, repeated as finding 2022-001.

**2021-018, 2020-023,  
2019-029:**

**U.S. Department of Agriculture**

**SNAP Cluster:**

**Supplemental Nutrition Assistance Program (SNAP), 10.551  
State Administrative Matching Grants for the Supplemental  
Nutrition Assistance Program, 10.561**

**U.S. Department of Health and Human Services**

**CCDF Cluster:**

**Child Care and Development Block Grant, 93.575**

**Child Care Mandatory and Matching Funds of the Child Care and  
Development Fund, 93.596**

**Low-income Home Energy Assistance, 93.568**

**Medicaid Cluster:**

**State Medicaid Fraud Control Units, 93.775**

**State Survey and Certification of Health Care Providers and  
Suppliers (Title XVIII) Medicare, 93.777**

**Medical Assistance Program (Medicaid; Title XIX), 93.778**

**Children's Health Insurance Program (CHIP), 93.767**

**Allowable Costs/Cost Principles**

**Significant Deficiency in Internal Control over Compliance**

*Initial Fiscal Year*

*Finding Occurred:* 2020

*Finding Summary:* Affects all grant awards included under assistance listings 10.561, 93.575, 93.596, 93.568, 93.778, and 93.767 on the Schedule of Expenditures of Federal Awards.

Title 2 U.S. Code of Federal Regulations (CFR) Part 200, subpart E, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) provides that a State must claim federal financial participation for costs associated with a program only in accordance with its approved cost allocation plan. Since cost allocation plans are of a narrative nature, the federal government needs assurance that the cost allocation plan has been implemented as approved.

Allocation statistics used in cost allocation did not agree to the underlying support and the internal review process was not documented.

The Nevada Division of Welfare and Supportive Services (the Division) did not have adequate internal controls to document review of allocation statistics and ensure that the allocation statistics were accurate.

Administrative costs claimed were inaccurate.

None as known and projected questioned costs are less than \$25,000.

A nonstatistical sample of two out of four quarters was selected for testing. Some allocations based on full-time equivalents (FTE's) were not supported by the underlying data for both quarters. In addition, there was no evidence of review.

*Status:* Corrected

**2021-019: U.S. Department of Agriculture  
SNAP Cluster:  
Supplemental Nutrition Assistance Program (SNAP), 10.551  
State Administrative Matching Grants for the Supplemental Nutrition  
Assistance Program, 10.561**

**Subrecipient Monitoring  
Significant Deficiency in Internal Control over Compliance**

*Initial Fiscal Year*  
*Finding Occurred:* 2021

*Finding Summary:* Affects all grant awards included under assistance listing 10.561 on the Schedule of Expenditures of Federal Awards.

Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) section 200.332 requires that:

Pass-through entities evaluate each subrecipient's risk of noncompliance with federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring.

An evaluation of each subrecipient's risk of noncompliance for purposes of determining the appropriate subrecipient monitoring was not performed.

The Nevada Division of Welfare and Supportive Services (the Division) did not have adequate internal controls to ensure risk assessment was performed.

Noncompliance at the subrecipient level may occur and not be detected by the Division.

A non-statistical sample of seven subrecipients out of a population of 24 was selected for testing. Risk assessment was not performed for all seven subrecipients.

*Status:* Corrected

**2021-020: U.S. Department of Agriculture  
Child Nutrition Cluster:  
School Breakfast Program, 10.553  
National School Lunch Program, 10.555  
Special Milk Program for Children, 10.556  
Summer Food Service Program for Children, 10.559  
Child Nutrition Discretionary Grants Limited Availability, 10.579**

**Activities Allowed or Unallowed/Allowable Cost Principles and Cash Management  
Material Weakness in Internal Control over Compliance**

*Initial Fiscal Year*  
*Finding Occurred:* 2021

*Finding Summary:* Affects all grant awards included under assistance listings 10.553, 10.555, 10.556, 10.559 and 10.579 on the Schedule of Expenditures of Federal Awards.

Title 2 U.S. Code of Federal Regulations (CFR) Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) section 200.334 provides that records pertinent to a federal award must be retained for a period of three years from the date of submission of the final expenditure report or, for federal awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report, respective, as reported to the federal awarding agency or pass-through entity in the case of a subrecipient.

Uniform Guidance section 200.403 provides that costs must be adequately documented in order to be allowable.

Uniform Guidance section 200.305 provides that payment methods must minimize the time elapsing between the transfer of funds from the pass-through entity and the disbursement by the subrecipient.

Transaction records were not retained, resulting in the inability to determine compliance.

The Nevada Department of Agriculture (the Department) did not have adequate internal controls to ensure appropriate document retention.

Unallowable costs may have been charged to the federal awards and payments to subrecipients may not have followed the timing requirements.

\$30,103

A nonstatistical sample of 60 transactions out of a population of approximately 1,250 was selected for testing. The total sample tested was \$7,060,246 from a population of \$120,840,577. Support could not be provided for three transactions totaling \$30,103 as well as two other credit adjustments for \$(6,576).

*Status:*

Corrected

**2021-021:**

**U.S. Department of Agriculture  
Child Nutrition Cluster:  
School Breakfast Program, 10.553  
National School Lunch Program, 10.555  
Special Milk Program for Children, 10.556  
Summer Food Service Program for Children, 10.559  
Child Nutrition Discretionary Grants Limited Availability, 10.579**

**Cash Management  
Material Weakness in Internal Control over Compliance and Material  
Noncompliance**

*Initial Fiscal Year*

*Finding Occurred:* 2021

*Finding Summary:*

Affects all grant awards included under assistance listings 10.553, 10.555, 10.556, 10.559 and 10.579 on the Schedule of Expenditures of Federal Awards.

Title 2 U.S. Code of Federal Regulations (CFR) Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) section 200.334 provides that records pertinent to a federal award must be retained for a period of three years from the date of submission of the final expenditure report or, for federal awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report, respective, as reported to the federal awarding agency or pass-through entity in the case of a subrecipient.

The Uniform Guidance section 200.305 provides that payments are governed by the Treasury-State Cash Management Improvement Act (CMIA) agreements for disbursement of federal funds.

Transaction records were not retained, resulting in the inability to determine compliance with the State's Treasury-State Agreement.

The Nevada Department of Agriculture (the Department) did not have adequate internal controls to ensure appropriate document retention.

The Department may not be in compliance with the Treasury-State Agreement.

A nonstatistical sample of nine transactions totaling \$5,307,069 out of a population of 57 totaling \$122,338,845 was selected for testing. Documentation regarding the underlying expenditures and check run the federal draw was receipted for could not be provided for five transactions totaling \$95,535.

*Status:* Corrected

**2021-022: U.S. Department of Agriculture  
Child Nutrition Cluster:  
School Breakfast Program, 10.553  
National School Lunch Program, 10.555  
Special Milk Program for Children, 10.556  
Summer Food Service Program for Children, 10.559  
Child Nutrition Discretionary Grants Limited Availability, 10.579**

**Special Tests and Provisions – Accountability for USDA-Donated  
Foods  
Material Weakness in Internal Control over Compliance**

*Initial Fiscal Year*

*Finding Occurred:* 2021

*Finding Summary:* Affects all grant awards included under assistance listings 10.553, 10.555, 10.556, 10.559 and 10.579 on the Schedule of Expenditures of Federal Awards.

Distributing and sub distributing agencies (as defined at 7 CFR section 250.3) must maintain accurate and complete records with respect to the receipt, distribution, and inventory of USDA-donated foods, including end products processed from donated foods. Failure to maintain records required by 7 CFR section 250.16 shall be considered prima facie evidence of improper distribution or loss of donated foods (7 CFR sections 250.16(a)(6) and 250.15(c)).

Year-end physical inventory observations performed by the Nevada Department of Agriculture could not be rolled forward, using receipt and distribution records, to the physical inventory observation performed during the audit.

The Department did not have adequate internal controls to ensure accurate roll- forward reconciliations of inventory balances.

Year-end inventory balances may not be accurate.

A nonstatistical sample of 26 commodities out of a population of 34 was selected for roll-forward testing. The year-end physical inventory count was performed on June 21, 2021 and the roll-forward was performed to subsequent inventory counts on November 29, 2021 and December 2, 2021 (depending on location of warehouse). The Department was unable to reconcile 19 of the 26 commodities tested. Variances ranged from 172 additional units to 68 fewer units, depending on the commodity.

*Status:* Corrected

**2021-023: U.S. Department of Agriculture  
Child Nutrition Cluster:  
School Breakfast Program, 10.553  
National School Lunch Program, 10.555  
Special Milk Program for Children, 10.556  
Summer Food Service Program for Children, 10.559  
Child Nutrition Discretionary Grants Limited Availability, 10.579**

**Other  
Material Weakness in Internal Control over Compliance**

*Initial Fiscal Year  
Finding Occurred:* 2021

*Finding Summary:* Affects the National School Lunch Program Commodities and Summer Food Service Program Commodities grant awards included under assistance listings 10.555 and 10.559 on the Schedule of Expenditures of Federal Awards.

Title 2 Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) requires the State of Nevada to prepare a Schedule of Expenditures of Federal Awards (SEFA).

The Uniform Guidance section 200.502 provides that food commodities received from a federal awarding agency be included on the SEFA.

Food commodities received from the federal awarding agency were not originally reported on the SEFA.

The Nevada Department of Agriculture (the Department) did not have adequate internal controls to ensure food commodities were appropriately reported on the SEFA.

Prior to correction, the SEFA was understated by \$3,502,717.

No sampling was used; all program expenditures on the SEFA were reconciled to supporting records.

*Status:* Corrected



2021-024, 2020-012,  
2019-009, 2018-003,  
2017-006, 2016-006,  
2016-011:

**U.S. Department of Agriculture  
Special Supplemental Nutrition Program for Women, Infants, and  
Children (WIC), 10.557**

**Procurement, Suspension, and Debarment  
Significant Deficiency in Internal Control over Compliance**

*Initial Fiscal Year*

*Finding Occurred:* 2020

*Finding Summary:*

Affects all grant awards included under assistance listing 10.557 on the Schedule of Expenditures of Federal Awards.

Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) requires contracts contain the applicable provisions described in Appendix II to Part 200 for contracts under federal awards.

Certain applicable provisions described in Appendix II to Part 200 were not included in contracts as required.

The Nevada Division of Public and Behavioral Health (the Division) did not have adequate internal controls to ensure contracts under federal awards contained all of the applicable provisions.

Contractors may not be aware of required terms and conditions.

*A nonstatistical sample of 60 procurement transactions out of approximately 3,000 was selected for testing, including 12 contracts subject to Appendix II to Part 200. Eight of the contracts were missing certain applicable provisions.*

*State's Response:*

The Division has requested the standard templates for all contracts, including statewide contracts, be updated to include applicable provisions by the State Purchasing Division. As of September 14, 2022, this request has not been approved. The Division of Public and Behavioral Health will continue to request that the State Purchasing Division include the required federal provisions for Appendix II to Part 200 specific to Suspension/Debarment, Anti-Lobbying, Federal Water Pollution and Clean Air/Clean Water Act in all statewide contract templates.

*Status:*

Not Corrected

**2021-025, 2020-014: U.S. Department of Labor  
Unemployment Insurance, CFDA 17.225**

**U.S. Department of Homeland Security  
Presidential Declared Disaster Assistance to Individuals and  
Households – Other Needs, 97.050**

**Eligibility  
Material Weakness in Internal Control over Compliance and Material  
Noncompliance**

*Initial Fiscal Year*  
*Finding Occurred:* 2020

*Finding Summary:* Affects all grant awards included under assistance listings 17.225 and 97.050 on the Schedule of Expenditures of Federal Awards.

Title 2 Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) requires non-federal entities receiving federal awards to establish and maintain internal controls designed to reasonably ensure compliance with federal laws, regulations, and program compliance requirements.

The Pandemic Unemployment Assistance (PUA) and Federal Pandemic Unemployment Compensation (FPUC) programs were created via the Coronavirus Aid, Relief, and Economic Security (CARES) Act. Covered individuals under PUA were those who were not eligible for regular unemployment compensation and unemployed, partially unemployed, or unable or unavailable to work due to COVID-19. The eligibility criteria was based on self-certification; however, states may request supporting documentation if they have reasonable suspicions of fraud (Q23 of Attachment I to UIPL No 16-20, Change 2). FPUC was provided as supplemental benefits to PUA, regular UI, and other programs.

Payment for supplemental lost wages (LWA) was authorized under the “Other Expenses” category of Other Needs Assistance (ONA), in accordance with section 408(e)(2) of the Stafford Act, to eligible individuals of the State of Nevada, under the condition that an eligible individual means recipient of at least \$100 per week of various applicable unemployment compensation programs (i.e., unemployment compensation, extended benefits, pandemic unemployment assistance, etc.).

Payments were made to individuals who self-certified as eligible; however, supporting documentation was not requested or only requested after multiple benefit payments had already been made when there were indications to provide a reasonable suspicion of fraud. In addition, the weekly benefit amount was not calculated correctly.

The Nevada Department of Employment, Training, and Rehabilitation (the Department) did not have the staffing levels, information system data analytic controls or manual internal controls in place to respond to the significant surge of unemployment claims as a result of the COVID-19 pandemic. Claims were paid strictly based off claimant certifications.

Payments were made to ineligible claimants or for an incorrect amount.

Known questioned costs of \$47,134 for assistance listing 17.225 and \$5,100 for assistance listing 97.050, projected questioned costs are undeterminable.

A nonstatistical sample of 60 PUA claimants out of approximately 100,000 was selected for testing. The sample of 60 PUA claimants also included 36 claimants who received LWA because of their PUA eligibility. We noted ten claimants who were either ineligible or had a high suspicion of fraud and the Department has subsequently identified as overpayments. Of the ten claimants, we noted four also received LWA. In addition, we noted one claimant's benefit amount had an unreconciled understatement by \$126.

*Status:* Corrected

**2021-026: U.S. Department of Labor  
Unemployment Insurance, 17.225**

**Reporting  
Significant Deficiency in Internal Control over Compliance**

*Initial Fiscal Year  
Finding Occurred:* 2021

*Finding Summary:* Affects all grant awards included under assistance listing 17.225 on the Schedule of Expenditures of Federal Awards.

The *OMB Compliance Supplement* requires that reports submitted to the federal awarding agency include all activity of the reporting period, are supported by underlying accounting information or performance records, and are fairly presented in accordance with governing requirements.

Monthly, the Nevada Department of Employment, Training and Rehabilitation (the Department) must submit the *ETA 2112 UI Financial Transaction Summary* as directed by the *Employment & Training Administration Handbook*.

Amounts reported on the ETA 2112 were misreported by category (benefit type).

The Department did not have adequate internal controls to ensure benefit payments were appropriately categorized by type.

Inaccurate information was reported to the federal awarding agency.

A nonstatistical sample of four out of 12 monthly reports was selected for testing. Pandemic Unemployment Assistance, Line 23C, was overstated by \$1,589,382. Federal Emergency Compensation, Line 23, was understated by \$1,588,107, and \$1,276 of Extended Unemployment Compensation was not reported for the period ending December 31, 2020 report.

*State's Response:*

**Nevada DETR's Response**

DETR Financial Management (FM) has identified the reason for this discrepancy. On December 24th, 2020, there was an error in the draw, wherein funds that should have been drawn from EUCA-PUA were drawn from Extended Unemployment Compensation Account (EUCA)-Pandemic Emergency Unemployment Compensation (PEUC) resulting in the above over and understatements. DETR FM has corrected the discrepancy and implemented an internal control procedure for daily verifications and checks to ensure draw discrepancies and errors are found in a timely manner.

DETR has revised the current internal control procedure to ensure benefit payments are appropriately categorized by type. Please reference the sections titled "Previous day Adjustments" and "Verify the Draw Request to Treasurer's Draw Confirmation".

**Benefits Desk Daily Bank Reconciliation, Wire, and Draw Procedure DESCRIPTION**

The Department of Employment, Training and Rehabilitation (DETR) is charged with daily reconciliation of the Benefit and Clearing bank accounts and daily draws to cover debit cards and checks issued to unemployment claimant beneficiaries. In conjunction, the department is charged with daily payments to the Internal Revenue Service (IRS), daily wires to Conduent (or the current debit card provider), and daily wires to the UI Trust Fund.

## **RESPONSIBILITIES**

It is the responsibility of the DETR Financial Management (FM) unit to balance and reconcile these accounts and ensure draws are done daily. This task is performed by the Accountant I assigned to the Benefits Desk (PCN 3272-0135) with Accountant Technician I (PCN 3272-0086) as backup and is overseen by the Accountant III (PCN 3272-6002).

## **PURPOSE**

The purpose of this policy is to provide for the reconciliation of federal and non-federal cash on hand balances, ACH returns, and refunds to ensure the correct amounts from the federal government and other funding sources are requested and properly accounted for and reported to the DOL.

## **PROCEDURE**

Desk Procedure with detailed instructions located at S:\fm\POLICIES & PROCEDURES\FM Benefits Desk-Acct Tech II\Accountant I - PCN 0135\DAILY DRAW

## **CLEAR POSITIVE PAYS, DOWNLOAD NECESSARY STATEMENTS**

From Wells Fargo CEO –

- Clear Positive Pays – research and clear any positive pay items under Fraud Manager. If there are positive pay transactions, there will be a pending tasks notification by the Fraud Manager button.
- Retrieve and save previous business day bank statements as PDFs. These must be run individually, or they will combine into one statement. Benefits-818 (also save as CSV), Clearing-784 (also save as CSV), Rehab Revolving-792, Benefit Holding-4652, and Fedwire Account-4660.
- Run the ACH Return/NOC report (acct# #####22 only), save the report as both Excel and PDF. This statement is current day.

## **CLEARING BANK ACCOUNT RECONCILIATION**

On the CLEARING tab of the Benefit Monthly Spreadsheet, enter the deposits in column C, same date as the Bank statement. In the “Type of Debit” section, enter any Debits, Return Item Debits, or other Misc. Debits in column J, the Debit Memo column. Do not include the Total Wire Transfer Debit or the Total ACH Debits in this column, these were entered the previous day when calculating the daily wires. Enter the Opening Available Balance in column P, still making sure to use the day of the bank statement. Enter Total Checks Paid from the statement into column Q. Enter the total number of credits in column R, enter the total amount of credits in column S, enter the total number of debits in column T, and enter the total amount of debits in column U. Check for any variances in columns W and X, research if necessary. Column X verifies all debits match. This formula adds CEP (E), Trust Fund Wires (I), Debit Memos (J), Refund Checks (K), Other Wires (L), P&I Wires (M), and checks paid to the AMT DEBITS in column Q.

Go to the CLEARING REGISTER tab and put a 'X' next to any cleared checks to mark them paid. Next, go back to the CLEARING tab and verify that the Check Register under column Q line 44 shows 0.00. This is the final step in reconciling the Clearing Account.

### **BENEFITS BANK ACCOUNT RECONCILIATION**

On the UI tab, working on the previous business day's date, enter all credits from the Bank Statement (don't include the Total ACH Credits or Wire Transfer Credits, these were entered the previous day when calculating payment amounts) in column H, BPC Collected Overpayments. Enter any Returned Item Reversals, Debit Memos or ACH Corrections under Debit Memo, column O (do not enter Total ACH Debits).

On the BENEFITS tab, working on the previous business day's date, enter the Total Checks Paid in column AH. Enter the total number of credits in column AI, the total amount of credits in column AJ, the total number of debits in column AK, and the total amount of debits in column AL.

Follow the same steps from the Clearing Account noted above to clear all the checks on the BENEFIT REGISTER tab. Check for any variances in columns AN and AO. If there are variances, check the totals entered from the bank statement and check the formulas to ensure all data from the previous day is accounted for. Column AN verifies the total of credits; if there is a variance in this column, go back and verify that the correct credits from the statement on the UI tab were entered. Column AO verifies the total of debits; if there is a variance, verify that the correct total for checks paid (column AH), total of debits (column AL), and the correct total for debit memos on UI tab (column O) were entered. Occasionally, this formula needs to be updated to include the correct IRS payments or debit cards/ACH payments following a weekend or holiday. If an IRS payment is over \$100,000.00 it will clear the next business day. Once all credits and debits are balanced, save the spreadsheet.

### **CURRENT DAY PAYMENT AMOUNTS**

For regular UI Payments - From the Daily Verification Sheet downloaded for the previous day, enter the amounts for debit cards issued, federal tax withholdings, and child support withheld in their respective columns on the UI tab of the monthly spreadsheet. Debit cards and tax withholdings are entered on the current day, child support is entered on the previous day. Check for any refunds released and enter that amount in the respective column on the current day. Payments for UCX, UCFE, State EB, and EUC are entered on their respective tabs, not on the main UI tab. Daily detail data is saved at S:\fm\BENEFITS\Benefit Account\Benefit Payment details UINV\FY XX, copied from the R:Drive daily.

For EmployNV Payments – From the Daily Payment Register Summary report downloaded from EmployNV and reformatted for ease of reading, enter the direct deposit and debit card amounts (added together) for each program in the respective column on the UI tab for the current day.

Federal withholding for each program is entered on the current day, child support payments for each program are entered on the previous day. Daily detail data from the Daily Payment Register Detail report is downloaded and saved at S:\fm\BENEFITS\Benefit Account\Benefit Payment details PUA\FY XX.

### **PREVIOUS DAY ADJUSTMENTS**

Previous day adjustments consist of check top deposits, ACH returns, book transfers, program adjustments, and checks written. Check top deposits consist of monies received back from claimants for overpayment reimbursements. Miscellaneous ACH credits/ACH returns are monies that have been returned due to discrepancies with the claimant's direct deposit bank. Book transfers are from funds that have been returned by the debit card issuer because the claimants debit cards have been unpinned for a period of 90 days or more. *All* of the deposited monies received daily must be accounted for in order to offset monies drawn for current beneficiary payments and for accurate reporting.

For overpayment reimbursement amounts related to regular benefits housed in UINV, go to:

R:\FileTransfer\Prod\BIPReports\ESD\UI\_Benefits\FM\Desktop Deposit.

This report is prepared daily by DETR Information Technology Department (ITD) PCN 3274-1178 with PCN 3274-1179 as backup. Because of UINV system limitations these deposits must be reconciled outside of the system daily by ITD. On the Summary tab, verify all deposits on the Desktop Deposit Reconciliation report in the SUM\_PYMNT\_AMT to the Bank Statement. There will be one or more check top deposits that are not listed on the spreadsheet but will be listed on the bank statement; that/those amounts will be accounted for in the EmployNV system download.

For overpayment reimbursement amounts related to EmployNV, run the Overpayment Repayment Report from the Manage UI Accounting menu housed within the Services for Unemployment Staff. The data from this report should match to check top amounts on the bank statement. If there are discrepancies reach out to PCN 4772-6932 or 4772-5058 in UISS to research.

For ACH returns, run the Cancelled Payments report in EmployNV. To get the amounts broken out by program pivot the excel data by funding source. The total will match the amount on the bank statement and the previous day ACH NOC report.

For book transfers, the amount is recorded daily from reports received from the debit card vendor and compiled by PCN 3274-1178 for regular benefits and PCN 4772-5058 for PUA related amounts. These amounts are deposited daily into the Wells Fargo Holding account and recorded daily to the Book Transfer FYXX workbook saved at S:\fm\BENEFITS\Benefit Account\Benefit Unpinned funds (Conduent).

Once a month, PCN 3272-0135 initiates a transfer from the Holding Account to the Benefit Account in order to return the funds back to their respective programs.

On occasion, there will be program adjustments on the Daily Draw Down Summary report downloaded from EmployNV for the draw calculation. If there are amounts in this report, they need to be entered on the previous day in the spreadsheet to move the monies from one program to another. These have a zero-dollar overall effect but must be accounted for to ensure correct program balances.

Checks written for the current day are entered after the daily draw process is completed. These are entered on the current day and then drawn for on the next business day.

After all amounts have been accounted for, they need to be entered into their respective columns on the UI tab of the monthly reconciliation workbook on the previous business day. It is *imperative* that all deposited amounts and adjustments are accounted for daily.

### **FINALIZE DRAW AMOUNTS**

On the bottom of the UI tab there is a lookup table which takes the current day payment amounts and deducts prior day adjustments. Prior to changing the date to the current day, copy the ending balance into the beginning balance as values. Then change the date and the weekend/holiday number to reflect the previous business day.

The table will pull the amounts to draw as follows: Debit Card/ACH payments + IRS payments + Child Support payments + checks issued +/- previous day adjustments = total amount to draw. If you have a beginning balance this balance will be deducted from the amount needed to draw. If the overall draw amount for any program is negative, it will increase the ending balance and no draw will be processed. The draw amount must be manually entered into the top of the spreadsheet on the respective day for each program. These cells feed into the Benefit tab which will give the aggregate draw total from all tabs and this total will show on the bank statement for the next day.

### **REQUEST DRAW FROM ASAP THROUGH TREASURER'S OFFICE**

Open the previous day's draw spreadsheet located at S:\fm\BENEFITS\Trust Fund\SFYXX \Draws and save as current day and clear the previous day's data.

Starting on the UI tab, enter the draw amounts from column B thru F for current day as well as the Draw amounts from column B from the UCX, UCFE, EB and EUC tabs into the current day's draw spreadsheet.

Verify that the total amount on the draw spreadsheet matches the Benefits tab's DRAW/Money Order amount in column C for current day. Send to Accountant III for approval. After approved, send as email attachment to the Treasurer's Office with the subject line: DETR DRAW {the date} and {the amount}; cc: Accountant III (and Accountant I if the back-up was the preparer) by 9:00am for same day processing.



## **VERIFY THE DRAW REQUEST TO TREASURER'S DRAW CONFIRMATION**

After the Treasurer's office processes the draw request in the ASAP site, they will send confirmation of the draw. Verify that all accounts draw from match the request sent to ensure the correct accounts were drawn from. If an amount was drawn incorrectly, it can be fixed by PCN 6002 or the Treasurer's office by initiating a book transfer in ASAP. Corrections must be made as soon as possible.

## **PAY IRS**

This must be done daily by 10:00 am.

The IRS amounts to pay daily come from the previous amount entered. On the Benefits tab, total the amount of all programs. If the payment is less than \$100,000 it can be scheduled for the same day. If it's over, split the payment to pay the UI portion only next day; the remaining amount should be less than \$100K and can be scheduled same day. Verify that the total payment matches the day's amount on the IRS tab of the monthly workbook. IRS payments are made on the IRS EFTPS website. After the payment is made, a confirmation PDF is saved with the daily files for confirmation.

## **FEDWIRE TO CONDUENT**

Once the Draw is done and all other wires (child support on Mondays, P&I and CEP on Tuesdays) have been processed, gather all information for the Fedwire to Conduent. There will have been sent two emails from Conduent and one from DETR HELP DESK containing an attached email named CNOTE. The attachments contained in the emails from Conduent are the backup for the wire. These three amounts are the total amount paid to beneficiaries, either by debit card or by direct deposit/ACH. Add up the two .txt files for the wire amount (ACH payments are not processed by Conduent).

Before finalizing the wire amount, it is necessary to reconcile the debit cards. Open the email received from the DETR HELP DESK with the subject of UINV Debit Card Payment for XX/XX/XXXX. Save all three attached PDFs. From the Treasurer's Office Daily Payments report enter the number of debit cards on the BENEFIT tab under column H. From the Debit Card Summary report enter the Suspended Payments in column L (Debit Card Suspended) as a negative and enter the Previous Suspended Payments Released in column M (Debit Card Released) as a positive.

Once the data is entered, make sure that the debit cards match the Debit Card Summary Report (one of the attachments to the email noted above) by adding columns N and P on the BENEFIT tab together for the current day. If they do not match, double check the debit card amounts entered on the UI tab. This will be the amount on the Conduent email for regular UI debit cards.

To balance the PUA debit cards in column O, on the BENEFIT tab add the PUA deposit amounts from Conduent and DETR HELP DESK CNOTE emails.

Once all is in balance, sign on to Wells Fargo CEO, to create the wire. The wire must be sent via DocuSign for approval by two authorized individuals. These same authorized individuals will log into Wells Fargo CEO and apply approvals for the wires. After the DocuSign is returned as completed, save it in S:\fm\BENEFITS\Fedwire\Fedwire WIRES.

### **TRUST FUND WIRE**

On the Monthly Spreadsheet, go to the CLEARING tab. After the CEP and P&I amount have been updated (detailed procedure can be found in the Benefits Morning Draw Routine saved at S:\fm\POLICIES & PROCEDURES\FM Benefits Desk-Acct Tech II\Acct Tech II - pcn 0135\DAILY DRAW), begin the calculation for the amount to wire to the Trust Fund.

Cell E47 takes all the credits, debits, and wires for that day and subtracts out CEP, P&I and checks pending. If the number is negative in E47 there are not enough funds available to wire to the Trust Fund. Write “no wire” in column O for the current day.

If cell E47 is positive, enter that amount into column I (Wires to Trust Fund) for the current day, and verify that E47 is now zero. Check to ensure that the book balance for the current day is a positive number. If it is not, adjust the wire total. This will happen if the CEP or P&I total is negative. The goal is to keep the ending balance high enough to cover CEP, P&I, and any pending checks, and to transfer all other funds to the Trust Fund where they can collect interest.

Open the DAILY TRUST FUND WIRE EQUATION TEMPLATE found at S:\FM\BENEFITS\Benefit Monthly Spreadsheets, update cell B4 to be two business days prior and cell B5 to be one business day prior. Update column D as per the monthly spreadsheet for that day; column E references what column to use for that day. For example, Beginning Book Balance in cell D4 is the total in column N on the monthly spreadsheet for that day. If column C is blue, enter the data as a positive, if column C is red, enter data as a negative. Enter the new book balance for the current day in D21 and verify there are no variances in D22.

Save the DAILY TRUST FUND EQUATION TEMPLATE and print it out. Column O on the monthly spreadsheet keeps a running total for the wire number. Update column O for the current day to the next sequential number. Print out a copy of the CLEARING tab from the monthly spreadsheet. The page and the Daily Trust Fund Equation Template are the back-up documentation for the Wire.

Sign on to Wells Fargo CEO, select Create a Wire then send via DocuSign for approval. After the DocuSign is returned as completed, save it in S:\fm\BENEFITS\Clearing Account\Clearing Trust Fund Wires.

Scan and send all wire for the to be approved via DocuSign. Each wire must have two approvals. Check with the Accountant I for current approvers. DETR’s Chief Financial Officer (CFO; PCN 0004), the Deputy Chief Financial Officers (Administrative Services Officer IIIs; PCNs

0040/0042), and the Accountant III (PCN 3272-6002) should all have Wells Fargo CEO access to approve wires; the CFO may assign other staff as appropriate.

Detailed procedures for all of the above can be found at S:\fm\POLICIES & PROCEDURES\FM Benefits Desk-Accountant I\Accountant I - PCN 0135\DAILY DRAW

*Status:* Not corrected, repeat finding 2022-020.

**2021-027: U.S. Department of Labor  
Unemployment Insurance, 17.225**

**Reporting  
Significant Deficiency in Internal Control over Compliance**

*Initial Fiscal Year*  
*Finding Occurred:* 2021

*Finding Summary:* Affects all grant awards included under assistance listing 17.225 on the Schedule of Expenditures of Federal Awards.

The *OMB Compliance Supplement* requires that reports submitted to the federal awarding agency include all activity of the reporting period, are supported by underlying accounting information or performance records, and are fairly presented in accordance with governing requirements.

As directed by the *Employment & Training Administration Handbook*, the Nevada Department of Employment, Training and Rehabilitation (the Department) must submit the quarterly *ETA UI-3, Quarterly UI Above-Base* report within 30 days after the end of the reporting quarter. In addition, the Department must submit the monthly *ETA 9055 – Appeals Case Aging – Lower and Higher Authority Appeals* report within 20 days after the end of the reporting month.

Reports were not submitted timely.

The Department did not have adequate internal controls to ensure due dates for the ETA UI-3 and ETA 9055 were met.

Non-timely information was reported to the federal awarding agency.

A nonstatistical sample of two out of four quarterly ETA UI-3 reports was selected for testing. The December 31, 2020 quarter end report was reported on February 10, 2021. A nonstatistical sample of three out of 12 monthly ETA 9055 was selected for testing. The May 31, 2021 month end report was reported on June 23, 2021.

*Status:* Corrected

**2021-028: U.S. Department of Labor  
Unemployment Insurance, 17.225**

**Special Tests and Provisions – UI Benefit Payments  
Material Weakness in Internal Control over Compliance**

*Initial Fiscal Year*

*Finding Occurred:* 2021

*Finding Summary:* Affects all grant awards included under assistance listing 17.225 on the Schedule of Expenditures of Federal Awards.

State Workforce Agencies are required by 20 CFR section 602.11(d) to operate and maintain a quality control system. The Benefits Accuracy Measurement (BAM) program is the quality control system designed to assess the accuracy of UI benefit payments and denied claims. The State's BAM unit is required to draw a weekly sample of payments and denied claims, complete prompt and in- depth investigations to determine the degree of accuracy in the administration of the program. The requirements are promulgated in the *ET Handbook No. 395* (Handbook).

Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) section 200.303 provides that non-federal entities must establish and maintain effective internal control that provides reasonable assurance that the non-federal entity is managing the Federal award in compliance federal statutes, regulations, and the terms and conditions of the federal award.

*State of Nevada, Department of Employment, Training and Rehabilitation, Manual of Operations, Chapter 7800, Part V, Section 7862 Supervisor Case Review* states that the supervisor review is intended as a final check of information gathered and processed during the audit to ensure horizontal consistency, consistent and correct coding, and ensure all required elements are complete and included. Items/Areas of concern will be addressed to the investigator of the case and resolved prior to closing the case.

Investigations performed by the BAM supervisor or senior investigator are not reviewed by someone other than the investigator.

The Nevada Department of Employment, Training and Rehabilitation (the Department) did not have internal controls to ensure appropriate segregation of duties on all BAM investigations.

Errors may occur in a BAM investigation that are not detected.

A nonstatistical sample of 60 completed BAM cases out of a population of 335 was selected for testing. The investigator and reviewer were the same person for 19 of the cases tested.

*State's Response:*

**Nevada DETR's Response**

Nevada DETR's supervisor/investigator was utilizing the incorrect sign off code on cases. Said supervisor/investigator is now utilizing the correct code of zero instead of one and has also provided training to senior investigator(s) on how to properly code the case reviews when being submitted.

The Employment Security Division's Unemployment Insurance Support Services (UISS) recognizes the importance of internal controls for a system of checks and balances to ensure no one person has control over all parts of BAM investigations, and to ensure investigation timeliness.

Background: BAM timeliness has been impacted since 2020 due to many factors that include but are not limited to significant staff turnover (i.e., retirement, promotions, and recruitment/retainment of qualified staff). Historically, the BAM supervisor PCN 5089 has been tasked with training and reviewing new staff work and activities, which resulted in experienced investigators' work not being reviewed in attempts to meet timeliness on other BAM cases.

Nevada DETR ESD UISS' Corrective Action Plan: Attached (**ATTACHMENT A**) is DETR's Benefit Accuracy Measurement (BAM) Segregation of Duties Internal Control.

**DETR- Employment Security Division  
Segregation of Duties**

Effective Date: 03/23/2017  
Revision Date: 12/01/2023  
Reference: UI IC - Internal Security

**DETR's Benefit Accuracy Measurement (BAM)**

**DESCRIPTION**

In compliance with Unemployment Insurance Program Letter (UIPL) 14-17, the Department of Employment, Training and Rehabilitation (DETR) is charged with creating policies, procedures, and internal controls that effectively protect the integrity and security of unemployment insurance (UI) program staff, program operations and systems, UI funds, UI data, and other state assets.

Segregation of duties (SoD) is the concept of having different people do different tasks within the organization. It provides the foundation of good internal control by assuring that no one individual has the capability to perpetuate and conceal errors or irregularities in the normal course of their authorized duties. SoD is a key internal control intended to minimize the occurrence of errors or fraud by ensuring that no employee has the ability to both perpetrate and conceal errors or fraud in the normal course of their duties. SoD within and between benefits and tax operations and within specified functions or operational areas is an essential criterion in mitigating internal fraud and/or abuse. The idea of disseminating key tasks among separate users reduces fraud incidences, as well as irregularities.

### **PURPOSE**

The purpose of this internal control policy is to provide segregation of duties to protect the integrity and security of unemployment insurance (UI) program staff, program operations and systems, UI funds, UI data, and other state assets.

### **POLICY**

The following represents DETR's internal control ensuring policy and procedures are in place for DETR's UI staff regarding the protection of said asset areas:

**Organization and Management:** Organization and management refers to the human resource functions of management. States are responsible to ensure appropriate separation of duties between functional areas within the UI program, including both Benefits and Tax operations. Examples of functions that must be assessed include:

- Investigation reviews;
- Performance management;
- Fiscal activities;
- Security of personnel, equipment and agency records, including identification and monitoring of restricted work areas;
- Personnel practices relating to internal security, including background checks for certain positions; and
- IT operations related to key internal controls.

**Benefit Operations:** Benefit operations involve all benefit claim functions, activities and security in UI claims call/contact centers and other claims processing centers/offices. Examples of these functions include claims taking and claims processing procedures, debit card and direct deposit functions, benefit payment procedures, benefit audit cross matches, records management of information used to establish, recover, waive, litigate, offset, and write off benefit overpayments, access control policies and

procedures, and essential separation of duties between appropriate functional areas (e.g., prohibiting the same staff member from establishing employer accounts and processing UI claims).

### **RESPONSIBILITIES**

It is the responsibility of the following DETR Employment Security Division (ESD) Benefit Accuracy Measurement (BAM) unit to follow this internal control policy and put stop gap measures in place to mitigate any threat to the integrity and security of unemployment insurance (UI) program staff, program operations and systems, UI funds, UI data, and other state assets.

- Unemployment Insurance Support Services (UISS) UI Representative 5 (PCN 5089): Act as BAM lead for secondary (separate) review of BAM investigations.
- Unemployment Insurance Support Services (UISS) Business Process Analyst IIs (PCNs 5054, 6930): Assist BAM supervisor and ESD Program Specialist I with any second BAM investigation reviews and submission.
- Unemployment Insurance Support Services (UISS) ESD Program Specialist I (PCN 5195): Assist with BAM supervisor review of investigations and will be charged with on-on-one training of PCN 5089 in conducting BAM investigation reviews.
- Unemployment Insurance Support Services (UISS) ESD Program Chief (PCN 5003): Charged with the oversight and implementation of this DETR ESD Internal Control regarding BAM segregation of duties.

*Status:* Not corrected, repeat finding 2022-021.

**2021-029: U.S. Department of Labor  
Unemployment Insurance, 17.225**

### **Other Material Weakness in Internal Control over Compliance**

*Initial Fiscal Year  
Finding Occurred:* 2021

*Finding Summary:* Affects all grant awards included under assistance listing 17.225 on the Schedule of Expenditures of Federal Awards.

Title 2 Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) requires the State of Nevada to prepare a Schedule of Expenditures of Federal Awards (SEFA).

Amounts were originally reported incorrectly on the SEFA.

The Nevada Department of Employment, Training, and Rehabilitation (the Department) did not have adequate internal controls to ensure total federal expenditures were appropriately reported on the SEFA.

Prior to correction, the total federal expenditures on the SEFA were understated by \$1,000,255,411.

No sampling was used; all program expenditures on the SEFA were reconciled to supporting records.

*Status:* Corrected

**2021-030: U.S. Department of the Treasury  
Coronavirus Relief Fund, 21.019**

**Reporting  
Material Weakness in Internal Control over Compliance and Material  
Noncompliance**

*Initial Fiscal Year  
Finding Occurred:* 2021

*Finding Summary:* Affects all grant awards included under assistance listing 21.019 on the Schedule of Expenditures of Federal Awards.

The *OMB Compliance Supplement* requires that reports submitted to the federal awarding agency include all activity of the reporting period, are supported by applicable accounting or performance records, and are fairly presented in accordance with governing requirements.

The Nevada Governor's Finance Office (the Office) must submit quarterly *Financial Progress Reports* that contain COVID-19 related costs incurred during the covered period to Treasury OIG. Critical information includes:

- The total amount of payments received from Treasury.
- The amount of funds received that were expended or obligated for each project or activity.
- A detailed list of all projects or activities for which funds were expended or obligated.



- Detailed information on any loans issued; contracts and grants awarded; transfers made to other government entities; and direct payments made that are greater than \$50,000.
- Aggregated reporting on loans issued; contracts and grants awarded; transfers made to other government entities; and direct payments made that are less than \$50,000. Aggregate reporting was required for direct payments to individuals, regardless of the amount.

Some expenditures were not reported in the appropriate classification or by vendor.

The Office did not have adequate internal controls to ensure *Financial Progress Reports* were prepared in accordance with governing requirements.

Inaccurate information was reported to the federal awarding agency.

A nonstatistical sample of two Financial Progress Reports from a population of four was selected for testing. Transfers to other agencies within the State were reported as direct payments to the State of Nevada rather than reported by the vendor that those agencies expended funds to. In addition, expenditures to county or city local governments were reported as direct payments rather than either a transfer or grant to another government as required.

The cumulative impact is as follows:

Reporting Period Ended December 31, 2020

Direct payments > \$50,000:

Obligations were reported as \$416,058,918. However, we identified \$412,272,052 in obligations that were reported as a direct payment to other state agencies, counties, or cities. The \$412,272,052 should have been reported by vendor as either a contract, grant, transfer, vendor specific (rather than state agency, county, or city) direct payment, or an aggregate payment to an individual.

Expenditures were reported as \$187,234,819. However, we identified \$183,766,783 in expenditures that were reported as a direct payment to other state agencies, counties, or cities. The \$183,766,783 should have been reported by vendor as either a contract, grant, transfer, vendor specific (rather than state agency, county, or city) direct payment, or aggregate payment to an individual.

Reporting Period Ended March 31, 2021

Direct payments > \$50,000:

Obligations were reported as \$372,218,344. However, we identified \$366,450,228 in obligations that were reported as a direct payment to other state agencies, counties, or cities. The \$366,450,228 should have been reported by vendor as either a contract, grant, transfer, vendor specific (rather than state agency, county, or city) direct payment, or aggregate payment to an individual.

Expenditures were reported as \$21,125,116. However, we identified \$20,659,027 in expenditures that were reported as a direct payment to other state agencies, counties, or cities. The \$20,659,027 should have been reported by vendor as either a contract, grant, transfer, vendor specific (rather than state agency, county, or city) direct payment, or aggregate payment to an individual.

*State's Response:*

The GFO relied on the U.S. Department of Treasury guidance, frequently asked questions and other reporting and recordkeeping documents to administer the fund. This information was revised multiple times throughout the grant period, which was extended for an additional year on December 28, 2020, two days before it was to expire in December 2020 causing difficulties in decision determination. It wasn't until the guidance for the American Rescue Plan Act was received and reviewed that the manner in which the reporting for the payments to state agencies was questioned.

*Corrective Action:*

On November 12, 2021, a request was sent to the CARES help desk at U.S. Department of Treasury for clarification regarding state agency reimbursements for COVID related expenditures. This response verified that reporting for state agency reimbursement needed to be completed for each vendor by contract, grant or direct payment over \$50,000. Once confirmation was received from U.S. Department of Treasury, the process to determine expenditures by vendor over \$50,000 (reporting under contract, direct or grant) for each State Agency Reimbursement Project by Fiscal Year. This analysis was in process while the Single Audit was ongoing and was completed and reported in GrantSolutions for the quarter ending June 2022. The reporting during this quarter was revised to address the finding of payroll costs separated by fiscal year according to the dropdown categories of substantially dedicated public health and safety and administrative leave. These payroll costs were eliminated from the Direct section in the reporting portal to the Aggregate of Direct Payments to Individuals section in the amount of \$304,516,094 since the payroll was for the prime recipient.

*Status:*

Not corrected, repeated as finding 2022-024

**2021-031: U.S. Department of the Treasury  
Coronavirus Relief Fund, 21.019**

**Subrecipient Monitoring  
Material Weakness in Internal Control over Compliance and Material  
Noncompliance**

*Initial Fiscal Year*  
*Finding Occurred:* 2021

*Finding Summary:* Affects all grant awards included under assistance listing 21.019 on the Schedule of Expenditures of Federal Awards.

Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) section 200.332 requires that:

Pass-through entities ensure every subaward includes certain information at the time of the subaward and the assistance listing number is communicated at the time of disbursement to subrecipients.

Pass-through entities evaluate each subrecipient's risk of noncompliance with federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring. In addition, the subrecipient monitoring must ensure that the subaward is used for authorized purposes.

Subawards did not contain all the required information, assistance listing numbers were not communicated at disbursement, an evaluation of each subrecipient's risk of noncompliance for purposes of determining the appropriate subrecipient monitoring was not performed, and monitoring procedures were not performed.

Adequate internal controls were not in place to ensure compliance with subrecipient monitoring requirements for the following agencies:

- Nevada Division of Tourism
- Nevada Division of Aging and Disability Services
- Nevada Division of Public and Behavioral Health
- Office of the Secretary of State
- Nevada Department of Agriculture

Noncompliance at the subrecipient level may occur and not be detected by the State.

A nonstatistical sample of 36 subrecipients out of a population of 180 across all State agencies was selected for testing. A nonstatistical sample of 60 pass-through payments out of a population of approximately 900 was selected for testing.

The following errors were noted by agency:

Nevada Division of Tourism

We tested 11 subrecipients and 13 pass-through payments applicable to the Division of Tourism. A risk assessment was not performed and the subawards were missing required information for 11 subrecipients. In addition, the assistance listing was not communicated at the time of disbursement for all 13 pass-through payments.

Nevada Division of Aging and Disability Services

We tested one subrecipient applicable to the Division of Aging and Disability Services. A risk assessment was not performed and the subaward was missing the correct assistance listing number for the subrecipient. In addition, monitoring procedures were not performed as necessary to ensure the subaward was used for authorized purposes.

Nevada Division of Public and Behavioral Health

We tested six subrecipients and ten pass-through payments applicable to the Division of Public and Behavioral Health. A risk assessment was not performed for one subrecipient. In addition, the assistance listing was not communicated at the time of disbursement for five pass-through payments. Moreover, two pass-through payments were originally communicated with a different assistance listing and we were unable to verify that documentation regarding the change in funding source was clearly communicated.

Office of the Secretary of State

We tested eight subrecipients applicable to the Office of the Secretary of the State. These eight subrecipients were mis-identified as vendors, rather than subrecipients. Therefore, subawards were not executed for the eight subrecipients and the required information was not communicated.

Nevada Department of Agriculture

We tested nine subrecipients applicable to the Department of Agriculture. A risk assessment was not performed for nine subrecipients.

*State's Response:*

Status of Corrective Action:

Department of Agriculture: Findings were corrected after the audit finding before July 12, 2022

Division of Tourism: Findings were corrected as of September 8, 2022

Division of Aging and Disability Services: Findings are partially corrected

Division of Public and Behavior Health: Findings are partially corrected.

Reason for recurrence, if applicable: N/ A

New corrective action: N/A

Partial corrective action taken:

Division of Aging and Disability Services:

The assistance listing number and subrecipient risk assessment findings were corrected as of July 1, 2022.

The subrecipient risk assessment and monitoring policy as well as the internal controls have an expected completion date of October 1, 2022, and December 31, 2022, respectively.

Division of Public and Behavior Health:

Grants Administration Unit: Risk assessment was corrected as of October 2021, and the internal controls have an expected completion date of September 30, 2022.

Northern/Southern NV Adult Mental Health: Assistance listing (CFDA#) was corrected September 20, 2022, and the internal controls have an expected completion date of September 30, 2022.

Explain significant differences in corrective action from prior year, if applicable: N/A

Governor's Finance Office (GFO):

The corrective action to add the assistance listing number to disbursements was completed approximately January of 2023. The GFO has contracted with a vendor to complete all monitoring of subrecipients.

*Status:* Partially Corrected. Repeated as finding 2022-025

**2021-032: U.S. Department of Treasury  
Emergency Rental Assistance Program, 21.023**

**Procurement, Suspension, and Debarment  
Material Weakness in Internal Control over Compliance and Material  
Noncompliance**

*Initial Fiscal Year  
Finding Occurred:* 2021

*Finding Summary:* Affects all grant awards included under assistance listing 21.023 on the Schedule of Expenditures of Federal Awards.

All non-procurement transactions entered into by a pass-through entity (i.e., subawards to subrecipients), irrespective of award amount, are considered covered transactions, unless they are exempt as provided in 2 CFR section 180.215.

When a non-federal entity enters into a covered transaction with an entity at a lower tier, the non-federal entity must verify that the entity is not suspended, debarred, or otherwise excluded from participating in the transaction. This verification may be accomplished by checking the System for Award Management (SAM) Exclusions, collecting a certification from the entity, or adding a clause or condition to the covered transaction with that entity (2 CFR 200.214, 2 CFR Part 180).

Suspension and debarment verification procedures were not performed.

The Nevada Housing Division (the Division) did not have internal controls to ensure suspension and debarment verification procedures were performed for subrecipients.

Payments could have been made to subrecipients who were suspended or debarred.

The entire population of three subrecipient covered transactions was selected for testing. Suspension and debarment verification procedures were not performed for any of the covered transactions.

*State's Response:* Corrected 8/2022 corrections were retroactive

*Status:* Not subject to audit in current year but was not corrected for the entire year.

**2021-033: U.S. Department of Treasury  
Emergency Rental Assistance Program, 21.023**

**Reporting  
Significant Deficiency in Internal Control over Compliance**

*Initial Fiscal Year  
Finding Occurred:* 2021

*Finding Summary:* Affects all grant awards included under assistance listing 21.023 on the Schedule of Expenditures of Federal Awards.

The *OMB Compliance Supplement* requires that reports submitted to the federal awarding agency include all activity of the reporting period, are supported by underlying accounting information, and are presented in accordance with program requirements.

The *Emergency Rental Assistance Program Reporting Guidance* published by the U.S. Department of Treasury requires monthly *ERAI Award Reports* based on actual number of participant households served in the reporting period and the total amount of funds expended in the reporting period.

Amounts reported on the reports were reported in the wrong period.

The Nevada Housing Division (the Division) did not have adequate internal controls to ensure the monthly *ERAI Award Reports* were accurate for the period reported.

Inaccurate information was reported to the federal awarding agency.

The entire population of two monthly reports filed during the year was selected for testing.

The April 2021 monthly report was understated by 65 participant households served in the reporting period and understated by \$377,241 of funds expended in the reporting period.

The May 2021 monthly report was overstated by 65 participant households served in the reporting period and overstated by \$377,241 of funds expended in the reporting period.

*Status:* Corrected

**2021-034: U.S. Department of Treasury  
Emergency Rental Assistance Program, 21.023**

**Reporting  
Material Weakness in Internal Control over Compliance and Material  
Noncompliance**

*Initial Fiscal Year*  
*Finding Occurred:* 2021

*Finding Summary:* Affects all grant awards included under assistance listing 21.023 on the Schedule of Expenditures of Federal Awards.

The *Grant Agreements* entered into under Section 501 of Division N of the Consolidated Appropriations Act, 2021, Pub. L. No. 116-260 requires the recipient to comply with any reporting obligations established by Treasury, including the Treasury Office of Inspector General, as related to the grant agreement.

The *Emergency Rental Assistance Program Reporting Guidance* published by the U.S. Department of Treasury requires quarterly financial reporting through the *Federal Financial Report* (SF-425).

Quarterly SF-425 reports were not prepared and submitted.

The Nevada Housing Division (the Division) did not have internal controls to identify the reporting requirements and ensure required reports were submitted.

Information was not reported to the federal awarding agency as required.

No reports were tested as they were not completed.

*State's Response:* The Nevada Housing Division ("Division") agrees with the finding. The Division would like to note, and be given consideration for, the substantive fact of the context of the time period in a pandemic, a once in a lifetime crisis that was impacting daily work and personal lives of all Nevadans, including Division staff.

**Corrective Action:** The Division will establish an internal audit and compliance committee to enhance oversight of existing policies for assessing risk, monitoring, and sharing best practices across its business. The internal audit and compliance committee will be responsible for reviewing internal controls and policies on an annual basis, following up on any audit findings and ensuring follow-through of corrective action plans. This will include ensuring policies and procedures are followed in which reports submitted to federal funders are reviewed by an individual independent of the preparation of the reports.

**Adoption of Corrective Action:** January 2024

*Status:* Not corrected, repeated as 2022-026

**2021-035: U.S. Department of Treasury  
Emergency Rental Assistance Program, 21.023**

**Subrecipient Monitoring  
Material Weakness in Internal Control over Compliance and Material Noncompliance**

*Initial Fiscal Year  
Finding Occurred:* 2021

*Finding Summary:* Affects all grant awards included under assistance listing 21.023 on the Schedule of Expenditures of Federal Awards.



Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) section 200.332 requires that:

Pass-through entities ensure every subaward includes certain information at the time of the subaward.

Pass-through entities evaluate each subrecipient's risk of noncompliance with federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring. In addition, the subrecipient monitoring must ensure that the subaward is used for authorized purposes.

Subawards did not contain all the required information, an evaluation of each subrecipient's risk of noncompliance for purposes of determining the appropriate subrecipient monitoring was not performed, and monitoring procedures were not performed.

The Nevada Housing Division (the Division) did not have internal controls to ensure compliance with subrecipient monitoring requirements.

Noncompliance at the subrecipient level may occur and not be detected by the Division.

The entire population of three subrecipients was selected for testing. Risk assessment and monitoring was not performed for all three subrecipients. In addition, every subaward was missing required information.

*State's Response:* Corrected 6/2022 corrections were retroactive

*Status:* Not subject to audit in current year but was not corrected for the entire year.

**2021-036: U.S. Department of Education  
Title I Grants to Local Educational Agencies, 84.010**

**Reporting  
Material Weakness in Internal Control over Compliance and Material Noncompliance**

*Initial Fiscal Year  
Finding Occurred:* 2021

*Finding Summary:* Affects all grant awards included under assistance listing 84.010 on the Schedule of Expenditures of Federal Awards.

The Federal Funding Accountability and Transparency Act (FFATA) requires direct recipients of certain federal awards to report subaward information by the end of the month following the month in which the prime awardee obligates a subgrant award equal to \$30,000 (or \$25,000 for federal agencies that have not yet adopted amendments effective November 12, 2020).

Required subaward information was not reported in the FFATA Subaward Reporting System (FSRS).

The Nevada Department of Education (the Department) did not have internal controls to ensure subaward information was submitted in accordance with the FFATA.

Subaward obligations were not reported in the FSRS and therefore not included on the FFATA’s website for public information disclosure.

A nonstatistical sample of 8 out of a population of 30 applicable subaward obligations was selected for testing. The quantity and subaward obligation errors were noted as follows:

	<u>Subawards</u>	<u>Obligations</u>
Total Tested	8	\$1,963,068
Not Reported	8	\$1,963,068
Not Timely	8	\$1,963,068
Obligation Incorrect	8	\$1,963,068
Missing Key Elements	8	\$1,963,068

*State’s Response:*

NDE Response

At the time of this Corrective Action Plan, NDE has remediated reporting deficiencies under FFATA. Specifically, a new process, to include updated templates, formulas, reporting practices, and crosschecks, has been implemented to accurately and completely capture FFATA reporting requirements. Successful implementation of this process has led to accurate and complete reporting for FY23 and FY24 reports and pends finalized process documentation.

Corrective Action

NDE shall develop a comprehensive Policy and Procedure (1.11 FF AT A Reporting) documenting the process for the development, review, and finalization of FFATA reports. Supplemental to the Policy and Procedure, NDE shall develop a Business Rule which clearly crosswalks source data to reporting outcomes and explains the use of various templates and formulas. Finally, NDE shall implement internal control monitoring specific to this report upon completion of an internal monitoring assessment.

*Status:*

Not corrected, repeated as 2022-039

**2021-037: U.S. Department of Education  
Special Education Cluster:  
Special Education-Grants to States, 84.027  
Special Education-Preschool Grants, 84.173**

**Earmarking  
Significant Deficiency in Internal Control over Compliance**

*Initial Fiscal Year*  
*Finding Occurred:* 2021

*Finding Summary:* Affects grant award *H173A180046* included under assistance listing 84.173.

A State Educational Agency (SEA) may use not more than 20 percent of the funds it is allowed to retain for state activities under 20 USC 1419(d) for the purposes of administering the Preschool Grants Program.

Administrative expenses exceeded the maximum allowable.

The Nevada Department of Education (the Department) did not have adequate internal controls to ensure administrative expenditures did not exceed the maximum available to spend.

Monies available for other state level activities or amounts available to subgrant to Local Educational Agencies (LEAs) were under-allocated.

None reported as the amount is less than \$25,000.

We tested all final expenditure totals on the grant that closed during the audit period. The maximum available for administrative expenditures was \$117,541 and the actual amount spent was \$121,085.

*Status:* Corrected

**2021-038: U.S. Department of Education  
Education Stabilization Fund, 84.425**

**Reporting  
Material Weakness in Internal Control over Compliance and Material Noncompliance**

*Initial Fiscal Year*  
*Finding Occurred:* 2021

*Finding Summary:* Affects all grant awards included under assistance listing 84.425 on the Schedule of Expenditures of Federal Awards.

The *OMB Compliance Supplement* provides that State Education Agencies submit annual reports over Governor’s Emergency Education Relief (GEER) and Elementary and Secondary School Emergency Relief (ESSER) Grants as follows:

Direct recipients of ESSER I grants must submit an annual report (OMB No. 1810-0749) with data for the following categories:

- Overall ESSER I fund grant for State Education Agency (SEA);
- SEA Reserve;
- Mandatory subgrants to Local Education Agency (LEA), Section 18003(c) of the CARES Act and Section 313(c) of the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act;
- Student participation and engagement; and
- Full-time equivalent positions.

Direct recipients of GEER grants must submit an annual report (OMB No 1810- 0748) with data for the following categories:

- Types of entities within the state that were awarded GEER funds;
- Funding conditions or requirements on GEER awards for LEAs and IHEs to ensure that the funds were spent on specific purposes or activities;
- Amounts expended and the purposes for which the funds were expended by an LEA;
- For each IHE awarded GEER funds from the state, the amount expended and additional information if GEER funds were used by the IHE to provide financial aid to students at IHE;
- The amount awarded and expended by each education related entity, including:
  - Which populations of students were or will be served by the entity?
  - Did the funding awarded to the entity support distance learning and remote education or provide financial support to students?
- FTE positions for LEAs, IHEs, or Educational Entities; and
- The number of K-12 schools that received GEER funds or received services paid for with GEER funds.

Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) section 200.303 provides that non-federal entities must establish and maintain effective internal control that provides reasonable assurance that the non-federal entity is managing the federal award in compliance Federal statutes, regulations, and the terms and conditions of the federal award.

Certain obligated amounts to LEAs were reported inaccurately. Certain expenditure purposes or activities, student enrollment, and amounts awarded were not reported. In addition, there was no evidence of review and approval (segregation of duties) between the preparer and reviewer of these reports.

The Nevada Department of Education (the Department) did not have internal controls to identify required information to be reported and ensure accuracy.

Inaccurate or incomplete information was reported to the federal awarding agency.

Two annual reports were required to be filed in the State Fiscal Year, one for GEER and one for ESSER. Both reports were selected for testing. The errors were noted as follows:

ESSER 3/13/2020 through 9/30/2020 Report

- The SEA Reserve was not reported.
- Expended amounts were not reported for any applicable purpose.
- Student participation and engagement was not reported.
- Full-time equivalent positions were not reported.
- One of the 21 mandatory subgrant obligations was reported at \$814,540, rather than \$81,454.
- One of the 21 mandatory subgrant obligations was reported at \$76,517 and no underlying support was available for review.

GEER 3/13/2020 through 9/30/2020 Report

- Amounts expended and the purposes for which they were expended by an LEA was not reported.
- Expended amounts were not reported for any applicable purpose.
- IHE related information was not reported.
- Full-time equivalent positions were not reported.

*State's Response:*

NDE Response

Due to rapid turnover, changes in assigned personnel, and inconsistent file architecture, NDE has struggled to ensure that source documentation is labeled and retained appropriately. Efforts to ensure consistent business practices within the Student Investment Division are underway.

Corrective Action

NOE shall develop a comprehensive Policy and Procedure (1.9 Title I ESEA MOE) documenting the process for the development, review, and finalization of the MOE report. Supplemental to the Policy and Procedure, NOE shall develop a Business Rule which clearly crosswalks source data to reporting outcomes. This business rule shall integrate principles from NDE's Records Management Program, to include clear file architecture for

supporting documentation. A checklist detailing the chain of review shall also be implemented to track the review and approval process of federal reports prior to submission. Finally, NOE shall implement internal control monitoring specific to this report upon completion of an internal monitoring assessment. NOE will further review existing internal controls to determine if further support is necessary. The Office of Division Compliance will collaborate with the Office of District Support Services to develop and finalize these documents.

*Status:* Partially Corrected, repeated as 2022-043

**2021-039: U.S. Department of Education  
Education Stabilization Fund, 84.425**

**Reporting  
Material Weakness in Internal Control over Compliance and Material  
Noncompliance**

*Initial Fiscal Year  
Finding Occurred:* 2021

*Finding Summary:* Affects all grant awards included under assistance listing 84.425 on the Schedule of Expenditures of Federal Awards.

The Federal Funding Accountability and Transparency Act (FFATA) requires direct recipients of certain federal awards to report subaward information by the end of the month following the month in which the prime awardee obligates a subgrant award equal to \$30,000 (or \$25,000 for federal agencies that have not yet adopted amendments effective November 12, 2020).

Required subaward information was not reported in the FFATA Subaward Reporting System (FSRS).

The Nevada Department of Education (the Department) did not have internal controls to ensure subaward information was submitted in accordance with the FFATA.

Subaward obligations were not reported in the FSRS and therefore not included on the FFATA's website for public information disclosure.

A nonstatistical sample of six out of a population of 38 applicable subaward obligations was selected for testing. The quantity and subaward obligation errors were noted as follows:

	<u>Subawards</u>	<u>Obligations</u>
Total Tested	6	\$7,320,485
Not Reported	6	\$7,320,485
Not Timely	6	\$7,320,485
Obligation Incorrect	6	\$7,320,485
Missing Key Elements	6	\$7,320,485

*State's Response:*

NDE Response

At the time of this Corrective Action Plan, NOE has remediated reporting deficiencies under FFATA. Specifically, a new process, to include updated templates, formulas, reporting practices, and crosschecks, has been implemented to accurately and completely capture FFATA reporting requirements. Successful implementation of this process has led to accurate and complete reporting for all COVID-relief funding reports, and pends finalized process documentation.

Corrective Action

NOE shall develop a comprehensive Policy and Procedure (1.11 FFATA Reporting) documenting the process for the development, review, and finalization of FFATA reports. Supplemental to the Policy and Procedure, NDE shall develop a Business Rule which clearly crosswalks source data to reporting outcomes and explains the use of various templates and formulas. Finally, NDE shall implement internal control monitoring specific to this report upon completion of an internal monitoring assessment.

*Status:*

Not corrected. Repeated as finding 2022-044

**2021-040:**

**U.S. Department of Education  
Education Stabilization Fund, 84.425**

**Subrecipient Monitoring  
Material Weakness in Internal Control over Compliance**

*Initial Fiscal Year*

*Finding Occurred:* 2021

*Finding Summary:*

Affects all grant awards included under assistance listing 84.425 on the Schedule of Expenditures of Federal Awards.

Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) section 200.332 requires that:

Pass-through entities evaluate each subrecipient's risk of noncompliance with federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring. In addition, the subrecipient monitoring must ensure that the subaward is used for authorized purposes.

An evaluation of each subrecipient's risk of noncompliance for purposes of determining the appropriate subrecipient monitoring was not performed and monitoring procedures were not performed in accordance with established policies.

The Nevada Department of Education (the Department) did not have adequate internal controls to ensure policies regarding subrecipient monitoring were followed.

Noncompliance at the subrecipient level may occur and not be detected by the Department.

A nonstatistical sample of 11 out of a population of 55 subrecipients was selected for testing. Risk assessment and monitoring activities were not completed for one of the subrecipients tested.

*Status:* Corrected

**2021-041: U.S. Department of Education  
Education Stabilization Fund, 84.425**

**Other  
Significant Deficiency in Internal Control over Compliance**

*Initial Fiscal Year  
Finding Occurred:* 2021

*Finding Summary:* Affects all grant awards included under assistance listing 84.425 on the Schedule of Expenditures of Federal Awards.

Title 2 *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) requires the State of Nevada to prepare a Schedule of Expenditures of Federal Awards (SEFA) showing both total federal expenditures and payments to subrecipients for the year.

Amounts were originally reported incorrectly on the SEFA.

The Nevada Department of Education (the Department) did not have adequate internal controls to ensure total federal expenditures and payments to subrecipients were appropriately reported on the SEFA.



Prior to correction, the total federal expenditures and amounts passed through to subrecipients on the SEFA were understated by \$1,083,866.

No sampling was used; all program expenditures on the SEFA were reconciled to supporting records.

*State's Response:* Corrective Action  
NDE shall develop a comprehensive Policy and Procedure (1. 15 SEFA Reporting) documenting the process for the development, review, and finalization of all SEFA reports. A checklist detailing the chain of review shall also be implemented to track the review and approval process of federal reports prior to submission. Finally, NDE shall implement internal control monitoring specific to this report upon completion of an internal monitoring assessment. NDE will further revise existing internal controls to expand the controls applied as it relates to verifications and reviews/approvals. The Office of Division Compliance will collaborate with the Office of Fiscal Operations to develop and finalize these documents.

*Status:* Not corrected, repeated as 2022-046

**2021-042: U.S. Department of Health and Human Services  
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC),  
93.323**

**Procurement, Suspension, and Debarment  
Significant Deficiency in Internal Control over Compliance**

*Initial Fiscal Year  
Finding Occurred:* 2021

*Finding Summary:* Affects all grant awards included under assistance listing 93.323 on the Schedule of Expenditures of Federal Awards.

Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) requires contracts contain the applicable provisions described in Appendix II to Part 200 for contracts under federal awards.

Certain applicable provisions described in Appendix II to Part 200 were not included in contracts as required.

The Nevada Division of Public and Behavioral Health (the Division) did not have adequate internal controls to ensure contracts under federal awards contained all of the applicable provisions.

Contractors may not be aware of required terms and conditions.

A nonstatistical sample of 60 procurement transactions out of approximately 2000 was selected for testing, including 17 contracts subject to Appendix II to Part 200. Ten of the contracts were missing certain applicable provisions.

*State's Response:* The Division has requested the standard templates for all contracts, including statewide contracts, be updated to include applicable provisions by the State Purchasing Division. As of September 14, 2022, this request has not been approved. The Division of Public and Behavioral Health will continue to request that the State Purchasing Division include the required federal provisions for Appendix II to Part 200 specific to Suspension/Debarment, Anti-Lobbying, Federal Water Pollution and Clean Air/Clean Water Act in all statewide contract templates.

*Status:* Not Corrected

**2021-043: U.S. Department of Health and Human Services  
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC),  
93.323**

**Reporting  
Significant Deficiency in Internal Control over Compliance**

*Initial Fiscal Year  
Finding Occurred:* 2021

*Finding Summary:* Affects grant award 5 NU50CK000560-02-CV included under assistance listing 93.323 on the Schedule of Expenditures of Federal Awards.

The OMB Compliance Supplement requires that reports submitted to the federal awarding agency include all activity of the reporting period, are supported by underlying accounting information, and are presented in accordance with program requirements.

The terms and conditions of the grant award requires quarterly financial reporting through the *Federal Financial Report* (SF-425).

Information reported was not supported by the underlying records.

The Nevada Division of Public and Behavioral Health did not have adequate internal controls to ensure SF-425 reports were accurate.

Inaccurate information was reported to the federal awarding agency.

The entire population of four SF-425's submitted during the audit period was selected for testing. We noted one error on one of the reports where actual expenditures were \$784 higher than reported.

*Status:* Corrected

**2021-044: U.S. Department of Health and Human Services  
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC),  
93.323**

**Reporting  
Significant Deficiency in Internal Control over Compliance**

*Initial Fiscal Year  
Finding Occurred:* 2021

*Finding Summary:* Affects grant award 1 NU50CK000560-01 included under assistance listing 93.323 on the Schedule of Expenditures of Federal Awards.

The OMB Compliance Supplement requires that reports submitted to the federal awarding agency include all activity of the reporting period, are supported by underlying accounting information, and are presented in accordance with program requirements.

The terms and conditions of the grant award requires Monthly Fiscal Reports based on actual recorded expenditures.

Information reported was not supported by the underlying records.

The Nevada Division of Public and Behavioral Health did not have adequate internal controls to ensure *Monthly Fiscal Reports* were accurate.

Inaccurate information was reported to the federal awarding agency.

A nonstatistical sample of seven *Monthly Fiscal Reports* out of a population of 39 was selected for testing. We noted one error on one of the reports where \$658 of actual expenditures were mis-reported between “other expenditures” and “contractual expenditures”.

*Status:* Corrected

**2021-045: U.S. Department of Health and Human Services  
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC),  
93.323**

**Reporting  
Significant Deficiency in Internal Control over Compliance**

*Initial Fiscal Year*  
*Finding Occurred:* 2021

*Finding Summary:* Affects grant award 6 NU50CK000560-01-05 included under assistance listing 93.323 on the Schedule of Expenditures of Federal Awards.

The OMB Compliance Supplement requires that reports submitted to the federal awarding agency include all activity of the reporting period, are supported by underlying accounting information, and are presented in accordance with program requirements.

The terms and conditions of the grant award requires Performance Measure Data based on actual recorded results.

Information reported was not supported by the underlying records.

The Nevada Division of Public and Behavioral Health did not have adequate internal controls to ensure *Performance Measure Data* reports were accurate.

Inaccurate information was reported to the federal awarding agency.

A nonstatistical sample of two Performance Measure Data reports out of a population of 12 was selected for testing. We noted one error on one of the reports where the number of new cases that were identified (or known) as contacts in the previous 14 days was understated by three cases.

*State's Response:* As of March 2022, revised reporting numbers were provided to the federal agency. The Division has enhanced internal controls to include peer review to ensure performance measure data entry has been submitted accurately and data counts are verified.

*Status:* Not subject to audit in current year but was not corrected for the entire year.

**2021-046: U.S. Department of Health and Human Services  
Low-Income Home Energy Assistance, 93.568**

**Eligibility  
Significant Deficiency in Internal Control over Compliance**

*Initial Fiscal Year*  
*Finding Occurred:* 2021

*Finding Summary:* Affects all grant awards included under assistance listing 93.568 on the Schedule of Expenditures of Federal Awards.

As provided by 42 USC 8624(b)(2), assistance may be provided to:

- Households in which one or more individuals are receiving Temporary Assistance for Needy Families (TANF), Supplemental Security Income (SSI), Supplemental Nutrition Assistance Program (SNAP) benefits, or certain needs-tested veterans' benefits or;
- Households with incomes which do not exceed the greater of 150% of the State's established poverty level, or 60% of the State's median income. Lower income eligibility criteria may be established, but no household may be excluded solely on the basis of income if the household income is less than 110% of the State's poverty level.

The *Low-Income Home Energy Assistance State Plan* (State Plan) establishes and describes assistance benefit levels, which provides for the calculation of a Fixed Annual Credit (FAC) and ultimately, the amount of assistance provided.

The amount of assistance to provide was not calculated with accurate information.

The Nevada Division of Welfare and Supportive Services (the Division) did not have adequate internal controls to ensure income reported in the information system agreed to information provided in the application.

Assistance was provided to a recipient who was not entitled to that amount of assistance.

None as known and projected costs are less than \$25,000.

A nonstatistical sample of 60 recipients out of a population of approximately 18,600 was selected for testing. We noted an error in the amount of income used in the calculation of benefits for one recipient. The sample totaled \$58,291 in benefits paid and the error was \$24.

*State's Response:* The EAP supervisory staff will discuss the Social Security cost of living increase policy with the case management staff. The Division will ensure the internal control of supervisory case reviews are completed to identify cases where information is not accurate which may cause a payment to be incorrectly calculated.

*Status:* Not corrected. Repeated as finding 2022-049

**2021-047: U.S. Department of Health and Human Services  
Low-Income Home Energy Assistance, 93.568**

**Eligibility  
Material Weakness in Internal Control over Compliance**

*Initial Fiscal Year  
Finding Occurred:*

2021

*Finding Summary:* Affects all grant awards included under assistance listing 93.568 on the Schedule of Expenditures of Federal Awards.

Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) section 200.303 provides that non-federal entities must establish and maintain effective internal control that provides reasonable assurance that the non-federal entity is managing the federal award in compliance federal statutes, regulations, and the terms and conditions of the Federal award.

The *Low-Income Home Energy Assistance State Plan* (State Plan) provides for internal controls related to beneficiary case reviews, in part, as follows:

Supervisors are required to complete a set number of case reviews per worker per month to monitor staff performance. Trainees and staff with performance issues are subject to 100% review prior to the posting of benefits. The Program Manager reviews a subset of the review completed by the supervisors to ensure they are adequately identifying and addressing performance issues.

Supervisor case reviews were not performed in accordance with the State Plan.

The Nevada Division of Welfare and Supportive Services (the Division) did not have adequate internal controls to ensure beneficiary case review policies were followed.

Inaccurate eligibility or benefit determinations may be established and not detected by the Division.

We examined a listing of beneficiary case reviews performed for the entire year. A total of 55 reviews were performed out of approximately 650 that were required to be performed in accordance with the State Plan.

*State's Response:* During the review period there were vacancies in both supervisory positions in the Energy Assistance Program. The Division filled these positions during the review period. The supervisory case reviews began for July 2022. In addition, the LIHEAP State Plan has been amended to allow additional staff members to review case work for new staff. The changes were approved at the June 29, 2023, Public Hearing. These changes have been included in the FFY 2024 LIHEAP State Plan to address staff shortages if they arise again

*Status:* Not corrected. Repeated as finding 2022-048

**2021-048: U.S. Department of Health and Human Services  
Low-Income Home Energy Assistance, 93.568**

**Reporting  
Significant Deficiency in Internal Control over Compliance**

*Initial Fiscal Year  
Finding Occurred:* 2021

*Finding Summary:* Affects grant award 2001NVE5C3 under assistance listing 93.568 on the Schedule of Expenditures of Federal Awards.

The *OMB Compliance Supplement* requires that reports submitted to the federal awarding agency include all activity of the reporting period, are supported by underlying accounting information, and are presented in accordance with program requirements.

The Nevada Division of Welfare and Supportive Services (the Division) is required to submit the *LIHEAP Carryover and Reallotment Report* each year, which indicates the amount expected to be carried forward for obligation in the following fiscal year and the planned use of those funds.

The projected unobligated balance (carryover amount) for CARES Act funds did not agree to the underlying actual unobligated balance and there was no underlying documentation or support to support the variance.

The Division did not have adequate internal controls to ensure the projected unobligated balance was adequately documented and supported.

Inaccurate information may have been reported to the federal awarding agency.

The one annual report submitted during the audit period was selected for testing. The projected unobligated balance was reported as \$5,020,854 on May 17, 2021. The actual amount was reported separately and prior to the projected amount as \$5,073,444 on January 3, 2021. There was no documentation available to explain why the projected balance was different from the actual balance when the projected balance was reported at a later date.

*State's Response:* Due to multiple staff vacancies, a written procedure for the reporting of Carryover Funds was delayed. Upon completion of those updated procedures in August 2023 in response to prior finding 2021-048, the reporting process for the projected unobligated balance is better understood and the tighter internal controls will ensure adequate documentation and review as required.

*Status:* Not corrected. Repeated as finding 2022-050

**2021-049: U.S. Department of Health and Human Services  
Low-Income Home Energy Assistance, 93.568**

**Reporting  
Material Weakness in Internal Control over Compliance and Material  
Noncompliance**

*Initial Fiscal Year  
Finding Occurred:* 2021

*Finding Summary:* Affects all grant awards included under assistance listing 93.568 on the Schedule of Expenditures of Federal Awards.

The *OMB Compliance Supplement* requires that reports submitted to the federal awarding agency include all activity of the reporting period, are supported by underlying accounting information, and are presented in accordance with program requirements.

The Nevada Housing Division (the Division) is required to submit the *Annual Report on Households Assisted by LIHEAP* for the preceding fiscal year of (1) number and income levels of the households assisted for each component and any type of LIHEAP assistance and (2) the number of households served that contained young children, elderly, or persons with disabilities, or any vulnerable household for each component.



Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) section 200.334 provides that records pertinent to a federal award must be retained for a period of three years from the date of submission of the final expenditure report or, for federal awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report, respective, as reported to the federal awarding agency or pass-through entity in the case of a subrecipient.

Supporting documentation was not maintained by the Division for amounts reported and the records provided by subrecipients in the absence of the records not maintained by the Division did not support some of the household information reported.

The Division did not have internal controls to ensure the underlying records were maintained and reconciled to the submitted report.

Inaccurate information may have been reported to the federal awarding agency.

The one annual report submitted during the audit period was selected for testing. The underlying household statistics were not maintained by the Division and were requested from subrecipients. Records provided by the subrecipients included data for 71 households. A non-statistical sample of 11 households was selected for testing. Upon testing the records provided by the subrecipients, we noted unreconciled variances for the following:

- Furnace Repair and Replacement: Line 7j, columns A and E, had a variance of 1 household.
- Poverty levels did not agree to the underlying support for three of the households tested.
- Non-Operable status did not agree to the underlying support for three of the households tested.

*Status:* Corrected

**2021-050: U.S. Department of Health and Human Services  
Low-Income Home Energy Assistance, 93.568**

**Reporting  
Material Weakness in Internal Control over Compliance and Material  
Noncompliance**

*Initial Fiscal Year*  
*Finding Occurred:* 2021

*Finding Summary:* Affects all grant awards included under assistance listing 93.568 on the Schedule of Expenditures of Federal Awards.

The Federal Funding Accountability and Transparency Act (FFATA) requires direct recipients of certain federal awards to report subaward information by the end of the month following the month in which the prime awardee obligates a subgrant award equal to \$30,000 (or \$25,000 for federal agencies that have not yet adopted amendments effective November 12, 2020).

Required subaward information was not reported in the FFATA Subaward Reporting System (FSRS).

The Nevada Housing Division (the Division) did not have internal controls to ensure subaward information was submitted in accordance with the FFATA.

Subaward obligations were not reported in the FSRS and therefore not included on the FFATA's website for public information disclosure.

We tested the entire population of 4 subawards obligated during the year. The quantity and subaward obligation errors were noted as follows:

	<u>Subawards</u>	<u>Obligations</u>
Total Tested	4	\$538,512
Not Reported	4	\$538,512
Not Timely	4	\$538,512
Obligation Incorrect	4	\$538,512
Missing Key Elements	4	\$538,512

*State's Response:* The Nevada Housing Division ("Division") agrees with the finding. The Division also acknowledges this is a prior year finding. The Division would like to note, and be given consideration for, the substantive fact of the context of the time period in a pandemic, a once in a lifetime crisis that was impacting daily work and personal lives of all Nevadans, including Division staff.

Corrective Action: The Division will establish an internal audit and compliance committee to enhance oversight of existing policies for assessing risk (which include verifying suspension or debarment), monitoring and sharing best practices across its business. The internal audit and compliance committee will be responsible for reviewing internal controls and policies on an annual basis, following up on any audit findings and ensuring follow-through of corrective action plans.

Adoption of Corrective Action: January 2024

*Status:* Not corrected. Repeated as finding 2022-051

**2021-051: U.S. Department of Health and Human Services \**  
**Low-Income Home Energy Assistance, 93.568**

**Subrecipient Monitoring**  
**Material Weakness in Internal Control over Compliance and Material Noncompliance**

*Initial Fiscal Year*  
*Finding Occurred:* 2021

*Finding Summary:* Affects all grant awards included under assistance listing 93.568 on the Schedule of Expenditures of Federal Awards.

Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) section 200.332 requires that:

Pass-through entities ensure every subaward includes certain information at the time of the subaward.

Pass-through entities evaluate each subrecipient's risk of noncompliance with federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring.

Pass-through entities verify every subrecipient is audited as required by Uniform Guidance, issue management decisions for audit findings, as applicable, and ensure the subrecipient takes timely corrective action on all audit findings, as applicable.

Subawards did not contain all the required information, an evaluation of each subrecipient's risk of noncompliance for purposes of determining the appropriate subrecipient monitoring was not performed, and subrecipients were not monitored to ensure audits required by Uniform Guidance were performed.

The Nevada Housing Division (the Division) did not have internal controls to ensure compliance with subrecipient monitoring requirements.

Noncompliance at the subrecipient level may occur and not be detected by the Division.

A nonstatistical sample of two subrecipients out of a population of four was selected for testing. A risk assessment was not performed and the subawards were missing required information for both subrecipients. In addition, there was no documentation available to demonstrate that the

two subrecipients were monitored to ensure Uniform Guidance audits were obtained, if required, or that management decisions were issued, if applicable.

*State's Response:* The Division agrees with the finding. The Division also acknowledges this is a prior year finding. The Division would like to note, and be given consideration for, the substantive fact of the context of the time period in a pandemic, a once in a lifetime crisis that was impacting daily work and personal lives of all Nevadans, including Division staff.

Corrective Action: The Division will establish an internal audit and compliance committee to enhance oversight of existing policies for assessing risk (which include verifying suspension or debarment), monitoring and sharing best practices across its business. The internal audit and compliance committee will be responsible for reviewing internal controls and policies on an annual basis, following up on any audit findings and ensuring follow-through of corrective action plans. Additionally, Division counsel was asked to begin incorporating the missing items in future agreements with subrecipients of federal funds.

Adoption of Corrective Action: January 2024

*Status:* Not corrected. Repeated as finding 2022-052

**2021-052: U.S. Department of Health and Human Services  
CCDF Cluster:  
Child Care and Development Block Grant, 93.575  
Child Care Mandatory and Matching Funds of the Child Care and  
Development Fund, 93.596**

**Subrecipient Monitoring  
Material Weakness in Internal Control over Compliance and Material  
Noncompliance**

*Initial Fiscal Year  
Finding Occurred:* 2021

*Finding Summary:* Affects all grant awards included under assistance listings 93.575 and CFDA 93.596 on the Schedule of Expenditures of Federal Awards.

Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) section 200.332 requires that:

Pass-through entities ensure every subaward includes certain information at the time of the subaward.

Pass-through entities evaluate each subrecipient's risk of noncompliance with federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring.

Pass-through entities verify every subrecipient is audited as required by Uniform Guidance, issue management decisions for audit findings, as applicable, and ensure the subrecipient takes timely corrective action on all audit findings, as applicable.

Subawards did not contain all the required information, an evaluation of each subrecipient's risk of noncompliance for purposes of determining the appropriate subrecipient monitoring was not performed, and subrecipients were not monitored to ensure audits required by Uniform Guidance were performed.

Adequate internal controls were not in place to ensure compliance with subrecipient monitoring requirements for the following agencies:

- Nevada Division of Aging and Disability Services
- Nevada Division of Welfare and Supportive Services

Noncompliance at the subrecipient level may occur and not be detected by the Division.

A nonstatistical sample of seven subrecipients out of a population of 21 across three State agencies was selected for testing. The following errors were noted in two of the agencies:

Nevada Division of Aging and Disability Services

We tested three subrecipients applicable to the Division of Aging and Disability Services. A risk assessment was not performed and the subawards were missing required information for three subrecipients. In addition, there was no documentation available to demonstrate that two subrecipients were monitored to ensure Uniform Guidance audits were obtained, if required, or that management decisions were issued, if applicable.

Nevada Division of Welfare and Supportive Services

We tested four subrecipients applicable to the Division of Welfare and Supportive Services. A risk assessment was not performed for four subrecipients.

*State's Response:*

The Child Care and Development Fund (CCDF) has contracted with a CPA from My Office Staff to conduct sub recipient monitoring of all the Program's subrecipients. Procedure is in place to ensure every subaward contains a Risk Assessment prior to final approval.

*Status:*

Not corrected. Repeated as finding 2022-055

**2021-053, 2020-026: U.S. Department of Health and Human Services  
CCDF Cluster:  
Child Care and Development Block Grant, 93.575  
Child Care Mandatory and Matching Funds of the Child Care and  
Development Fund, 93.596**

**Special Tests and Provisions – Fraud Detection and Repayment  
Significant Deficiency in Internal Control over Compliance**

*Initial Fiscal Year*

*Finding Occurred:* 2020

*Finding Summary:* Affects all grant awards included under assistance listings 93.575 and 93.596 on the Schedule of Expenditures of Federal Awards.

Lead agencies shall recover childcare payments that are the result of fraud. These payments shall be recovered from the party responsible for committing the fraud (45 CFR section 98.60).

The Nevada Division of Welfare and Supportive Services (the Division) has policies in place to identify, report, and recover payments resulting from fraud. The *Investigations and Recovery Policy Manual* provides that overpayments must be calculated by the child-care contractor within 60 working days of receipt of necessary information.

An overpayment calculation exceeded the 60-day requirement as provided in the policy.

The Division did not have adequate internal controls to ensure timely overpayment calculation by a child-care contractor.

Fraudulent payments may not be recovered timely.

We tested all three overpayment cases from the audit period. For one overpayment case, the completed investigation was communicated on January 15, 2021 and the overpayment recalculation was communicated on April 27, 2021, which was nine working days late.

*Status:* Corrected

2021-054, 2020-027,  
2019-034, 2018-038: U.S. Department of Health and Human Services  
Foster Care – Title IV-E, 93.658

**Allowable Costs/Cost Principles**  
**Significant Deficiency in Internal Control over Compliance**

*Initial Fiscal Year*  
*Finding Occurred:* 2020

*Finding Summary:* Affects all grant awards included under assistance listing 93.658 on the Schedule of Expenditures of Federal Awards.

Title 2 U.S. Code of Federal Regulations (CFR) Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) provides that a State must claim federal financial participation for costs associated with a program only in accordance with its approved cost allocation plan. Since cost allocation plans are of a narrative nature, the Federal government needs assurance that the cost allocation plan has been implemented as approved.

Allocation methods used in cost allocation did not agree to the approved cost allocation plan.

The Nevada Division of Child and Family Services (the Division) did not have adequate internal controls to ensure costs were allocated in accordance with the cost allocation plan.

Costs may be charged to the federal programs that do not agree to the cost allocation plan.

A nonstatistical sample of two out of four quarters was selected for testing. Two allocation methods did not agree to the cost allocation plan for the September 30, 2020 quarter and one of those allocation methods did not agree in the March 31, 2021 quarter. However, the net result was an under-allocation of costs to Foster Care.

*State's Response:* Quarterly Cost Allocation procedures were updated to expand the validation process to confirm the most recent Cost Allocation Plan narrative matches AlloCAP, requires signature review confirmation, and, if a discrepancy is found, the Cost Allocation Plan Narrative is updated and submitted for approval.

The Cost Allocation Plan will be updated and submitted for approval. Staff will be trained on the procedures.

Quarterly Cost Allocation Procedures were updated July 19, 2022.

Staff will be trained on the updated procedures and the Cost Allocation Plan Narrative will be updated and submitted for approval by December 31, 2024.

*Status:* Partially Corrected. Repeated as 2022-056

**2021-055: U.S. Department of Health and Human Services  
Foster Care – Title IV-E, 93.658**

**Reporting  
Material Weakness in Internal Control over Compliance and Material  
Noncompliance**

*Initial Fiscal Year  
Finding Occurred:* 2021

*Finding Summary:* Affects all grant awards included under assistance listing 93.658 on the Schedule of Expenditures of Federal Awards.

The Federal Funding Accountability and Transparency Act (FFATA) requires direct recipients of certain federal awards to report subaward information by the end of the month following the month in which the prime awardee obligates a subgrant award equal to \$30,000 (or \$25,000 for federal agencies that have not yet adopted amendments effective November 12, 2020).

Required subaward information was not reported in the FFATA Subaward Reporting System (FSRS).

The Nevada Division of Child and Family Services did not have internal controls to ensure subaward information was submitted in accordance with the FFATA.

Subaward obligations were not reported in the FSRS and therefore not included on the FFATA’s website for public information disclosure.

We tested the entire population of two subawards obligated during the. The quantity and subaward obligation errors were noted as follows:

	<u>Subawards</u>	<u>Obligations</u>
Total Tested	2	\$77,416,578
Not Reported	2	\$77,416,578
Not Timely	2	\$77,416,578
Obligation Incorrect	2	\$77,416,578
Missing Key Elements	2	\$77,416,578



*State's Response:* Internal controls have been reviewed and updated to ensure subaward information is submitted in accordance with the FFATA. Internal control updated in SFY23.

*Status:* Not corrected. Repeated as finding 2022-057

**2021-056, 2020-030: U.S. Department of Health and Human Services  
Children's Health Insurance Program (CHIP), 93.767**

**Eligibility  
Material Weakness in Internal Control over Compliance**

*Initial Fiscal Year  
Finding Occurred:* 2020

*Finding Summary:* Affects all grant awards included under assistance listing 93.767 on the Schedule of Expenditures of Federal Awards.

States are required to determine eligibility in accordance with the eligibility requirements defined in the approved State plan (42 CFR 457). The State plan describes certain aid categories, including the eligibility criteria and potential benefits allowed under the aid categories for eligible individuals.

Individuals were deemed eligible but were placed in an incorrect aid category.

The Nevada Division of Welfare and Supportive Services (the Division) did not have adequate internal controls to ensure aid categories were accurate.

Individuals may receive benefits that they are not entitled to or not receive benefits for which they are entitled to.

A nonstatistical sample of 60 out of approximately 2,763 total eligibility determinations was selected for testing. Five individuals had the incorrect aid code classified.

*State's Response:* **Corrective Action Taken:**

**HOH UPI xxxxx2000/CHILD UPI xxxxx9100** – Worker failed to complete re-evaluation for higher aid code (REHA function) to obtain correct eligibility.

**Corrective Action:** REHA function was completed on 9/27/2021 to obtain correct eligibility.

**HOH UPI xxxxx6100/CHILD UPI xxxxx6100** – The Division of Welfare and Supportive Services (Division) did not have adequate internal controls to maintain supporting documentation available for review.

**Corrective Action:** The Division has revised scanning procedures across the state, which includes routing more documents to our vendor for scanning, rather than being retained in each district office. The Division also utilizes an internal team, Records Management Unit (RMU), that assists with Quality Assurance of all scanned documents.

**HOH UPI xxxxx8000/CHILD UPI xxxxx3200** – The Division did not have adequate internal controls to maintain supporting documentation available for review.

**Corrective Action:** The Division has revised scanning procedures across the state, which includes routing more documents to our vendor for scanning, rather than being retained in each district office. The Division also utilizes an internal team, Records Management Unit (RMU), that assists with Quality Assurance of all scanned documents.

**Future Corrective Action:**

The Division will collaborate with all appropriate parties to move from an annual mandatory REHA training to a semi-annual mandatory REHA training (every 6 months), for field staff. A new Quality Assurance tip to field staff was provided on 11/10/2022 and an updated mandatory REHA training was administered with a required completion date for all field staff of 02/2023. The next REHA training is scheduled for January/February of 2024.

The Division will also continue to follow the updated process for scanning of documents and utilize the RMU for increased Quality Assurance of documents.

The Eligibility and Payments (E&P) and Program Operations, Support & Targeted Outreach (POST) teams will work closely with the Internal Controls and Audit team within the Division to ensure internal controls are strengthened. The Division anticipates the internal controls to be updated within two months to reflect the release of a semi-annual REHA training, along with a new annual Quality Assurance REHA tip.

*Status:*

Not Corrected. Repeated as 2022-059

2021-057, 2020-031,  
2019-038, 2018-044,  
2017-034:

**U.S. Department of Health and Human Services  
Children's Health Insurance Program (CHIP), 93.767**

**Reporting  
Material Weakness in Internal Control over Compliance**

*Initial Fiscal Year*

*Finding Occurred:* 2020

*Finding Summary:* Affects all grant awards included under assistance listing 93.767 on the Schedule of Expenditures of Federal Awards.

The *OMB Compliance Supplement* requires that reports submitted to the federal awarding agency include all activity of the reporting period, are supported by underlying accounting information, and are presented in accordance with program requirements.

The Nevada Division of Health Care Financing and Policy (the Division) is required to submit *Quarterly Children's Health Insurance Program Statement Expenditures for Title XXI* (CMS-21) reports based on actual recorded expenditures (Sections 2105(e) and 2107(b)(1) of Title XXI).

Amounts reported on the CMS-21 were not supported by the underlying accounting information.

The Division did not have adequate internal controls to ensure CMS-21 reports were accurate.

Inaccurate information was reported to the federal awarding agency.

A nonstatistical sample of two CMS-21 reports out of four was selected for testing. The Division was unable to provide support or reconciliations for variances identified across both reports.

The December 31, 2020 CMS-21 report had the following unreconciled variances (Total Computable Column).

- Lines 1A/1C: \$27
- Lines 1B/1D: \$24,285
- Line 9: \$27
- Line 11: \$1,528
- Line 25: \$27,803
- Line 33: \$120,071

The March 31, 2021 CMS-21 report had the following unreconciled variances (Total Computable Column).

- Lines 1A/1C: \$213
- Lines 1B/1D: \$58,296
- Line 2: \$3,932
- Line 3: \$10,464
- Line 5: \$15,425
- Line 6: \$3,715
- Line 8: \$29,634
- Line 9: \$42,097
- Line 10: \$3,936
- Line 11: \$5,931
- Line 12: \$28,601
- Line 13: \$979
- Line 14: \$1,130
- Line 15: \$654
- Line 16: \$693
- Line 21: \$883
- Line 25: \$14,076
- Line 33: \$27,216

*State's Response:* The Division is in the process of enhancing its internal controls to ensure the CMS-21 reports are accurate by reconciling amounts amongst all data sources monthly.  
Date of completion or estimated completion: June 2024

*Status:* Not corrected. Repeated as finding 2022-060

**2021-058: U.S. Department of Health and Human Services  
Children's Health Insurance Program (CHIP), 93.767  
Medicaid Cluster:  
State Medicaid Fraud Control Units, 93.775  
State Survey and Certification of Health Care Providers and  
Suppliers (Title XVIII) Medicare, 93.777  
Medical Assistance Program (Medicaid; Title XIX), 93.778**

**Other  
Material Weakness in Internal Control over Compliance**

*Initial Fiscal Year*  
*Finding Occurred:* 2021

*Finding Summary:* Affects grant award 2105NV5021 included under assistance listing 93.767 and grant award 2105NV5MAP included under assistance listing 93.778 on the Schedule of Expenditures of Federal Awards.

Title 2 *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) requires the State of Nevada to prepare a Schedule of Expenditures of Federal Awards (SEFA).

Amounts were originally reported incorrectly on the SEFA.

The Division of Health Care Financing and Policy (the Division) did not have adequate internal controls to ensure total federal expenditures were appropriately reported on the SEFA.

Prior to correction, the total federal expenditures on the SEFA were overstated by \$1,117,570 for assistance listing 93.767 and \$203,366,654 for assistance listing 93.778.

No sampling was used; all program expenditures on the SEFA were reconciled to supporting records.

*Status:* Corrected

**2021-059: U.S. Department of Health and Human Services  
Medicaid Cluster:  
State Medicaid Fraud Control Units, 93.775  
State Survey and Certification of Health Care Providers and  
Suppliers (Title XVIII) Medicare, 93.777  
Medical Assistance Program (Medicaid; Title XIX), 93.778**

**Activities Allowed or Unallowed and Allowable Costs/Cost Principles  
Material Weakness in Internal Control over Compliance**

*Initial Fiscal Year*  
*Finding Occurred:* 2021

*Finding Summary:* Affects all grant awards included under assistance listing 93.778 on the Schedule of Expenditures of Federal Awards.

Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) section 200.334 provides that records pertinent to a federal award must be retained for a period of three years from the date of submission of the final expenditure report or, for federal awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report, respective, as reported to the federal awarding agency or pass-through entity in the case of a subrecipient.

Uniform Guidance section 200.403 provides that costs must be adequately documented in order to be allowable.

Federal participation is available for payments to qualifying hospitals that serve a disproportionate number of low-income patients with special needs. The State plan must specifically define a disproportionate share hospital (DSH) and the method of calculating the rate for these hospitals. Section 1923 of the Social Security Act limits DSH payments on a state-wide basis to annual DSH allotments and on a hospital-specific basis to each qualifying hospital's uncompensated care costs.

The total DSH payments charged to the program did not agree to the total allotment calculated. In addition, supporting documentation was not provided to verify the accuracy of the hospital-specific calculations.

*The Nevada Division of Health Care Financing and Policy (the Division)* did not have adequate internal controls to retain proper documentation or reconciliations with respect to DSH payments.

DSH payments may have been unallowable or calculated incorrectly.

None as the amount charged to the federal program was less than the total allotment calculated.

The entire allotment of \$80,203,483 was selected for testing. Records were provided for total amounts paid of \$74,349,873 and the remaining variance was unreconciled. The \$80,203,483 allotment included hospital-specific calculations for 23 hospitals (or qualifying providers). Documentation was requested, but not provided by the Division and we were unable to verify the accuracy of the hospital specific calculations.

*Status:* Corrected

**2021-060, 2020-032: U.S. Department of Health and Human Services  
Medicaid Cluster:  
State Medicaid Fraud Control Units, 93.775  
State Survey and Certification of Health Care Providers and  
Suppliers (Title XVIII) Medicare, 93.777  
Medical Assistance Program (Medicaid; Title XIX), 93.778**

**Eligibility  
Material Weakness in Internal Control over Compliance**

*Initial Fiscal Year*  
*Finding Occurred:* 2020

*Finding Summary:* Affects all grant awards included under assistance listing 93.778 on the Schedule of Expenditures of Federal Awards.

States are required to determine eligibility in accordance with the eligibility requirements defined in the approved State plan (42 CFR 435). The State plan describes certain aid categories, including the eligibility criteria and potential benefits allowed under the aid categories for individuals whose eligibility determination is based on factors other than Modified Adjusted Gross Income, i.e., Aged, Blind and Disabled (MAABD).

Individuals were deemed eligible but were placed in an incorrect aid category or did not have documentation to support the eligibility determination.

The Nevada Division of Welfare and Supportive Services (the Division) did not have adequate internal controls to ensure aid categories were accurate and that case files were complete.

Individuals may receive benefits that they are not entitled to or not receive benefits for which they are entitled to.

Known questioned costs of \$1,782, projected questioned costs are undeterminable.

A nonstatistical sample of 68 out of approximately 14,000 MAABD eligibility determinations was selected for testing. One individual had the incorrect aid code classified, which would have been reimbursable by the federal awarding agency at a higher rate (90%). The estimated impact was approximately \$9,800. In addition, an application was not available and could not be reviewed for one individual.

*Status:* Corrected

**2021-061, 2020-033: U.S. Department of Health and Human Services  
Medicaid Cluster:  
State Medicaid Fraud Control Units, 93.775  
State Survey and Certification of Health Care Providers and  
Suppliers (Title XVIII) Medicare, 93.777  
Medical Assistance Program (Medicaid; Title XIX), 93.778**

**Reporting  
Material Weakness in Internal Control over Compliance and Material  
Noncompliance**

*Initial Fiscal Year*  
*Finding Occurred:* 2020

*Finding Summary:* Affects all grant awards included under assistance listing 93.778 on the Schedule of Expenditures of Federal Awards.

The *OMB Compliance Supplement* requires that reports submitted to the federal awarding agency include all activity of the reporting period, are supported by underlying accounting information, and are presented in accordance with program requirements.

The Nevada Division of Health Care Financing and Policy (the Division) is required to submit *Quarterly Medicaid Statement of Expenditures for the Medical Assistance Program* (CMS-64) reports based on actual recorded expenditures (42 CFR 430.30).

Amounts reported on the CMS-64 were not supported by the underlying accounting information.

The Division did not have adequate internal controls to ensure CMS-64 reports were accurate.

Inaccurate information was reported to the federal awarding agency.

A nonstatistical sample of two CMS-64 reports out of a population of four was selected for testing. The Division was unable to provide support or reconciliations for variances identified across both reports.

The December 31, 2020 CMS-64 report had the following unreconciled variances (Total Computable Column):

- Lines 1A-1D: \$198,687
- Line 2A: \$198,906
- Lines 5A/C/D: \$110,474
- Lines 6A/B: \$41,055
- Line 7: \$103,173
- Lines 7A1-7A6: \$122,275,190
- Line 8: \$855,088
- Lines 9A/B: \$49,228
- Line 10: \$78,063
- Line 11: \$6,615
- Line 16: \$11,360
- Lines 17A/B/C1/D: \$8,123
- Lines 18A/A1/C: \$3,302,160
- Line 19A: \$3,412
- Line 24A: \$798
- Line 26: \$65,429
- Line 27: \$1,773
- Line 28: \$94,293
- Line 29: \$90,743
- Line 30: \$2,070



- Line 31: \$605
- Line 32: \$1,121
- Line 38: \$9,542
- Line 40: \$115,331
- Line 49: \$98,719

The March 31, 2021 CMS-64 report had the following variances (Total Computable Column):

- Lines 1A-1D: \$117,749
- Lines 5A/C/D: \$70,784
- Line 5B: \$770,518
- Lines 6A/B: \$2,239,624
- Line 7: \$47,992,139
- Line 8: \$1,275,776
- Lines 9A/B: \$116
- Line 16: \$10,835
- Lines 17A/B/C1/D: \$724
- Line 18B1: \$724,050
- Line 19A: \$50,886
- Line 24A: \$1,393
- Line 26: \$31,682
- Line 28: \$59
- Line 29: \$336,159
- Line 31: \$353
- Line 39: \$987
- Line 40: \$1,966
- Line 49: \$1,205,513

*State's Response:*

The Division will enhance internal controls to ensure CMS-64 reports are accurate and supporting documentation is reviewed, reconciled, and maintained. The Division is actively filling vacancies and training staff to ensure reconciliations are performed to ensure the integrity of data and reports are correct.

Date of completion or estimated completion: December 2024

*Status:*

Not corrected. Repeated as finding 2022-062

**2021-062: U.S. Department of Homeland Security  
Disaster Grants – Public Assistance (Presidentially Declared  
Disasters), 97.036**

**Reporting  
Material Weakness in Internal Control over Compliance**

*Initial Fiscal Year*  
*Finding Occurred:* 2021

*Finding Summary:* Affects all grant awards included under assistance listing 97.036 on the Schedule of Expenditures of Federal Awards.

The Federal Funding Accountability and Transparency Act (FFATA) requires direct recipients of certain federal awards to report subaward information by the end of the month following the month in which the prime awardee obligates a subgrant award equal to \$30,000 (or \$25,000 for federal agencies that have not yet adopted amendments effective November 12, 2020).

Required subaward information was not reported in the FFATA Subaward Reporting System (FSRS) timely.

The Nevada Division of Emergency Management (the Division) did not have adequate internal controls to ensure subaward information was submitted timely.

Subaward obligations were not reported in the FSRS in a timely manner and therefore not included on the FFATA’s website for public information disclosure in a timely manner.

A nonstatistical sample of three subawards from a population of nine was selected for testing. The quantity and subaward obligation errors were noted as follows:

	<u>Subawards</u>	<u>Obligations</u>
Total Tested	3	\$918,842
Not Reported	N/A	N/A
Not Timely	3	\$918,842
Obligation Incorrect	N/A	N/A
Missing Key Elements	N/A	N/A

*State’s Response:* The Division will enhance internal controls to ensure subaward information is submitted timely. Internal Controls will be updated to include the following reference to ensure timely entry of sub-awards into the FFATA Subaward Reporting System (FSRS) by July 30, 2022:

In accordance with 2 CFR Chapter 1, Part 170 REPORTING SUB-AWARD AND EXECUTIVE COMPENSATION INFORMATION, Prime Awardees awarded a federal grant are required to file a FFATA sub-award report by the end of the month following the month in which the prime awardee awards any sub-grant equal to or greater than \$30,000. The reporting requirements are as follows:

- This requirement is for both mandatory and discretionary grants awarded on or after October 1, 2010.
- All sub-award information must be reported by the prime awardee.
- For those new Federal grants as of October 1, 2010, if the initial award is equal to or over \$30,000, reporting of sub-award and executive compensation data is required.
- If the initial award is below \$30,000 but subsequent grant modifications result in a total award equal to or over \$30,000, the award will be subject to the reporting requirements, as of the date the award exceeds \$30,000.
- If the initial award equals or exceeds \$30,000 but funding is subsequently de-obligated such that the total award amount falls below \$30,000, the award continues to be subject to the reporting requirements of the Transparency Act and this Guidance.

The Division Internal controls are updated annually to incorporate changes to State and Federal requirements.

*Status:* Not Corrected

**2021-063: U.S. Department of Homeland Security  
Presidential Declared Disaster Assistance to Individuals and  
Households – Other Needs, 97.050**

**Reporting  
Material Weakness in Internal Control over Compliance and Material  
Noncompliance**

*Initial Fiscal Year  
Finding Occurred:* 2021

*Finding Summary:* Affects all grant awards included under assistance listing 97.050 on the Schedule of Expenditures of Federal Awards.

The OMB Compliance Supplement requires that reports submitted to the federal awarding agency include all activity of the reporting period, are supported by underlying accounting information and data for performance measures.

The Grant Award provides that weekly program status reports be filed, which include:

- The number and dollar amount of applications approved weekly;
- The number of individuals eligible to receive assistance under this award, broke out by programs identified in Section 4(d)(i) of the August 8, 2020 Presidential memorandum;
- The amount of assistance disbursed weekly; and
- The number of appeals received.

Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) section 200.303 provides that non-federal entities must establish and maintain effective internal control that provides reasonable assurance that the non-federal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award.

Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) section 200.334 provides that records pertinent to a federal award must be retained for a period of three years from the date of submission of the final expenditure report or, for federal awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report, respective, as reported to the federal awarding agency or pass-through entity in the case of a subrecipient.

The amounts reported for appeals and pending claims were not supported by the underlying records. In addition, evidence of segregation of duties (internal control review) was not available.

The Nevada Department of Employment, Training, and Rehabilitation (the Department) did not have adequate internal controls to ensure the weekly reports were accurate and data retained.

Inaccurate information may have been reported to the federal awarding agency.

A nonstatistical sample of eight out of a population of 26 weekly reports was selected for testing. Original data and reconciliations were not retained, and they were recreated for testing. The following is a summary list of unreconciled variances between reported amounts and underlying recreated documentation for seven reports:

January 10, 2021 Report

Open Appeals (Line 2a): Reported 18,465; Documentation 38,628  
New Appeals (Line 2b): Reported 579; Documentation 137  
Pending Claims (Line 3a): Reported 122,489; Documentation 54,205  
New Pending Claims (Line 3b): Reported 352; Documentation 4

January 31, 2021 Report

Open Appeals (Line 2a): Reported 19,216; Documentation 13,174  
New Appeals (Line 2b): Reported 543; Documentation 36,475  
Pending Claims (Line 3a): Reported 82,006; Documentation 43,489  
New Pending Claims (Line 3b): Reported 498; Documentation 0

February 28, 2021 Report

Open Appeals (Line 2a): Reported 20,095; Documentation 11,972  
New Appeals (Line 2b): Reported 571; Documentation 36,811  
Pending Claims (Line 3a): Reported 52,613; Documentation 22,546

April 3, 2021 Report

Open Appeals (Line 2a): Reported 65,143; Documentation 12,123  
New Appeals (Line 2b): Reported 37; Documentation 65  
Pending Claims (Line 3a): Reported 30,185; Documentation 24,000

April 24, 2021 Report

Open Appeals (Line 2a): Reported 62,977; Documentation 11,827  
New Appeals (Line 2b): Reported 96; Documentation 83  
Pending Claims (Line 3a): Reported 26,897; Documentation 17,346

May 15, 2021 Report

Open Appeals (Line 2a): Reported 61,022; Documentation 11,502  
New Appeals (Line 2b): Reported 68; Documentation 59  
Pending Claims (Line 3a): Reported 24,681; Documentation 19,777

June 19, 2021 Report

Open Appeals (Line 2a): Reported 57,015; Documentation 10,848  
New Appeals (Line 2b): Reported 54; Documentation 36  
Pending Claims (Line 3a): Reported 23,568; Documentation 14,979  
In addition, three reports did not have evidence of review and approval by an individual other than the preparer.

*State's Response:*

**Nevada DETR's Response**

As the Lost Wages Assistance (L WA) was a new program to DETR staff, the initial queries obtained by staff did not contain the valid and necessary information. After the discovery of the discrepancies in October 2021, DETR IT and UISS worked to run different queries on a weekly basis to obtain concrete and valid data. In addition to running three weekly queries, DETR provided additional training for staff to understand the queries and properly utilize the information provided by DETR IT. Current report totals now agree to their supporting documentation.

**Updated Nevada DETR Response as of January 2024**

Lost Wage Assistance (LWA) was a new program that had to be coded into the CORE System UINV. Due to staff retiring, reporting discrepancies were identified. Staff were retrained to understand/read the queries correctly. UINV also had system limitations that were worked on by UISS and ITD. Because of the system limitations, LWA was being tracked by queries and excel sheets. ITD would run three separate queries to obtain valid data and UISS would verify the data being populated. FEMA has closed DETR findings due to the corrections, effective May of 2023 (per attached).

State of Nevada	2021 Single Audit
Audit Finding Number:	2021-063
CFDA Number:	97.050
Sustained:	Yes
Amount of Questioned Costs:	\$0
Amount Disallowed:	\$0
Status of Audit Finding:	Closed

<p><b>Recommendation:</b> We recommend the Nevada Department of Employment, Training and Rehabilitation (DETR) enhance internal controls to ensure weekly reports are accurate and data is retained.</p>
<p><b>Management Action:</b> The audit finding indicated that Nevada DETR did not have adequate internal controls to ensure the weekly reports were accurate and data retained; therefore, inaccurate information may have been reported to the federal agency.</p> <p>Nevada DETR reported updating the queries that produce the reports and training staff to understand how to run the queries and properly utilize the information. Examples of the reports and instructions on how to create the reports were provided and compared to the FEMA generated reports.</p>
<p><b>FEMA Management Decision:</b> The evidence provided is sufficient to close this audit finding.</p>
<p><b>Appeal Information:</b> The decision or parts therein may be appealed. A written appeal will be accepted at <u>REDACTED</u> within 10 business days from the date of this letter. The appeal must include a description of the disputed part(s), an alternative course of action(s) along with an anticipated completion date, the name of the managing official responsible for implementing the alternative action(s), and any relevant supportive documentation.</p>

*Status:* Partially Corrected

**2020-001: Unemployment Fraudulent Benefit Payments  
Material Weakness**

*Initial Fiscal Year*

*Finding Occurred:* 2020

*Finding Summary:*

Management is responsible for establishing and maintaining an effective system of internal control over financial reporting. Internal controls should be designed, implemented, and maintained to ensure the reliability of financial reporting and to prevent and detect fraud. The Department of Employment, Training, and Rehabilitation (DETR) is primarily responsible for the implementation of these controls in relation to the Unemployment Compensation Enterprise Fund.

Fraudulent unemployment benefit payments were paid.

DETR did not have the staffing levels, information system data analytic controls, and manual internal controls in place to handle the significant surge in unemployment claims as a result of the COVID-19 Pandemic and the new programs implemented by the Coronavirus Aid, Relief, and Economic Security Act (CARES Act).

At this time, the ultimate effect and total fraudulent payments cannot be estimated. However, initial estimates made by management, believe that at least \$310.4 million in potentially fraudulent payments were processed. Of this amount, \$87.4 million were recovered by DETR's third party processor. The ultimate recovery of fraudulent payments is unknown, and the amount cannot be estimated due to the volume of cases, sophistication of the fraudsters, and resources available to investigate. However, the investigative and recovery efforts are ongoing.

We recommend DETR work with the federal agencies involved in the unemployment fraud task force to identify and attempt recovery of fraudulent payments.

In addition, we further recommend that DETR improve information system internal controls to enhance data analytics as well as manual internal controls to better detect and prevent fraud.

*State's Response:*

**Nevada DETR's Response**

Nevada DETR management recognized the immensity of the task given it as the Pandemic and its impact ravaged the Nevada UI system. Nevada DETR management is and has been taking aggressive steps to heighten verification efforts and prevent /detect fraud in this program.

- DETR has been vigilant in identifying fraud schemes and preventing improper benefit payments to the hundreds of thousands of fraudulent claims that have been filed since March 2020. The Nevada UI Benefit Payment Control Unit (BPC) has been actively engaged with national and local law enforcement agencies, USDOL, the National Association of State Workforce Agencies (NASWA) Integrity Center, the current debit card vendor Bank of America, and other technology vendors such as On Point Technologies, ID.me, GSI, and Pondera in a continuing effort to identify, prevent, and cease fraudulent benefit payments. The program is continuing to partner with these entities to address new and developing cyber-fraud schemes in this ever-changing environment.
- DETR reviews claims on an ongoing basis. DETR paid out approximately \$5 billion in PUA benefits and have to date stopped payment and prevented an estimated \$8.7 billion in improper payments based on identity verification alone. 638,287 issues as of 04-16-21 (denied on ID issue) X \$13,700 (average collected on a PUA claim) = \$ 8.7 billion.
- Staff review lists of claims created by ISA or IDP, which highlight multiple types of known fraud indicators. Those claims are reviewed, and data analysis takes place to tie any additional fraudulent claims together. DETR provided the B of A analytics to stop payment and is the driver for the majority of the prevented improper payments. BPC developed strategies to identify and stop these claims (many before payments were issued). If payments were made, we exercised the tactic of recalling funds deposited to fraudulent claimant accounts to recover the funds. This recall tool was used very minimally in the past but has been beneficial to use during this crisis.
- DETR fraud measures estimated timeline below.
  - 2015 - Data analytics reports developed to detect known fraudulent hallmarks
  - 2020 - Data analytics reports adjusted, and additional reports added to detect new fraudulent patterns discovered during the pandemic.
  - April 2020 - Approval from administration/ legal to recall remaining fraudulent funds paid out which will result in over 100 million dollar returns to Nevada Unemployment Trust Fund.
  - December 2020 -reCaptcha implemented in PUA to combat bot activity by bad actors.
  - February 2021 - Clear ID validations and will be disqualifying further fraudulent claims currently having payment held.
  - February 2021 Two Factor Authentication implemented in PUA to combat fraudulent actors from receiving benefits.
  - March 2021 crossmatching claim data with Department of Corrections and Vital Statistics to stop fraud.



- March 2021 OnPoint UI claims report tool extended. Working on UI Data needs for Jaspersoft reporting tool.
  - March 2021 Pondera Fraudcaster and Case Tracker Tool data from PUA and UINV setup began to track fraud cases through follow-up with law enforcement cases, collections, and post investigation closure.
  - March 22, 2021 - ID. Me continued and initial PUA claims identity validation. Initial claims went down from 500 per day to 50 per day. As of 04-13-21 56, 657 identities have been verified and 10,206 known fraud claims have been stopped. As well as 3062 more suspected fraud that need further investigation
  - April 2021 exchange claim data with NASWA Integrity Data Hub to crossmatch fraud data and take action on fraud hallmark data returned.
  - July 2021 ID.me validation added to additional and continued claims.
  - January 2022 claimant demographic changes blocked in UINV to stop high jacking of claimant accounts /payments.
  - February 2022 ID.me validation will be added to claims updated for claimants.
- DETR continues to work with our partners in an ongoing effort to resolve these issues for claimants while protecting claimants. Crossmatching DMV, Vital Statistics ( deceased) and Department of Corrections incarcerated data is being used to stop these bad actors. Claims data compared to NASWA's National Integrity Data Hub and returned with suspected fraud matches in other states. The agency will continue to focus on getting eligible Nevadans paid while addressing fraud in the State.
  - The USDOL has made supplemental monies available to states in their efforts to combat fraud. DETR is pursuing implementing ID. Me in the regular UI system. Further IT development is underway to stop these bad actors in the claim filing process reducing the fraud backlog and cost to the department and delay of payment for valid claimants.
  - And finally, with respect to Recovery, DETR coordinates on a regular basis with Local Law Enforcement officials, the Attorney General's Office, the Office of Inspector General, the Secret Service Office, Postal Inspectors and the Federal Bureau of Investigation (FBI) to recover funds through forfeiture and seizures.

### **Reason for Recurrence**

The department is working on reducing backlogs and implementing corrective actions. Large reductions in fraud cases occurred when identity and other employment validations were set in place.

## Nevada DETR's Response-August 2021

### Additions to DETRS Fraud measures

In July 2021 -DETR implemented ID.me up-front identification verification to prevent fraudulent filing of regular unemployment insurance claims. Claimants filing an initial, additional, or weekly claim must verify their identity in ID.me. Validation must be authorized by ID.Me prior to any online unemployment claim filing access. Claimants who cannot complete the process require a staff claim review and receipt of proof of identity prior to any unemployment payment.

In late Spring of 2021, DETR began monthly meetings with the Nevada Attorney General's office, which include the staff from the Integrity unit. , The purpose of these meetings was to work on how best to provide information on investigations, what information is most needed, as well as logistics of contact and transfer of data.

In July 2021, a new compliance investigator unit was formed. This team of 4 investigators and a supervisor will be responsible for working cases that are being referred to law enforcement and provide ongoing information in active cases as well as collection of any returned funds.

In August 2021, DETR opened dialogue with the Nevada Department of Public Safety about securing investigation resources for fraud committed by residents in Nevada. This fraud type was tied mostly to fictitious employers and identify theft.

During July and August 2021, DETR procured a vendor contract for assistance working backlog of fraud issues. This contract was awarded to a vendor Nelnet who will begin work on 9/15/21. This vendor has experience working fraud claims in other states and will be able to provide quick ramp up of personnel who will work on overpayments in the system in order to bring back in frozen funds, investigate questionable identity issues, contact employers for breakdown of wages in underreported earnings cases, conduct fact finding and prepare files for DETR investigators to resolve.

### Nevada DETR's Response -November 2021

Work is ongoing to complete the backlog of potential fraudulent claims. In late September 2021 DETR began using a contractor to assist in the BPC backlog. The first task was to write off the overpayments for claims which were determined to be fraudulent and not recoverable. **Approximately 20,000 of these claims were corrected by the end of September 2021.** The next task began October 14, 2021 with training which resulted in work to prepare claims of suspected fraud for merit staff decisions. The vendor is assisting the BPC unit by making phones calls, verifying identities, uploading, and reviewing documentation submitted by the actual owner of the social security number. These tasks assist the

investigators greatly in being able to resolve pending fraudulent filings. Resolving these issues will prevent improper payments and ensure those claimants who are entitled to benefits receive them.

### **Response from U.S. DOL Grant Officer – January 2022**

In response to the ID, the Nevada Supreme Court overturned the decision to pay claimants in September of 2021 post the PUA program ending. The ineligible clients based on the original finding of the court case are being reviewed for eligibility requirements. Overpayments related to these PUA cases will be established and programming to offset any further regular unemployment claims is in progress.

ET A staff requested information from the State regarding UI payments made to ineligible claimants. In response, the State has not attempted recovery of fraudulent payments and did not provide ET A the requested documentation.

### **Nevada DETR's Response - January 2022 - (also see finding 2020-014)**

The released improper payments for the identified cases above are due to a few reasons. Due to UIPL 16-20-Change 1 guidance, claimants were allowed to self-certify and were eligible to receive benefit payment. Once DETR reviewed, the claim issues were detected, and payment was stopped. **The court issued a decision forcing DETR to continue paying these claimants.**

In May 2020, DETR reported to the vendor that claimants were asked to reopen their PUA claim. At the time of reopen, the prior disqualification did not follow through and payments were released. Finally, claimants would self-certify without disclosing they were not attached to the labor market at the time of the pandemic or other eligibility; therefore, benefits were released until staff reviewed the claim. At the time of the review, these could not be stopped due to the court order.

The claims reviewed fell into one of the two scenarios and were a **direct result** of the court order. Had the court order not been in place, DETR would have stopped payment, created overpayments and initiated collection activity.

In response to the request "The State must provide DOL with updated and implemented policies and procedures which improve internal controls to enhance data analytics to better detect and prevent fraud.":

DETR uses several tools to prevent fraud including up front identification verification and two factor authentications. Analytics are run after claims are filed to further detect potential fraudulent filings. Upon detection, these claims are stopped by applying non-pay issues, which must be resolved using analysis by Integrity Unit staff prior to release of funds.

Additionally, the department's databases supplied by fraud vendors pull information for fraud investigations. The Employment Security Division's Integrity Unit has a high-level operation manual as well as several desktop manuals to perform analysis and determination of fraud as well as recovery efforts.

Updated Nevada DETR Response as of September 2022

The corrective actions are ongoing. NV DETR is currently appealing this finding with the federal Office of Administrative Law Judges (OALJ). Please see all previous responses.

Date of Completion: Ongoing

Contact Person: Nancy St. Clair, Deputy ESD Administrator, DETR/ESD (775)684-0325, [njstclair@detr.nv.gov](mailto:njstclair@detr.nv.gov)

*Status:* Partially corrected

**2020-002: Unemployment Financial Close and Reporting Material Weakness**

*Initial Fiscal Year Finding Occurred:* 2020

*Finding Summary:* Management is responsible for establishing and maintaining an effective system of internal control over financial reporting. Accurate and timely reconciliation and review of accounts on the Statement of Fund Net Position is an important aspect of internal control.

Adjustments were needed in cash, accounts receivable, benefits payable, intergovernmental payables, and beginning net position (as well as related expense and revenue accounts). These accounts were not timely reconciled to the underlying support and thus required significant adjustment.

The Department of Employment, Training, and Rehabilitation (DETR) did not have internal controls to provide for the appropriate and timely review of the general ledger as part of its financial close process.

Prior to initial adjustment, cash balances were overstated by approximately \$328.8 million, receivables were understated by approximately \$648.6 million, payables were understated by approximately \$226.2 million, and beginning net position was overstated by approximately \$1.9 million. Related expense and revenue accounts were adjusted accordingly. Subsequent to the initial adjustment, adjustments were recorded for an additional understatement of \$341.0 million in receivables and an understatement of \$305.2 million in payables with related expenses and revenue accounts adjusted accordingly.

We recommend DETR implement internal controls to provide for the appropriate and timely review of the general ledger as part of its financial close process.

*Status:* Corrected

**2020-004, 2019-006: Highway Fund – Inventory Balance, Accounts Receivable, Accounts Payable and Unavailable Revenue  
Material Weakness**

*Initial Fiscal Year  
Finding Occurred:* 2020

*Finding Summary:* Management is responsible for establishing and maintaining an effective system of internal control over financial reporting. Proper recording of inventory, accounts receivable, accounts payable, and unavailable revenue are key components of effective internal control over financial reporting.

Physical inventory counts are performed during the months of April and May each year; however, there are no roll-forward procedures in place to determine what the year-end inventory balance should be as of June 30th. Inventory Reports used to record the inventory balance stockpile by locations throughout the State of Nevada did not agree to the balance recorded by the Department of Transportation (NDOT). In addition, during our audit procedures the invoices provided to support inventory pricing significantly varied from the unit prices used in the inventory balance.

During our audit procedures, we became aware of an accounts payable transaction that was not recorded in the appropriate accounting period.

In addition, we became aware of accounts receivable and unavailable revenue transaction that were written off and improperly reflected in the accounts receivable and unavailable revenue balances.

The internal controls in place, did not ensure that inventory was recorded accurately.

The internal controls in place did not ensure that payments made after year-end were recorded in the accounting period in which the services were provided.

In addition, the internal controls in place did not ensure that bad debt write-offs were accurately reflected in accounts receivable and unavailable revenue.

The effect cannot be quantified as there were insufficient records in place to reasonably estimate year-end inventory balance.

Accounts payable was understated by \$504,641. In addition, accounts receivable and unavailable revenue were overstated by \$1,771,505.

We recommend the State of Nevada enhance internal controls, policies, and procedures to provide for the appropriate observation, valuation, and recording of inventory and related expenditures.

We recommend the State of Nevada enhance internal controls over the recording of accounts receivable, accounts payable, and unavailable revenue.

*State's Response:*

**Accounts Receivable and Unavailable Revenue**

**Partial corrective action taken:**

The billing that was the subject of the audit finding was corrected in September 2020.

NDOT submitted and was granted a Request for Exemption from NRS 353C.195 Debt Collection Assignment, requesting to manage our invoices for 120 days before writing them off and submitting them to the Controller's office. The Chief of Accounting has assumed responsibility for reviewing the monthly aging report. Any invoice that is 120 days old is reported on the weekly activity report to the Assistant Director, explaining why we have invoices of 120 days or more still on the aging report.

Nevada Department of Transportation (NDOT) is in the process of revising Policy 1-5-1, Accounts Receivable and Collection, memo and Policy 1-5-16, Property Damage Billings. Both policies will be updated to include a monthly accounts receivable reconciliation process, which will streamline the year-end closing process and help discover and correct billing discrepancies promptly. This policy update has been delayed due to department vacancies in the NDOT Chief Accountant and other accounting positions and is planned for completion by June 30, 2023.

The current accounts receivable reconciliation process is to log differences between the FDOT (NDOT) subsidiary ledger and the FSCO's (Controllers) ledger as a reconciling item; however, the process has left a small accumulative immaterial rolling balance. More discovery and time are needed to resolve and/or answer the unreconciled rolling balance issue. This issue has been delayed due to department vacancies in the Chief Accountant and other accounting positions at NDOT.

## **Accounts Payable - Contractor Payment**

**Status of Corrective Action:** Not undertaken/Agency disagrees with finding.

NDOT cannot consider the contractor payment work complete and will not pay for any work until all required documentation is in place. As ASC 605 states, "Performance cannot be considered to have taken place until the performance of that final act occurs."

**Date of estimated completion:** N/A

## **Stockpile Inventory**

### **New corrective action:**

NDOT staff initially proposed a procedural change to perform quarterly reconciliation of inventory and price checks so staff can catch discrepancies earlier and make the necessary correction promptly. Due to the time that it takes for the material stockpiles to be measured in the field, quantities reported, discrepancies investigated, and stockpiles reconciled, there is not enough time in the year to complete these actions quarterly, so reconciliation is being performed twice per year rather than quarterly.

Date of estimated completion: July 29, 2022

### **Partial corrective action taken:**

NDOT is partnering with the Pavement Engineering & Science Program Civil and Environmental Engineering Board of Regents, on behalf of The University of Nevada, Reno (UNR), to provide technical assistance on the accurate measurement of NDOT's stockpile inventories records & management for maintenance activities. This will help NDOT formulate a more thorough raw inventory measurement calculation, which will be rolled out to each NDOT field location, bringing all NDOT locations to one formula-based measurement calculation. This action is in progress and not yet complete.

NDOT also updated the Enterprise Asset Management System (EAMS) with one data field change and two error invoice entry checkpoint validations. The purchasing function in the program has been updated with a check for the unit prices. If the unit price is adjusted by a certain percentage (which varies for each type of material due to large price increases) the program will not let the purchase be saved. In addition, the unit price multiplied by the amount of material must match the invoice cost entered to be able to be saved as a purchase. This was completed in 2021.

NDOT staff have manually located many test entries in EAMS and made the associated corrections. NDOT staff have gone through all of the stockpiles that were affected by the testing phase and corrected the amounts and the costs. This was completed in late in 2020.

*Status:* Partially corrected

**2020-015: U.S. Department of Labor  
Unemployment Insurance, CFDA 17.225**

**Reporting  
Material Weakness in Internal Control over Compliance**

*Initial Fiscal Year  
Finding Occurred:* 2020

*Finding Summary:* Affects all grant awards included under CFDA 17.225 on the Schedule of Expenditures of Federal Awards.

The *OMB Compliance Supplement* requires that reports submitted to the federal awarding agency include all activity of the reporting period, are supported by underlying accounting information and are presented in accordance with program requirements.

Quarterly, the Nevada Department of Employment, Training and Rehabilitation (the Department) must submit the *Quarterly Unemployment UI Above-Base Report (UI-3)* as directed by the *Employment & Training Administration Handbook*.

Amounts reported on the UI-3 were not supported by the underlying accounting information and therefore, were not reported in accordance with program requirements.

The Department did not have adequate internal controls to ensure the UI-3 was accurate.

Inaccurate information was reported to the federal awarding agency.

A nonstatistical sample of two out of four quarterly reports was selected for testing. Section A, Line 6, was understated by 7.79 and 7.58 staff years for the current quarter worked and current quarter paid, respectively, for the March 31, 2020 UI-3 report. In addition, we were unable to verify the accuracy of the year to date paid column as it was reported less than the current quarter paid, without explanation as to why the year to date would be less than the quarter to date.



We recommend the Department enhance the internal controls to ensure the UI- 3 is accurate.

*State's Response:*

**Nevada DETR's Response**

Nevada DETR agrees with this finding. However, the UI-3 report for quarter ending March 31, 2020 has already been corrected by the department and re-submitted to the Department of Labor. The department is reviewing the internal control procedures for improvement measures. Additionally, the department is re-reviewing the system generated supporting reports to strengthen internal controls for the creation of the supporting reports used to compile the UI-3 report.

**Reason for Recurrence**

Not Applicable

**Nevada DETR's Response (Financial Management Bureau) -August 2021**

DETR Financial Management (FM) submits the UI-3 report on a quarterly basis. Section A, Line 6 has been historically left blank. These fields only required data to be entered once we begin coding to the CARES Act job codes. Not having these in place, and not realizing line 6 needed to be populated for the 03/31/2020 quarter, they were left blank. Now that the job codes are in place, this data will be populated in every applicable quarter until the funding for those codes ends and no longer needs to be reported on. As you can see for the reports attached (Attachment DETR 2020-015), period ending 12/31/2019 Line 6 was left blank as was the first version of period ending 03/31/2020. Data was then populated in the second version of period ending 03/31/2020.

Additionally, FM has been active in verifying the information that feeds the UI-3 report is accurate and that the information in the UI-3 report fields are accurate. FM internally produces a TD report which drives the fields in the UI3 report. The TD report is produced by our IT staff and has staff hour and job activity info summarized by quarter. DETR has verified this report is correct and the data is accurate. FM has a well-defined procedure in place for producing the UI- 3 and will revise procedures to increase efficiency at any opportunity. FM has increased the internal control process by ensuring the UI-3 goes through various stages of approval. FM's Accountant Tech II prepares the report, FM's Management Analyst III reviews and reconciles the UI-3 report with the TD report for that particular quarter, FM's CFO will then do a final review and give approval and submit the report. DETR will continue to work as a team to verify correctness and accuracy in both our internal reports and our reports to DOL. Additional examples of the TD report and copy of the UI-3 procedure can be available upon request.

**U.S. DOL Response dated October 2021**

To satisfy this finding, please highlight the updated written improvements to manual controls for accurate reporting of the UI-3. This information may include specifics to Section A, line 6.

In addition, documentation of the implementation of job codes and all applicable internal controls may be provided. The UI-3 report for March 31, 2020 along with the appropriate detailed improvements to internal controls to ensure the accuracy of this report and further accurate reporting of the UI-3 may be provided.

**Nevada DETR's Response-November 2021**

DETR will continue to work as a team to verify correctness and accuracy in both our internal reports and our reports to DOL. DETR updates and disseminates to the department a monthly time distribution (TD) reports, which provide department managers and supervisors accurate job coding references by position. Furthermore, DETR maintains an updated Project/Job Number Crosswalk that provides applicable internal controls for staff to accurately identify and apply the appropriate grants' project and job number.

DETR is currently working on updating its attached 2020\_015 Sd\_Federal Reports internal controls to improve its reporting functions and ensure accurate reporting is completed in all of DETR's federal grants.

In addition, during the week of November 8-12, 2021, DETR's staff is receiving technical assistance grants application and management training provided by REDACTED, DOL-ETA, which includes the SMART 3.0 training series that will provide DETR with additional knowledge and resources to mitigate fiscal and reporting issues in the future.

**Response from U.S. DOL Grant Officer -January 2022**

In response to the ID, the State provided its response on November 8, 2021. DETR stated they will continue to work as a team to verify correctness and accuracy in both our internal reports and our reports to US DOL. DETR updates and disseminates to the department monthly time distribution (TD) reports, which provide department managers and supervisors accurate job coding references by position. Furthermore, DETR maintains an updated Project/Job Number Crosswalk that provides applicable internal controls for staff to accurately identify and apply the appropriate grants' project and job number.

DETR stated it is currently working on updating its attached 2020\_015 5d\_Federal Reports internal controls to improve its reporting functions and ensure accurate reporting in completed in all of DETR's federal grants.

In addition, during the week of November 8-12, 2021, DETR's staff is receiving technical assistance grants application and management training provided by Thomas DiLisio, DOL-ETA, which includes the SMART 3.0 training series that will provide DETR with additional knowledge and resources to mitigate fiscal and reporting issues in the future.

ETA staff reviewed information from the State, and the State has not updated its policies or procedures nor enhanced the internal controls to ensure that the UI-3 is accurate.

**Determination:** Based on the above, the finding is uncorrected. The State must provide DOL with updated and implemented policies and procedures which improve internal controls to ensure the UI-3 is accurate.

### **Nevada DETR's Response - January 2022**

FM has a well-defined procedure in place for producing the UI-3 and will revise increases to efficiency at any opportunity. FM has increased the internal control process by ensuring the UI-3 goes through various stages of approval. This approval stream was updated on O 1/26/2022 to include the new positions that were previously vacant. Additionally, FM reorganized the staffing structure in December of 2021 to increase efficiency, ensure correct data, and to ensure proper review and approval levels are in place. One change to note is the State's HR department downgraded the Accountant III to an Accountant II. Here is the current and approved UI-3 review process, procedure is attached as well as a recent UI-3 report:

FM's Accountant II prepares the report, FM's Administrative Services Officer III reviews and reconcile the UI-3 report with the TD report for that particular quarter, PM's CFO will then do a final review and give approval and submit the report.

### **Review, Approvals & Transmittal**

- Accountant II PCN 6002 will prepare the report.
- Once you have collected all the info organize in UI-3 binder in similar fashion to prior quarter.
- Give to Administrative Services Officer III PCN 0042 for review.
- After review, give to Chief Financial Officer PCN 0004 for final approval.
- Once approved and returned to the Accountant II, Log in to SUN-UI
- Select Transmit located at the bottom of the screen.
- Print transmitted screen.
- Do the same for UI-Trade.
- Add these pages to UI-3 Binder and SCAN and attach to email.
- Save scanned copy here: S:\fm\4772 UI\Reports\UI 3 Quarterly Reports

DETR will continue to work as a team to verify correctness and accuracy in both our internal reports and our reports to DOL. Additional examples of the TD report and copy of the UI-3 procedure can be available upon request.

Updated Nevada DETR Response as of September 2022

The corrective action was completed. Please see previous responses.

Date of Completion: January 26, 2022

Contact Person: Josh Marhevka, Chief Financial Officer, DETR/Financial Management (77 5)684-3838

*Status:* Partially corrected

**2020-016: U.S. Department of Labor  
Unemployment Insurance, CFDA 17.225**

**Special Tests and Provisions – UI Benefit Payments  
Material Weakness in Internal Control over Compliance and Material  
Noncompliance**

*Initial Fiscal Year  
Finding Occurred:* 2020

*Finding Summary:* Affects all grant awards included under CFDA 17.225 on the Schedule of Expenditures of Federal Awards.

State Workforce Agencies are required by 20 CFR section 602.11(d) to operate and maintain a quality control system. The Benefits Accuracy Measurement (BAM) program is the quality control system designed to assess the accuracy of UI benefit payments and denied claims. The State's BAM unit is required to draw a weekly sample of payments and denied claims, complete prompt and in- depth investigations to determine the degree of accuracy in the administration of the program. The requirements are promulgated in the *ET Handbook No. 395* (Handbook).

The Handbook states that each case file must contain, at a minimum, a copy of all agency documents from the claimant's original claim file in addition to any documents pertaining to the BAM investigation that were utilized. This includes documentation of the Occupational Code source and a copy of the Department Collection Instrument (DCI) report.

Additionally, the Handbook establishes time limits for completion of all cases for the year as follows:

#### Paid Claims

- A minimum of 70% of cases must be completed within 60 days of the week ending date of the batch
- A minimum of 95% of cases must be completed within 90 days of the week ending date of the batch

#### Denied Claims

- A minimum of 60% of cases must be completed within 60 days of the week ending date of the batch
- A minimum of 85% of cases must be completed within 90 days of the week ending date of the batch

BAM investigation files did not include all required documentation. In addition, the time limits for completion were not met.

The Nevada Department of Employment, Training and Rehabilitation (the Department) did not have adequate internal controls to ensure timely BAM review completion and appropriate document retention.

Payments made to ineligible individuals may not be identified.

A nonstatistical sample of 60 completed BAM cases out of a population of 622 was selected for testing. For one case, the entire file was not located. For a second case, the file was missing the required claimant questionnaire.

The Department completed 60.86% of paid claim reviews within 60 days and 66.00% of paid claim reviews within 90 days. The Department completed 66.67% of denied monetary claim reviews, 74.55% of denied separation claim reviews, and 71.82% of denied nonseparation claim reviews within 90 days.

We recommend the Department enhance internal controls to ensure timely BAM review completion and appropriate document retention.

*State's Response:*

#### **Nevada DETR's Response**

Nevada DETR agrees with this finding. Please note that the causes of the Benefits Accuracy Measurement (BAM) findings are contributed to multiple factors. Although Nevada received a waiver for reviewing the denied claims through June 30, 2021, the unit was unable to work on the paid claims until October of 2020. Due to the COVID-19 Pandemic, the prior Administrator reassigned BAM staff to assist with claim filings and adjudication. All units available were needed to assist with the sudden influx of claimants after state businesses were shut down. In addition, the BAM Unit was already understaffed due to personnel retiring or taking promotions. During the transitioning period, files were neglected and not reviewed accordingly or tracked.

Currently, the BAM Unit has been staffed accordingly, new staff are in the process of being cross trained by two senior investigators, and a new supervisor has been assigned. BAM is working current cases to meet the timeliness and completion measures within the 60 and 90 days. The BAM Unit is also trying to work the backlog of paid cases that were not worked during the pandemic. Although the BAM Unit is working diligently on the backlog, Nevada DETR will be hard-pressed to review and submit all cases by June 28, 2021 or even by October 28, 2021.

**Reason for Recurrence**

Recruiting efforts are underway, once training occurs the department will require the priority of said staff duties to focus on addressing the backlog in the ESD BAM unit.

**Nevada DETR's Response-August 2021**

Recruiting for additional BAM Investigators is ongoing, due to further attrition in the unit. The BAM supervisor is training three investigators in the denial process. Since BAM reinstated operations, the BAM unit is current to batch #202043. The pandemic backlog is being addressed by supervisors and senior investigators. Although working diligently 75 open cases from batches 201927 and 202026 remain. Staff closed 6 cases within 91-120 days and 38 cases within 120 days or more. Nevada does not anticipate review and submission of the remaining cases will occur by the deadline of October 28, 2021.

**U.S. DOL Response dated October 2021**

To satisfy this finding, please highlight any updated policy/manual used to enhance internal controls to ensure timely BAM review completion and appropriate document retention.

**Nevada DETR's Response- November 2021**

Recruiting for additional BAM Investigators is ongoing, due to further attrition in the unit. The BAM supervisor is training three investigators in the denial process. Since BAM reinstated operations, the BAM unit is current to batch #202144. The pandemic backlog is being addressed by supervisors and senior investigators. Although working diligently, 61 open cases from batches 201927 and 202026 remain. Staff closed 6 cases within 91-120 days and 52 cases within 120 days or more. Nevada was not able to close all cases by the deadline of October 28, 2021.

**Response from U.S. DOL Grant Officer - January 2022**

In response to the ID, the State stated its search for additional BAM investigators is still ongoing, due to further attrition in the unit. The BAM supervisor is training three investigators in the denial process. Since BAM reinstated operations, the BAM unit is current to batch #202043. The pandemic backlog is being addressed by supervisors and senior investigators. Although working diligently, 61 open cases from batches

201927 and 202026 remain. Staff closed 6 cases within 91-120 days and 52 cases within 120 days or more. The State stated it was not able to close all cases by the deadline of October 28, 2021.

ET A staff reviewed the information provided by the State and determined that the State has not provided updated internal controls to ensure timely BAM review completion and appropriate document retention.

**Determination:** Based on the above, the finding is uncorrected. The State must provide US DOL with updated and implemented policies and procedures on internal controls to ensure timely BAM review completion and appropriate document retention.

#### **Nevada DETR's Response - January 2022**

DETR has been in contact with the DOL Regional Office as much as possible. During the pandemic, as staff was removed from duties to assist claimants and BAM activities were waived, the contact was minimal with the RO. Once BAM activities were resumed, the BAM supervisor has reached out to the RO to provide staffing levels and guidance for not being able to complete the backlog. The BAM supervisor has also been tasked with starting a policy and procedure for BAM Investigators. The increase of COVID spread has unfortunately impacted the BAM Unit as investigators and supervisor have been affected and have been in recovery. This negative impact has delayed the policy, procedures, and hiring additional investigators. However, BAM has successfully written the file transfer procedure. Please see attached.

The BAM supervisor and lead BAM investigator have taken the additional duty of reviewing all case material, even for the experienced investigators, to assure all files are tracked, submitted and completed. In efforts to reduce errors, the BAM supervisor is also in the process of training a Business Process Analyst III, to review, correct, and approve all cases submitted by investigators.

#### **Updated Nevada DETR Response as of September 2022**

BAM supervisor has reached out to the RO to provide staffing levels and guidance for not being able to complete the backlog. Since January 2022, one of the unit's seasoned investigator has retired. Two new investigators have been hired. Both investigators will start their BAM training later this month, September 2022. The two new investigators are going to be tasked with completing the back log cases once their training is completed.

Currently, due to staff shortage, BAM currently has a back log of fourteen claims for DCA (Denied Claims Accuracy) and fifty-six claims for PCA (Paid Claims Accuracy). In addition, due to SUNSystem errors reported to the RO and NO, Nevada has not been able to upload any batch to PCA since batch 202228. Furthermore, Nevada has not been able to close any cases completed from the backlog due to the reported SUNSystem errors.

BAM supervisor will continue to review all cases prior to being submitted to minimize any errors. COVID spread is still affecting BAM Unit. All of these factors have impacted the completion of updating the State Policy/procedures for staff. Please see attached.

Estimated Date of Completion: September 6, 2022

Contact Person: Nancy St. Clair, Deputy Administrator, DETR/ESD  
(775)684-3906, [njstclair@detr.nv.gov](mailto:njstclair@detr.nv.gov)

*Status:* Partially corrected

**2019-016, 2018-019: U.S. Department of Labor**

**WIOA Cluster:**

**WIA/WIOA Adult Programs, CFDA 17.258**

**WIA/WIOA Youth Activities, CFDA 17.259**

**WIA/WIOA Dislocated Worker Formula Grants, CFDA 17.278**

**Subrecipient Monitoring**

**Material Weakness in Internal Control over Compliance**

*Initial Fiscal Year*

*Finding Occurred:* 2018

*Finding Summary:* Affects all grant awards included under CFDA 17.258, 17.259, and 17.278 on the Schedule of Expenditures of Federal Awards.

Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) requires that pass-through entities ensure that every subaward includes certain information at the time of the subaward and that the award's CFDA number is identified to the subrecipient at the time of disbursement.

Subawards did not include certain information required by Uniform Guidance. In addition, the CFDA number was not identified at the time of disbursement.

The Department of Employment, Training and Rehabilitation (the Department) did not have internal controls in place to ensure subawards contained all required information and that the CFDA number was communicated on each subrecipient payment.

Noncompliance at the subrecipient level may occur and not be detected by the Department.



A nonstatistical sample of three subawards out of a population of 14 was selected for testing. None of the subawards contained all the required information. In addition, a nonstatistical sample of 60 out of a population of 599 payments to subrecipients was selected for testing. The Department did not communicate the award's CFDA number at the time of disbursement for 39 of the 60 payments.

We recommend the Department enhance internal controls to ensure subawards contain all required information and that the CFDA number is communicated on each subrecipient payment.

*State's Response:*

**Nevada DETR Response as of September 2020**

Finding 2019-016 was completed and satisfied as of March 6, 2020 through the amendment of the Department's subgrant form as noted above and attached to the Department's previous response to this single audit finding. Attached for reference is the Department's amended subgrant form, Attachment B, which was provided in the Department's previous response.

It is respectfully requested that finding 2019-016 be closed.

**Reason for Recurrence**

The Department remedied finding 2019-016 on March 6, 2020 as stated in the September 2020 response. Since finding 2019-016 remains open, the Department is providing further detail in the following response that contains specific action steps taken on the corrective action plan, which has enhanced the internal controls and is ensuring that the Department's Notice of Subgrant Award contains all of the required information pursuant to 2 CFR Part 200, and that all subrecipient payments contain the respective CFDA number that is specific to the associated Federal grant funding.

**Nevada DETR's Response as of August 2021**

The Department (including Financial Management (FM) Bureau and Employment Security Division (ESD)) remedied finding 2019-016 at the time of the September 2020 response, and included a copy of the revised subgrant template with the September 2020 response.

The following outlines the full corrective action plan that the Department took, which has enhanced the Department's internal controls to ensure that all Federal subawards contain all of the required information in compliance with 2 CFR Part 200, and that the associated CFDA is communicated on each subrecipient payment advices, which fully addressed the finding of 2019-016:

03/06/2020: The Department revised its Notice of Subgrant Award template with the required Catalog of Federal Financial Assistance (CFDA) number field and has been using said template for all subgrant awards.

The Department prescribed a CFDA number field on all non-Federal subrecipient payment advice, which communicates that specific CFDA number that is specific to the respective the Federal funding source to subrecipients.

The Department received technical assistance through U.S. DOL for review of its current subgrant award template, which is currently in compliance with 2 CFR §200.303 Internal Controls. Furthermore, the Department has prescribed the respective CFDA number field that specifically communicates the federal grant funding identifier to the subrecipient. Therefore, the Department respectfully requests that finding 2019-016 be determined satisfied and be closed.

DETR-Fiscal Management Unit has established a procedure for FFATA Sub-Contract and Award Reporting. This procedure was placed in effect in May 2023 and will be provided as an attachment to DETR's corrective action plan. In addition to the newly implemented procedure, internal controls have been updated - the Grants and Projects Analyst will be responsible for implementing this process and ensuring the reports are submitted in accordance with the FFATA.

- Department of Employment, Training and Rehabilitation (DETR)

Procedures

### **FFATA Sub-Contract/Award Reporting Procedures**

(Step by Step)

#### **FFATA Report**

The FFATA Sub-award Reporting System (FSRS) will collect data from Federal prime awardees on sub-awards they make: a prime grant awardee will be required to report on its sub-grants and a prime contract awardee will be required to report on its sub-contracts.

#### **Contracts**

In accordance with Federal Acquisition Regulation clause 52.204-10 (Reporting Executive Compensation and First-Tier Sub-contract Awards), Prime Contractors awarded a federal contract or order are required to file a FFATA sub-award report by the end of the month following the month in which the contract awards are greater than or equal to \$25,000.

**Reporting Requirements**

Based on FFATA regulations, DETR requests specific pieces of information to be reported for each contract:

1. The following data about sub-awards greater than \$25K
  - a. Name of entity receiving award
  - b. Amount of award
  - c. Funding agency
  - d. NAICS code for contracts / CFDA program number for grants
  - e. Program source
  - f. Award title descriptive of the purpose of the funding action
  - g. Location of the entity (including congressional district)
  - h. Place of performance (including congressional district)
  - i. Unique identifier of the entity and its parent; and
  - j. Total compensation and names of top five executives (same thresholds as for primes)

**Process:**

DETR FM staff will file a FFATA sub-award report by the end of the month, following the month in which the subcontract is greater than or equal to \$25,000. The Grants & Projects Analyst, PCN 2079 or designated backup (associated Budget Manager), will file and follow reporting process as outlined above in the FFATA Subaward Reporting System (FSRS).

*Basically, we would only file/update if a Subgrant Amendment (not an overall NOA/MOD) was provided to the local boards*

In order to complete this process, FFATA Contracts Reporting log for each Program’s (WIOA, UI, REHAB) contracts greater than \$25,000 will need to be maintained on an ongoing basis.

This log will be updated anytime a Subgrant Amendment is provided to the local boards. These Subgrant Amendments are located:

\\detr.nv\shares\dept\fm\FMCU CONTRACTS\\_CONTRACTS\GRANTS & AGREEMENTS

The first business day of the month following a Subaward Amendment, the Account Tech of the appropriated budget/grant will pull queries of vendors over \$25,000 where the GL is 7060-7069, update the (WIOA, UI, REHAB) FFATA Contracts Reporting Log and send it to the Associated Budget Manager to be verified.

<b>Budget Account</b>	<b>PCN</b>
3254, 3265	0043
3253, 3268, 3269, 3289,3291 (Pcards)	0063
4771, 4772, 4773	0064
3272, 3273, 3274, 2580, 2581	0066
2666, 2667, 4770, 1004, 3270	0128

Budget Account	PCN
2580, 258, 3272, 3273, 3274	0120
4771, 4772, 4773	0061
4770, 1004, 3270	0133
2666, 2667, 3253, 3254, 3265, 3268, 3269, 3289, 3291	2078
2666, 2667	0044

Required Information to check/update:

*\*Note: all of this required information is found on the Subgrant Amendment.*

- All Subawardees (with contracts over \$25k) are listed
- Subawardee DUNS #
- Subawardee UEI #
- Subawardee address
- Amount of Subaward
- Less modification
- Adjusted total Subaward
- Subaward Obligation/Action date
- CFDA Program Number
- Federal Agency ID
- Federal Agency Name
- Subaward Project Description
- Answer any additional question on the log

Compare the provided data with previous reports – if nothing has changed, no new report is necessary. If, this is the case, make a note on the PDF with your stamp and save it for the month. \*Making sure to let the Reviewer and GPAl know.

Once the log is updated, the Account Tech, also known as the preparer, will print the excel worksheet as a PDF, add their “prepared by” stamp, and send it to the associated Budget Manager for review.

The Budget Manager will review the data provided, if all is correct, they will add their “reviewed by” stamp to the PDF and forward it to the Grants & Projects Analyst to enter into FSRs.

The required information must be returned or replied to within ten (10) business days to the Grants & Projects Analyst, PCN 2079.

*\*Make sure to add your “Preparer” and “Reviewer” stamps (similar to the 9130 quarterly reporting) to the report before sending to the GPAl to submit.*

The Grants & Projects Analyst, PCN 2079 will then enter the required data and information in the FSRs to comply with reporting guidelines and requirements (as listed above in requirements a-j).

*Follow these steps to create & submit a FFATA sub-award report:*

[https://www.fsrs.gov/documents/FSRS\\_Quick\\_Reference\\_Guide\\_Contract\\_s\\_How\\_to\\_CREATE\\_and\\_SUBMIT\\_a\\_FFATA\\_Sub-award\\_Report\\_v1.pdf](https://www.fsrs.gov/documents/FSRS_Quick_Reference_Guide_Contract_s_How_to_CREATE_and_SUBMIT_a_FFATA_Sub-award_Report_v1.pdf)

Note: You can always reference past reports for the following:

The following information about the Prime Awardee is needed:

- a. Federal Award Identifier Number (FAIN): Grant #
- b. Federal Agency ID: 1630
- c. Federal Agency name: EMPLOYMENT AND TRAINING ADMINISTRATION
- d. Prime Awardee Unique Entity ID (SAM): VDDKPKLNJUQ1
- e. Prime Awardee Name: EMPLOYMENT, TRAINING AND REHABILITATION, NEVADA DEPARTMENT OF
- f. Prime Awardee Address:
  - a. Street Address: 500 E 3RD ST STE 200
  - b. City: CARSON CITY
  - c. State: Nevada
  - d. Country: United States
  - e. Zip+4: 897130001
  - f. Congressional District: 02
- g. Principal Place of Performance (POP):
  - a. City: CARSON CITY
  - b. State: Nevada
  - c. Country: United States
  - d. Zip+4: 897130001
  - e. Congressional District: 02
- h. CFDA Program Number(s):
- i. Project Description:
- j. Total Funding Amount:
- k. Obligation/Action Date:
- l. Report Month:

Log in will include agreement to FSRS Terms and Conditions.

Once the FFATA report is submitted, GPA1 will print as PDF, and will attach the prepared FFAT Contracts Reporting Backup data with “Preparer” and “Reviewer” stamps as back up, and will save it to:  
S:\fm\REPORTS\Federal Reports\FFATA - Transparency Act\WIOA Account Registration Process:

1. Enter your DUNS Identification Number (VDDKPKLNJUQ1). Do not include any dashes when entering your DUNS number.

*NOTE: If you have an account in eSRS, you do not have to re-register. By registering under this DUNS # you certify that you are a representative of the prime contractor's company and have authority to file this report. You can also use your Login.gov login to access FSRS.*

The system will then retrieve the information that identifies information about your organization.

2. Fill in the following values:
  - a. full name of the user,
  - b. email address of the user,
  - c. phone number of user,
  - d. supervisor's name
  - e. password according the FSRS criteria.
3. Then submit.

You will receive a confirmation message stating that you will be receiving a confirmation email.

NOTE: FSRS is set up for monthly reporting, there should be one report per month/year for the life of the contract or grant. Therefore, once a grant is closed, you no longer need to continue to report on it.

### **Saved**

Past WIOA FFATA data reports have been saved to:

- S:\fm\REPORTS\Federal Reports\FFATA - Transparency Act
- WIOA Final FFATA Reports (PDF): S:\fm\REPORTS\Federal Reports\FFATA - Transparency Act\WIOA

### **Editing a submitted FFATA report**

Q. I made a mistake on a submitted report and I need to make a correction. How can I make the corrections?

A. Once a report is submitted, you must "Reopen" the report to make changes.

1. Go to [www.FSRS.gov](http://www.FSRS.gov)
2. Click on "Awardee".
3. Login to FSRS using your user ID and Password.
4. Click "Create/Review Reports" and select "FFATA Reports".
5. Locate the desired report using the 'Search Filters' option.
6. Click the 'Edit' icon beside the report you wish to edit.
7. If the report is Submitted, you will need to 'Reopen' the report to be able to make any changes. To do so, select the 'Reopen to Edit Report' button from the 'Report History' box in the right sidebar. Make your desired changes and resubmit.

Note: the system only maintains the most recent version of a sub-award report. This new report will be transmitted to USAspending for display as the sub-award report for that award number and month.

Procedures are saved:

- S:\fm\REPORTS\Federal Reports\FFATA - Transparency Act - FFATA Sub-Contract & Award Reporting Procedures
- S:\fm\POLICIES & PROCEDURES\PROCEDURES\Report Procedures
- S:\fm\POLICIES & PROCEDURES\FM Grants and Projects Analyst\PCN2079 - GRANTS\02 Procedures\04 Desk Manual

**Additional Notes:**

- Reopening and resubmitting the same report to update for monthly changes over the life of the contract or grant is incorrect and can create issues with your amounts being reported and it will make it more difficult to keep track of the reported awards. If you feel an error exists or have concerns, call the Federal Service Desk (FSD) at 1-866-606-8220 to walk you through the process.
- There is a Federal Service Desk link for Help, designed to be a source of help for your questions concerning the Federal Funding Accountability and Transparency Act (FFATA) Subaward Reporting System (FSRS). [https://www.fsrs.gov/help\\_desk](https://www.fsrs.gov/help_desk)

**References:**

- FSRS Awardee User Guide:  
[https://www.fsrs.gov/documents/FSRS\\_Awardee\\_User\\_Guide.pdf](https://www.fsrs.gov/documents/FSRS_Awardee_User_Guide.pdf)
- FSRS FAQs: <https://www.fsrs.gov/index?startover=1#a-faqs>
- FSRS Awardee User Demonstration:  
[https://www.fsrs.gov/documents/FSRS\\_Awardee\\_User\\_Demonstration.mp4](https://www.fsrs.gov/documents/FSRS_Awardee_User_Demonstration.mp4)

*Status:*

Not corrected. This is repeated as finding 2022-022

**2019-018:**

**U.S. Department of Veterans Affairs  
Grants to States for Construction of State Home Facilities,  
CFDA 64.005**

**Allowable Costs/Cost Principles  
Material Weakness in Internal Control over Compliance**

*Initial Fiscal Year*

*Finding Occurred:* 2019

*Finding Summary:*

Affects all grant awards included under CFDA 64.005 on the Schedule of Expenditures of Federal Awards.

The OMB Compliance Supplement requires that non-federal entities receiving federal awards establish and maintain internal controls designed to reasonably ensure compliance with federal laws, regulations, and program compliance requirements.

Accurate record retention and reconciliation of expenditures are key components of effective internal controls.

The Department of Veterans Services (the Department) did not maintain adequate records and reconciliations to facilitate effective monitoring and tracking of allowable costs.

The Department did not have adequate internal controls to monitor total federal expenditures, including approved pre-award costs.

\$10,115,056 in costs were not billed to the federal awarding agency timely.

No sampling was used. We examined the total unbilled costs and noted approved pre-award project costs from fiscal years 2014-2018 as well costs in fiscal year 2019 that were not reconciled or billed.

We recommend the Department enhance internal controls to monitor total federal expenditures, including approved pre-award costs.

*State's Response:* Partial corrective action taken. NDVS and SPWD have started working on the written procedure. It has not been finalized or approved by both Departments due to some delays regarding the pandemic. This was originally anticipated to be completed by January 1, 2021; however, due to personnel changes in both departments and competing COVID-19 priorities this date was not met and a revised date of December 30, 2022 has been set.

*Status:* Partially corrected

**2019-020: U.S. Department of Veterans Affairs  
Grants to States for Construction of State Home Facilities,  
CFDA 64.005**

**Procurement, Suspension, and Debarment  
Significant Deficiency in Internal Control over Compliance**

*Initial Fiscal Year  
Finding Occurred:* 2019

*Finding Summary:* Affects all grant awards included under CFDA 64.005 on the Schedule of Expenditures of Federal Awards.

Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) requires contracts contain the applicable provisions described in Appendix II to Part 200 for contracts under federal awards.

Certain applicable provisions described in Appendix II to Part 200 were not included in contracts as required.



The Nevada Department of Veterans Services (the Department) did not have adequate internal controls to ensure contracts under federal awards contained all of the applicable provisions.

Contractors may not be aware of required terms and conditions.

A nonstatistical sample of 26 procurement transactions out of 148 was selected for testing, including ten contracts subject to Appendix II to Part 200. Six of the ten contracts were missing certain applicable provisions.

We recommend the Department enhance internal controls to ensure all contracts under federal awards contain the applicable provisions.

*State's Response:* Partial corrective action taken. NDVS and SPWD have started working on the written procedure. It has not been finalized or approved by both Departments due to delays regarding the COVID-19 pandemic and personnel changes in both departments. This is anticipated to be completed by December 30, 2022.

*Status:* Partially corrected

**2019-021: U.S. Department of Veterans Affairs  
Grants to States for Construction of State Home Facilities,  
CFDA 64.005**

**Other  
Material Weakness in Internal Control over Compliance**

*Initial Fiscal Year  
Finding Occurred:* 2019

*Finding Summary:* Affects all grant awards included under CFDA 64.005 included on the Schedule of Expenditures of Federal Awards.

Title 2 Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) requires the State of Nevada to prepare a Schedule of Expenditures of Federal Awards (SEFA) showing total federal expenditures for the year.

Amounts were originally reported incorrectly on the SEFA.

The Nevada Department of Veterans Services (the Department) did not have adequate internal controls to ensure total federal expenditures were appropriately reported on the SEFA.

Prior to correction, the total federal expenditures on the SEFA were understated by \$10,115,056.

No sampling was used; all program expenditures on the SEFA were reconciled to supporting records.

We recommend the Department enhance internal controls to ensure total federal expenditures are appropriately reported on the SEFA.

*State's Response:* Partial corrective action taken. Information was submitted to the State Controller's Office on February 20, 2020 to correct the SEFA. For future SEFA reporting, NDVS and SPWD have started working on the written procedure. It has not been finalized or approved by both Departments due to delays regarding the COVID-19 pandemic and personnel changes in both departments. This is anticipated to be completed by December 30, 2022.

*Status:* Partially corrected

**2019-027: U.S. Department of Education  
Rehabilitation Services Vocational Rehabilitation Grants to States,  
CFDA 84.126**

**Earmarking  
Material Weakness in Internal Control over Compliance**

*Initial Fiscal Year  
Finding Occurred:* 2019

*Finding Summary:* Affects grant award #H126A180041 included under CFDA 84.126.

The OMB Compliance Supplement indicates that states must reserve and expend at least 15 percent of pre-employment transition services to students with disabilities who are eligible, or potentially eligible, for VR services.

Pre-employment transition services were not expended at the minimum 15 percent.

The Nevada Department of Employment, Training and Rehabilitation (the Department) did not have adequate internal controls to ensure pre-employment transition service expenditures were at least 15 percent of the VR allotment expended.

Pre-employment transition services were underfunded.

No sampling was used. Total expenditures were \$18,531,753, which would require at least \$2,779,763 to be expended towards pre-employment transition services. However, only \$2,082,080 was spent, which is a deficit of \$697,683.

We recommend the Department enhance internal controls to ensure compliance with earmarking requirements.

*State's Response:*

**Updated Nevada DETR Response as of September 2020**

Nevada VR has not been able to make progress on this finding. Nevada's Governor issued his Declaration of Emergency on March 12, 2020 due to the COVID-19 pandemic. Nevada VR offices were subsequently closed on March 17. The Governor issued a hiring freeze, which included contractors. Therefore, Nevada VR lost 3 of its 4 transition coordinators whose jobs were to liaison with schools to arrange for the delivery of Pre-ETS. Additionally, VR was considered "non-essential" in Nevada. With that status, Nevada VR was only able to resume delivering services to clients in mid-April when DETR provided Nevada VR with a cloud VPN solution so staff could work from home. Those services were of a limited scope, until recently. As of July, Nevada VR resumed delivering all services to clients, as needed and as available. One of our contracted transition coordinators will be able to resume her duties as of August 31. Delivery of Pre-ETS will increase, however, due to the pandemic shutdown, Nevada VR will not have increased its delivery of Pre-ETS this year over the prior year.

**Reason for Recurrence**

Partial corrective action taken, due to challenges with service delivery caused by COVID-19 and reduction in available match (non-federal) funds which was caused by reduction in state general fund, the elimination of Third Party Cooperative Arrangements and a reduction of BEN Program expenditures.

**Nevada DETR's Response as of August 2021**

The circumstances facing the program as documented in September 2020 remain much the same. Nevada experienced a brief reprieve from pandemic closures after implementation of the vaccines, but in July 2021, test positivity numbers again began to rise, ultimately peaking at 16.5 percent due to the Delta Variant. Again, the Governor instituted masks mandates and social distancing limitations. Many schools, especially in southern Nevada are experiencing spikes in student positivity for the COVI-19 virus and are returning to virtual instruction. This will make the delivery of Pre-ETS services a continuing challenge and will make spending the required 15% a challenge. To ameliorate this to the greatest extent, Nevada VR is purchasing PAES Labs for individual high schools, which is a Pre-ETS delivery system, and working more with district

transition coordinators to facilitate virtual Pre-ETS. Nevada VR will continue to work to meet the earmarking requirements in conjunction with pandemic shutdowns.

**Updated Nevada DETR Response as of September 2022**

The expenditure and delivery of Pre-ETS services remains one of the challenges for Nevada VR as well as one of its main strategic priorities. During the previous reporting period the agency has experienced loss of its key staff members tasked with coordination and delivery of Pre-ETS services. In addition, the agency has continued to experience significant struggles in working with various school districts throughout the states in reaching students with disabilities, in order to deliver Pre-ETS service.

To properly address the issue of turnover and stabilize the Pre-ETS program, Nevada VR has restructured the agency in order to elevate Pre-ETS unit in our organizational hierarchy and have created a separate District under which this unit would operate therefore ensuring appropriate resources and administrative support are readily available.

In accordance with our last year's plan, we have aggressively engaged in a campaign with various Nevada school districts promoting and installing PAES Labs in number of high schools and middle schools throughout the state. Additionally, we have sought out technical assistance from relevant organizations, who have also provided training to our staff, and we have increased the number of contracted transition coordinators to continue to expand our outreach to students with disabilities throughout the state.

Couple of other major accomplishment this year, have been our summer and winter camps for students with disabilities and our Summer Youth Internship Program which our agency has organized with various vendors and partners in both Southern and Northern Nevada.

Nevada VR will continue to work to meet the earmarking requirements as necessary in relations to expenditure of reserved funds for delivery of Pre-employment transition services.  
Please see previous responses.

Date of Completion: Partially Resolved 2021

Contact Person: Drazen Elez, Acting Administrator, DETR/Vocational Rehabilitation Division (702)486-0506

*Status:* Partially corrected

**2019-037: U.S. Department of Health and Human Services  
Adoption Assistance, CFDA 93.659**

**Matching, Level of Effort, and Earmarking and Reporting  
Material Weakness in Internal Control over Compliance and Material  
Noncompliance**

*Initial Fiscal Year*  
*Finding Occurred:* 2019

*Finding Summary:* Grant Award Number: Affects all grant awards included under CFDA 93.659 on the Schedule of Expenditures of Federal Awards.

Criteria: The OMB Compliance Supplement indicates that a Title IV-E agency is required to spend an amount equal to any savings in state expenditures under Title IV-E as a result of applying the differing program eligibility rules to applicable children for a fiscal year for any services that may be provided under Title IV-B or IV-E.

Agencies must calculate the adoption savings and report annually to the Administration for Children and Families the methodology used, the amount of savings, and how the savings are spent. Agencies report this information on the Title IV-E Programs Annual Adoption Savings Calculation and Accounting Report (CB-496, Part 4).

The OMB Compliance Supplement requires that reports submitted to the federal awarding agency include all activity of the reporting period, are supported by underlying accounting information and are presented in accordance with program requirements.

Condition: The amount of savings expended were reported inaccurately.

Cause: The Nevada Division of Child and Family Services (the Division) did not have adequate internal controls to ensure the amount of expenditures from adoption savings were accurately tracked and reported.

Effect: Inaccurate information was reported to the federal awarding agency and adoption savings have not been utilized to supplement services.

Context/Sampling: No sampling was used; the annual adoption savings are reported annually. Prior year cumulative savings expenditures in Section B of the CB-496, Part 4 were reported as \$3,231,314. However, the Division has not yet implemented a program to utilize its savings and those expenditures are not supported by underlying information.

Recommendation: We recommend the Division enhance internal controls to ensure the amount of expenditures from adoption savings are accurately tracked and reported.

*Status:* Corrected

**2018-021, 2017-018,  
2016-023, 2015-017: U.S. Department of Education  
Title I Grants to Local Educational Agencies, CFDA 84.010  
Special Education Cluster:  
Special Education-Grants to States, CFDA 84.027  
Special Education-Preschool Grants, CFDA 84.173**

**Cash Management  
Material Weakness in Internal Control over Compliance and Material  
Noncompliance**

*Initial Fiscal Year  
Finding Occurred:* 2015

*Finding Summary:* The U.S. Department of the Treasury (Treasury) regulations at 31 CFR part 205, which define the Cash Management Improvement Act of 1990, as amended (Pub. L. No. 101-453; 31 USC 6501 et seq.), require State recipients to enter into Treasury-State Agreements that prescribe specific methods (funding techniques) for drawing Federal funds of selected large programs. The terms of the Treasury-State Agreement specify that separate funding techniques must be followed for different expenditure types and that documentation is maintained to ensure compliance with the funding techniques.

The *OMB Compliance Supplement* requires that non-Federal entities receiving Federal awards establish and maintain internal control designed to reasonably ensure compliance with Federal statutes, regulations, and terms and conditions of the Federal award.

Adequate documentation was not always available to support compliance with the cash management requirements of the *OMB Compliance Supplement* or that funds were drawn using the funding technique specified in the Treasury-State Agreement, where applicable.

The Nevada Department of Education (the Department) did not have adequate internal controls to ensure adequate supporting documentation was always maintained for Federal cash draws.

Incorrect amounts of Federal funds may be received and an interest liability could result.

A nonstatistical sample of six out of 29 Federal cash draws was selected for testing for Title I Grants to Local Educational Agencies. Adequate supporting documentation was not available to determine if the funding techniques were being followed for any of the Federal cash draws selected for testing.

A nonstatistical sample of nine out of 42 Federal cash draws was selected for testing for the Special Education Cluster. Adequate supporting documentation was not available to determine if the funding techniques were being followed for any of the Federal cash draws selected for testing under CFDA 84.027.

We recommend the Department enhance internal controls to ensure adequate supporting documentation is always maintained for Federal cash draws.

*State's Response:* **Partial Corrective Action Taken:** Review of internal controls is currently underway in collaboration between the Office of Division Compliance and the Office of Department Support Services.

*Status:* Partially Corrected

**2018-030, 2017-035: U.S. Department of Health and Human Services  
Immunization Cooperative Agreements, CFDA 93.268  
Block Grants for Prevention and Treatment of Substance Abuse,  
CFDA 93.959**

**Procurement, Suspension, and Debarment  
Material Weakness in Internal Control over Compliance and Material  
Noncompliance**

*Initial Fiscal Year*

*Finding Occurred:* 2018 for Immunization Cooperative Agreements, 2017 for Block Grants for Prevention and Treatment of Substance Abuse.

*Finding Summary:* Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) requires contracts contain the applicable provisions described in Appendix II to Part 200 for contracts under Federal awards.

The *OMB Compliance Supplement* states that Non-Federal entities are prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred. Non-Federal entities may verify that a party is not suspended or debarred by checking the *Excluded Parties List System*, collecting a certification from the entity, or adding a clause or condition to the covered transaction vehicle.

Certain applicable provisions described in Appendix II to Part 200 were not included in contracts as required. Suspension and debarment verification procedures were not always performed prior to entering into covered transactions.

The Nevada Division of Public and Behavioral Health (the Division) did not have adequate internal controls to ensure contracts under Federal awards contained all of the applicable provisions and to ensure suspension and debarment verification procedures were always performed prior to entering into all covered transactions.

Contractors may not be aware of required terms and conditions and payments could be made to recipients who were suspended or debarred.

A nonstatistical sample of three contracts subject to Appendix II to Part 200 out of 219 procurement transactions was selected for testing for Immunization Cooperative Agreements. All three contracts were missing certain applicable provisions and no suspension and debarment verification procedures were performed for one of the recipients.

A nonstatistical sample of 40 procurement transactions out of 636 was selected for testing, including 12 contracts subject to Appendix II to Part 200 for Block Grants for Prevention and Treatment of Substance Abuse. Seven of the 12 contracts were missing certain applicable provisions and no suspension and debarment verification procedures were performed for one of the recipients.

We recommend the Division enhance internal controls to ensure all contracts under Federal awards contain the applicable provisions and ensure suspension and debarment verification procedures are performed prior to entering into all covered transactions.

*State's Response:*

**Reason for recurrence:**

Nevada State Purchasing Division has not updated the statewide contracts to include the applicable provisions described in Appendix II to Part 200 for contracts under federal awards. The agencies are required to use these contracts and therefore are subject to audit findings every year.



**New Corrective Action:**

The Division of Public and Behavioral Health will continue to request that the State Purchasing Division include the required federal provisions for Appendix II to Part 200 specific to Suspension/Debarment, Anti-Lobbying, Federal Water Pollution and Clean Air/Clean Water Act in all statewide contract templates

**Partial Corrective Action Taken:**

As of March 30, 2017, prior to entering into agreements with contractors or grant subrecipients, staff verifies that each party is neither suspended nor debarred through a review of the Excluded Parties List System.

As of March 30, 2017, the Department of Administration added language to its standard contract form regarding suspension and debarment and lobbying activities.

As of September 27, 2018, the Division received approval from the Department of Administration to add language to its contracts regarding the Clean Air Act and the Federal Water Pollution Control Act.

As of April 15, 2019, the State Public Works Division has updated the State Lease templates with the required federal language.

As of July 1, 2020, the Division has developed an annual process in State Fiscal Year 21 to conduct suspension and debarment verifications for all contractors that receive federal funds to ensure division-wide compliance of this requirement.

**Date of Completion:**

Statewide Contracts: Currently still pending State Purchasing Division approval

Division Contracts: Corrected March 7, 2019

Suspension and Debarment Verification: Corrected July 1, 2020

*Status:* Partially Corrected

Sincerely,



Andy Matthews  
State Controller

**ANDY MATTHEWS**  
*Controller*

**STATE OF NEVADA**

**JAMES SMACK**  
*Chief Deputy Controller*



**OFFICE OF THE  
STATE CONTROLLER**

## **CORRECTIVE ACTION PLAN FOR AUDIT FINDING**

### **Audit Finding 2022-001**

**Finding:** Analysis and review of financial reporting information received by the Controller's Office from the various state agencies is not operating effectively.

**Recommendation:** We recommend the Controller's Office enhance internal controls to effectively analyze and review information received from the various state agencies.

### **Agency Response**

**Does the Agency Agree with Finding:** Yes

**Additional Comments:** None

### **Corrective Action Taken or to be Taken**

**Action:** All documents provided to the State Controller's Office from other State agencies will be analyzed for reasonableness, compared to prior year(s) documents, and checked for any math errors.

**Date of Completion or Estimated Completion:** Estimated completion January, 2024

### **Department or Agency Responsible for Corrective Action Plan**

**Agency:** Controller's Office  
**Contact:** Jocelyn Holly, ACFR Accountant II  
101 N. Carson Street, Suite 5  
Carson City, NV 89701  
775-684-5690  
[jholly@sco.nv.gov](mailto:jholly@sco.nv.gov)

**ANDY MATTHEWS**  
*Controller*

**STATE OF NEVADA**

**JAMES SMACK**  
*Chief Deputy Controller*



**OFFICE OF THE  
STATE CONTROLLER**

## **CORRECTIVE ACTION PLAN FOR AUDIT FINDING**

### **Audit Finding 2022-002**

**Finding:** The June 30, 2022, bank reconciliation for the outside bank accounts includes an unexplained variance of \$19,331,785 between the book balance and the bank balance.

In addition, there were items not included within the adjusted pooled cash and investments reconciliation and were recorded in error.

Moreover, the cash and investment note disclosures were not accurate.

**Recommendation:** We recommend the Controller's Office enhance internal controls to ensure the bank reconciliation includes all significant reconciling items and that the tolerable unreconciled variance be a lower threshold.

We recommend the Controller's Office enhance internal controls to ensure accuracy of cash and investment disclosures.

### **Agency Response**

**Does the Agency Agree with Finding:** Yes

**Additional Comments:** None

### **Corrective Action Taken or to be Taken**

**Action:** We are seeking contract approval in January, 2024, for additional funding for an independent audit firm to assist in researching and resolving the bank reconciliation variance. In addition, more communication and comparison will occur between the unit that prepares the bank reconciliation and the unit that prepares the adjustments to pooled cash and investments to ensure all items are included in the bank reconciliation.

Controls will be reviewed and enhanced to ensure that the bank reconciliation variances are researched and resolved in a timely manner.

New procedures are being implemented to ensure appropriate classification of cash and investments. We will also include a process for reconciling the Treasurer's pooled cash to the bank reconciliation to ensure that any changes to cash are reflected within both. The procedures for restricted cash will be updated to ensure that bond proceeds related to capital assets are included in the restricted cash disclosure are correct.

**Date of Completion or Estimated Completion:** Estimated completion January, 2024

**Department or Agency Responsible for Corrective Action Plan**

**Agency:** Controller's Office

**Contact:** Michaela Woodburn, Chief Accountant &

Jocelyn Holly, ACFR Accountant II

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**ANDY MATTHEWS**  
*Controller*

**STATE OF NEVADA**

**JAMES SMACK**  
*Chief Deputy Controller*



**OFFICE OF THE  
STATE CONTROLLER**

## **CORRECTIVE ACTION PLAN FOR AUDIT FINDING**

### **Audit Finding 2022-003**

**Finding:** Accounts receivable, revenue, and unearned revenue were not recorded appropriately as noted:

- Gold and silver tax revenue was not allocated over the period earned.
- Changes in identified grants receivable and unearned revenues were not timely identified.
- Opioid settlement amounts were not initially estimated appropriately to include amounts net of legal fees.
- Fiduciary funds were not maintained on an accrual basis of accounting.

**Recommendation:** We recommend the Controller's Office enhance internal controls to ensure accounts receivable, revenue, and unearned revenue are appropriately recorded.

### **Agency Response**

**Does the Agency Agree with Finding:** Yes

**Additional Comments:** None

### **Corrective Action Taken or to be Taken**

**Action:** Procedures will be put in place to ensure that the timing of revenue recognition and allocation are correct. The schedule for opioid receivables from settlements will be thoroughly reviewed to ensure that the proper totals are used for the allocations to the State and local governments.

**Date of Completion or Estimated Completion:** Estimated completion January, 2024

### **Department or Agency Responsible for Corrective Action Plan**

**Agency:** Controller's Office  
**Contact:** Jocelyn Holly, ACFR Accountant II  
101 N. Carson Street, Suite 5  
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**ANDY MATTHEWS**  
*Controller*

**STATE OF NEVADA**

**JAMES SMACK**  
*Chief Deputy Controller*



**OFFICE OF THE  
STATE CONTROLLER**

**CORRECTIVE ACTION PLAN FOR AUDIT FINDING**

**Audit Finding 2022-004**

**Finding:** Settlement liability and expenses were not recorded in the appropriate fiscal year.

**Recommendation:** We recommend the Controller's Office enhance internal controls to track legal settlements and ensure they are recorded in the appropriate fiscal year.

**Agency Response**

**Does the Agency Agree with Finding:** Yes

**Additional Comments:** None

**Corrective Action Taken or to be Taken**

**Action:** Controls will be put in place to ensure that settlement revenue is tracked and recorded properly in the correct fiscal year.

**Date of Completion or Estimated Completion:** Estimated completion January, 2024

**Department or Agency Responsible for Corrective Action Plan**

**Agency:** Controller's Office  
**Contact:** Jocelyn Holly, ACFR Accountant II  
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**ANDY MATTHEWS**  
*Controller*

**STATE OF NEVADA**

**JAMES SMACK**  
*Chief Deputy Controller*



**OFFICE OF THE  
STATE CONTROLLER**

**CORRECTIVE ACTION PLAN FOR AUDIT FINDING**

**Audit Finding 2022-005**

**Finding:** Right of use leased assets and lease liabilities entered into during the year were not recorded as new additions. In addition, certain existing right of use leased assets and lease liabilities did not assess the extension period of the lease term.

**Recommendation:** We recommend the Controller's Office enhance internal controls to ensure leases are recorded in accordance with GASB Statement No. 87.

**Agency Response**

**Does the Agency Agree with Finding:** Yes

**Additional Comments:** None

**Corrective Action Taken or to be Taken**

**Action:** Procedures will be implemented to capture all new leases as additions. Procedures will be updated to include that all lease contracts will be thoroughly analyzed for renewal options to ensure that any extended renewal terms are added, when applicable.

**Date of Completion or Estimated Completion:** Estimated completion January, 2024

**Department or Agency Responsible for Corrective Action Plan**

**Agency:** Controller's Office  
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Joe Lombardo  
Governor



Richard Whitley, MS  
Director

## DEPARTMENT OF HEALTH AND HUMAN SERVICES

DIVISION OF HEALTH CARE FINANCING AND POLICY

*Helping people. It's who we are and what we do.*



Stacie Weeks,  
JD MPH  
Administrator

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## CORRECTIVE ACTION PLAN FOR AUDIT FINDING

### AUDIT FINDING 2022-006

Finding: Division of Health Care Financing and Policy – Medicaid and CHIP Balances Material Weakness Estimates for Medicaid and the Children Health Insurance Program (CHIP) incurred but not reported (or processed) claims and related amounts due from the federal government were not reasonable. In addition, capitation expenditures were not recorded in the appropriate fiscal year.

The State of Nevada Division of Health Care Financing and Policy (DHCFP) did not have adequate internal controls to develop the Medicaid and CHIP claim estimates using appropriate data and assumptions.

The Medicaid and CHIP estimates were calculated using reports from the Medicaid Management Information System (MMIS). However, the reports were run prior to significant data being captured in the system (in early August rather than in October or November). These estimates are generally developed using subsequent claims and payments with a minimum of at least 60-120 days of activity, to ensure accuracy and precision.

In addition, the DHCFP did not have adequate internal controls to ensure capitation expenditures were recorded in the appropriate period.

The following errors were noted:

- General Fund
  - Understatement of receivables by \$298,546.
  - Overstatement of unavailable revenues by \$79,885,558.
  - Overstatement of liabilities by \$25,527,521.
  - Understatement of revenues by \$79,587,012.
  - Overstatement of expenditures by \$25,527,521.

**Recommendation:** We recommend the DHCFP enhance internal controls to develop the Medicaid and CHIP estimates using appropriate data and assumptions. Reports from the MMIS should be developed using significant, relevant data and through the correct time period. In addition, we recommend the DHCFP enhance internal controls to ensure capitation expenses are recorded in the appropriate period.



**Agency Response**

**Does the Agency Agree with Finding?:** Yes

**Additional Comments:** None

**Corrective Action Taken or To Be Taken**

**Action:** The Division will enhance internal controls to ensure appropriate and relevant data is used to develop the Medicaid and CHIP estimates, use MMIS data to develop reports through the correct time period, and ensure capitation expenses are recorded in the appropriate period. The Division is actively filling vacancies and training staff to ensure reconciliations are performed to ensure the integrity of data and reports are correct.

**Date of Completion or Estimated Completion:** December 2024

**Department or Agency Responsible for Corrective Action Plan**

**Agency:** Department of Healthcare Financing and Policy  
**Contact:** Russ Steele, Audit Manager  
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*Ashwini Prasad*

\_\_\_\_\_  
Signature of Ashwini Prasad,  
Administrative Services Officer 4

Reviewed and Approved-12/15/2023

\_\_\_\_\_  
Date



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DEPARTMENT OF TAXATION

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*Chair, Nevada Tax Commission*  
SHELLIE HUGHES  
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## CORRECTIVE ACTION PLAN FOR AUDIT FINDING

### **Audit Finding 2022-007**

**Finding:** Sales and use tax receivables and unavailable revenues were not recorded appropriately.

The State of Nevada Department of Taxation (Taxation) did not have adequate internal controls to communicate sales and use tax receivables of a highly questionable nature to the Controller's Office.

The following error was noted:

- General Fund
  - Overstatement of sales and use tax receivables and related unavailable revenues by \$123,509,056.

**Recommendation:** We recommend Taxation enhance internal controls to communicate sales and use tax receivables that appear highly questionable to the Controller's Office to ensure appropriate financial reporting matters are considered.

**Agency Response:** Recommendation accepted.

### **Corrective Action to be Taken**

**Action:** Procedures will be established to ensure the Controller's Office is notified whenever Department staff identify highly questionable sales and use tax receivables of material amounts. The notification will include the identified sum of receivables under investigation.

**Estimated Completion Date:** January 2024

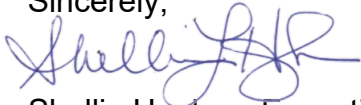
**Department or Agency Responsible for Corrective Action Plan:**

**Department:** Taxation

**Contact:** Adriane Roberts-Larson  
3850 Arrowhead Dr., 2<sup>nd</sup> Floor  
Carson City, NV 89706  
775-684-2193  
arlanson@tax.state.nv.us

The Department appreciates this recommendation to help ensure appropriate reporting matters are considered.

Sincerely,

A handwritten signature in blue ink, appearing to read "Shellie Hughes".

Shellie Hughes, Executive Director

Nevada Department of Taxation



## Accounts Receivable

### Administrative Services- Fiscal Services

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#### Memo

From: Amara Vigil, Administrative Services Administrator, NDA  
CC: J.J. Goicoechea, Director, NDA  
Doug Farris, Deputy Director, NDA  
Tammy Goetze, Audit Supervisor, LCB  
Date: December 12, 2023  
Subject: Corrective Action Plan to audit finding 2022-008

---

**Finding 2022-008:** Department of Agriculture – Receivables  
Material Weakness

*The State of Nevada Department of Agriculture (NDA) did not have adequate internal controls to ensure amounts reported to the Controller’s Office for agency receivables were accurate.*

*General fund overstatement of accounts receivable and unavailable revenues by \$9,958,107.*

The NDA accepts these findings and will take corrective action to enhance internal controls to ensure amounts reported to the Controller’s Office for agency receivables are accurate.

#### **Corrective action:**

The NDA has already begun to ensure that amounts reported on the accounts receivable report are correct and match actual agency receivables. Accounts receivable reports are produced monthly and checked by the supervisor on duty. The end of fiscal year report will be checked by the Administrative Services Administrator for irregularities and to ensure back-up matches reported amounts prior to submission to the Controller’s office.

#### **Responsible Individual:**

Amara Vigil, Administrative Services Administrator

#### **Date of completion:**

June 30, 2024

Joe Lombardo  
Governor



Nevada Department of  
**Public Safety**  
Parole and Probation

George Togliatti  
Director

Sheri Brueggemann  
Deputy Director

Tamrah Jackson  
Chief

## Parole and Probation Headquarters

1445 Old Hot Springs Road, Suite 104  
Carson City, Nevada 89706  
Telephone (775) 684-2600  
Fax (775) 684-8144

### Corrective Action Plan for Audit Finding

#### Audit Finding 2022-009

**Finding:** Accounts receivable and unavailable revenues were overstated by \$32,055,889.

**Recommendation:** We recommend the DPS enhance internal controls to ensure amounts reported to the Controller's Officer for agency receivables are accurate.

#### Agency Response

**Does the Agency Agree with Finding:** Yes

**Additional Comments:** Research of the issue determined the Amount Estimated to be Collectible and Amount Estimated to be Uncollectible were reversed in the aging report, which lead to the finding.

#### Corrective Action Take or to be taken

**Action:** Controls have been put in place to ensure receivable amounts reported to the Controller's Officer are accurate.

**Date of Completion or Estimated Completion:** December 11, 2023

#### Department or Agency Responsible for Corrective Action Plan

**Agency:** Department of Public Safety, Division of Parole and Probation

**Contact:** Andy McCool, Administrative Services Officer III  
1445 Old Hot Springs Road, Suite #104  
Carson City, NV 89706

Joe Lombardo  
Governor

Richard Whitley, MS  
Director



**DEPARTMENT OF  
HEALTH AND HUMAN SERVICES**  
DIVISION OF WELFARE AND SUPPORTIVE SERVICES  
*Helping people. It's who we are and what we do.*



Robert Thompson  
Administrator

**CORRECTIVE ACTION PLAN FOR AUDIT FINDING**

Date: December 15, 2023  
Finding number: **2022-010 - Material Weakness**  
Finding: Pandemic food benefits provided through electronic benefit transfer (EBT) cards were not recorded.

Corrective Action Taken or To Be Taken: The Division has added additional internal controls to validate that the fiscal amounts on the SEFA will be in line with the Pandemic food benefits issued in the applicable state fiscal year.

If to be taken, estimated date of completion: These procedures were implemented July 1, 2023.

**Agency Response**

Does the Agency agree With finding: Yes \_\_\_ No \_\_\_ Partial X

If No or Partial, please Explain reason(s) why: In the State of Nevada finding, this is being noted as an understatement of General Fund revenue and expenditures. These benefits are 100% federally funded and are transmitted directly between the U.S. Department of Agriculture and the EBT vendor. The state reports the amounts annually via the SEFA and they are not reflected in our state budget accounts.

Individual Responsible for Corrective Action Plan:  
Name, Title: Brooke Barlow, Chief of Fiscal  
Phone Number: 775-684-0659  
Email: [bebarlow@dwss.nv.gov](mailto:bebarlow@dwss.nv.gov)

Reviewed and Approved

  
Crystal Buscay, CFO

12.15.23  
Date



**STATE OF NEVADA**  
**DEPARTMENT OF ADMINISTRATION**  
*Purchasing Division*

515 East Musser Street, Suite 300 | Carson City, Nevada 89701  
Phone: (775) 684-0170 | Fax: (775) 684-0188

**CORRECTIVE ACTION PLAN FOR AUDIT FINDING**

**Audit Finding 2022-011**

**Finding:** Physical audit of inventory items could not be completed to ensure actual stock was consistent with information listed in the inventory control system.

**Recommendation:** The State should enhance internal controls to ensure inventory is organized in a systematic manner to allow for the performance of an inventory count and reconciliation.

**Agency Response**

**Does the Agency Agree with Finding:** Yes

**Additional Comments:** In Fiscal Year 2022, the Division of Emergency Management operated two warehouses containing inventory, at 2555 USA Parkway in McCarran, NV (Northern) and 7050 Lindell Way, Ste 101 in Las Vegas, NV (Southern). Between March 1, 2022, and June 30, 2022, the State demobilized the Northern warehouse and transferred all inventory to the Southern warehouse, which prevented physical inventory from being performed. The additional inventory arrived at the Southern warehouse without racking, causing disorganization and further delaying the ability to complete physical inventory. On October 1, 2022, operation of the warehouse located at 7050 Lindell Way, Ste 101 in Las Vegas, including all inventory, was transferred from the Division of Emergency Management of the Office of the Military to the Nevada State Purchasing Division of the Department of Administration. State Purchasing takes responsibility for further action related to this finding.

**Corrective Action Taken**

**Action:** The Division of Emergency Management contracted with a vendor to install a warehouse racking system, installation was completed prior to hand-off of warehouse operations to State Purchasing and inspection was completed in December 2022. The racking system allows more efficient use of space multiple levels high. Items can be more easily located for inventory and accessed via forklift.

**Date of Completion or Estimated Completion:** 12/31/2022

**Department or Agency Responsible for Corrective Action Plan**

**Agency:** State Purchasing Division of the Department of Administration  
**Contact:** Gideon Davis, Administrator  
515 E Musser St, Ste 300  
Carson City, NV 89701

775-515-5173  
[gkdavis@admin.nv.gov](mailto:gkdavis@admin.nv.gov)





JOE LOMBARDO  
Governor

STATE OF NEVADA  
DEPARTMENT OF TRANSPORTATION  
1263 S. Stewart Street  
Carson City, Nevada 89712

TRACY LARKIN-THOMASON, P.E., Director

**CORRECTIVE ACTION PLAN FOR AUDIT FINDING**

**Audit Finding 2022-012**

**Finding:**

■ Certain infrastructure projects were capitalized by the State of Nevada Department of Transportation (NDOT) in the prior year that were not assets of the State of Nevada. A prior period adjustment was required of infrastructure construction in progress and beginning net position by \$57,962,515.

**Recommendation:** We recommend NDOT enhance internal controls to ensure ownership of infrastructure is adequately reviewed prior to capitalizing the construction as a State of Nevada asset.

**Agency Response**

**Does the Agency Agree with Finding:** Yes

**Additional Comments:** This finding is the result of NDOT including a Local Public Agency (LPA) project in the annual capitalization calculation of NDOT's infrastructure projects.

**Corrective Action Taken or to be Taken**

**Action Taken:** NDOT installed the Masterworks system June 2023 which allows NDOT to plan, build, and maintain capital assets, infrastructure, and facilities in one place. The new system provides a dropdown box to signify an LPA project. The old system required manual data entry. This functionality will allow elimination of LPA projects from the capitalization entry of NDOT's infrastructure projects.

**Date of Completion or Estimated Completion:** July 1, 2023

**Department or Agency Responsible for Corrective Action Plan**

**Agency:** Nevada Department of Transportation  
**Contact:** Tiffany Smorra, Chief Accountant  
775-888-7452

**Agency:** Nevada Department of Transportation, Accounting  
**Contact:** Felicia Denney, Assistant Director, Administration  
775-888-7440

**2022-013 Higher Education Tuition Trust Fund – Financial Statement and Reconciliation Controls Material Weakness**

*Finding Summary:* Management is responsible for establishing and maintaining an effective system of internal control over financial reporting. One of the key components of an effective system of internal control over financial reporting is the preparation of full disclosure financial statements that do not require adjustment as part of the audit process.

Management prepares internal use financial statements. However, management required the assistance of the external audit firm to prepare the Higher Education Tuition Trust Enterprise Fund's (the Trust Fund) audited financial statements related note disclosures. Although the preparation of financial statements as a part of the audit engagement is not unusual, it may result in financial statements and related information included in financial statement disclosures not being available for management purposes as timely as it would be if prepared by the Trust Fund's personnel. In addition, we proposed audit adjustments related to investments, accounts payable, cash, and net increase/decrease in fair value of investments.

Accounting personnel do not have the current resources of time and training necessary to prepare the financial statements in accordance with generally accepted accounting principles. As a result, the Trust Fund chose to contract with Eide Bailly, LLP to prepare its financial statements. In addition, the Trust Fund did not have adequate internal controls to ensure investment and related balances were appropriately reconciled and recorded.

The Trust Fund's internally prepared records upon which the financial statements are prepared did not contain all information required by generally accepted accounting. Correcting audit entries were posted for:

- Overstatement of investments by \$21,124,245.
- Overstatement of accounts payable by \$4,996,990.
- Understatement of cash equivalents by \$148,430.

*Does the Agency Agree with the Finding:* Yes

*State's Response:* Nevada State Treasurer's Office received training from Eide Bailly, LLP to assure personnel have the necessary knowledge. In addition, the Office has received budgetary approval for an Accountant 2 and additional training from Eide Bailly, LLP to ensure multiple personnel have the necessary knowledge.

*Date of Completion:* This finding was corrected in fiscal 2023 as the Treasurer's Office was able to complete the reconciliation for fiscal 2023's financial statements.

*Status:* Completed

*Department or Agency*

*Responsible for Corrective*

*Action Plan Agency:* Nevada State Treasurer's Office: Lori Hoover, Chief Deputy Treasurer  
775-684-5753, l.hoover@nevadatreasurer.gov

**State of Nevada  
Department of Employment, Training and Rehabilitation (DETR)  
Responses to UI Trust Fund Audit Findings**

**Year 2022**

**For the Year Ended June 30, 2022**

**CORRECTIVE ACTION PLAN**

**Assessment Revenue  
Material Weakness**

**Finding 2022-014**

Employers in the State of Nevada self-report amounts owed with respect to unemployment assessments. In some cases, employers overpaid the amount of assessment that was owed either through paying the wrong assessment tax rate or through duplicate payments made by third party payroll companies on their behalf.

The Department of Employment, Training, and Rehabilitation (DETR) did not separately identify or account for employer accounts with overpaid assessments and thus accounted for employer overpayments in error.

DETR did not have adequate internal controls to provide for the initial identification and reconciliation of employer overpayments to ensure appropriate recognition in the financial statements.

Prior to adjustment, employer assessment revenue was overstated by \$58,357,785, employer assessment receivables were overstated by \$16,985,482, and accounts payable were understated by \$41,372,303.

**Recommendation**

We recommend DETR enhance internal controls to provide for the initial identification and reconciliation of employer overpayments to ensure appropriate recognition in the financial statements.

**Nevada DETR's Response**

Management accepts this finding and has enhanced internal controls and implemented procedures to aid in analyzing and reporting employer accounts with credit balances (overpayments) in order to assure proper recognition in the financial statements.

Estimated Date of Completion:      Completed

Contact Person:                              Kristine Nelson, Chief Financial Officer, Financial  
Management

Joe Lombardo  
Governor

Jhone M. Ebert  
Superintendent of  
Public Instruction



Southern Nevada Office  
2080 E. Flamingo Road, Suite 210  
Las Vegas, Nevada 89119-0811  
Phone: (702) 486-6458  
Fax: (702) 486-6450

**STATE OF NEVADA**  
**DEPARTMENT OF EDUCATION**  
700 E. Fifth Street | Carson City, Nevada 89701-5096  
Phone: (775) 687-9200 | [www.doe.nv.gov](http://www.doe.nv.gov) | Fax: (775) 687-1116

**MEMORANDUM**

**TO:** Kurt Schlicker, Partner, Eide Bailly, LLP

**FROM:** Megan Peterson, Deputy Superintendent, Student Investment Division *mp*

**DATE:** December 20, 2023

**SUBJECT:** Corrective Actions for State Fiscal Year 2022 (FY22) Audit Findings

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This memorandum is in response to the Single Audit performed by Eide Bailly LLP CPAs relating to the Financial Statements Reported in Accordance with GAGAS administered by the State of Nevada, Department of Education for the fiscal year ending June 30, 2022 (FY22).

Below is the Nevada Department of Education's (NDE) response to audit finding 2022-015.

**1. Finding #2022-015 – Department of Education - Receivables**

*Significant Deficiency in Internal Control over Receivables and Expenditures resulted in the following Eide Bailly, LLP recommendation:*

Eide Bailly recommended NDE enhance internal controls to ensure the Pupil-Centered Funding Plan true-up amounts are recorded in the appropriate year.

**NDE Response**

NDE agrees with the finding as issued.

**Corrective Action**

NDE shall develop a comprehensive Policy and Procedure (1.5 – School Payments) documenting the procedures related to the processing of school payments. Supplemental to the Policy and Procedure, NDE shall develop a Business Rule which clearly crosswalks source data to reporting outcomes. Furthermore, NDE shall implement internal control monitoring specific to this process upon completion of an internal monitoring assessment.

**Responsible Parties and Anticipated Completion Date**

Student Investment Division, Offices of District Support Services, Pupil-Centered Funding, Fiscal Operations, and Division Compliance; May 1, 2024. Please reach out to Amelia Thibault at [sidcompliance@doe.nv.gov](mailto:sidcompliance@doe.nv.gov) with any questions.

cc: Amelia Thibault, Office of Division Compliance  
Amber Reid, Office of District Support Services  
Celeste Arnold, Office of Fiscal Operations  
James Kirkpatrick, Office of Pupil-Centered Funding

Joe Lombardo  
Governor

James E. Dzurenda  
Director

Kristina Shea  
Deputy Director Support  
Services



Northern Administration  
5500 Snyder Ave.  
Carson City, NV 89701  
(775) 977-5500

Southern Administration  
3955 W. Russell Rd.  
Las Vegas, NV 89118  
(725) 216-6000

Dear Mr. Smack,

Please accept the corrective action plan below for the ACF findings for the Department of Corrections.

**Audit Finding 2022-016**

**Finding:** No reconciliation of payroll occurred during fiscal year 2022 by the State of Nevada Department of Corrections (NDOC), in accordance with the State of Nevada internal control policy.

**Recommendation:** We recommend the NDOC follow the State of Nevada payroll reconciliation internal control policies.

**Agency Response**

**Does the Agency Agree with Finding:** Yes

**Additional Comments:** None

**Corrective Action Taken or to be Taken**

**Action:** We will update our internal control procedures to ensure reconciliation of payroll is in accordance with the State of Nevada Internal Control Policy.

**Date of Completion or Estimated Completion:** Estimated completion June 2024

**Department of Agency Responsible for Corrective Action Plan**

**Agency:** Department of Corrections

Contact: Kristina Shea  
5500 Snyder Ave  
Carson City Nevada 89701  
775-977-5007  
[kshea@doc.nv.gov](mailto:kshea@doc.nv.gov)

Sincerely,  
Kirstina Shea, Deputy Director Support Services



DEPARTMENT OF  
HEALTH AND HUMAN SERVICES

DIRECTOR'S OFFICE

Helping people. It's who we are and what we do.



**CORRECTIVE ACTION PLAN OF AUDIT FINDING**

Date: December 15, 2023

Finding number: **2022-017 – Significant Deficiency**

Finding: No reconciliation of payroll occurred during fiscal year 2023 by the State of Nevada Department of Health and Human Services (DHHS), in accordance with the State of Nevada internal control policy.

Corrective Action Taken or To Be Taken: The Division has added additional internal controls and updated the agencies procedures to incorporate the missing reconciliation steps as required by the State of Nevada Central Payroll Department to include the Employee Paycheck Analysis in HRDW.

If to be taken, estimated date of completion: These procedures will be completely implemented on January 1, 2024

**Agency Response**

Does the Agency agree with finding: Yes X No \_\_\_\_\_ Partial \_\_\_\_\_

If No or Partial, please Explain reason(s) why: N/A

Individual Responsible for Corrective Action Plan:

Name, Title: Lesa Galloway, Administrative Services Officer IV  
Phone Number: 775-684-4019  
Email: [l.galloway@dhhs.nv.gov](mailto:l.galloway@dhhs.nv.gov)

Reviewed and Approved

Debi Reynolds, Deputy Director; Fiscal

12/15/2023

Date

**Child Nutrition Cluster**  
Food & Nutrition



**Memo**

To: Kurt Schlicker, CPA, Eide Bailly LLP  
From: Amara Vigil, Administrative Services Administrator, NDA  
CC: J.J. Goicoechea, Director, NDA  
Doug Farris, Deputy Director, NDA  
Tammy Goetze, Audit Supervisor, LCB  
Patricia Hoppe Food and Nutrition Administrator, NDA  
Brittany Mally, Deputy Administrator, Food & Nutrition NDA  
Janet Tennant, ASOII, NDA  
Date: December 13, 2023  
Subject: Corrective Action Plan to audit finding 2022-018 & 2022-19

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**Finding 2022-018:** U.S. Department of Agriculture  
Child Nutrition Cluster:  
School Breakfast Program, 10.553  
National School Lunch Program, 10.555  
Special Milk Program for Children, 10.556  
Summer Food Service Program for Children, 10.559  
Fresh Fruit and Vegetable Program, 10.582

**Reporting**

**Significant Deficiency in Internal Control over Compliance**

*The Nevada Department of Agriculture (NDA) did not have adequate internal controls to ensure accurate information was reported to the federal awarding agency. Inaccurate information was reported to FNS.*

*A nonstatistical sample of seven out of a population of 36 reports was selected for testing. The October 2021 FNS-10 report includes annual information (rather than monthly). Line 12b – Membership (Enrollment) of Public Schools was reported as 13. The actual enrollment supported by the underlying documentation of public schools was 22.*

The NDA accepts these findings and will take corrective action to enhance internal controls to ensure amounts reported to FNS are correct.

**Corrective action:**

The NDA has new staff completing data entry and certification of these reports in the federal system that have been extensively trained on required federal reporting. NDA will ensure that additional checks and balances are put in place to review the FNS-10 reports to ensure they match up with appropriate data collected.

**Date of completion:**

June 30, 2024



# Child Nutrition Cluster

## Food & Nutrition



**Finding 2022-019:** U.S. Department of Agriculture  
Child Nutrition Cluster:  
School Breakfast Program, 10.553  
National School Lunch Program, 10.555  
Special Milk Program for Children, 10.556  
Summer Food Service Program for Children, 10.559  
Fresh Fruit and Vegetable Program, 10.582

### Reporting

#### Material Weakness in Internal Control over Compliance and Material Noncompliance

*The Nevada Department of Agriculture (NDA) did not have internal controls to ensure subaward information was submitted in accordance with the FFATA.*

*Subaward obligations were not reported in the FSRS and therefore not included on the FFATA's website for public information disclosure.*

*A nonstatistical sample of 6 out of a population of 54 applicable subaward obligations was selected for testing. The quantity and subaward obligation errors were noted as follows:*

	<u>Subawards</u>	<u>Obligations</u>
Total Tested	6	\$2,748,488
Not Reported	6	\$2,748,488
Not Timely	6	\$2,748,488
Obligation Incorrect	6	\$2,748,488
Missing Key Elements	6	\$2,748,488

The NDA accepts these findings and will take corrective action to enhance internal controls to ensure FFATA required information is reported annually.

#### Corrective action:

The NDA will begin submitting information in accordance with FFATA at the end of the 2023 award period per direction from the federal partner that annual submittals are in compliance with FFATA for the Child Nutrition Cluster programs. The submittal of information will be done as part of the NDA's closing procedure for these awards.

#### Date of completion:

February 28, 2024

State of Nevada  
Department of Employment, Training and Rehabilitation (DETR)  
Responses to Single Audit Findings

Year 2022

For the Year Ended June 30, 2022

U.S. Department of Labor  
Unemployment Insurance

17.225

CORRECTIVE ACTION PLAN

Reporting

Finding 2022-020

Amounts reported on the ETA 2112 were misreported by category (benefit type).

A nonstatistical sample of four out of 12 monthly reports was selected for testing. Errors were noted on each of the four reports tested as follows:

Month Ended July 31, 2021

- Deposit and disbursement total variances of \$29,400.
- Off-setting variances in specific benefits ranging from \$1,069 to \$522,826.

Month Ended August 31, 2021

- Off-setting variances in specific benefits ranging from \$2,993 to \$3,244,522.

Month Ended December 31, 2021

- Off-setting variances in specific benefits ranging from \$4,785 to \$373,125.

Month Ended April 30, 2022

- Off-setting variances in specific benefits ranging from \$2,992 to \$161,515.

Recommendation

We recommend the Department enhance the internal controls to ensure benefit payments are appropriately categorized by type.

Nevada DETR's Response

DETR has revised the current internal control procedure to ensure benefit payments are appropriately categorized by type. Please reference the sections titled "Previous day Adjustments" and "Verify the Draw Request to Treasurer's Draw Confirmation".

Estimated Date of Completion: **COMPLETED**

Contact Person: Carrie Edlefsen, Chief Financial Officer, DETR/ESD (775)684-3952  
[c-edlefsen@detr.nv.gov](mailto:c-edlefsen@detr.nv.gov)

**CORRECTIVE ACTION PLAN**

**Reporting**

**Finding 2022-021**

Investigations performed by the UI BAM supervisor or senior investigator are not reviewed by someone other than the investigator. In addition, completion of cases and timely data entry requirements were not met.

A nonstatistical sample of 60 completed BAM cases out of a population of 734 was selected for testing. The investigator and reviewer were the same person for 17 of the cases tested. In addition, a time lapse report of case completion was examined for paid claims accuracy. Of these investigations, 85.19% of the cases were completed within 90 days, rather than the 95% required. In addition, the total completion was 92.12% complete, rather than the 98% completion required.

**Recommendation**

We recommend the Department implement internal controls to ensure appropriate segregation of duties on all BAM investigations and to ensure timeliness requirements are met.

**Nevada DETR's Response**

The Employment Security Division's Unemployment Insurance Support Services (UISS) recognizes the importance of internal controls for a system of checks and balances to ensure no one person has control over all parts of BAM investigations, and to ensure investigation timeliness.

Background: BAM timeliness has been impacted since 2020 due to many factors that include but are not limited to significant staff turnover (i.e., retirement, promotions, and recruitment/retainment of qualified staff). Historically, the BAM supervisor PCN 5089 has been tasked with training and reviewing new staff work and activities, which resulted in experienced investigators' work not being reviewed in attempts to meet timeliness on other BAM cases.

Nevada DETR ESD UISS' Corrective Action Plan: Attached (**ATTACHMENT A**) is DETR's Benefit Accuracy Measurement (BAM) Segregation of Duties Internal Control.

Estimated Date of Completion: **COMPLETED**

Contact Person: Kristine K. Nelson, ESD Administrator, *DETR/ESD* (775)684-3828,  
*kknelson@detr.nv.gov*

**U.S. Department of Labor**  
**WIOA Cluster**

**WIOA Adult Program\_** 17.258  
**WIOA Youth Activities** 17.259  
**WIOA Dislocated Worker Formula Grants** 17.278

**CORRECTIVE ACTION PLAN**

**Reporting**  
**Significant Deficiency in Internal Control over Compliance**

**Finding 2022-022**

Accurate and timely subaward information was not reported in the FFATA Subaward Reporting System (FSRS).

A nonstatistical sample of three out of a population of eight applicable subawards obligations during the year was selected for testing:

	<u>Subawards</u>	<u>Obligations</u>
Total Tested	3	\$38,640,550
Not Reported		
Not Timely	2	\$31,112,031
Obligation Incorrect		
Missing Key Elements	3	\$38,640,550

Obligation dates were reported as October 1, 2021 for all three subawards rather than August 2, 2021 (two subawards) or September 22, 2021 (one subaward).

**Recommendation**

We recommend the Department implement internal controls to ensure subaward information is submitted in accordance with the FFATA.

**Nevada DETR's Response**

DETR-Fiscal Management Unit has established a procedure for FFATA Sub-Contract and Award Reporting. This procedure was placed in effect in May 2023 and will be provided as an attachment to DETR's corrective action plan. In addition to the newly implemented procedure, internal controls have been updated - the Grants and Projects Analyst will be responsible for implementing this process and ensuring the reports are submitted in accordance with the FFATA.

Estimated Date of Completion: **COMPLETED**

Contact Person: Carrie Edlefsen, Chief Financial Officer, *DETR/ESD (775)684-3952*  
[c-edlefsen@detr.nv.gov](mailto:c-edlefsen@detr.nv.gov)

**U.S. Department of Labor**  
**WIOA Cluster**

<b>WIOA Adult Program</b>	<b>17.258</b>
<b>WIOA Youth Activities</b>	<b>17.259</b>
<b>WIOA Dislocated Worker Formula Grants</b>	<b>17.278</b>

**CORRECTIVE ACTION PLAN**

**Subrecipient Monitoring**  
**Significant Deficiency in Internal Control over Compliance**

**[Finding 2022-023](#)**

The assistance listing number was not identified at the time of disbursement.

A nonstatistical sample of 60 out of a population of 603 payments to subrecipients was selected for testing. The Department did not communicate the award's assistance listing number at the time of disbursement for all 60 payments.

**Recommendation**

We recommend the Department implement internal controls to ensure the assistance listing number is communicated on each disbursement to a subrecipient.

**Nevada DETR's Response**

DETR has identified a solution to the character limit issue in processing accounts payables related to subrecipient monitoring. The internal control policy has been revised to include the procedure to verify that the ALN number is included on the payment document as required.

Estimated Date of Completion:       **COMPLETED**

Contact Person:       Carrie Edlefsen, Chief Financial Officer, *DETR/ESD (775)684-3952*  
*[c-edlefsen@detr.nv.gov](mailto:c-edlefsen@detr.nv.gov)*

# **ATTACHMENTS SECTION**

**FOR FINDINGS 2022-020, 2022-021, 2022-022 & 2022-023**

## [Attachment to Finding 2022-020](#)

### Benefits Desk Daily Bank Reconciliation, Wire, and Draw Procedure

#### DESCRIPTION

The Department of Employment, Training and Rehabilitation (DETR) is charged with daily reconciliation of the Benefit and Clearing bank accounts and daily draws to cover debit cards and checks issued to unemployment claimant beneficiaries. In conjunction, the department is charged with daily payments to the Internal Revenue Service (IRS), daily wires to Conduent (or the current debit card provider), and daily wires to the UI Trust Fund.

#### RESPONSIBILITIES

It is the responsibility of the DETR Financial Management (FM) unit to balance and reconcile these accounts and ensure draws are done daily. This task is performed by the Accountant I assigned to the Benefits Desk (PCN 3272-0135) with Accountant Technician I (PCN 3272-0086) as backup and is overseen by the Accountant III (PCN 3272-6002).

#### PURPOSE

The purpose of this policy is to provide for the reconciliation of federal and non-federal cash on hand balances, ACH returns, and refunds to ensure the correct amounts from the federal government and other funding sources are requested and properly accounted for and reported to the DOL.

#### PROCEDURE

Desk Procedure with detailed instructions located at [S:\fm\POLICIES & PROCEDURES\FM Benefits Desk-Acct Tech II\Accountant I - PCN 0135\DAILY DRAW](#)

### **CLEAR POSITIVE PAYS, DOWNLOAD NECESSARY STATEMENTS**

From Wells Fargo CEO -

- Clear Positive Pays – research and clear any positive pay items under Fraud Manager. If there are positive pay transactions, there will be a pending tasks notification by the Fraud Manager button.
- Retrieve and save previous business day bank statements as PDFs. These must be run individually, or they will combine into one statement. Benefits-818 (also save as CSV), Clearing-784 (also save as CSV), Rehab Revolving-792, Benefit Holding-4652, and Fedwire Account-4660.
- Run the ACH Return/NOC report (acct# E#####0022 only), save the report as both Excel and PDF. This statement is current day.

### **CLEARING BANK ACCOUNT RECONCILIATION (Account number ending 0784)**

- On the CLEARING tab of the Benefit Monthly Spreadsheet, enter the deposits in column C, same date as the Bank statement. In the “Type of Debit” section, enter any Debits, Return Item Debits, or other Misc. Debits in column J, the Debit Memo column. Do not include the Total Wire Transfer Debit or the Total ACH Debits in this column, these were entered the previous day when calculating the daily wires. Enter the Opening Available Balance in column P, still making sure to use the day of the bank statement. Enter Total Checks Paid

from the statement into column Q. Enter the total number of credits in column R, enter the total amount of credits in column S, enter the total number of debits in column T, and enter the total amount of debits in column U.

- Check for any variances in columns W and X, research if necessary. Column X verifies all debits match. This formula adds CEP (E), Trust Fund Wires (I), Debit Memos (J), Refund Checks (K), Other Wires (L), P&I Wires (M), and checks paid to the AMT DEBITS in column Q.
- Go to the CLEARING REGISTER tab and put a 'X' next to any cleared checks to mark them paid. Next, go back to the CLEARING tab and verify that the Check Register under column Q line 44 shows 0.00. This is the final step in reconciling the Clearing Account.

### **BENEFITS BANK ACCOUNT RECONCILIATION (Account number ending in 0818)**

- On the UI tab, working on the previous business day's date, enter all credits from the Bank Statement (don't include the Total ACH Credits or Wire Transfer Credits, these were entered the previous day when calculating payment amounts) in column H, BPC Collected Overpayments. Enter any Returned Item Reversals, Debit Memos or ACH Corrections under Debit Memo, column O (do not enter Total ACH Debits).
- On the BENEFITS tab, working on the previous business day's date, enter the Total Checks Paid in column AH. Enter the total number of credits in column AI, the total amount of credits in column AJ, the total number of debits in column AJ, and the total amount of debits in column AL.
- Follow the same steps from the Clearing Account noted above to clear all the checks on the BENEFIT REGISTER tab.
- Check for any variances in columns AN and AO. If there are variances, check the totals entered from the bank statement and check the formulas to ensure all data from the previous day is accounted for. Column AN verifies the total of credits; if there is a variance in this column, go back and verify that the correct credits from the statement on the UI tab were entered. Column AO verifies the total of debits; if there is a variance, verify that the correct total for checks paid (column AH), total of debits (column AL), and the correct total for debit memos on UI tab (column O) were entered. Occasionally, this formula needs to be updated to include the correct IRS payments or debit cards/ACH payments following a weekend or holiday. If an IRS payment is over \$100,000.00 it will clear the next business day. Once all credits and debits are balanced, save the spreadsheet.

### **CURRENT DAY PAYMENT AMOUNTS**

- For regular UI Payments - From the Daily Verification Sheet downloaded for the previous day, enter the amounts for debit cards issued, federal tax withholdings, and child support withheld in their respective columns on the UI tab of the monthly spreadsheet. Debit cards and tax withholdings are entered on the current day, child support is entered on the previous day. Check for any refunds released and enter that amount in the respective column on the current day. Payments for UCX, UCFE, State EB, and EUC are entered on their respective tabs, not on the main UI tab. Daily detail data is saved at S:\fm\BENEFITS\Benefit Account\Benefit Payment details UINV\FY XX, copied from the R:Drive daily.
- For EmployNV Payments – From the Daily Payment Register Summary report downloaded from EmployNV and reformatted for ease of reading, enter the direct deposit and debit card



amounts (added together) for each program in the respective column on the UI tab for the current day. Federal withholding for each program is entered on the current day, child support payments for each program are entered on the previous day. Daily detail data from the Daily Payment Register Detail report is downloaded and saved at S:\fm\BENEFITS\Benefit Account\Benefit Payment details PUA\FY XX.

## PREVIOUS DAY ADJUSTMENTS

Previous day adjustments consist of check top deposits, ACH returns, book transfers, program adjustments, and checks written. Check top deposits consist of monies received back from claimants for overpayment reimbursements. Miscellaneous ACH credits/ACH returns are monies that have been returned due to discrepancies with the claimant's direct deposit bank. Book transfers are from funds that have been returned by the debit card issuer because the claimants debit cards have been unpinned for a period of 90 days or more. *All* of the deposited monies received daily must be accounted for in order to offset monies drawn for current beneficiary payments and for accurate reporting.

- For overpayment reimbursement amounts related to regular benefits housed in UINV, go to: R:\FileTransfer\Prod\BIPReports\ESD\UI\_Benefits\FM\Desktop Deposit. This report is prepared daily by DETR Information Technology Department (ITD) PCN 3274-1178 with PCN 3274-1179 as backup. Because of UINV system limitations these deposits must be reconciled outside of the system daily by ITD. On the Summary tab, verify all deposits on the Desktop Deposit Reconciliation report in the SUM\_PYMNT\_AMT to the Bank Statement. There will be one or more check top deposits that are not listed on the spreadsheet but will be listed on the bank statement; that/those amounts will be accounted for in the EmployNV system download.
- For overpayment reimbursement amounts related to EmployNV, run the Overpayment Repayment Report from the Manage UI Accounting menu housed within the Services for Unemployment Staff. The data from this report should match to check top amounts on the bank statement. If there are discrepancies reach out to PCN 4772-6932 or 4772-5058 in UISS to research.
- For ACH returns, run the Cancelled Payments report in EmployNV. To get the amounts broken out by program pivot the excel data by funding source. The total will match the amount on the bank statement and the previous day ACH NOC report.
- For book transfers, the amount is recorded daily from reports received from the debit card vendor and compiled by PCN 3274-1178 for regular benefits and PCN 4772-5058 for PUA related amounts. These amounts are deposited daily into the Wells Fargo Holding account and recorded daily to the Book Transfer FYXX workbook saved at S:\fm\BENEFITS\Benefit Account\Benefit Unpinned funds (Conduent). Once a month, PCN 3272-0135 initiates a transfer from the Holding Account to the Benefit Account in order to return the funds back to their respective programs.
- On occasion, there will be program adjustments on the Daily Draw Down Summary report downloaded from EmployNV for the draw calculation. If there are amounts in this report, they need to be entered on the previous day in the spreadsheet to move the monies from one program to another. These have a zero-dollar overall effect but must be accounted for to ensure correct program balances.

- Checks written for the current day are entered after the daily draw process is completed. These are entered on the current day and then drawn for on the next business day.

After all amounts have been accounted for, they need to be entered into their respective columns on the UI tab of the monthly reconciliation workbook on the previous business day. It is *imperative* that all deposited amounts and adjustments are accounted for daily.

## **FINALIZE DRAW AMOUNTS**

- On the bottom of the UI tab there is a lookup table which takes the current day payment amounts and deducts prior day adjustments. Prior to changing the date to the current day, copy the ending balance into the beginning balance as values. Then change the date and the weekend/holiday number to reflect the previous business day.
- The table will pull the amounts to draw as follows: Debit Card/ACH payments + IRS payments + Child Support payments + checks issued +/- previous day adjustments = total amount to draw. If you have a beginning balance this balance will be deducted from the amount needed to draw. If the overall draw amount for any program is negative, it will increase the ending balance and no draw will be processed. The draw amount must be manually entered into the top of the spreadsheet on the respective day for each program. These cells feed into the Benefit tab which will give the aggregate draw total from all tabs and this total will show on the bank statement for the next day.

## **REQUEST DRAW FROM ASAP THROUGH TREASURER'S OFFICE**

- Open the previous day's draw spreadsheet located at S:\fm\BENEFITS\Trust Fund\SFYXX \Draws and save as current day and clear the previous day's data.
- Starting on the UI tab, enter the draw amounts from column B thru F for current day as well as the Draw amounts from column B from the UCX, UCFE, EB and EUC tabs into the current day's draw spreadsheet.
- Verify that the total amount on the draw spreadsheet matches the Benefits tab's DRAW/Money Order amount in column C for current day. Send to Accountant III for approval. After approved, send as email attachment to the Treasurer's Office, with the subject line: DETR DRAW {the date} and {the amount}; cc: Accountant III (and Accountant I if the back-up was the preparer) by 9:00am for same day processing.

## **VERIFY THE DRAW REQUEST TO TREASURER'S DRAW CONFIRMATION**

After the Treasurer's office processes the draw request in the ASAP site, they will send confirmation of the draw. Verify that all accounts draw from match the request sent to ensure the correct accounts were drawn from. If an amount was drawn incorrectly, it can be fixed by PCN 6002 or the Treasurer's office by initiating a book transfer in ASAP. Corrections must be made as soon as possible.

## **PAY IRS**

This must be done daily by 10:00 am.

The IRS amounts to pay daily come from the previous amount entered. On the Benefits tab, total the amount of all programs. If the payment is less than \$100,000 it can be scheduled for the same day. If it's over, split the payment to pay the UI portion only next day; the remaining

amount should be less than \$100K and can be scheduled same day. Verify that the total payment matches the day's amount on the IRS tab of the monthly workbook. IRS payments are made on the IRS EFTPS website. After the payment is made, a confirmation PDF is saved with the daily files for confirmation.

## **FEDWIRE TO CONDUENT**

- Once the Draw is done and all other wires (child support on Mondays, P&I and CEP on Tuesdays) have been processed, gather all information for the Fedwire to Conduent. There will have been sent two emails from no-reply@chfs.services.conduent.com and one from DETR HELP DESK containing an attached email named CNOTE. The attachments contained in the emails from Conduent are the backup for the wire. These three amounts are the total amount paid to beneficiaries, either by debit card or by direct deposit/ACH. Add up the two .txt files for the wire amount (ACH payments are not processed by Conduent).
- Before finalizing the wire amount, it is necessary to reconcile the debit cards. Open the email received from the DETR HELP DESK with the subject of UINV Debit Card Payment for XX/XX/XXXX. Save all three attached PDFs. From the Treasurer's Office Daily Payments report enter the number of debit cards on the BENEFIT tab under column H. From the Debit Card Summary report enter the Suspended Payments in column L (Debit Card Suspended) as a negative and enter the Previous Suspended Payments Released in column M (Debit Card Released) as a positive.
- Once the data is entered, make sure that the debit cards match the Debit Card Summary Report (one of the attachments to the email noted above) by adding columns N and P on the BENEFIT tab together for the current day. If they do not match, double check the debit card amounts entered on the UI tab. This will be the amount on the Conduent email for regular UI debit cards.
- To balance the PUA debit cards in column O, on the BENEFIT tab add the PUA deposit amounts from Conduent and DETR HELP DESK CNOTE emails.
- Once all is in balance, sign on to Wells Fargo CEO, to create the wire. The wire must be sent via DocuSign for approval by two authorized individuals. These same authorized individuals will log into Wells Fargo CEO and apply approvals for the wires. After the DocuSign is returned as completed, save it in S:\fm\BENEFITS\Fedwire\Fedwire WIRES.

## **TRUST FUND WIRE**

- On the Monthly Spreadsheet, go to the CLEARING tab. After the CEP and P&I amount have been updated (detailed procedure can be found in the Benefits Morning Draw Routine saved at S:\fm\POLICIES & PROCEDURES\FM Benefits Desk-Acct Tech II\Acct Tech II - pcn 0135\DAILY DRAW), begin the calculation for the amount to wire to the Trust Fund.
- Cell E47 takes all the credits, debits, and wires for that day and subtracts out CEP, P&I and checks pending. If the number is negative in E47 there are not enough funds available to wire to the Trust Fund. Write "no wire" in column O for the current day.
- If cell E47 is positive, enter that amount into column I (Wires to Trust Fund) for the current day, and verify that E47 is now zero. Check to ensure that the book balance for the current day is a positive number. If it is not, adjust the wire total. This will happen if the CEP or P&I total is negative. The goal is to keep the ending balance high enough to cover CEP, P&I, and

any pending checks, and to transfer all other funds to the Trust Fund where they can collect interest.

- Open the DAILY TRUST FUND WIRE EQUATION TEMPLATE found at S:\FM\BENEFITS\Benefit Monthly Spreadsheets, update cell B4 to be two business days prior and cell B5 to be one business day prior. Update column D as per the monthly spreadsheet for that day; column E references what column to use for that day. For example, Beginning Book Balance in cell D4 is the total in column N on the monthly spreadsheet for that day. If column C is blue, enter the data as a positive, if column C is red, enter data as a negative. Enter the new book balance for the current day in D21 and verify there are no variances in D22.
- Save the DAILY TRUST FUND EQUATION TEMPLATE and print it out. Column O on the monthly spreadsheet keeps a running total for the wire number. Update column O for the current day to the next sequential number. Print out a copy of the CLEARING tab from the monthly spreadsheet. The page and the Daily Trust Fund Equation Template are the back-up documentation for the Wire.
- Sign on to Wells Fargo CEO, select Create a Wire then send via DocuSign for approval. After the DocuSign is returned as completed, save it in S:\fm\BENEFITS\Clearing Account\Clearing Trust Fund Wires.
- Scan and send all wire for the to be approved via DocuSign. Each wire must have two approvals. Check with the Accountant I for current approvers. DETR's Chief Financial Officer (CFO; PCN 0004), the Deputy Chief Financial Officers (Administrative Services Officer IIIs; PCNs 0040/0042), and the Accountant III (PCN 3272-6002) should all have Wells Fargo CEO access to approve wires; the CFO may assign other staff as appropriate.

Detailed procedures for all of the above can be found at <S:\fm\POLICIES & PROCEDURES\FM Benefits Desk-Accountant I\Accountant I - PCN 0135\DAI LY DRAW>

## Attachment to Finding 2022-021

### DETR- Employment Security Division

### Segregation of Duties

Effective Date: 03/23/2017  
Revision Date: 12/01/2023  
Reference: UI IC - Internal Security

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### DETR's Benefit Accuracy Measurement (BAM)

#### DESCRIPTION

In compliance with [Unemployment Insurance Program Letter \(UIPL\) 14-17](#), the Department of Employment, Training and Rehabilitation (DETR) is charged with creating policies, procedures, and internal controls that effectively protect the integrity and security of unemployment insurance (UI) program staff, program operations and systems, UI funds, UI data, and other state assets.

Segregation of duties (SoD) is the concept of having different people do different tasks within the organization. It provides the foundation of good internal control by assuring that no one individual has the capability to perpetuate and conceal errors or irregularities in the normal course of their authorized duties. SoD is a key internal control intended to minimize the occurrence of errors or fraud by ensuring that no employee has the ability to both perpetrate and conceal errors or fraud in the normal course of their duties. SoD within and between benefits and tax operations and within specified functions or operational areas is an essential criterion in mitigating internal fraud and/or abuse. The idea of disseminating key tasks among separate users reduces fraud incidences, as well as irregularities.

#### PURPOSE

The purpose of this internal control policy is to provide segregation of duties to protect the integrity and security of unemployment insurance (UI) program staff, program operations and systems, UI funds, UI data, and other state assets.

#### POLICY

The following represents DETR's internal control ensuring policy and procedures are in place for DETR's UI staff regarding the protection of said asset areas:

**Organization and Management:** Organization and management refers to the human resource functions of management. States are responsible to ensure appropriate separation of duties between functional areas within the UI program, including both Benefits and Tax operations. Examples of functions that must be assessed include:

- Investigation reviews;
- Performance management;
- Fiscal activities;

- Security of personnel, equipment and agency records, including identification and monitoring of restricted work areas;
- Personnel practices relating to internal security, including background checks for certain positions; and
- IT operations related to key internal controls.

**Benefit Operations:** Benefit operations involve all benefit claim functions, activities and security in UI claims call/contact centers and other claims processing centers/offices. Examples of these functions include claims taking and claims processing procedures, debit card and direct deposit functions, benefit payment procedures, benefit audit cross matches, records management of information used to establish, recover, waive, litigate, offset, and write off benefit overpayments, access control policies and procedures, and essential separation of duties between appropriate functional areas (e.g., prohibiting the same staff member from establishing employer accounts and processing UI claims).

## **RESPONSIBILITIES**

It is the responsibility of the following DETR Employment Security Division (ESD) Benefit Accuracy Measurement (BAM) unit to follow this internal control policy and put stop gap measures in place to mitigate any threat to the integrity and security of unemployment insurance (UI) program staff, program operations and systems, UI funds, UI data, and other state assets.

- Unemployment Insurance Support Services (UISS) UI Representative 5 (PCN 5089): Act as BAM lead for secondary (separate) review of BAM investigations.
- Unemployment Insurance Support Services (UISS) Business Process Analyst IIs (PCNs 5054, 6930): Assist BAM supervisor and ESD Program Specialist I with any second BAM investigation reviews and submission.
- Unemployment Insurance Support Services (UISS) ESD Program Specialist I (PCN 5195): Assist with BAM supervisor review of investigations and will be charged with on-one training of PCN 5089 in conducting BAM investigation reviews.
- Unemployment Insurance Support Services (UISS) ESD Program Chief (PCN 5003): Charged with the oversight and implementation of this DETR ESD Internal Control regarding BAM segregation of duties.

## [Attachment to Finding 2022-022](#)

- Department of Employment, Training and Rehabilitation (DETR)

Procedures

### **FFATA Sub-Contract/Award Reporting Procedures**

(Step by Step)

#### **FFATA Report**

The FFATA Sub-award Reporting System (FSRS) will collect data from Federal prime awardees on sub-awards they make: a prime grant awardee will be required to report on its sub-grants and a prime contract awardee will be required to report on its sub-contracts.

#### **Contracts**

In accordance with Federal Acquisition Regulation clause 52.204-10 (Reporting Executive Compensation and First-Tier Sub-contract Awards), Prime Contractors awarded a federal contract or order are required to file a FFATA sub-award report by the end of the month following the month in which the contract awards are greater than or equal to \$25,000.

#### **Reporting Requirements**

Based on FFATA regulations, DETR requests specific pieces of information to be reported for each contract:

1. The following data about sub-awards greater than \$25K
  - a. Name of entity receiving award
  - b. Amount of award
  - c. Funding agency
  - d. NAICS code for contracts / CFDA program number for grants
  - e. Program source
  - f. Award title descriptive of the purpose of the funding action
  - g. Location of the entity (including congressional district)
  - h. Place of performance (including congressional district)
  - i. Unique identifier of the entity and its parent; and
  - j. Total compensation and names of top five executives (same thresholds as for primes)

#### **Process:**

DETR FM staff will file a FFATA sub-award report by the end of the month, following the month in which the subcontract is greater than or equal to \$25,000. The Grants & Projects Analyst, PCN 2079 or designated backup (associated Budget Manager), will file and follow reporting process as outlined above in the FFATA Subaward Reporting System (FSRS).

Basically, we would only file/update if a Subgrant Amendment (not an overall NOA/MOD) was provided to the local boards

In order to complete this process, FFATA Contracts Reporting log for each Program's (WIOA, UI, REHAB) contracts greater than \$25,000 will need to be maintained on an ongoing basis.

This log will be updated anytime a Subgrant Amendment is provided to the local boards. These Subgrant Amendments are located: <\\detr.nv\shares\dept\fm\FMCU CONTRACTS\ CONTRACTS\GRANTS & AGREEMENTS>

The first business day of the month following a Subaward Amendment, the Account Tech of the appropriated budget/grant will pull queries of vendors over \$25,000 where the GL is 7060-7069, update the (WIOA, UI, REHAB) FFATA Contracts Reporting Log and send it to the Associated Budget Manager to be verified.

Budget Account	Account Tech	PCN
3254, 3265	REDACTED	0043
3253, 3268, 3269, 3289,3291 (Pcards)	REDACTED	0063
4771, 4772, 4773	REDACTED	0064
3272, 3273, 3274, 2580, 2581	REDACTED	0066
2666, 2667, 4770, 1004, 3270	REDACTED	0128

Budget Account	Budget Manager	PCN
2580, 258, 3272, 3273, 3274	REDACTED	0120
4771, 4772, 4773	REDACTED	0061
4770, 1004, 3270	REDACTED	0133
2666, 2667, 3253, 3254, 3265, 3268, 3269, 3289, 3291	REDACTED	2078
2666, 2667	REDACTED	0044

Required Information to check/update:

*\*Note: all of this required information is found on the Subgrant Amendment.*

- All Subawardees (with contracts over \$25k) are listed
- Subawardee DUNS #
- Subawardee UEI #
- Subawardee address
- Amount of Subaward
- Less modification
- Adjusted total Subaward
- Subaward Obligation/Action date
- CFDA Program Number

Compare the provided data with previous reports – if nothing has changed, no new report is necessary.  
*If, this is the case, make a note on the PDF with your stamp and save it for the month. \*Making sure to let the Reviewer and GPAI know.*



- Federal Agency ID
- Federal Agency Name
- Subaward Project Description
- Answer any additional question on the log

Once the log is updated, the Account Tech, also known as the preparer, will print the excel worksheet as a PDF, add their “prepared by” stamp, and send it to the associated Budget Manager for review.

The Budget Manager will review the data provided, if all is correct, they will add their “reviewed by” stamp to the PDF and forward it to the Grants & Projects Analyst to enter into FSRS.

The required information must be returned or replied to within ten (10) business days to the Grants & Projects Analyst, PCN 2079.

*\*Make sure to add your “Preparer” and “Reviewer” stamps (similar to the 9130 quarterly reporting) to the report before sending to the GPA1 to submit.*

The Grants & Projects Analyst, PCN 2079 will then enter the required data and information in the FSRS to comply with reporting guidelines and requirements (as listed above in requirements a-j).

Follow these steps to create & submit a FFATA sub-award report:

[https://www.fsr.gov/documents/FSRS\\_Quick\\_Reference\\_Guide\\_Contracts\\_How\\_to\\_CREATE\\_and\\_SUBMIT\\_a\\_FFATA\\_Sub-award\\_Report\\_v1.pdf](https://www.fsr.gov/documents/FSRS_Quick_Reference_Guide_Contracts_How_to_CREATE_and_SUBMIT_a_FFATA_Sub-award_Report_v1.pdf)

The following information about the Prime Awardee is needed:

- Federal Award Identifier Number (FAIN): Grant #
- Federal Agency ID: 1630
- Federal Agency name: EMPLOYMENT AND TRAINING ADMINISTRATION
- Prime Awardee Unique Entity ID (SAM): VDDKPKLNJUQ1
- Prime Awardee Name: EMPLOYMENT, TRAINING AND REHABILITATION, NEVADA DEPARTMENT OF
- Prime Awardee Address:
  - Street Address: 500 E 3RD ST STE 200
  - City: CARSON CITY
  - State: Nevada
  - Country: United States
  - Zip+4: 897130001
  - Congressional District: 02
- Principal Place of Performance (POP):
  - City: CARSON CITY
  - State: Nevada
  - Country: United States
  - Zip+4: 897130001

Note: You can always reference past reports for information

Log in will include agreement to FSRS Terms and Conditions.

- e. Congressional District: 02
- h. CFDA Program Number(s):
- i. Project Description:
- j. Total Funding Amount:
- k. Obligation/Action Date:
- l. Report Month:

Once the FFATA report is submitted, GPA1 will print as PDF, and will attach the prepared FFAT Contracts Reporting Backup data with “Preparer” and “Reviewer” stamps as back up, and will save it to:

<S:\fm\REPORTS\Federal Reports\FFATA - Transparency Act\WIOA>

Account Registration Process:

1. Enter your DUNS Identification Number (VDDKPKLNJUQ1). Do not include any dashes when entering your DUNS number.

*NOTE: If you have an account in eSRS, you do not have to re-register. By registering under this DUNS # you certify that you are a representative of the prime contractor’s company and have authority to file this report.*

*You can also use your Login.gov login to access FSRS.*

The system will then retrieve the information that identifies information about your organization.

2. Fill in the following values:
  - a. full name of the user,
  - b. email address of the user,
  - c. phone number of user,
  - d. supervisor’s name
  - e. password according the FSRS criteria.

3. Then submit.

You will receive a confirmation message stating that you will be receiving a confirmation email.

NOTE: FSRS is set up for monthly reporting, there should be one report per month/year for the life of the contract or grant. Therefore, once a grant is closed, you no longer need to continue to report on it.

**Saved**

Past WIOA FFATA data reports have been saved to:

- <S:\fm\REPORTS\Federal Reports\FFATA - Transparency Act>

- WIOA Final FFATA Reports (PDF): <S:\fm\REPORTS\Federal Reports\FFATA - Transparency Act\WIOA>

### **Editing a submitted FFATA report**

Q. I made a mistake on a submitted report and I need to make a correction. How can I make the corrections?

A. Once a report is submitted, you must "Reopen" the report to make changes.

1. Go to [www.FSRS.gov](http://www.FSRS.gov)
2. Click on "Awardee".
3. Login to FSRS using your user ID and Password.
4. Click "Create/Review Reports" and select "FFATA Reports".
5. Locate the desired report using the 'Search Filters' option.
6. Click the 'Edit' icon beside the report you wish to edit.
7. If the report is Submitted, you will need to 'Reopen' the report to be able to make any changes. To do so, select the 'Reopen to Edit Report' button from the 'Report History' box in the right sidebar. Make your desired changes and resubmit.

Note: the system only maintains the most recent version of a sub-award report. This new report will be transmitted to USAspending for display as the sub-award report for that award number and month.

Procedures are saved:

- <S:\fm\REPORTS\Federal Reports\FFATA - Transparency Act - FFATA Sub-Contract & Award Reporting Procedures>
- <S:\fm\POLICIES & PROCEDURES\PROCEDURES\Report Procedures>
- <S:\fm\POLICIES & PROCEDURES\FM Grants and Projects Analyst\PCN2079 - GRANTS\02 Procedures\04 Desk Manual>

### **Additional Notes:**

- Reopening and resubmitting the same report to update for monthly changes over the life of the contract or grant **is incorrect and can create issues with your amounts being reported and it will make it more difficult to keep track of the reported awards**. If you feel an error exists or have concerns, call the Federal Service Desk (FSD) at 1-866-606-8220 to walk you through the process.
- There is a Federal Service Desk link for Help, designed to be a source of help for your questions concerning the Federal Funding Accountability and Transparency Act (FFATA) Subaward Reporting System (FSRS). [https://www.fsr.gov/help\\_desk](https://www.fsr.gov/help_desk)

### **References:**

- FSRS Awardee User Guide: [https://www.fsr.gov/documents/FSRS\\_Awardee\\_User\\_Guide.pdf](https://www.fsr.gov/documents/FSRS_Awardee_User_Guide.pdf)
- FSRS FAQs: <https://www.fsr.gov/index?startover=1#a-fags>
- FSRS Awardee User Demonstration:  
[https://www.fsr.gov/documents/FSRS\\_Awardee\\_User\\_Demonstration.mp4](https://www.fsr.gov/documents/FSRS_Awardee_User_Demonstration.mp4)

## Attachment to Finding 2022-023

DETR- Financial Management

### Regular Accounts Payable

Effective Date: 06/10/10

Revision Date: 12/07/23

Reference: 3c

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### REGULAR ACCOUNTS PAYABLE

The Controller's Office Financial system - Advantage has several layers of security. For those Financial Management staff authorized to process payments, each employee is assigned a certain security level. Level 3 is used to enter a document into Advantage – Financial and Level 4 is used to approve the processing of the document. This same type of security has been implemented within the regular accounts payable DETR Financial System, which is called DFS.

The Department primarily uses DFS to process payments. This Oracle based system allows for edits to be placed on all documents keyed, therefore reducing the number of coding and/or keypunch errors. This program also allows for automatic sequential vouchering of each invoice. The DFS program has levels of approval that are password protected and emulates the ADVANTAGE security system.

### Security

Confidential passwords are assigned to each employee having access to DFS. These passwords are kept in a database and can only be accessed by a Computer Network Specialist in the Department's Network Support Services (IDP-DSS) section. Upon the e-mailed or verbal request of the Administrative Assistant III (PCN 3272-0090) (supported by the ADVANTAGE User Establishment Form or the ADVANTAGE User Deletion Form) for changes, deletions or additions are made. This would typically occur upon a termination, new hire, or the possible loss of confidentiality of a user password.

The password database restricts the users from create, modify or approve payments. When a batch is initiated, the employee enters their log-in and confidential password. Either a Level 3 or Level 4 may enter a payment. The payment documents are keyed and upon saving of the

batch, Level 3 approval is automatically applied by the system. The batch is forwarded to a Level 4 for audit. In the DFS Batch Maintenance module, a listing of current batches is displayed and Level 4 approval, or removal of approval, is applied via a selection in a drop-down box. After Level 4 approval is applied, the batch is locked and editing access is denied unless Level 4 approval is removed.

To further tighten the security process, only the originator of the batch (or DFS Administrator as backup), can make modifications. In case of an error where the originating Level 3 is unavailable, the Batch Administrator (PCN 3272-0120) has access

and can correct a Level 3 document. Also, if a Level 4 employee entered the payment transaction, he/she cannot apply Level 4 approval to their own batch.

When the batches are ready for electronic transmittal to the Controller’s Office, only batches with both Level 3 and Level 4 approvals will be available for selection. It is not possible to transmit batches without both levels of approval. The sum of the data file and the sum of the transmittals must agree. The data file must be transferred to the Controller’s (using the FTP process) by 11:00 a.m. daily. Upon transfer, a signed

“Electronic Transfer of Documents” form must be completed, signed by an authorized representative, and emailed to the Controller’s Office.

**Authority**

As a general rule, all documents for payment are delivered to the employee who is assigned the specific budget account or function. Below is a position responsibility chart by position control number for clarification. Management has the authority to enter or approve batches but is not typically involved in the daily process. To ensure adequate office coverage, the equivalent approval levels may process payments for any of the DETR budget accounts.

PCN	Title	Budget Accounts	Approval Level
0133	Management Analyst III	3253, 3254, 3265, 3268, 3269	4
0061	Management Analyst III	2666, 4770, 4771, 4772	4
0120	Administrative Services Officer I	2580, 3270, 3272, 3273, 3274	4
0043	Accountant Technician II	4770, 4771, 4772	4
0128	Accountant Technician II	3253, 3268, 3269	4
0064	Accountant Technician II	4770, 4771, 4772	

0066	Accountant Technician II	2580, 3270, 3272, 3273, 3274	4
0063	Accountant Technician II	3254, 3265	4
0065	Accounting Assistant III	2580,2666, 3270 3272, 3273, 3274, 4770, 4771,4772	4
0082	Accounting Assistant III	2580, 2666, 3270 3272, 3273, 3274, 4770, 4771,4772	4
0086	Accounting Assistant III	3254,3265	4
0083	Accounting Assistant II	2580,2666, 3270, 3272, 3273, 3274, 4770, 4771, 4772	3
0084	Accounting Assistant II	2580, 2666, 3270, 3272, 3273, 3274, 4770, 4771,4772	3
0085	Accounting Assistant II	3253, 3268, 3269	3
0087	Accounting Assistant II	3254, 3265	3
0088	Accounting Assistant II	3254, 3265	3

### **Processing of Payments – Level 3 Approval**

The employee verifies that the invoice is in compliance with SAM and agency policies and procedures, facilitated by the Pre-Audit Checklist. The employee then groups the invoices and supporting documentation into batches. A sequential batch number is automatically assigned from DFS. The employee determines coding (budget account, category, general ledger number, allocation code or job number and vendor number) and inputs the information into DFS. The Accounting Assistant then prints a batch summary sheet. A coding sheet (known as a DIP) is also printed and attached to the appropriate invoice. The batch summary sheet, coding sheets and original invoices with backup are forwarded to a Level 4 for auditing and final approval.

### **Pre-Audit and Approval – Level 4 Approval**

The pre-audit review of the original document includes compliance with the pre-audit checklist, and related SAM and agency policies and procedures. If the document passes pre-audit, the coding sheet is initialed and dated. The batch summary sheet is signed and dated. The approved batch is “electronically stamped” with the Level 4 approval in DFS upon completion of the pre-audit review. If documents require correction, they will be returned to

the employee. The employee will update the coding in DFS and new coding sheet(s) and new batch summary sheets will be produced reflecting the change. The documents are again forwarded to a Level 4 for approval. After the batch has passed the pre-audit process, it is placed in the central file pending reconciliation.

### **Documents for Payment – Level 3 Approval (Advantage)**

#### **IN ORDER TO INPUT PAYABLES DIRECTLY INTO ADVANTAGE, SIGNATURE APPROVAL IS NEEDED FROM MANAGEMENT.**

The assigned Level 3 staff member completes an ADVANTAGE Payment Voucher Input Form that includes the appropriate coding (fund, agency, org code, budget account, category, general ledger number and vendor number). A voucher number is obtained from DFS to maintain the numbering system and noted on the Input Form, but the batch is not saved. The PV (payment voucher) is entered in ADVANTAGE – Financial.

If an invoice has a number, the invoice number must be recorded in ADVANTAGE to protect against duplicate payments. The employee enters the account number and description in the line detail's view, including sufficient information in Description and Additional Description fields of the PV document to identify payment for the vendor. This information will be printed on the check stub. After the PV has passed all the edits, Level 3 approval is applied. The PV Input Form and backup documentation are forwarded to a Level 4 authority for final approval.

### **Pre-Audit and Approval – Level 4 Approval (Manual Processing)**

See “Pre-Audit and Approval procedures” as previously stated. Approvals and corrections are applied in ADVANTAGE – Financial rather than in DFS. The ADVANTAGE Payment Voucher Input Form is initialed and dated upon approval.

### **Transaction Exception Report**

On a daily basis the transaction exception reports will be viewed. The duty is rotated between the Accounting Assistant II positions (PCN's 0085, 0083, 0084 and 0087), and may be handled by other positions if coverage is needed. If an item appears on the

Exception Report as rejected; the original document is returned to the document's originator. If the exception cannot be resolved by the originator, his/her supervisor will work with them on correcting the document and finalizing the payment. Once correction is made on the suspense file and written on the document, the original payment document is given to a Level



4 for review and approval. Rejects remaining longer than 5 working days must be discussed with the supervisor to determine reason for delay and action needed.

## **Requirements for Specific Types of Accounts Payable**

### **Billing Claims, Payment to State Agencies**

Billing claims (BC) are received and forwarded to the Accounting Assistant that handles that budget account. The Rehabilitation Central Office staff may provide coding before the billing claim arrives to Financial Management.

The Accounting Assistant verifies correctness of billing and reviews the debit portion of the coding, if supplied, or applies coding as required. The BC is then forwarded to a Level 4 for approval.

The BC is returned to the Accounting Assistant for final distribution. Prior to sending the BC to the Controller's Office for processing a copy is placed in the pending file.

When the BC processes on the BSR, the Accounting Assistant notes the clearing date on the pending copy, and it is filed in the central files.

### **Assistance Listing Number (ALN) for Subrecipients**

All Federal Subrecipients payments are required to include their assigned Federal award ID, called Assistance Listing Number (ALN).

Federal job numbers provide a unique accounting code used to track revenue and expenditures specific to that grant. In accordance with the Controller's Office requirements, the job number for the federal grant funding contains the Assistant Listing Number (ALN) number associated with the grant.

When a Payment Voucher also known as PD is entered in DFS, the unique ALN # should be noted in the PV Note field. *See example below.*

**PV Note: DEC 14 ALN # 17.259 YOUTH**  
**Modified By: S-SHANNON Date Modified: 11/30/2023**

- When multiple jobs are used in one payment voucher, they all need to be recorded.
  1. The PD can be intercepted in ADVANTAGE, under the document listing suspense file (SUSF) while in Accepted status (ACCPT) to add more characters to Text to the document.
    - While in SUSF
      - Click Edit or F7 to bring the document to editing mode
      - Click Edit – Additional description or F3
      - A text window will pop-up and you can add the rest of the ALN information as needed
      - Once done, click Modify and Add or F6 and the text will then added/saved.
      - Exit the text window
  2. Make sure the document saved the text by
    - Click Edit or F7 again to save the changes
    - Apply your PEND3
    - Give to a PEND4 to review/approve the document

### **Travel & Training**

Travel and Training payments are processed through the DFS application program in FM, while adhering to the payable procedures. In-state and out-of-state travel must adhere to the State Administrative Manual (SAM) and the Department Travel Procedures which can be found on the DETR Intranet under DETR Policies and Procedures/Administrative Policy and Procedures Manual. All Travel and Training requests must be input into the DFS Travel Module. Electronic approvals must be applied by the appropriate office personnel prior to processing. A copy of the current GSA Guidelines must accompany each Travel payment.

### **Contracts**

Contract payments are processed through the DFS application program in FM, while adhering to the payables procedures. Contracts and Leases Internal Procedures can also be found under DETR Policies and Procedures/Administrative Policy and Procedures Manual on the DETR Intranet.



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**CORRECTIVE ACTION PLAN FOR AUDIT FINDING**

**Audit Finding 2022-024:**

U.S. Department of the Treasury Coronavirus Relief Fund, 21.019

**Finding:**

Some expenditures were not reported in the appropriate classification or by vendor.

**Recommendation:**

Recommend the Nevada Governor's Finance Office (GFO) enhance internal controls to ensure Financial Progress Reports are prepared in accordance with governing requirements.

**Agency Response:**

**Does the agency Agree with Finding:** Yes

**Additional Comments:** The GFO relied on the U.S. Department of Treasury guidance, frequently asked questions and other reporting and recordkeeping documents to administer the fund. This information was revised multiple times throughout the grant period, which was extended for an additional year on December 28, 2020, two days before it was to expire in December 2020 causing difficulties in decision determination. It wasn't until the guidance for the American Rescue Plan Act was received and reviewed that the manner in which the reporting for the payments to state agencies was questioned.

**Corrective Action:**

On November 12, 2021, a request was sent to the CARES help desk at U.S. Department of Treasury for clarification regarding state agency reimbursements for COVID related expenditures. This response verified that reporting for state agency reimbursement needed to be completed for each vendor by contract, grant or direct payment over \$50,000. Once confirmation was received from U.S. Department of Treasury, the process to determine expenditures by vendor over \$50,000 (reporting under contract, direct or grant) for each State Agency Reimbursement Project by Fiscal Year. This analysis was in process while the Single Audit was ongoing and was completed and reported in GrantSolutions for the quarter ending June 2022. The reporting during this quarter was

revised to address the finding of payroll costs separated by fiscal year according to the dropdown categories of substantially dedicated public health and safety and administrative leave. These payroll costs were eliminated from the Direct section in the reporting portal to the Aggregate of Direct Payments to Individuals section in the amount of \$304,516,094 since the payroll was for the prime recipient.

**Date of Completion:**

October 2022

**Department or Agency Responsible for Corrective Action Plan:**

**Agency:** Nevada Governor's Finance Office

**Contract:** Brenda Berry  
200 Musser Street, Ste 200  
Carson City, NV 89703

**Signature:**

  
Amy Stephenson, Director



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**CORRECTIVE ACTION PLAN FOR AUDIT FINDING**

**Audit Finding 2022-025:**

U.S. Department of the Treasury Coronavirus Relief Fund, 21.019

**Finding:**

Assistance listing numbers were not communicated at disbursement and there was no evidence that subrecipient audit reports were monitored.

**Recommendation:**

Recommend the Nevada Governor's Finance Office (GFO) enhance internal controls to ensure Financial Progress Reports are prepared in accordance with governing requirements.

**Agency Response:**

**Does the agency Agree with Finding:** Yes

**Additional Comments:** None

**Corrective Action:**

The corrective action to add the assistance listing number to disbursements was completed approximately January of 2023. The GFO has contracted with a vendor to complete all monitoring of subrecipients.

**Date of Completion:**

Estimated completion March f 2024.

**Department or Agency Responsible for Corrective Action Plan:**

**Agency:** Nevada Governor's Finance Office

**Contract:** Brenda Berry

200 Musser Street, Ste 200

Carson City, NV 89703

**Signature:**



Amy Stephenson

Amy Stephenson, Director

Supreme Court of Nevada  
ADMINISTRATIVE OFFICE OF THE COURTS

KATHERINE STOCKS  
Director and State Court  
Administrator



JOHN MCCORMICK  
Assistant Court Administrator

December 7, 2023

To: To Whom It May Concern  
U.S. Department of Treasury

From: Todd Myler, Chief Financial Officer

Subject: Corrective Action Plan to Audit Finding 2022-025

As requested, below is the status of corrective action on a finding related to Coronavirus Relief Fund expenditures, CFDA 21.019, as reported in the State of Nevada's Single Audit Report for the year ended June 30, 2022.

*Finding #: 2022-025 – Material Weakness in Internal Control Over Compliance*

*Condition:* Assistance listing numbers were not communicated at disbursement

*Cause:* Adequate internal controls were not in place to ensure compliance

*Effect:* Noncompliance at the subrecipient level may occur

**Corrective Action**

In February 2023, Court accounting staff were made aware of the need to include the CFDA # on payments made with federal funds and began including the CFDA # as part of the Line Description for all payables transmitted to the State, which was then included on the subrecipients' remittance advices.

If you have any questions, please contact Casandra Vanzura, Chief Accountant, at [cvanzura@nvcourts.nv.gov](mailto:cvanzura@nvcourts.nv.gov).

Sincerely,

Todd Myler  
Chief Financial Officer

STATE OF NEVADA

JOE LOMBARDO  
Governor



DR. KRISTOPHER SANCHEZ  
Director

STEVE AICHROTH  
Administrator

DEPARTMENT OF BUSINESS AND INDUSTRY  
HOUSING DIVISION

**Corrective Action Plan**

**Audit Finding: 2022-026 Emergency Rental Assistance Program: 21,023**

**Reporting  
Significant Deficiency in Internal Control over Compliance**

***Summary:** There was no review of the SF-425 reports or Quarterly Reports by an individual independent of the preparation of the reports.*

***Recommendation:** Implement internal controls to ensure reports are reviewed prior to submission.*

**Agency Response:** The Nevada Housing Division ("Division") agrees with the finding. The Division would like to note, and be given consideration for, the substantive fact of the context of the time period in a pandemic, a once in a lifetime crisis that was impacting daily work and personal lives of all Nevadans, including Division staff.

**Corrective Action:** The Division will establish an internal audit and compliance committee to enhance oversight of existing policies for assessing risk, monitoring, and sharing best practices across its business. The internal audit and compliance committee will be responsible for reviewing internal controls and policies on an annual basis, following up on any audit findings and ensuring follow-through of corrective action plans. This will include ensuring policies and procedures are followed in which reports submitted to federal funders are reviewed by an individual independent of the preparation of the reports.

**Adoption of Corrective Action:** January 2024

**Division Contact and Corrective Action Plan Lead:**

Christine Hess, Chief Financial Officer  
Nevada Housing Division  
775-687-2249  
chess@housing.nv.gov

A handwritten signature in blue ink, followed by the date "12/19/2023" written in blue ink.





DEPARTMENT OF BUSINESS AND INDUSTRY  
HOUSING DIVISION

**Corrective Action Plan**

**Audit Finding: 2022-027 Emergency Rental Assistance Program: 21.023**

**Reporting**

**Material Weakness in Internal Control over Compliance and Material Noncompliance**

*Summary: Quarterly Reports submitted for ERA2 were not prepared with the same underlying methodology as the ERA1 Quarterly Reports and adequate documentation was not available to support the inconsistent reporting.*

*Recommendation: Enhance internal controls to ensure Quarterly Reports are prepared consistently and with appropriate supporting documentation.*

**Agency Response:** The Division agrees with the finding. The Division also acknowledges this is a prior year finding. The Division would like to note, and be given consideration for, the substantive fact of the context of the time period in a pandemic, a once in a lifetime crisis that was impacting daily work and personal lives of all Nevadans, including Division staff. Additionally, U.S. Treasury guidance was often confusing and contradictory.

**Corrective Action:** The Division will establish an internal audit and compliance committee. The internal audit and compliance committee will be responsible for reviewing internal controls and policies on an annual basis, following up on any audit findings and ensuring follow-through of corrective action plans which includes the submission of all required federal reports.

**Adoption of Corrective Action:** January 2024

**Division Contact and Corrective Action Plan Lead:**

Christine Hess, Chief Financial Officer  
Nevada Housing Division  
775-687-2249  
[chess@housing.nv.gov](mailto:chess@housing.nv.gov)

 01/10/2024



**DEPARTMENT OF BUSINESS AND INDUSTRY  
HOUSING DIVISION**

## Corrective Action Plan

### Audit Finding: 2022-029 Homeowner Assistance Fund: 21.026

#### Cash Management

#### Material Weakness in Internal Control over Compliance

**Summary:** No monitoring of cash drawdowns by the subrecipient to ensure that the time elapsing between transfer of federal funds to the subrecipient and the disbursement for the program purpose is minimized. There was no tracking of interest earned on funds advanced by the Department of Treasury and no remittance of any interest earned greater than \$500 as required.

**Recommendation:** Implement internal controls to ensure time between disbursement of federal funds to the subrecipient and their disbursement for program purposes is minimized and ensure interest is appropriately tracked and remitted.

**Agency Response:** The Nevada Housing Division ("Division") **disagrees** with this finding as cited and feels strongly that it should be only a **Significant Deficiency in Internal Control over Compliance** due to the lack of tracking the interest earned on funds advanced and the late remittance (an inquiry for process has been initiated). Per the HAF Guidance that was published by the U.S. Treasury and per the FAQ that currently exists on the U.S. Treasury website, the U.S. Treasury themselves noted that the funds would be disbursed in only two payments, an initial 10% and then the remaining funds per the approved plan of the recipient. If the intent of the U.S. Treasury was per section 305(b)(1), then the Treasury would either have 1) not approved the Division's plan, and/or (2) disbursed funds on an as needed or reimbursement basis.

**Corrective Action:** The Division will establish an internal audit and compliance committee to enhance oversight of existing policies for assessing risk, monitoring, and sharing best practices across its business. The internal audit and compliance committee will be responsible for reviewing internal controls and policies on an annual basis, following up on any audit findings and ensuring follow-through of corrective action plans. The Division has already followed up with the Controller to understand the process to have the state, who is holding the funds, remit the interest collected both in FY22 and FY23 back to Treasury. Going forward, this will be supported by the new committee.

**Corrective Action Plan (continued)**

**Audit Finding: 2022-029 Homeowner Assistance Fund: 21.026**

**Adoption of Corrective Action:** December 2023

**Division Contact and Corrective Action Plan Lead:**

Christine Hess, Chief Financial Officer

Nevada Housing Division

775-687-2249

chess@housing.nv.gov



01/10/2024



DEPARTMENT OF BUSINESS AND INDUSTRY  
HOUSING DIVISION

**Corrective Action Plan**

**Audit Finding: 2022-030 Homeowner Assistance Fund: 21,026**

**Reporting**

**Significant Deficiency in Internal Control over Compliance**

***Summary:** There was no evidence that the one-time interim report was reviewed by an individual separate from the preparer.*

***Recommendation:** Implement internal controls to ensure compliance with subrecipient monitoring requirements.*

**Agency Response:** The Division agrees with the finding. The Division would like to note, and be given consideration for, the substantive fact of the context of the time period in a pandemic, a once in a lifetime crisis that was impacting daily work and personal lives of all Nevadans, including Division staff.

**Corrective Action:** The Division will establish an internal audit and compliance committee to enhance oversight of existing policies for assessing risk, monitoring, and sharing best practices across its business. The internal audit and compliance committee will be responsible for reviewing internal controls and policies on an annual basis, following up on any audit findings and ensuring follow-through of corrective action plans. This will include ensuring policies and procedures are followed in which reports submitted to federal funders are reviewed by an individual independent of the preparation of the reports.

**Adoption of Corrective Action:** January 2024

**Division Contact and Corrective Action Plan Lead:**

Christine Hess, Chief Financial Officer  
Nevada Housing Division  
775-687-2249  
[chess@housing.nv.gov](mailto:chess@housing.nv.gov)

A handwritten signature in blue ink, followed by the date "12/19/2023" written in blue ink.



DEPARTMENT OF BUSINESS AND INDUSTRY  
HOUSING DIVISION

**Corrective Action Plan**

**Audit Finding: 2022-031 Homeowners Assistance Fund: 21.026**

**Reporting**

**Material Weakness in Internal Control over Compliance and Material Noncompliance**

**Summary:** Required subaward information was not reported per the Federal Funding Accountability and Transparency Act (FFATA). FFATA requires direct recipients of certain federal awards to report subaward information by the end of the month following the month in which the prime awardee obligates a subgrant award equal to \$30,000.

**Recommendation:** Implement internal controls to ensure subaward information is submitted in accordance with FFATA.

**Agency Response:** The Nevada Housing Division ("Division") agrees with the finding. The Division would like to note, and be given consideration for, the substantive fact of the context of the time period in a pandemic, a once in a lifetime crisis that was impacting daily work and personal lives of all Nevadans, including Division staff.

**Corrective Action:** The Division will establish an internal audit and compliance committee to enhance oversight of existing policies for assessing risk, monitoring, and sharing best practices across its business. The internal audit and compliance committee will be responsible for reviewing internal controls and policies on an annual basis, following up on any audit findings and ensuring follow-through of corrective action plans.

**Adoption of Corrective Action:** January 2024

**Division Contact and Corrective Action Plan Lead:**

Christine Hess, Chief Financial Officer  
Nevada Housing Division  
775-687-2249  
[chess@housing.nv.gov](mailto:chess@housing.nv.gov)

 12/19/2023



DEPARTMENT OF BUSINESS AND INDUSTRY  
HOUSING DIVISION

**Corrective Action Plan**

**Audit Finding: 2022-032 Homeowner Assistance Fund: 21.026**

**Subrecipient Monitoring  
Material Weakness in Internal Control over Compliance**

*Summary: Subawards and disbursements did not contain all the required information, an evaluation of each subrecipient's risk of noncompliance for purposes of determining the appropriate subrecipient monitoring was not performed.*

*Recommendation: Implement internal controls to ensure compliance with subrecipient monitoring requirements.*

**Agency Response:** The Division agrees with the finding. The Division would like to note, and be given consideration for, the substantive fact of the context of the time period in a pandemic, a once in a lifetime crisis that was impacting daily work and personal lives of all Nevadans, including Division staff.

**Corrective Action:** The Division will establish an internal audit and compliance committee to enhance oversight of existing policies for assessing, monitoring, and sharing best practices across its business. The internal audit and compliance committee will be responsible for reviewing internal controls and policies on an annual basis, following up on any audit findings and ensuring follow-through of corrective action plans.

**Adoption of Corrective Action:** January 2024

**Division Contact and Corrective Action Plan Lead:**

Christine Hess, Chief Financial Officer  
Nevada Housing Division  
775-687-2249  
chess@housing.nv.gov

 01/10/2024



**STATE OF NEVADA  
GOVERNOR'S FINANCE OFFICE**

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**CORRECTIVE ACTION PLAN FOR AUDIT FINDING**

**Audit Finding 2022-033:**

U.S. Department of Treasury Coronavirus State and Local Fiscal Recovery Fund, 21.027

**Finding:**

The maximum allowable expenditures to be spent on government services pursuant to lost public sector revenue was inaccurate.

**Recommendation:**

Recommend the Nevada Governor's Finance Office (GFO) enhance internal controls to ensure the revenue loss calculation is prepared in accordance with the governing requirements.

**Agency Response:**

**Does the agency Agree with Finding:** Yes

**Additional Comments:** Lost revenue was calculated under the Interim Final Rule, which was the guidance available at the time, and was not calculated using the Final Rule's definition of State revenue.

**Corrective Action:**

The GFO will re-calculate revenue loss on a fund-by-fund basis rather than relying on the Census Bureau's Annual Survey of State and Local Government Finances.

The Interim Final Rule requested that data used in the calculation must come from the Census Bureau's Annual Survey of State and Local Government Finances, and the revenue used in the calculation must come from the State's own sources. The auditor's recalculation used a microdata file from the State Controller's Office, re-calculating revenue on a fund-by-fund basis rather than relying on the Census Bureau's Annual Survey of State and Local Government Finances. Additionally, the Final Rule's definition of revenue from own sources is more expansive of revenue sources than the Interim Final Rule's guidance.

**Date of Completion:** Estimated to be completed by January of 2024

**Department or Agency Responsible for Corrective Action Plan:**

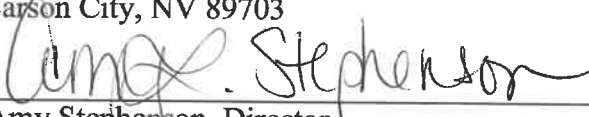
**Agency:** Nevada Governor's Finance Office

**Contract:** Brenda Berry

200 Musser Street, Ste 200

Carson City, NV 89703

**Signature:**

  
\_\_\_\_\_  
Amy Stephenson, Director





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**CORRECTIVE ACTION PLAN FOR AUDIT FINDING**

**Audit Finding 2022-034:**

U.S. Department of Treasury Coronavirus State and Local Fiscal Recovery Fund, 21.027

**Finding:**

Two contracts were missing certain applicable provisions, and suspension and debarment verification procedures were not performed for two vendors.

**Recommendation:**

Recommend the Nevada Governor's Finance Office (GFO) enhance internal controls to ensure all contracts under federal awards contain the applicable provisions and procedures are followed to ensure entities are not suspended or debarred prior to entering into covered transactions.

**Agency Response:**

**Does the agency Agree with Finding:** Yes

**Additional Comments:** None

**Corrective Action:**

The two contracts identified are statewide contracts managed by the Department of Administration, State Purchasing Division. The GFO will work with the Purchasing Division to encourage them to include the applicable provisions for use of federal funds to statewide contracts which are mandated for state agency use, and to complete the required suspension and debarment verifications for those contracts.

**Date of Completion:** Pending the State Purchasing Division's implementation.

**Department or Agency Responsible for Corrective Action Plan:**

**Agency:** Nevada Governor's Finance Office

**Contract:** Brenda Berry

200 Musser Street, Ste 200

Carson City, NV 89703

**Signature:**

  
Amy Stephenson, Director

STATE OF NEVADA

JOE LOMBARDO  
Governor



DR. KRISTOPHER SANCHEZ  
Director

STEVE AICHROTH  
Administrator

DEPARTMENT OF BUSINESS AND INDUSTRY  
HOUSING DIVISION

**Corrective Action Plan**

**Audit Finding: 2022-034 Coronavirus State and Local Fiscal Recovery Fund: 21.027**

**Procurement, Suspension, and Debarment  
Significant Deficiency in Internal Control over Compliance**

***Summary:** The Nevada Housing Division ("Division") did not have adequate internal controls to ensure procedures were followed to verify subrecipients were not suspended or debarred prior to entering into a covered transaction.*

***Recommendation:** Enhance internal controls to ensure all contracts under federal awards contain the applicable provisions and procedures are followed to ensure entities are not suspended or debarred prior to entering into covered transactions.*

**Agency Response:** The Division agrees with the finding; however, the Division would like to note, and be given consideration for, the substantive fact of the context of the time period in a pandemic, a once in a lifetime crisis that was impacting daily work and personal lives of all Nevadans, including Division staff.

**Corrective Action:** The Division will establish an internal audit and compliance committee to enhance oversight of existing policies for assessing risk (which include verifying suspension or debarment), monitoring and sharing best practices across its business. The internal audit and compliance committee will be responsible for reviewing internal controls and policies on an annual basis, following up on any audit findings and ensuring follow-through of corrective action plans.

**Adoption of Corrective Action:** January 2024

**Division Contact and Corrective Action Plan Lead:**

Christine Hess, Chief Financial Officer  
Nevada Housing Division  
775-687-2249  
chess@housing.nv.gov

A handwritten signature in blue ink, followed by the date "12/14/2023" written in blue ink.



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**CORRECTIVE ACTION PLAN FOR AUDIT FINDING**

**Audit Finding 2022-035:**

U.S. Department of Treasury Coronavirus State and Local Fiscal Recovery Fund, 21.027

**Finding:**

Five pass-through payments applicable to the Nevada Governor's Finance Office were tested. The assistance listing was not communicated at the time of disbursement for all pass-through payments tested.

**Recommendation:**

Recommend the Governor's Finance Office (GFO) enhance internal controls to ensure compliance with subrecipient monitoring requirements.

**Agency Response:**

**Does the agency Agree with Finding:** Yes

**Additional Comments:** None

**Corrective Action:**

The corrective action to add the assistance listing number to disbursements was completed approximately January of 2023.

**Date of Completion:**


Approximately January of 2023

**Department or Agency Responsible for Corrective Action Plan:**

**Agency:** Nevada Governor's Finance Office

**Contract:** Brenda Berry, ASO  
200 Musser Street, Ste 200  
Carson City, NV 89703

**Signature:**

  
Amy Stephenson, Director

STATE OF NEVADA

JOE LOMBARDO  
Governor



DR. KRISTOPHER SANCHEZ  
Director

STEVE AICHROTH  
Administrator

DEPARTMENT OF BUSINESS AND INDUSTRY  
HOUSING DIVISION

**Corrective Action Plan**

**Audit Finding: 2022-035 Coronavirus State and Local Fiscal Recovery Fund: 21.027**

**Subrecipient Monitoring**

**Material Weakness in Internal Control over Compliance and Material Noncompliance**

*Summary: The Nevada Housing Division ("Division") did not have adequate internal controls to ensure compliance with subrecipient monitoring requirements. The following items were noted: a risk assessment was not performed, the subaward was missing required information and no monitoring procedures were performed as necessary to ensure the subaward was used for authorized purposes.*

*Recommendation: Enhance internal controls to ensure compliance with subrecipient monitoring requirements.*

**Agency Response:** The Division agrees with the finding; however, the Division would like to note, and be given consideration for, the substantive fact of the context of the time period in a pandemic, a once in a lifetime crisis that was impacting daily work and personal lives of all Nevadans, including Division staff.

**Corrective Action:** The Division will establish an internal audit and compliance committee to enhance oversight of existing policies for assessing risk (which include verifying suspension or debarment), monitoring and sharing best practices across its business. The internal audit and compliance committee will be responsible for reviewing internal controls and policies on an annual basis, following up on any audit findings and ensuring follow-through of corrective action plans. Additionally, Division counsel was asked to begin incorporating the missing items in future agreements with subrecipients of federal funds.

**Adoption of Corrective Action:** January 2024

**Division Contact and Corrective Action Plan Lead:**

Christine Hess, Chief Financial Officer  
Nevada Housing Division  
775-687-2249  
chess@housing.nv.gov

*12/14/2023*  
A handwritten signature in blue ink, appearing to be "CH", written over the date "12/14/2023".



**STATE OF NEVADA  
GOVERNOR'S FINANCE OFFICE**

209 E. Musser Street, Suite 200 | Carson City, NV 89701-4298  
Phone: (775) 684-0222 | www.budget.nv.gov | Fax: (775) 687-0260

**CORRECTIVE ACTION PLAN FOR AUDIT FINDING**

**Audit Finding 2022-036:**

U.S. Department of Treasury Coronavirus State and Local Fiscal Recovery Fund, 21.027

**Finding:**

The Nevada Governor's Finance Office (GFO) did not have adequate internal controls to ensure payments to subrecipients were appropriately reported on the SEFA.

**Recommendation:**

Recommend the GFO enhance internal controls to ensure payments to subrecipients are appropriately reported on the SEFA.

**Agency Response:**

**Does the agency Agree with Finding:** Yes

**Additional Comments:** None

**Corrective Action:**

The GFO will update internal controls related to SEFA reporting to ensure payments to subrecipients are appropriately reported.

**Date of Completion:**

June 30, 2024

**Department or Agency Responsible for Corrective Action Plan:**

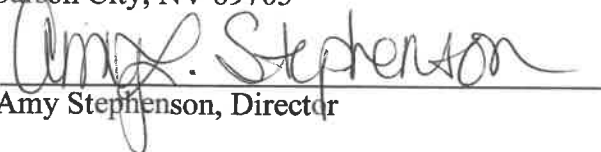
**Agency:** Nevada Governor's Finance Office

**Contract:** Brenda Berry, ASO

200 Musser Street, Ste 200

Carson City, NV 89703

**Signature:**

  
Amy Stephenson, Director

Joe Lombardo  
Governor



Southern Nevada Office  
2080 E. Flamingo Road, Suite 210  
Las Vegas, Nevada 89119-0811  
Phone: (702) 486-6458  
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Jhone M. Ebert  
Superintendent of  
Public Instruction

**STATE OF NEVADA**  
**DEPARTMENT OF EDUCATION**

700 E. Fifth Street | Carson City, Nevada 89701-5096  
Phone: (775) 687-9200 | www.doe.nv.gov | Fax: (775) 687-1116

**MEMORANDUM**

**TO:** Kurt Schlicker, Partner, Eide Bailly, LLP

**FROM:** Megan Peterson, Deputy Superintendent, Student Investment Division *mp*

**DATE:** December 13, 2023

**SUBJECT:** Corrective Actions for State Fiscal Year 2022 (FY22) Audit Findings

This memorandum is in response to the Single Audit performed by Eide Bailly LLP CPAs relating to Federal Programs administered by the State of Nevada, Department of Education for the fiscal year ending June 30, 2022 (FY22). The audit findings pertain to the grants listed below:

- Title I Grants to Local Education Agencies, CFDA 84.010
- Education Stabilization Fund, CFDA 84.425

Below are the Nevada Department of Education's (NDE) responses to audit findings: 2022-037; 2022-038; 2022-039; 2022-040; 2022-041; 2022-042; 2022-043; 2022-044; 2022-045; and 2022-046.

**1. Finding #2022-037 – Title I Grants to Local Education Agencies, CFDA 84.010**  
***Matching, Level of Effort, and Earmarking – Significant Deficiency in Internal Control over Compliance resulted in the following Eide Bailly, LLP recommendation:***

Eide Bailly recommended NDE enhance internal controls to ensure information included in the maintenance of effort monitoring document agrees to underlying documentation.

**NDE Response**

Due to rapid turnover, changes in assigned personnel, and inconsistent file architecture, NDE has struggled to ensure that source documentation is labeled and retained appropriately. Efforts to ensure consistent business practices within the Student Investment Division are underway.

**Corrective Action**

NDE shall develop a comprehensive Policy and Procedure (1.9 Title I ESEA MOE) documenting the process for the development, review, and finalization of the MOE report. Supplemental to the Policy and Procedure, NDE shall develop a Business Rule which clearly crosswalks source data to reporting outcomes. This business rule shall integrate principles from NDE's Records Management Program, to include clear file architecture for supporting documentation. A checklist detailing the chain of review shall also be implemented to track the review and approval process of federal reports prior to submission. Finally, NDE shall implement internal control monitoring specific to this report upon completion of an internal monitoring assessment. NDE will further review existing internal controls to determine if further support is necessary. The Office of Division Compliance will collaborate with the Office of District Support Services to develop and finalize these documents.

**Responsible Parties and Anticipated Completion Date**

Student Investment Division, Offices of District Support Services and Division Compliance; May 1, 2024. Please reach out to Amelia Thibault at [sidcompliance@doe.nv.gov](mailto:sidcompliance@doe.nv.gov) with any questions.

**2. Finding #2022-038 – Title I Grants to Local Education Agencies, CFDA 84.010**

*Reporting – Significant Deficiency in Internal Control over Compliance resulted in the following Eide Bailly, LLP recommendation:*

Eide Bailly recommended NDE enhance internal controls to ensure the *State per-Pupil Expenditure Report* is complete accurately.

**NDE Response**

Due to rapid turnover, changes in assigned personnel, and inconsistent file architecture, NDE has struggled to ensure that source documentation is labeled and retained appropriately. Efforts to ensure consistent business practices within the Student Investment Division are underway.

**Corrective Action**

NDE shall develop a comprehensive Policy and Procedure (1.10 F-33 Report, Annual Survey of School System Finances) documenting the process for the development, review, and finalization of the F-33 report. Supplemental to the Policy and Procedure, NDE shall develop a Business Rule which clearly crosswalks source data to reporting outcomes. This business rule shall integrate principles from NDE’s Records Management Program, to include clear file architecture for supporting documentation. A checklist detailing the chain of review shall also be implemented to track the review and approval process of federal reports prior to submission. Finally, NDE shall implement internal control monitoring specific to this report upon completion of an internal monitoring assessment. NDE will further review existing internal controls to determine if further support is necessary. The Office of Division Compliance will collaborate with the Office of District Support Services to develop and finalize these documents.

**Responsible Parties and Anticipated Completion Date**

Student Investment Division, Offices of District Support Services and Division Compliance; May 1, 2024. Please reach out to Amelia Thibault at [sidcompliance@doe.nv.gov](mailto:sidcompliance@doe.nv.gov) with any questions.

**3. Finding #2022-039 – Title I Grants to Local Education Agencies, CFDA 84.010**

*Reporting – Significant Deficiency in Internal Control over Compliance resulted in the following Eide Bailly, LLP recommendation:*

Eide Bailly recommended NDE enhance internal controls to ensure subaward information is submitted timely in accordance with the FFATA.

**NDE Response**

At the time of this Corrective Action Plan, NDE has remediated reporting deficiencies under FFATA. Specifically, a new process, to include updated templates, formulas, reporting practices, and crosschecks, has been implemented to accurately and completely capture FFATA reporting requirements. Successful implementation of this process has led to accurate and complete reporting for FY23 and FY24 reports, and pends finalized process documentation.

**Corrective Action**

NDE shall develop a comprehensive Policy and Procedure (1.11 FFATA Reporting) documenting the process for the development, review, and finalization of FFATA reports. Supplemental to the Policy and Procedure, NDE shall develop a Business Rule which clearly crosswalks source data to reporting outcomes and explains the use of various templates and formulas. Finally, NDE shall implement internal control monitoring specific to this report upon completion of an internal monitoring assessment.

**Responsible Parties and Anticipated Completion Date**

Student Investment Division, Office of Division Compliance; March 1, 2024. Please reach out to Amelia Thibault at [sidcompliance@doe.nv.gov](mailto:sidcompliance@doe.nv.gov) with any questions.

**4. Finding #2022-040 – Title I Grants to Local Education Agencies, CFDA 84.010**

***Special Tests and Provisions – Material Weakness in Internal Control over Compliance and Material Noncompliance resulted in the following Eide Bailly, LLP recommendation:***

Eide Bailly recommended NDE implement internal controls to ensure appropriate documentation of compliance with section 4306(c) of the ESEA is maintained.

**NDE Response**

Due to rapid turnover at NDE and unclear policies related to the digital retention of employee files, NDE lost access to the historical records of ESEA 4306(c) reports from FY18-FY23 following the departure of a former employee. Upon becoming aware of the issue, NDE has worked to identify and mitigate the situation to the best of our ability.

**Corrective Action**

NDE shall develop a comprehensive Policy and Procedure (2.2 Title I Earmarking and Hold Harmless Reporting) documenting the process for the development, review, and finalization of the ESEA 4306(c) report. Supplemental to the Policy and Procedure, NDE shall develop a Business Rule which clearly crosswalks source data to reporting outcomes. This business rule shall integrate principles from NDE’s Records Management Program, to include clear file architecture for supporting documentation. A checklist detailing the chain of review shall also be implemented to track the review and approval process of federal reports prior to submission. Finally, NDE shall implement internal control monitoring specific to this report upon completion of an internal monitoring assessment. NDE will further review existing internal controls to determine if further support is necessary. The Office of Division Compliance will collaborate with the Office of School and Student Supports to develop and finalize these documents.

In addition, NDE shall review its Policies and Procedures related to email and file retention (4.7 Telecommunications, 4.8 Devices, and 6.6 Records Retention) to ensure that this issue is prevented in future. The Office of Division Compliance will collaborate with the Office of Assessments, Data, and Accountability Management and other applicable NDE Offices to facilitate this process.

**Responsible Parties and Anticipated Completion Date**

Student Investment Division, Offices of Division Compliance; Student Achievement Division, Offices of Student and School Supports and Assessment, Data, and Accountability Management; May 1, 2024. Please reach out to Amelia Thibault at [sidcompliance@doe.nv.gov](mailto:sidcompliance@doe.nv.gov) with any questions.

**5. Finding #2022-041 – Education Stabilization Fund, CFDA 84.425**

***Level of Effort, Maintenance of Effort – Significant Deficiency in Internal Control over Compliance and Material Noncompliance resulted in the following Eide Bailly, LLP recommendation:***

Eide Bailly recommended NDE implement internal controls to level of effort is tracked and supporting documents are maintained.

**NDE Response**

NDE maintains that the Governor’s Finance Office was responsible for the maintenance of effort for higher education. Evidence of the review process was lost following the departure of a former employee; however, upon becoming aware of the issue, NDE has worked to identify and mitigate the situation to the best of our ability.

**Corrective Action**



NDE shall develop a comprehensive Business Rule documenting the process for the development, review, and finalization of the ESF MOE report, to include clear crosswalks between source data and reporting outcomes. This business rule shall integrate principles from NDE's Records Management Program, to include clear file architecture for supporting documentation. A checklist detailing the chain of review shall also be implemented to track the review and approval process of federal reports prior to submission. Finally, NDE shall implement internal control monitoring specific to this report upon completion of an internal monitoring assessment. NDE will further review existing internal controls to determine if further support is necessary. The Office of Division Compliance will collaborate with offices across the Student Investment Division to develop this documentation.

**Responsible Parties and Anticipated Completion Date**

Student Investment Division, Offices of Division Compliance; May 1, 2024. Please reach out to Amelia Thibault at [sidcompliance@doe.nv.gov](mailto:sidcompliance@doe.nv.gov) with any questions.

**6. Finding #2022-042 – Education Stabilization Fund, CFDA 84.425**

***Earmarking – Material Weakness in Internal Control over Compliance resulted in the following Eide Bailly, LLP recommendation:***

Eide Bailly recommended NDE enhance internal controls to ensure earmarking requirements are initially met and implement internal controls to ensure ongoing compliance is monitored.

**NDE Response**

At the time of this Corrective Action Plan, NDE is able to demonstrate appropriate earmarking for summer enrichment and after-school programs. Related to earmark monitoring, upon receipt of a grant award, NDE utilizes a Notice of Incoming Funding Form pursuant to Policy and Procedure 10.2 Funding Opportunities; this form and corresponding policy include information regarding the grant funding and support whether an earmarking spreadsheet would be necessary.

**Corrective Action**

NDE shall develop a comprehensive Policy and Procedure (10.12 Match, Maintenance of Effort, and Earmarking) documenting the earmarking process, to include monitoring; additional information shall be added to 10.1 Grant Applications and 10.2 Funding Opportunities to ensure smooth establishment of necessary forms related to the funding requirements. Training on these Policies shall be provided across the agency. NDE shall implement internal control monitoring specific to this report upon completion of an internal monitoring assessment. NDE will further review existing internal controls to determine if further support is necessary. The Office of Division Compliance will collaborate with the Office of School and Student Supports to develop and finalize these documents.

**Responsible Parties and Anticipated Completion Date**

Student Investment Division, Offices of Division Compliance; Student Achievement Division, Office of Student and School Supports; May 1, 2024. Please reach out to Amelia Thibault at [sidcompliance@doe.nv.gov](mailto:sidcompliance@doe.nv.gov) with any questions.

**7. Finding #2022-043 – Education Stabilization Fund, CFDA 84.425**

***Reporting – Material Weakness in Internal Control over Compliance and Material Noncompliance resulted in the following Eide Bailly, LLP recommendation:***

Eide Bailly recommended NDE implement internal controls to identify required information to be reported, ensure accuracy, and maintain adequate document retention to support compliance.

**NDE Response**

Due to rapid turnover, changes in assigned personnel, and inconsistent file architecture, NDE has struggled to ensure that source documentation is labeled and retained appropriately. Efforts to ensure consistent business practices within the Student Investment Division are underway.

### **Corrective Action**

NDE shall develop a comprehensive Policy and Procedure (1.9 Title I ESEA MOE) documenting the process for the development, review, and finalization of the MOE report. Supplemental to the Policy and Procedure, NDE shall develop a Business Rule which clearly crosswalks source data to reporting outcomes. This business rule shall integrate principles from NDE's Records Management Program, to include clear file architecture for supporting documentation. A checklist detailing the chain of review shall also be implemented to track the review and approval process of federal reports prior to submission. Finally, NDE shall implement internal control monitoring specific to this report upon completion of an internal monitoring assessment. NDE will further review existing internal controls to determine if further support is necessary. The Office of Division Compliance will collaborate with the Office of District Support Services to develop and finalize these documents.

### **Responsible Parties and Anticipated Completion Date**

Student Investment Division, Offices of District Support Services and Division Compliance; May 1, 2024. Please reach out to Amelia Thibault at [sidcompliance@doe.nv.gov](mailto:sidcompliance@doe.nv.gov) with any questions.

## **8. Finding #2022-044 – Education Stabilization Fund, CFDA 84.425**

***Reporting – Material Weakness in Internal Control over Compliance and Material Noncompliance resulted in the following Eide Bailly, LLP recommendation:***

Eide Bailly recommended NDE enhance internal controls to ensure subaward information is submitted in accordance with the FFATA.

### **NDE Response**

At the time of this Corrective Action Plan, NDE has remediated reporting deficiencies under FFATA. Specifically, a new process, to include updated templates, formulas, reporting practices, and crosschecks, has been implemented to accurately and completely capture FFATA reporting requirements. Successful implementation of this process has led to accurate and complete reporting for all COVID-relief funding reports, and pends finalized process documentation.

### **Corrective Action**

NDE shall develop a comprehensive Policy and Procedure (1.11 FFATA Reporting) documenting the process for the development, review, and finalization of FFATA reports. Supplemental to the Policy and Procedure, NDE shall develop a Business Rule which clearly crosswalks source data to reporting outcomes and explains the use of various templates and formulas. Finally, NDE shall implement internal control monitoring specific to this report upon completion of an internal monitoring assessment.

### **Responsible Parties and Anticipated Completion Date**

Student Investment Division, Office of Division Compliance; March 1, 2024. Please reach out to Amelia Thibault at [sidcompliance@doe.nv.gov](mailto:sidcompliance@doe.nv.gov) with any questions.

## **9. Finding #2022-045 – Education Stabilization Fund, CFDA 84.425**

***Reporting – Material Weakness in Internal Control over Compliance resulted in the following Eide Bailly, LLP recommendation:***

Eide Bailly recommended NDE enhance internal controls to ensure subawards and disbursements to subrecipients include all required information.

### **NDE Response**

At the time of this Corrective Action Plan, NDE believes this issue has been remediated. Specifically, multiple offices previously had access to the electronic grants management system (ePAGE); recent changes have limited control over ePAGE and the grant development process to the Grants Management Unit.

Controls have been further instituted within the Grants Management Unit; specifically, comprehensive review processes through ePage Request Forms and Planner Task Tracking.

**Corrective Action**

NDE shall review revised processes and documentation to ensure that all required subrecipient data is included within the checklist for subaward review prior to approval.

**Responsible Parties and Anticipated Completion Date**

Student Investment Division, Offices of District Support Services and Division Compliance; May 1, 2024. Please reach out to Amelia Thibault at [sidcompliance@doe.nv.gov](mailto:sidcompliance@doe.nv.gov) with any questions.

**10. Finding #2022-046 – Education Stabilization Fund, CFDA 84.425**

*Other – Significant Deficiency in Internal Control over Compliance resulted in the following Eide Bailly, LLP recommendation:*

Eide Bailly recommended NDE enhance internal controls to ensure payments to subrecipients are recorded to the designated subrecipient general ledger accounts within the chart of accounts.

**NDE Response**

NDE agrees with this finding.

**Corrective Action**

NDE shall develop a comprehensive Policy and Procedure (1.15 SEFA Reporting) documenting the process for the development, review, and finalization of all SEFA reports. A checklist detailing the chain of review shall also be implemented to track the review and approval process of federal reports prior to submission. Finally, NDE shall implement internal control monitoring specific to this report upon completion of an internal monitoring assessment. NDE will further revise existing internal controls to expand the controls applied as it relates to verifications and reviews/approvals. The Office of Division Compliance will collaborate with the Office of Fiscal Operations to develop and finalize these documents.

**Responsible Parties and Anticipated Completion Date**

Student Investment Division, Offices of Division Compliance and Fiscal Operations; May 1, 2024. Please reach out to Amelia Thibault at [sidcompliance@doe.nv.gov](mailto:sidcompliance@doe.nv.gov) with any questions.

cc: Amelia Thibault, Office of Division Compliance  
Amber Reid, Office of District Support Services  
Celeste Arnold, Office of Fiscal Operations  
Maria Sauter, Office of Student and School Supports

Joe Lombardo  
Governor

Richard Whitley, MS  
Director



**DEPARTMENT OF  
HEALTH AND HUMAN SERVICES**  
DIVISION OF WELFARE AND SUPPORTIVE SERVICES  
*Helping people. It's who we are and what we do.*



Robert Thompson  
Administrator

**CORRECTIVE ACTION PLAN FOR AUDIT FINDING**

Date: December 15, 2023

Finding number: **2022-047 - Cash Management Significant Deficiency in Internal Control over Compliance**

Finding: A reimbursement request was not reviewed and approved by an individual independent of the preparation of the request.

Corrective Action Taken or To Be Taken: The Division has added additional internal controls to ensure the separation between reimbursement requestors and approvers, in addition to providing adequate guidance to all new staff involved in cash management on the internal control policy.

If to be taken, estimated date of completion: These procedures were implemented July 1, 2023.

**Agency Response**

Does the Agency agree With finding: Yes X No \_\_\_\_\_ Partial \_\_\_

If No or Partial, please Explain reason(s) why:

Individual Responsible for Corrective Action Plan:  
Name, Title: Brooke Barlow, Chief of Fiscal  
Phone Number: 775-684-0659  
Email: [bebarlow@dwss.nv.gov](mailto:bebarlow@dwss.nv.gov)

Reviewed and Approved

  
Crystal Buscay, CFO

12.18.23  
Date

Joe Lombardo  
Governor

Richard Whitley, MS  
Director



# DEPARTMENT OF HEALTH AND HUMAN SERVICES

DIVISION OF WELFARE AND SUPPORTIVE SERVICES

*Helping people. It's who we are and what we do.*



Robert Thompson  
Administrator

## CORRECTIVE AUCTION PLAN FOR AUDIT FINDING

Date: December 19, 2023

**U.S. Department of Health and Human Services  
Low Income Home Energy Assistance, 93.568**

**Finding Number:** 2022-048 – Eligibility Material Weakness in Internal Control over Compliance

**Finding:** Supervisor case reviews were not performed in accordance with the State Plan.

**Corrective Action Taken  
or To Be Taken:**

During the review period there were vacancies in both supervisory positions in the Energy Assistance Program. The Division filled these positions during the review period. The supervisory case reviews began for July 2022. In addition, the LIHEAP State Plan has been amended to allow additional staff members to review case work for new staff. The changes were approved at the June 29, 2023, Public Hearing. These changes have been included in the FFY 2024 LIHEAP State Plan to address staff shortages if they arise again.

**If to be taken, estimated  
date of completion**

Corrective Actions are already in place.

Agency Response

**Does the Agency agree with finding:** Yes  No  Partially

**Individual Responsible for Corrective Action Plan:**

**Name, Title:** Maria Wortman-Meshberger, Chief Employment and Support Services

**Phone Number:** 775-684-0506

**Email:** [mrwortman@dwss.nv.gov](mailto:mrwortman@dwss.nv.gov)

Reviewed and Approved

  
\_\_\_\_\_  
Robert H. Thompson, Administrator

December 19, 2023  
\_\_\_\_\_  
Date

Joe Lombardo  
Governor

Richard Whitley, MS  
Director



# DEPARTMENT OF HEALTH AND HUMAN SERVICES

DIVISION OF WELFARE AND SUPPORTIVE SERVICES

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Robert Thompson  
Administrator

## CORRECTIVE AUCTION PLAN FOR AUDIT FINDING

Date: December 19, 2023

**U.S. Department of Health and Human Services  
Low Income Home Energy Assistance, 93.568**

**Finding Number:** 2022-049 – Eligibility Significant Deficiency in Internal Control over Compliance

**Finding:** The amount of assistance to provide was not calculated correctly as it related to social security cost-of-living increases.

**Corrective Action Taken  
or To Be Taken:** The EAP supervisory staff will discuss the Social Security cost of living increase policy with the case management staff. The Division will ensure the internal control of supervisory case reviews are completed to identify cases where information is not accurate which may cause a payment to be incorrectly calculated.

### Agency Response

**Does the Agency agree with finding:** Yes X No \_\_\_ Partially \_\_\_

### Individual Responsible for Corrective Action Plan:

**Name, Title:** Maria Wortman-Meshberger, Chief Employment and Support Services

**Phone Number:** 775-684-0506

**Email:** [mrwortman@dwss.nv.gov](mailto:mrwortman@dwss.nv.gov)

### Reviewed and Approved

  
\_\_\_\_\_  
Robert H. Thompson, Administrator

December 19, 2023  
\_\_\_\_\_  
Date

Joe Lombardo  
Governor

Richard Whitley, MS  
Director



# DEPARTMENT OF HEALTH AND HUMAN SERVICES

DIVISION OF WELFARE AND SUPPORTIVE SERVICES  
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Robert Thompson  
Administrator

### CORRECTIVE ACTION PLAN FOR AUDIT FINDING

**Date:** December 15, 2023  
**Finding number:** 2022-050 – Reporting Material Weakness in Internal Control over Compliance

**Finding:** The projected unobligated balance (carryover amount) did not agree to the underlying actual unobligated balance and there was no underlying documentation or support to support the variance.

**Corrective Action Taken or To Be Taken:** Due to multiple staff vacancies, a written procedure for the reporting of Carryover Funds was delayed. Upon completion of those updated procedures in August 2023 in response to prior finding 2021-048, the reporting process for the projected unobligated balance is better understood and the tighter internal controls will ensure adequate documentation and review as required.

**If to be taken, estimated date of completion:** These procedures were implemented August 14, 2023.

#### Agency Response

**Does the Agency agree With finding:** Yes X No \_\_\_\_\_ Partial \_\_\_

**If No or Partial, please Explain reason(s) why:**

#### Individual Responsible for Corrective Action Plan:

Name, Title: Brooke Barlow, Chief of Fiscal  
Phone Number: 775-684-0659  
Email: [bebarlow@dwss.nv.gov](mailto:bebarlow@dwss.nv.gov)

#### Reviewed and Approved:

  
Crystal Buscay, CFO

12.19.23  
Date



**DEPARTMENT OF BUSINESS AND INDUSTRY  
HOUSING DIVISION**

**Corrective Action Plan**

**Audit Finding: 2022-051 Low-Income Home Energy Assistance: 93.568**

**Reporting**

**Material Weakness in Internal Control over Compliance and Material Noncompliance**

**Summary:** Required subaward information was not reported per the Federal Funding Accountability and Transparency Act (FFATA). FFATA requires direct recipients of certain federal awards to report subaward information by the end of the month following the month in which the prime awardee obligates a subgrant award equal to \$30,000.

**Recommendation:** Implement internal controls to ensure subaward information is submitted in accordance with FFATA.

**Agency Response:** The Nevada Housing Division ("Division") agrees with the finding. The Division also acknowledges this is a prior year finding. The Division would like to note, and be given consideration for, the substantive fact of the context of the time period in a pandemic, a once in a lifetime crisis that was impacting daily work and personal lives of all Nevadans, including Division staff.

**Corrective Action:** The Division will establish an internal audit and compliance committee to enhance oversight of existing policies for assessing risk (which include verifying suspension or debarment), monitoring and sharing best practices across its business. The internal audit and compliance committee will be responsible for reviewing internal controls and policies on an annual basis, following up on any audit findings and ensuring follow-through of corrective action plans.

**Adoption of Corrective Action:** January 2024

**Division Contact and Corrective Action Plan Lead:**

Christine Hess, Chief Financial Officer  
Nevada Housing Division  
775-687-2249  
chess@housing.nv.gov

A handwritten signature in blue ink, followed by the date "12/19/2023" written in blue ink.





**DEPARTMENT OF BUSINESS AND INDUSTRY  
HOUSING DIVISION**

**Corrective Action Plan**

**Audit Finding: 2022-052 Low-Income Home Energy Assistance: 93.568**

**Subrecipient Monitoring**

**Material Weakness in Internal Control over Compliance and Material Noncompliance**

***Summary:** The Nevada Housing Division ("Division") did not have adequate internal controls to ensure compliance with subrecipient monitoring requirements. The following items were noted: a risk assessment was not performed, the subaward was missing required information and no monitoring procedures were performed to ensure audits required by Uniform Guidance were performed.*

***Recommendation:** Implement internal controls to ensure compliance with subrecipient monitoring requirements.*

**Agency Response:** The Division agrees with the finding. The Division also acknowledges this is a prior year finding. The Division would like to note, and be given consideration for, the substantive fact of the context of the time period in a pandemic, a once in a lifetime crisis that was impacting daily work and personal lives of all Nevadans, including Division staff.

**Corrective Action:** The Division will establish an internal audit and compliance committee to enhance oversight of existing policies for assessing risk (which include verifying suspension or debarment), monitoring and sharing best practices across its business. The internal audit and compliance committee will be responsible for reviewing internal controls and policies on an annual basis, following up on any audit findings and ensuring follow-through of corrective action plans. Additionally, Division counsel was asked to begin incorporating the missing items in future agreements with subrecipients of federal funds.

**Adoption of Corrective Action:** January 2024

**Division Contact and Corrective Action Plan Lead:**

Christine Hess, Chief Financial Officer  
Nevada Housing Division  
775-687-2249  
chess@housing.nv.gov

A handwritten signature in blue ink, with the date "12/19/2023" written in blue ink above it.

Joe Lombardo  
Governor

Richard Whitley, MS  
Director



# DEPARTMENT OF HEALTH AND HUMAN SERVICES

DIVISION OF WELFARE AND SUPPORTIVE SERVICES  
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Robert Thompson  
Administrator

## CORRECTIVE ACTION PLAN FOR AUDIT FINDING

Date: December 19, 2023

**U.S. Department of Health and Human Services**

**CCDF Cluster:**

**Child Care and Development Block Grant, 93.575**

**Child Care Mandatory and Matching Funds of the Child Care & Development Fund, 93.596**

**Finding number:** 2022-053 – Reporting Material Weakness in Internal Control over Compliance and Material Noncompliance

**Finding:** The Division of Welfare and Support Services (DWSS) did not maintain underlying documentation to support the amounts reported in the ACF-696 reports.

**Corrective Action Taken or To Be Taken:** Due to multiple staff vacancies, reporting documentation had been misfiled in accordance with the Division's existing internal controls. The Division has added additional internal controls to validate that the fiscal amounts reported on the ACF-696 will have supporting documentation in the applicable state fiscal year and additional guidance will be provided to new staff on those tighter internal controls.

**If to be taken, estimated date of completion:** These procedures were implemented July 1, 2023.

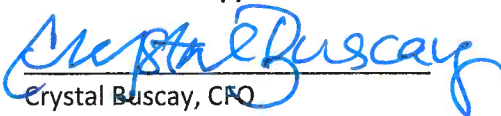
### Agency Response

**Does the Agency agree With finding:** Yes X No \_\_\_\_\_ Partial \_\_\_

If No or Partial, please Explain reason(s) why:

Individual Responsible for Corrective Action Plan:  
Name, Title: Brooke Barlow, Chief of Fiscal  
Phone Number: 775-684-0659  
Email: [bebarlow@dwss.nv.gov](mailto:bebarlow@dwss.nv.gov)

### Reviewed and Approved

  
Crystal Buscay, CFO

12.14.23  
Date

Joe Lombardo  
Governor

Richard Whitley, MS  
Director



# DEPARTMENT OF HEALTH AND HUMAN SERVICES

DIVISION OF WELFARE AND SUPPORTIVE SERVICES  
*Helping people. It's who we are and what we do.*



Robert Thompson  
Administrator

## CORRECTIVE AUCTION PLAN FOR AUDIT FINDING

Date: December 19, 2023

### U.S. Department of Health and Human Services

#### CCDF Cluster:

Child Care and Development Block Grant, 93.575

Child Care Mandatory and Matching Funds of the Child Care and Development Fund, 93.596

**Finding Number:** 2022-054 – Reporting Material Weakness in Internal Control over Compliance and Material Noncompliance

**Finding:** Affects all grant awards included under assistance listings 93.575 and CFDA 93.596 on the Schedule of Expenditures of Federal Awards.

The Federal Funding Accountability and Transparency Act (FFATA) requires direct recipients of certain federal awards to report subaward information by the end of the month following the month in which the prime awardee obligates a subgrant award equal to \$30,000.

### Corrective Action Taken

#### or To Be Taken:

DWSS is currently bringing FFATA reporting up to date. The Grant Procurement Officer has been assigned to enter federal grants following the necessary requirements. Procedures to overcome this finding will be authored and approved by leadership.

#### If to be taken, estimated date of completion:

The project's anticipated completion date is July 1, 2024.

### Agency Response

Does the Agency agree with finding:      Yes X                      No \_\_\_                      Partially \_\_\_

### Individual Responsible for Corrective Action Plan:

Name, Title: Gary Long, Chief of FACT

Phone Number: 775-684-0655

Email: [gxlong@dwss.nv.gov](mailto:gxlong@dwss.nv.gov)

Reviewed and Approved

  
Crystal Buscay, CFO

12.19.23  
Date

Joe Lombardo  
Governor

Richard Whitley, MS  
Director



# DEPARTMENT OF HEALTH AND HUMAN SERVICES

DIVISION OF WELFARE AND SUPPORTIVE SERVICES  
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Robert Thompson  
Administrator

## CORRECTIVE AUCTION PLAN FOR AUDIT FINDING

Date: December 19, 2023

### U.S. Department of Health and Human Services

#### CCDF Cluster:

Child Care and Development Block Grant, 93.575

Child Care Mandatory and Matching Funds of the Child Care and Development Fund, 93.596

**Finding Number:** 2022-055 – Reporting Material Weakness in Internal Control over Compliance

**Finding:** Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) section 200.332 requires that:

- Pass-through entities ensure every subaward includes certain information at the time of the subaward.
- Pass-through entities evaluate each subrecipient's risk of noncompliance with federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring.

### Corrective Action Taken or To Be Taken:

The Child Care and Development Fund (CCDF) has contracted with Debbra King, CPA from My Office Staff to conduct subrecipient monitoring of all the Program's subrecipients. Procedure is in place to ensure every subaward contains a Risk Assessment prior to final approval.

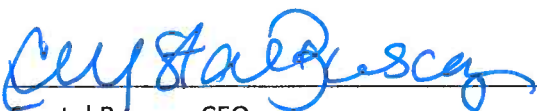
### Agency Response

Does the Agency agree with finding: Yes X No \_\_\_ Partially \_\_\_

### Individual Responsible for Corrective Action Plan:

Name, Title: Gary Long  
Phone Number: 775-684-0655  
Email: [gxlong@dwss.nv.gov](mailto:gxlong@dwss.nv.gov)

Reviewed and Approved

  
Crystal Buscay, CFO

12.19.23  
Date

Joe Lombardo  
Governor



Richard Whitley, MS  
Director

# DEPARTMENT OF HEALTH AND HUMAN SERVICES

DIVISION OF CHILD AND FAMILY SERVICES  
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Marla McDade  
Williams  
Administrator

Date:	December 15, 2023
Program:	U.S. Department of Health and Human Services Foster Care – Title IV-E, CFDA 93.658
<b>Corrective Action Plan</b>	
Finding Number:	2022-056
Finding:	Allocation methods used in cost allocation did not agree to the approved cost allocation plan and allocation statistics did not agree to underlying support.
Corrective Action Taken or To Be Taken	Quarterly Cost Allocation procedures were updated to expand the validation process to confirm the most recent Cost Allocation Plan narrative matches AlloCAP, requires signature review confirmation, and, if a discrepancy is found, the Cost Allocation Plan Narrative is updated and submitted for approval.  The Cost Allocation Plan will be updated and submitted for approval. Staff will be trained on the procedures.
If <u>already</u> taken, date of completion:	Quarterly Cost Allocation Procedures were updated July 19, 2022.
If to be taken, estimated date of completion:	Staff will be trained on the updated procedures and the Cost Allocation Plan Narrative will be updated and submitted for approval by December 31, 2024.
<b>Agency Response</b>	
Does the Agency agree with finding?	The Nevada Division of Child and Family Services agrees with this finding.
If no or partial, please explain reason(s) why:	
Additional Comments:	Prior year finding 2021-054
<b>Division Responsible for Corrective Action</b>	
Name, Title	Heather Bugg, Administrative Services Officer IV
Address	4126 Technology Way
City, State, Zip Code	Carson City, NV 89706
Phone Number	775-684-4462
Email	hbugg@dcfs.nv.gov
<b>Reviewed and Approved</b>	
Tiffany Greenameyer, Deputy Administrator	
Date 12/15/2023	Signature 

Joe Lombardo  
Governor



Richard Whitley, MS  
Director

# DEPARTMENT OF HEALTH AND HUMAN SERVICES

DIVISION OF CHILD AND FAMILY SERVICES  
*Helping people. It's who we are and what we do.*



Maria McDade  
Williams  
Administrator

Date:	December 15, 2023
Program:	U.S. Department of Health and Human Services Foster Care – Title IV-E, CFDA 93.658
<b>Corrective Action Plan</b>	
Finding Number:	2022-057
Finding:	Required subaward information was not reported in the FFATA Subaward Reporting System (FSRS).
Corrective Action Taken or To Be Taken	Internal controls have been reviewed and updated to ensure subaward information is submitted in accordance with the FFATA.
If <u>already</u> taken, date of completion:	Internal control updated in SFY23.
If to be taken, estimated date of completion:	
<b>Agency Response</b>	
Does the Agency agree with finding?	The Nevada Division of Child and Family Services agrees with this finding.
If no or partial, please explain reason(s) why:	
Additional Comments:	Prior year finding 2021-055
<b>Division Responsible for Corrective Action</b>	
Name, Title	Kelsey McCann-Navarro, Social Services Chief III
Address	4126 Technology Way
City, State, Zip Code	Carson City, NV 89706
Phone Number	775-684-4431
Email	kelsey.navarro@dcfs.nv.gov
<b>Reviewed and Approved</b>	
Tiffany Greenameyer, Deputy Administrator	
Date 12/15/2023	Signature



Joe Lombardo  
Governor

Richard Whitley, MS  
Director

# DEPARTMENT OF HEALTH AND HUMAN SERVICES

DIVISION OF CHILD AND FAMILY SERVICES  
*Helping people. It's who we are and what we do.*



Marla McDade  
Williams  
Administrator

Date:	December 15, 2023
Program:	U.S. Department of Health and Human Services Foster Care – Title IV-E, CFDA 93.658
<b>Corrective Action Plan</b>	
Finding Number:	2022-058
Finding:	The assistance listing number was not identified at the time of disbursement.
Corrective Action Taken or To Be Taken	Technical assistance will be sought to amend internal controls and staff will be trained on the internal control to ensure the assistance listing number is communicated on each disbursement to a subrecipient.
If <u>already</u> taken, date of completion:	
If to be taken, estimated date of completion:	The internal control will be updated and staff will be trained by 6/30/2024.
<b>Agency Response</b>	
Does the Agency agree with finding?	The Nevada Division of Child and Family Services agrees with this finding.
If no or partial, please explain reason(s) why:	
Additional Comments:	Prior year finding 2021-055
<b>Division Responsible for Corrective Action</b>	
Name, Title	Heather Bugg, Administrative Services Officer IV
Address	4126 Technology Way
City, State, Zip Code	Carson City, NV 89706
Phone Number	775-684-4462
Email	hbugg@dcfs.nv.gov
<b>Reviewed and Approved</b>	
Tiffany Greenameyer, Deputy Administrator	
Date 12/15/2023	Signature

Joe Lombardo  
Governor

Richard Whitley, MS  
Director



# DEPARTMENT OF HEALTH AND HUMAN SERVICES

DIVISION OF WELFARE AND SUPPORTIVE SERVICES

*Helping people. It's who we are and what we do.*



Robert Thompson  
Administrator

## CORRECTIVE ACTION PLAN FOR AUDIT FINDING

Date: December 8, 2023

Program: **U.S. Department of Health and Human Services  
Children's Health Insurance Program (CHIP), 93.767**

### Eligibility

### Material Weakness in Internal Control over Compliance

Finding Number: 22-059

Finding: Individuals were deemed eligible but were placed in an incorrect aid category or did not have supporting documentation available for review. Individuals may receive benefits that they are not entitled to or not receive benefits for which they are entitled to. The Division did not have adequate internal controls to ensure aid categories were accurate or applications for CHIP were maintained. Prior year finding 2021-056.

**Corrective Action Taken:** **HOH UPI #####2000/CHILD UPI #####9100** – Worker failed to complete re-evaluation for higher aid code (REHA function) to obtain correct eligibility.

**Corrective Action:** REHA function was completed on 9/27/2021 to obtain correct eligibility.

**HOH UPI #####6100/CHILD UPI #####6100** – The Division of Welfare and Supportive Services (Division) did not have adequate internal controls to maintain supporting documentation available for review.

**Corrective Action:** The Division has revised scanning procedures across the state, which includes routing more documents to our vendor for scanning, rather than being retained in each district office. The Division also utilizes an internal team, Records Management Unit (RMU), that assists with Quality Assurance of all scanned documents.

**HOH UPI #####8000/CHILD UPI #####3200** – The Division did not have adequate internal controls to maintain supporting documentation available for review. **Corrective Action:** The Division has revised scanning procedures across the state, which includes routing more documents to our vendor for scanning, rather than being retained in each district office. The Division also utilizes an internal team, Records Management Unit (RMU), that assists with Quality Assurance of all scanned documents.



**Future Corrective Action:**

The Division will collaborate with all appropriate parties to move from an annual mandatory REHA training to a semi-annual mandatory REHA training (every 6 months), for field staff. A new Quality Assurance tip to field staff was provided on 11/10/2022 and an updated mandatory REHA training was administered with a required completion date for all field staff of 02/2023. The next REHA training is scheduled for January/February of 2024.

The Division will also continue to follow the updated process for scanning of documents and utilize the RMU for increased Quality Assurance of documents.

The Eligibility and Payments (E&P) and Program Operations, Support & Targeted Outreach (POST) teams will work closely with the Internal Controls and Audit team within the Division to ensure internal controls are strengthened. The Division anticipates the internal controls to be updated within two months to reflect the release of a semi-annual REHA training, along with a new annual Quality Assurance REHA tip.

**Agency Response**

Does the Agency agree  
With the findings:            Yes   X                              No \_\_\_\_\_                            Partially \_\_\_\_\_

If No or Partial, please  
explain reason(s) why:            N/A

**Individual Responsible for Corrective Action Plan:**

Name, Title: Tonya Stevens, Social Services Chief III, Eligibility and Payments  
Phone Number: 775-684-0553  
Email: [tstevens@dwss.nv.gov](mailto:tstevens@dwss.nv.gov)

Name, Title: Shelly Aguilar, Social Services Chief III, Program Operations, Support & Targeted Outreach  
Phone Number: 702-631-2337  
Email: [saguilar@dwss.nv.gov](mailto:saguilar@dwss.nv.gov)

Reviewed and Approved

\_\_\_\_\_  
Tonya Stevens, Chief III, Eligibility and Payments

12/08/2023  
Date

Joe Lombardo  
Governor

Richard Whitley, MS  
Director



# DEPARTMENT OF HEALTH AND HUMAN SERVICES

DIVISION OF HEALTH CARE FINANCING AND POLICY

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Stacie Weeks,  
JD MPH  
Administrator

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## CORRECTIVE ACTION PLAN FOR AUDIT FINDING

### AUDIT FINDING 2022-060

Finding: U.S. Department of Health and Human Services Children's Health Insurance Program (CHIP), 93.767 Reporting Significant Deficiency in Internal Control over Compliance.

Amounts reported on the CMS-21 were not supported by the underlying accounting information. DHCFP did not have adequate internal controls to ensure CMS-21 reports were accurate.

Inaccurate information was reported to the federal awarding agency.

A nonstatistical sample of two CMS-21 reports out of a population of four was selected for testing. DHCFP was unable to provide support for one variance identified.

The December 31, 2021 CMS-21 report had the following unreconciled variance (Total Computable Column).

- Lines 1B/1D: \$253 (less reported than general ledger support)

**Recommendation:** We recommend DHCFP enhance internal controls to ensure CMS-21 reports are accurate.

**Agency Response**

**Does the Agency Agree with Finding?:** Yes

**Additional Comments:**

**Corrective Action Taken or To Be Taken**

**Action:** The Division is in the process of enhancing its internal controls to ensure the CMS-21 reports are accurate by reconciling amounts amongst all data sources monthly.

**Date of Completion or Estimated Completion:** June 2024

**Department or Agency Responsible for Corrective Action Plan**

**Agency:** Department of Healthcare Financing and Policy  
**Contact:** Russ Steele, Audit Manager  
1000 E William St., Suite 110  
Carson City, NV 89701  
(775) 684-3609  
[rsteale@dhcfp.nv.gov](mailto:rsteale@dhcfp.nv.gov)

*Ashwini Prasad*

Signature of Ashwini Prasad,  
Administrative Services Officer 4

Reviewed and Approved 12/15/2023

Date

Joe Lombardo  
Governor



Richard Whitley, MS  
Director

DEPARTMENT OF  
**HEALTH AND HUMAN SERVICES**  
DIVISION OF HEALTH CARE FINANCING AND POLICY  
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Stacie Weeks,  
JD MPH  
Administrator

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## CORRECTIVE ACTION PLAN FOR AUDIT FINDING

### AUDIT FINDING 2022-061

**Finding: U.S. Department of Health and Human Services Children's Health Insurance Program (CHIP), 93.767 Medicaid Cluster: State Medicaid Fraud Control Units, 93.775; State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare, 93.777 Medical Assistance Program (Medicaid; Title XIX), 93.778 Eligibility Material Weakness in Internal Control over Compliance**

Title 42 *Public Health* section 435.403 *State Residence* provides that the State must provide Medicaid to eligible residents of the State, including residents who are absent from the State, except in cases where another state has determined that the person is a resident there for purposes of Medicaid.

The Medicaid State Plan provides that the State has an eligibility determination system for data matching through the Public Assistance Reporting Information System (PARIS). The information that is requested is to be exchanged with states and other entities legally entitled to verify Title XIX applications and individuals eligible for covered Title XIX services consistent with applicable PARIS agreements. The State will transmit and receive data quarterly (February, May, August, and November).

The State enrolls beneficiaries on a mandatory basis into managed care entities (managed care organizations and/or primary care case managers) in the absence of certain allowable waivers. The State contracts with managed care organizations and reimburses them for capitation payments.

PARIS data was not utilized by the Division of Health Care Financing and Policy (DHCFP) or the Division of Welfare and Supportive Services (DWSS) to monitor residency changes to determine when managed care benefits needed to be terminated because the beneficiary was a resident of another state for Medicaid purposes.

DHCFP and DWSS did not have internal controls in place to effectively communicate the PARIS data between the two agencies to ensure managed care benefits were terminated when appropriate.

Individuals are enrolled in Medicaid (and CHIP) plans in multiple states and benefits are not being terminated timely. Therefore, the State of Nevada is paying capitation payments to managed care organizations, when the benefits should have been terminated.

Projected questioned costs are \$12,743,890 for Medicaid and \$186,062 for CHIP.

No sampling was used. The PARIS data was obtained and examined in total. The PARIS data included 56,892 participants with dual enrollment. Of those 56,892 participants, 9,722 participants were enrolled in another state after the State of Nevada. The projected questioned costs were estimated by performing the following:

- Identifying individuals who enrolled in another state after they had enrolled in Nevada (termination date for Nevada).
- Estimating a weighted average capitation payment based on demographics that determine the payment amount.
- Applying the weighted average capitation payments from the termination date through June 30, 2022 to determine the total projected questioned costs.
- The total projected questioned costs were then allocated between Medicaid and CHIP using participant counts in each plan between the ages of 0-18. Participants older than 18 were allocated to Medicaid. The allocated projected questioned costs were then multiplied by a weighted average Federal Medical Assistance Percentage (FMAP) to determine the final projected federal questioned costs.

**Recommendation:** We recommend DHCFP and DWSS implement internal controls to effectively communicate the PARIS data between each other and to ensure managed care benefits are terminated when appropriate.

**Agency Response**

**Does the Agency Agree with Finding?:** Yes

**Additional Comments:** None.

**Corrective Action Taken or To Be Taken**

**Action:**

The Division is in the process of updating its policies and procedures for its Public Assistance Reporting Information System (PARIS) data matching process, which occurs on a quarterly basis (i.e., once every February, May, August, and November). Currently, the process is primarily a manual caseworker process conducted by caseworker staff at DWSS. However, in many states, this activity is an automated process and considered a program-integrity function of the Medicaid program rather than an eligibility function. Nevada agrees with this practice and intends to implement an automated process, while transitioning the PARIS data matching process to its program-integrity unit at the Division.

To do this, the Division will be procuring a vendor to establish a Surveillance and Utilization Review section (SUR) data system, which will include the PARIS data matching process, with new federal funds from the American Rescue Plan Act (ARPA). DHCFP has started the Request for Proposal (RFP) process for this new SUR Data System. DHCFP anticipates a contract start date of January 1, 2024 and an estimated implementation date of December 31, 2024 .

By automating and streamlining this process in the future, Nevada Medicaid aims to increase the state's capacity to act more quickly on eligibility redeterminations that stem from a PARIS data match finding. In return, this will allow the program to adjust enrollment and payments to managed care plans, more quickly. This adjustment process is fully automated in the Division's Medicaid Management Information System (MMIS) which was certified by CMS in May of 2019.

**Date of Completion or Estimated Completion:**

December 31, 2024

**Department or Agency Responsible for Corrective Action Plan**

**Agency:** Department of Healthcare Financing and Policy  
**Contact:** Russ Steele, Audit Manager  
1000 E William St., Suite 110  
Carson City, NV 89701  
(775) 684-3609  
[rsteele@dhcfp.nv.gov](mailto:rsteele@dhcfp.nv.gov)

*Sandie Ruybalid, CPM*

Sandie Ruybalid, CPM (Dec 15, 2023 11:13 PST)

Signature of Sandie Ruybalid,  
Deputy Administrator

Reviewed and Approved 12/15/2023  
Date

Joe Lombardo  
Governor

Richard Whitley, MS  
Director



## DEPARTMENT OF HEALTH AND HUMAN SERVICES

DIVISION OF HEALTH CARE FINANCING AND POLICY

*Helping people. It's who we are and what we do.*



Stacie Weeks,  
JD MPH  
Administrator

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## CORRECTIVE ACTION PLAN FOR AUDIT FINDING

### AUDIT FINDING 2022-062

**Finding:** U.S. Department of Health and Human Services Medicaid Cluster: State Medicaid Fraud Control Units, 93.775 State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare, 93.777 Medical Assistance Program (Medicaid; Title XIX), 93.778 Reporting Material Weakness in Internal Control over Compliance and Material Noncompliance

The *OMB Compliance Supplement* requires that reports submitted to the federal awarding agency include all activity of the reporting period, are supported by underlying accounting information, and are presented in accordance with program requirements.

The Nevada Division of Health Care Financing and Policy (DHCFP) is required to submit *Quarterly Medicaid Statement of Expenditures for the Medical Assistance Program (CMS-64)* reports based on actual recorded expenditures (42 CFR 430.30).

Amounts reported on the CMS-64 were not supported by the underlying accounting information.

DHCFP did not have adequate internal controls to ensure CMS-64 reports were accurate or supporting documentation for reconciling items was maintained.

Inaccurate information may be reported to the federal awarding agency.

A nonstatistical sample of two CMS-64 reports out of a population of four was selected for testing. DHCFP has manual adjustments to key line items within the CMS-64 from the general ledger. DHCFP did not maintain a record of any of the manual adjustments and we were unable to verify whether the manual adjustment was appropriate. In total, there were \$91,007,519 in manual adjustments in the December 31, 2021 CMS-64 report and \$121,971,786 in the March 31, 2022 CMS-64 report that we were unable to verify.

**Recommendation:** We recommend DHCFP enhance internal controls to ensure CMS-64 reports are accurate and supporting documentation is maintained.

**Agency Response**

**Does the Agency Agree with Finding?:** Yes

**Additional Comments:** None

**Corrective Action Taken or To Be Taken**

**Action:** The Division will enhance internal controls to ensure CMS-64 reports are accurate and supporting documentation is reviewed, reconciled, and maintained. The Division is actively filling vacancies and training staff to ensure reconciliations are performed to ensure the integrity of data and reports are correct.

**Date of Completion or Estimated Completion:** December 2024

**Department or Agency Responsible for Corrective Action Plan**

**Agency:** Department of Healthcare Financing and Policy  
**Contact:** Russ Steele, Audit Manager  
1000 E William St., Suite 110  
Carson City, NV 89701  
(775) 684-3609  
[rsteale@dhcfp.nv.gov](mailto:rsteale@dhcfp.nv.gov)

*Ashwini Prasad*

Signature of Ashwini Prasad,  
Administrative Services Officer 4

Reviewed and Approved 12/15/2023

Date



Joe Lombardo  
Governor



Richard Whitley,  
MS  
Director

DEPARTMENT OF  
HEALTH AND HUMAN SERVICES



NEVADA DIVISION of PUBLIC  
and BEHAVIORAL HEALTH



Cody Phinney,  
MPH  
Administrator

Ihsan Azzam,  
Ph.D., M.D.  
Chief Medical  
Officer

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December 15, 2023

Eide Bailly LLP, CPAs performed an annual single audit of the State of Nevada Opioid Response Grant (Opioid STR), CFDA 93.788, active during the State of Nevada's fiscal year 2022 which ended June 30, 2022.

Finding 2022-063: Earmarking.

The Division of Public and Behavioral Health (DPBH) did not have evidence of monitoring administrative, infrastructure development, data collection, and reporting costs to ensure they did not exceed the maximum allowable.

Nevada Division of Public and Behavioral Health response:

The Nevada Division of Public and Behavioral Health accepts this finding and will initiate corrective action as described below.

Corrective Action:

The Bureau of Behavioral Health, Wellness, and Prevention (BBHWP) developed a tracking tool in the federal grant reconciliation to monitor BBHWP and the sub-recipients Administration Costs and Reporting Costs that is gathered from BBHWP expenses and monthly Requests for Reimbursements from sub-recipients. Data collection is requested from the Sub-Recipients on a quarterly basis to ensure that the data costs do not exceed the maximum allowable by the grant.

Date of Completion:

BBHWP: December 2023

Responsible Party: BBHWP State Opioid Response Unit: Theresa Callahan, Management Analyst II

If you have any questions, please contact Kitty DeSocio, Administrative Services Officer IV at 775-684-3481 or by email at [kdesocio@health.nv.gov](mailto:kdesocio@health.nv.gov).

Sincerely,

Handwritten signature of Cody Phinney in blue ink.

Cody Phinney, Administrator

Joe Lombardo  
Governor



Richard Whitley,  
MS  
Director

DEPARTMENT OF  
HEALTH AND HUMAN SERVICES  
NEVADA DIVISION of PUBLIC  
and BEHAVIORAL HEALTH



Cody Phinney,  
MPH  
Administrator

Ihsan Azzam,  
Ph.D., M.D.  
Chief Medical  
Officer

December 15, 2023

Eide Bailly LLP, CPAs performed an annual single audit of the State of Nevada Opioid Response Grant (Opioid STR), CFDA 93.788, active during the State of Nevada's fiscal year 2022 which ended June 30, 2022.

Finding 2022-064: Procurement, Suspension, and Debarment.

Certain applicable provisions described in Appendix II to Part 200 were not included in contracts as required. Procedures were not followed to verify if an entity was suspended or debarred before entering into a covered transaction.

Nevada Division of Public and Behavioral Health response:

The Nevada Division of Public and Behavioral Health (DPBH) accepts this finding and will initiate corrective action as described below.

Corrective Action:

Division Administration Contract Unit will review procedures and processes in place ensuring the suspension and disbarment report is being completed per internal procedures. The division will also ensure there is backup support in the case of staff leaving the agency.

The Division has requested the standard templates for all contracts, including statewide contracts, be updated to include applicable provisions by the State Purchasing Division. As of December 15, 2023, this request has not been approved. The Division of Public and Behavioral Health will continue to request that the State Purchasing Division include the required federal provisions for Appendix II to Part 200 specific to Suspension/Debarment, Anti-Lobbying, Federal Water Pollution and Clean Air/Clean Water Act in all statewide contract templates.

Date of Completion:

Statewide Contracts: Pending State Purchasing Division Approval

Suspension and Debarment Verification: To be completed by January 2024

Responsible Party: Contracts Unit: Michele Silzell, Administrative Services Officer III

If you have any questions, please contact Kitty DeSocio, Administrative Services Officer IV at 775-684-3481 or by email at [kdesocio@health.nv.gov](mailto:kdesocio@health.nv.gov).

Sincerely,

Handwritten signature of Cody Phinney.

Cody Phinney, Administrator

Joe Lombardo  
Governor



Richard Whitley,  
MS  
Director

DEPARTMENT OF  
HEALTH AND HUMAN SERVICES  
NEVADA DIVISION of PUBLIC  
and BEHAVIORAL HEALTH



Cody Phinney,  
MPH  
Administrator

Ihsan Azzam,  
Ph.D., M.D.  
Chief Medical  
Officer

December 15, 2023

Eide Bailly LLP, CPAs performed an annual single audit of the State of Nevada Opioid Response Grant (Opioid STR), CFDA 93.788, active during the State of Nevada's fiscal year 2022 which ended June 30, 2022.

Finding 2022-065: Reporting.

The Nevada Division of Public and Behavioral Health (DPBH) did not maintain underlying documentation to support the amounts reported in annual and midyear Performance Progress Reports (PPR).

Nevada Division of Public and Behavioral Health response:

The Nevada Division of Public and Behavioral Health accepts this finding and will initiate corrective action as described below.

Corrective Action:

The Bureau of Behavioral Health, Wellness, and Prevention (BBHWP) developed a document retention system to ensure subgrantee grant reports and supporting documentation is saved and is easily accessible for each award period. This new system will remove unnecessary barriers for accessing reports moving forward.

Date of Completion:

BBHWP: December 2023

Responsible Party: BBHWP State Opioid Response Unit: Breanne Van Dyne, Health Program Manager II

If you have any questions, please contact Kitty DeSocio, Administrative Services Officer IV at 775-684-3481 or by email at [kdesocio@health.nv.gov](mailto:kdesocio@health.nv.gov).

Sincerely,

A handwritten signature in black ink that reads "Cody Phinney".

Cody Phinney, Administrator