Single Audit Report
June 30, 2015

State of Nevada

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CPAs & BUSINESS ADVISORS

Independent Auditor's Report

The Honorable Ronald Knecht, MS, JD & PE
State Controller
Carson City, Nevada

Report on the Financial Statements
We have audited the accompanying 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, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the State's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility
Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the following:

- the financial statements of the Housing Division, which is both a major fund and 38.55 percent of the assets and deferred outflows of resources, 25.96 percent of net position, and 3.88 percent of the revenues of the business-type activities;

- the financial statements of the Nevada System of Higher Education and the Colorado River Commission, both of which are discretely presented component units and represent more than 99 percent of assets and deferred outflows of resources, net position, and revenues of the discretely presented component units;

- the financial statements of the Self Insurance and Insurance Premiums 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 3.57 percent of the revenues of the aggregate remaining fund information;

- the financial statements of the Pension Trust Funds and the Other Employee Benefit Trust Fund – State Retirees' Fund, which the aggregate represent 65.41 percent of the assets and deferred outflows of resources, 66.73 percent of the net position and 31.81 percent of the revenues of the aggregate remaining fund information;

- the financial statements of the Nevada College Savings Plan – Private Purpose Trust Fund, which represent 29.49 percent of the assets and deferred outflows of resources, 30.50 percent of the net position and 45.39 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 Division of Museums and History Dedicated Trust Fund, which represent less than one percent of the assets and deferred outflows of resources, fund balance and revenues of the aggregate remaining fund information.

Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the above-mentioned funds and entities, is based solely on the reports of the other auditors. We conducted our audit in accordance with 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Division of Museums and History Dedicated Trust Fund, 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.*

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements 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 entity’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained, and the reports of other auditors, is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position 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, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Notes 1 and 17 to the financial statements, the State of Nevada adopted the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, which has resulted in a restatement of the net position as of July 1, 2014. Our opinions are not modified with respect to this matter.

Correction of Error
As discussed in Note 17 to the financial statements, an error occurred in the determination of the amortization period on refunding loss during the fiscal years 2005 through 2014, which was discovered by management during the current year. Accordingly, amounts for amortization on refunding loss have resulted in a restatement of net position/fund balances as of July 1, 2014. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 14 and the budgetary comparison information, the notes to required supplementary information-budgetary reporting, the schedule of funding progress, the schedule of infrastructure condition and maintenance data, and the pension plan information collectively presented on pages 78 through 83 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 auditing standards generally accepted in the United States of America, 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 December 21, 2015, on our consideration of the State of Nevada'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 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 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.

Eide Bailly LLP

Reno, Nevada
December 21, 2015

Management's Discussion and Analysis

State of Nevada management provides this discussion and analysis of the State of Nevada's Comprehensive Annual Financial Report (CAFR) 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, 2015. Readers should consider this information in conjunction with the additional information furnished in the letter of transmittal.

Highlights

Government-wide:

Net Position – The assets and deferred outflows of resources of the State exceeded liabilities and deferred inflows of resources by $4.4 billion (reported as *net position*). Of the $4.4 billion in net position, $1.6 billion was restricted and not available to meet the State's general obligations. Also unavailable to meet the State's general obligations is $4.9 billion net investment in capital assets.

As a result of implementing GASB 68 *Accounting and Financial Reporting for Pensions,* the State recorded $182.2 million deferred outflows of resources, $1.7 billion net pension liability, and $503.4 million deferred inflows of resources for the primary government. The State's total net position decreased by $1.4 billion or 24.2% over the prior year, of which $2.0 billion is a decrease to beginning unrestricted net position due to the implementation of GASB 68. Net position of governmental activities decreased by $1.8 billion or 32.6%. Net position of business-type activities increased by $364.7 million or 96.2%

Fund-level:

At the close of the current fiscal year, the State's governmental funds reported combined ending fund balances of $1.6 billion, a decrease of $144.2 million from the prior year. Of the ending fund balance, $949.2 million is available for spending and $613.8 million is not in spendable form, primarily municipal securities and permanent fund principal. The spendable portion consists of: $607.1 million restricted to expenditures for specific purposes such as transportation, health and human services, law, justice and public safety, and capital projects; $547.2 million committed to expenditures for specific purposes such as servicing bonds payable, health and education development, and environmental protection; and a negative $205.1 million unassigned, in the General Fund. The reasons for the negative unassigned fund balance are disclosed in the Financial Analysis of the State's Funds section below.

The State's enterprise funds reported combined ending net position of $744.4 million, an increase of $365.5 million from the prior year, of which $36.6 million is a decrease to beginning net position as a result of implementing GASB 68, *Accounting and Financial Reporting for Pensions*. The remaining increases in net position consist of $347.6 million in the Unemployment Compensation Fund, $35.3 million in the Water Projects Loans Fund, and $9.8 million in the Higher Education Tuition Trust Fund. Of the combined ending net position, $88.8 million represents the net position-unrestricted of which $109.8 million is from the Unemployment Compensation Fund and a deficit of $20.8 million is from the non-major enterprise funds.

The State's fiduciary funds reported combined ending net position of $51.5 billion, an increase of $2.6 billion from the prior year. This increase is due primarily to the increases in contributions, interest, dividends and change in the fair value of investments in the Pension Trust Funds and Private Purpose Trust Funds.

Long-term Debt (government-wide):

The State's total bonds payable and certificates of participation payable decreased by $280.7 million or 7.4% from $3.8 billion in fiscal year 2014 to $3.5 billion in fiscal year 2015.

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 Comprehensive Annual 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 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, 2015 and 2014 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
	2015	2014*	2015	2014*	2015	2014*	2015-2014
Assets							
Current and other assets	$ 3,637,061	$ 3,604,390	$ 2,163,799	$ 1,918,000	$ 5,800,860	$ 5,522,390	$ 278,470
Net capital assets	6,200,840	6,020,493	12,517	12,321	6,213,357	6,032,814	180,543
Total assets	9,837,901	9,624,883	2,176,316	1,930,321	12,014,217	11,555,204	459,013
Total deferred outflows of resources	244,857	13,978	4,562	1,612	249,419	15,590	233,829
Liabilities							
Current liabilities	1,612,110	1,513,414	69,068	69,382	1,681,178	1,582,796	98,382
Long-term liabilities	4,327,379	2,710,278	1,358,862	1,483,298	5,686,241	4,193,576	1,492,665
Total liabilities	5,939,489	4,223,692	1,427,930	1,552,680	7,367,419	5,776,372	1,591,047
Total deferred inflows of resources	495,015	704	9,041	-	504,056	704	503,352
Net Position							
Net investment in capital assets	4,895,213	4,672,738	3,791	3,434	4,899,004	4,676,172	222,832
Restricted	976,650	866,071	651,863	599,806	1,628,513	1,465,877	162,636
Unrestricted (deficit)	(2,223,609)	(124,344)	88,253	(223,987)	(2,135,356)	(348,331)	(1,787,025)
Total net position	$ 3,648,254	$ 5,414,465	$ 743,907	$ 379,253	$ 4,392,161	$ 5,793,718	$ (1,401,557)

* The 2014 amounts presented here have not been restated for the implementation of GASB 68 for pensions and other adjustments.

Net Position:
As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The State's combined net position (governmental and business-type activities) decreased to $4.4 billion at the end of 2015, compared with $5.8 billion at the end of the previous year.

The largest portion of the State's net position ($4.9 billion or 111.5%) reflects its investment in capital assets such as land, buildings, improvements other than buildings, 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 ($1.6 billion or 37.1%) 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 $2.1 billion or (48.6%) as compared to a $348.3 million deficit in the prior year.

The unrestricted deficit net position in governmental activities increased by $2.1 billion from a deficit of $124.3 million to a total deficit of $2.2 billion. This is primarily due to the implementation of GASB 68, *Accounting and Financial Reporting for Pensions* which recorded a decrease to beginning net position of governmental activities of $2.0 billion. Other changes in governmental activities were a result of several factors, including a decrease in the unrestricted fund balance of the General Fund of $64.3 million and an increase of $11.9 million in deferred inflows of resources for unavailable revenue recognized as revenue in the government-wide statement of net activities. Of the $11.9 million increase in deferred inflows of resources for unavailable revenue, approximately $7.9 million is from taxes and $1.0 million is from rebates for health and social services. In business-type activities the unrestricted net position increased by $312.2 million from a deficit of $224.0 million to a net position of $88.2 million. The increase is primarily due to an increase in the net position of the Unemployment Compensation Fund in the amount of $347.6 million.

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

	Governmental Activities		Business-type Activities		Total		Total Change
	2015	2014*	2015	2014*	2015	2014*	2015-2014
Revenues							
Program revenues							
Charges for services	$ 828,977	$ 767,186	$ 111,885	$ 121,264	$ 940,862	$ 888,450	$ 52,412
Operating grants and contributions	4,337,546	3,416,382	75,716	196,653	4,413,262	3,613,035	800,227
Capital grants and contributions	10,385	9,349	-	-	10,385	9,349	1,036
General revenues							
Sales and use taxes	1,160,968	1,085,656	-	-	1,160,968	1,085,656	75,312
Gaming taxes	906,382	922,999	-	-	906,382	922,999	(16,617)
Modified business taxes	413,749	382,976	-	-	413,749	382,976	30,773
Insurance premium taxes	301,226	256,587	-	-	301,226	256,587	44,639
Property and transfer taxes	219,189	209,784	-	-	219,189	209,784	9,405
Motor and special fuel taxes	277,305	269,544	-	-	277,305	269,544	7,761
Other taxes	833,958	688,399	555,187	537,372	1,389,145	1,225,771	163,374
Investment earnings	14,780	5,462	-	-	14,780	5,462	9,318
Other	231,043	160,298	-	-	231,043	160,298	70,745
Total Revenues	9,535,508	8,174,622	742,788	855,289	10,278,296	9,029,911	1,248,385
Expenses							
General government	280,465	202,620	-	-	280,465	202,620	77,845
Health and social services	4,887,130	3,784,055	-	-	4,887,130	3,784,055	1,103,075
Education - K to 12	1,892,519	1,830,605	-	-	1,892,519	1,830,605	61,914
Education - higher education	490,407	495,893	-	-	490,407	495,893	(5,486)
Law, justice and public safety	695,023	662,330	-	-	695,023	662,330	32,693
Regulation of business	259,106	303,020	-	-	259,106	303,020	(43,914)
Transportation	462,386	327,519	-	-	462,386	327,519	134,867
Recreation and resource development	145,000	139,188	-	-	145,000	139,188	5,812
Interest on long-term debt	94,987	121,224	-	-	94,987	121,224	(26,237)
Unallocated depreciation	2,137	2,150	-	-	2,137	2,150	(13)
Unemployment insurance	-	-	380,166	552,246	380,166	552,246	(172,080)
Housing	-	-	23,442	31,954	23,442	31,954	(8,512)
Water loans	-	-	6,372	7,837	6,372	7,837	(1,465)
Workers' compensation and safety	-	-	27,644	26,715	27,644	26,715	929
Higher education tuition	-	-	25,768	21,325	25,768	21,325	4,443
Other	-	-	30,263	32,944	30,263	32,944	(2,681)
Total Expenses	9,209,160	7,868,604	493,655	673,021	9,702,815	8,541,625	1,161,190
Change in net position before contributions to permanent funds, special items and transfers	326,348	306,018	249,133	182,268	575,481	488,286	87,195
Contributions to permanent fund	9,038	5,908	-	-	9,038	5,908	3,130
Special item - Settlement	-	-	5,000	330	5,000	330	4,670
Transfers	(147,100)	6,689	147,100	(6,689)	-	-	-
Change in net position	188,286	318,615	401,233	175,909	589,519	494,524	94,995
Net position - beginning of year	5,414,465	5,095,850	379,253	203,344	5,793,718	5,299,194	494,524
Adjustment to beginning net position	(1,954,497)	-	(36,579)	-	(1,991,076)	-	(1,991,076)
Net position - end of year	$ 3,648,254	$ 5,414,465	$ 743,907	$ 379,253	$ 4,392,161	$ 5,793,718	$(1,401,557)

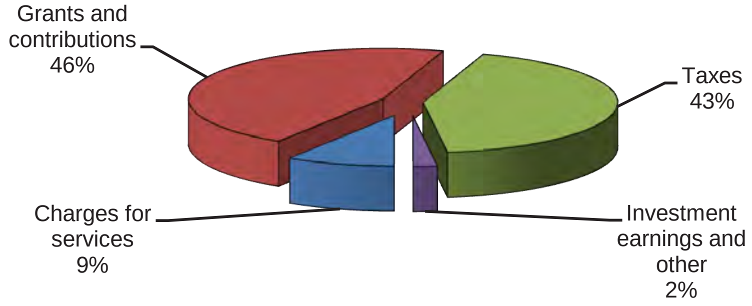
* The 2014 amounts presented here have not been restated for the implementation of GASB 68 for pensions or other adjustments.

Changes in Net Position:

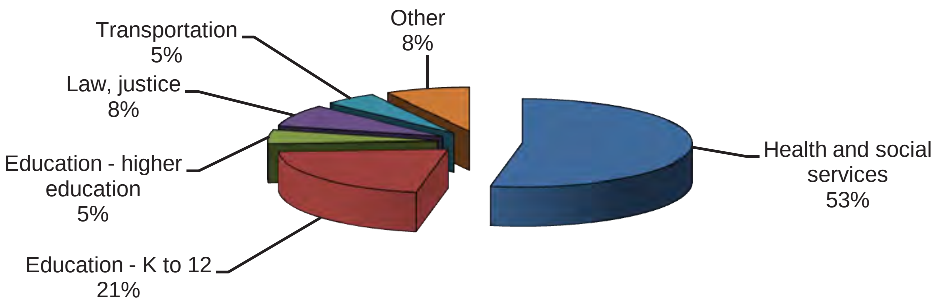
Total government-wide revenues increased by $1.2 billion during the current year. The increase in revenues is a result of several factors, including increases of $800.2 million in federal funding, $163.4 million in other taxes, $75.3 million in sales and use taxes and $70.7 million in other revenues. Other general revenue tax increases include $44.6 million in insurance premium taxes and $30.8 million in modified business taxes. Program revenues from charges for services increased by $52.4 million compared to the prior year.

Governmental activities – The current year net position increased by $188.3 million. Approximately 43.1% of the total revenue came from taxes, while 45.6% was in the form of grants and contributions (including federal aid). Charges for various goods and services provided 8.7% of the total revenues (see chart below). The State's governmental activities expenses cover a range of services and the largest expenses were 53.1% for health and social services and 20.6% for K to 12 education (see chart below). In 2015, governmental activities expenses exceeded program revenues, resulting in the use of $4.0 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:

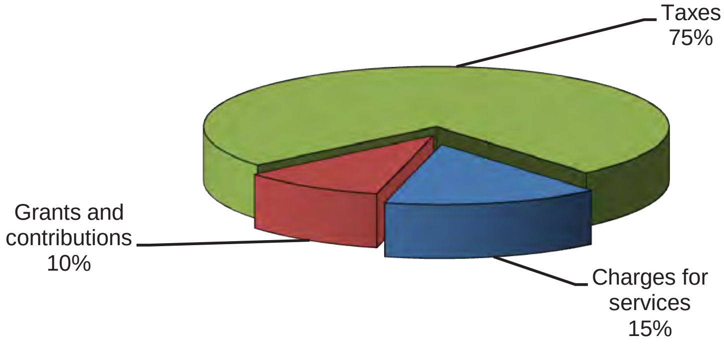
Revenues and Expenses by Function: Governmental Activities

(expressed in thousands)

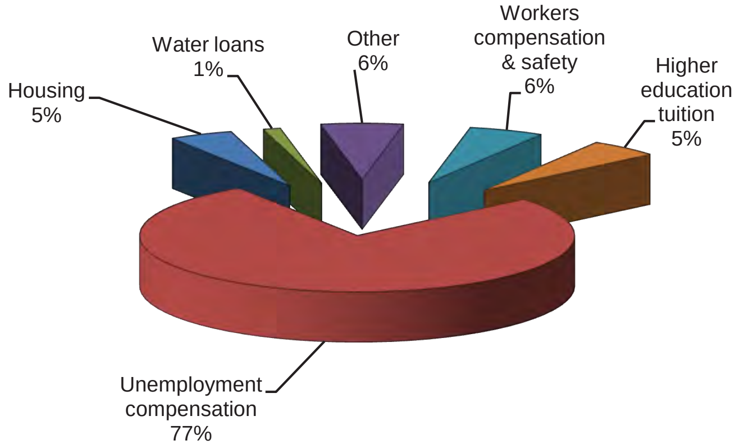
	Expenses	Revenues
General government	$ 280,465	$ 176,063
Health and social services	4,887,130	3,765,983
Education - K to 12	1,892,519	266,873
Education - higher education	490,407	-
Law, justice	695,023	341,215
Regulation	259,106	216,890
Transportation	462,386	323,124
Recreation	145,000	85,531
Total	$ 9,112,036	$ 5,175,679

Business-type activities – The current year net position increased by $401.2 million. Approximately 74.7% of the total revenue came from taxes, while 10.2% was in the form of grants and contributions (including federal aid). Charges for various goods and services provided 15.1% of the total revenues (see chart below). The State's business-type activities expenses cover a range of services. The largest expenses were 77.0% for unemployment compensation (see chart below). In 2015, business-type activities expenses exceeded program revenues by $306.1 million. Of this amount, unemployment compensation was the largest, with net expenses of $365.3 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)

	Expenses	Revenues
Unemployment compensation	$ 380,166	$ 14,877
Housing	23,442	28,841
Water loans	6,372	42,775
Workers' compensation	27,644	38,540
Higher education tuition	25,768	28,261
Other	30,263	34,307
Total	$ 493,655	$ 187,601

The State's overall financial position declined over the past year, primarily due to the implementation of GASB 68, *Accounting and Financial Reporting for Pensions*, which resulted in a $2.0 billion decrease to beginning net position. However, current year operations resulted in a $188.3 million increase in the net position of the governmental activities and a $401.2 million increase in the net position of the business-type activities. Nevada continues to recover at a slow pace. Key economic indicators from the State's sales and other taxes continue to show positive growth. Tax revenues for governmental activities increased in the current fiscal year $296.8 million or 7.8% compared to an increase of $79.0 million or 2.1% in the prior fiscal year. In addition, intergovernmental revenues for governmental activities increased $921.2 million primarily due to Medicaid receipts. In the Highway Fund, intergovernmental revenues decreased $22.0 million primarily due to a decrease in federal aid, while motor and special vehicle taxes increased $10.3 million and driver's license and motor carrier fees increased $12.3 million.

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 $1.6 billion, a decrease of $144.2 million from the prior year. Of these total ending fund balances, $613.8 million or 39.3% is nonspendable, either due to its form or legal constraints, and $607.1 million or 38.8% is restricted for specific programs by external constraints, constitutional provisions, or contractual obligations. An additional $547.2 million or 35.0% of total fund balance has been committed to specific purposes. Committed amounts cannot be used for any other purpose unless approved by the Legislature. At the end of the fiscal year there is no committed fund balance for fiscal emergency. 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 account 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, in which case forty percent of the excess is deposited to the Stabilization Account. Expenditures may occur only if actual revenues for the biennium fall short by 5% or more from anticipated revenues, or if the Legislature and Governor declare that a fiscal emergency exists. During the fiscal year, actual revenues for the biennium fell short by 5% or more from anticipated revenues and a transfer in the amount of $28.1 million was made from the Stabilization Account to the General Fund for unrestricted State General Fund use. The remaining negative $205.1 million or (13.1%) 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 $207.3 million compared to $274.8 million in the prior fiscal year. The fund balance decreased from operations by $67.6 million or 24.6% during the current fiscal year. Reasons for this decrease are discussed in further detail below. The negative unassigned fund balance of $205.1 million is mostly due to an accrual for Medicaid expenditures and for unearned gaming taxes and mining taxes already collected and budgeted but not yet recognized as revenues.

The following schedule presents a summary of revenues of the General Fund for the fiscal years ended June 30, 2015 and 2014 (expressed in thousands). Other financing sources are not included.

General Fund Revenues *(expressed in thousands)*

	2015		2014		Increase (Decrease)	
	Amount	Percent	Amount	Percent	Amount	Percent
Gaming taxes, fees and licenses	$ 894,805	11.3%	$ 913,960	13.5%	$ (19,155)	-2.1%
Sales taxes	1,161,893	14.6%	1,081,735	15.9%	80,158	7.4%
Modified business taxes	411,914	5.2%	384,886	5.7%	27,028	7.0%
Insurance premium taxes	292,665	3.7%	263,532	3.9%	29,133	11.1%
Property and transfer taxes	67,696	0.9%	63,528	0.9%	4,168	6.6%
Motor and special fuel taxes	2,466	0.0%	2,671	0.0%	(205)	-7.7%
Other taxes	574,185	7.2%	544,436	8.0%	29,749	5.5%
Intergovernmental	4,081,581	51.3%	3,118,097	46.0%	963,484	30.9%
Licenses, fees and permits	305,079	3.8%	289,652	4.3%	15,427	5.3%
Sales and charges for services	70,877	0.9%	58,016	0.9%	12,861	22.2%
Interest and investment income	(337)	0.0%	9,913	0.1%	(10,250)	-103.4%
Other revenues	87,208	1.1%	53,555	0.8%	33,653	62.8%
Total revenues	$ 7,950,032	100.0%	$ 6,783,981	100.0%	$ 1,166,051	17.2%

The total General Fund revenues increased $1.2 billion or 17.2%. The largest increases in revenue sources were $963.5 million or 30.9% in intergovernmental revenues, $80.2 million or 7.4% in sales taxes, $33.7 million or 62.8% in other revenues, $29.7 million or 5.5% in other taxes, and $29.1 million or 11.1% in insurance premium taxes. Intergovernmental revenues primarily increased by $912.2 million in receipts for Medicaid, $60.7 million in receipts for food stamps, and $27.1 million in receipts for county revenues. The largest decline in revenue sources was $19.2 million or 2.1% in gaming taxes and $10.3 million or 103.4% in interest and investment income. In other revenues, unclaimed property revenues increased by $7.5 million primarily due to a one time receipt by public safety of $4 million, and $19.7 million of settlement income was recorded in the current year.

The following schedule presents a summary of expenditures by function of the General Fund for the fiscal years ended June 30, 2015 and 2014 (expressed in thousands). Other financing uses are not included.

General Fund Expenditures *(expressed in thousands)*

	2015		2014		Increase (Decrease)	
	Amount	Percent	Amount	Percent	Amount	Percent
General government	$ 128,236	1.6%	$ 113,896	1.6%	$ 14,340	12.6%
Health and social services	4,766,687	59.1%	3,683,368	52.8%	1,083,319	29.4%
Education - K to 12	1,891,259	23.4%	1,830,511	26.3%	60,748	3.3%
Education - higher education	486,937	6.0%	485,893	7.0%	1,044	0.2%
Law, justice and public safety	450,754	5.6%	459,481	6.6%	(8,727)	-1.9%
Regulation of business	233,072	2.9%	279,899	4.0%	(46,827)	-16.7%
Recreation, resource development	113,164	1.4%	115,949	1.7%	(2,785)	-2.4%
Debt service	3,251	0.0%	3,716	0.0%	(465)	-12.5%
Total expenditures	$ 8,073,360	100.0%	$ 6,972,713	100.0%	$ 1,100,647	15.8%

Note: Fiscal year 2014 revised to reclassify Intergovernmental expenditures to function.

The total General Fund expenditures increased 15.8%. The largest increases in expenditures were $1.1 billion or 29.4% in health and social services expenditures, $60.7 million or 3.3% in K to 12 education, and $14.3 million or 12.6% in general government. Health and social services expenditures increased due to expansion of the Medicaid program. The largest decrease was $46.8 million or 16.7% of expenditures for the regulation of business primarily due to a decrease in a one-time settlement of $49.0 million received in 2014 for the Home Means Nevada Program.

The State Highway Fund is a special revenue fund used to account for the maintenance, regulation and construction of public highways and is funded through vehicle fuel taxes, federal funds, other charges and bond revenue. The fund balance decreased $19.8 million or 5.6% during the current fiscal year compared to a 137.4% increase in the prior year. This was primarily due to an increase in transportation expenditures of $105.5 million or 19.9%. Expenditures increased as spending for three major road construction projects, Project NEON, USA Parkway and the Boulder City Bypass, increased. Intergovernmental revenues decreased by $22.0 million primarily due to a $21.5 million decrease in federal aid. The 50.6% decrease in other taxes is due to the Legislative allocation to the General Fund of $21.9 million in Motor Vehicle Government Services tax commissions and penalties previously allocated to the Highway Fund. The nonspendable fund balance is $16.3 million, the restricted fund balance is $307.3 million and the committed fund balance is $10.3 million.

The Municipal Bond Bank Fund is a special revenue fund used to account for revenues and expenditures associated with buying local government bonds with proceeds of State general obligation bonds. The fund balance decreased by $26.7 million during the current fiscal year, which is a 10.5% decrease from the prior year. This decrease was primarily due to the refunding of local government bonds.

The Permanent School Fund is a permanent fund used to account for certain property and the proceeds derived from such property, escheated estates, and all fines collected under penal laws of the State, which become permanent assets of the fund. All earnings on the assets are to be used for education. The fund balance increased by $9.2 million during the current fiscal year, which is a 2.8% increase from the prior year. This increase is primarily due to $3.0 million increase in land sales.

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 $723.3 million, the net position of the nonmajor enterprise funds is $21.1 million and the total combined net position of all enterprise funds is $744.4 million. The combined net position of all enterprise funds increased by $365.5 million in 2015, of which $36.6 million is a decrease to beginning net position due to the implementation of GASB 68, *Accounting and Financial Reporting for Pensions*. 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 homebuyers with low or moderate incomes. The net position increased by $2.9 million or 1.5%, of which $2.7 million is a decrease to beginning net position due to the implementation of GASB 68, *Accounting and Financial Reporting for Pensions,* resulting in an ending net position of $193.1 million. Revenues from interest on loans decreased by 7.4% due to loan delinquencies reflecting Nevada's high and continuing unemployment and foreclosure rate, along with a reduction in interest and investment income of 8.2%. Operating expenses decreased primarily due to few programs closed in the multi-family programs and decreased loan servicing and program expenses and bond program expense.

The Unemployment Compensation Fund accounts for the payment of unemployment compensation benefits to unemployed State citizens. The net position increased by $347.6 million during the current fiscal year, which is a 146.2% increase from the prior year, resulting in an ending net position of $109.8 million. This increase in net position is primarily due to operating revenues exceeding expenses by $194.0 million and a transfer of $161.6 million from the Unemployment Comp Bond Fund for special bond contributions assessed on employers for payment of principal and interest on Unemployment Compensation Bonds. During fiscal year 2015, $369.7 million of unemployment compensation benefits was paid to unemployed State citizens compared to $536.8 million paid in fiscal year 2014, representing a 31.1% 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 $34.6 million during the current fiscal year, of which $.7 million is a decrease to beginning net position due to the implementation of GASB 68, *Accounting and Financial Reporting for Pensions,* for a final net position of $367.3 million, which is a 10.4% 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 seventeenth enrollment period during the fiscal year with 977 new enrollments. The net position increased $9.6 million or 22.1% during the current fiscal year, of which $.2 million is a decrease to beginning net position due to the implementation of GASB 68, *Accounting and Financial Reporting for Pensions*. During the fiscal year the fund was forgiven an advance from the General Fund resulting in an increase to net position of $5.0 million.

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 2015, total internal service fund net position decreased by $80.6 million, of which $51.1 million is a decrease to beginning net position due to the implementation of GASB 68, *Accounting and Financial Reporting for Pensions*, for a final net position of $5.2 million. The two 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 decreased by $34.7 million or 30.2% during the current fiscal year, of which $3.1 million is a decrease to beginning net position due to the implementation of GASB 68, *Accounting and Financial Reporting for Pensions,* for a final net position of $80.0 million. The remaining decrease was caused primarily by a 5.4% decrease in insurance premium income and a 17.5% increase in claims expense.

The Insurance Premiums Fund accounts for general, civil (tort), auto and property casualty liabilities of State agencies. The net position deficit decreased by $3.4 million or 6.2% during the current fiscal year, of which $1.0 million is a decrease to beginning net position due to the implementation of GASB 68, *Accounting and Financial Reporting for Pensions,* resulting in a total deficit of $50.8 million. The remaining deficit decrease is the result of an increase in net premium income of 6.0% and a decrease of 9.0% in claims expense.

Analysis of General Fund Budget Variations

The General Fund budgetary revenues and other financing sources were $664.6 million or 6.8% 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 $1.3 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 non-executive budgets approved after July 1 and increased estimated receipts were approximately $1.3 billion.

Capital Assets and Debt Administration

Capital Assets:
The State's capital assets for governmental and business-type activities as of June 30, 2015 amount to $7.4 billion, net of accumulated depreciation of $1.2 billion, leaving a net book value of $6.2 billion. This investment in capital assets includes land, buildings, improvements other than buildings, equipment, software costs, infrastructure, rights-of-way, and construction in progress. Infrastructure assets are items that are normally immovable, such as roads and bridges.

As allowed by GASB Statement No. 34, the State has adopted an alternative process for recording depreciation expense on selected 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 80 and will also maintain its bridges so that not more than 10% are structurally deficient or functionally obsolete. The most recent condition assessment shows a decline in the condition level of the roadways. However, the results of the three most recent condition assessments provide reasonable assurance that the condition level of the roadways is being preserved above, or approximately at, the condition level established. 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 80

	Category I	Category II	Category III	Category IV	Category V
State Policy-minimum percentage	70%	65%	60%	40%	10%
Actual results of 2014 condition assessment	84%	71%	62%	33%	7%
Actual results of 2012 condition assessment	84%	85%	84%	32%	9%
Actual results of 2011 condition assessment	56%	79%	67%	30%	9%

Condition Level of the Bridges

Percentage of substandard bridges

	2014	2012	2011
State Policy-maximum percentage	10%	10%	10%
Actual results condition assessment	4%	4%	4%

The estimated amount necessary to maintain and preserve infrastructure assets at target condition levels exceeded the actual amounts of expense incurred for fiscal year 2015 by $56.4 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.

To keep pace with the demands of the population, the State also has a substantial capital projects program. The following is a summary of major projects in progress or completed during 2015 (expressed in millions):

	Expended by June 30, 2015	Total Budget
Healthcare Reform Software	$ 45.2	$ 45.2
Unemployment Insurance Software Development	29.1	40.4
New Readiness Center North Las Vegas	29.4	35.8
Field Maintenance Shop Facility - LV Readiness Center	23.9	26.9
Elko County Readiness Center	15.9	16.6
Southern Nevada Veterans' Cemetery Expansion	8.3	11.4
NDOT Integrated Right of Way Software	8.2	9.4
Energy Retrofit Projects	5.3	6.2
Las Vegas Springs Preserve Museum	5.6	5.6
Southern Desert CC Finish Core Expansion	4.9	5.0

The total increase in the State's capital assets for the primary government for the current fiscal year was $299.1 million. This increase included current expenditures to purchase capital assets and completed projects from construction in progress. Depreciation charges for the year totaled $75.6 million.

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

Debt Administration:
As of year-end, the State had $3.5 billion in bonds and certificates of participation outstanding, compared to $3.8 billion last year, a decrease of $280.7 million or 7.4% during the current fiscal year. This decrease was due primarily to the payment of principal on debt.

The most current bond ratings from Fitch, Moody's Investor Service and Standard and Poor's were AA+, Aa2 and AA, respectively. 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.

New bonds issued during the 2015 fiscal year were (expressed in thousands):

General Obligation University System Projects Bonds	3/10/2015A	$ 78,335
General Obligation Capital Improvement and Cultural Affairs Refunding Bonds	3/10/2015B	192,950
General Obligation Natural Resources and Refunding Bonds	3/10/2015C	20,320
General Obligation Natural Resources and Refunding Bonds Marlette Lake	3/10/2015C	1,020
Housing Multi-Unit Henderson Family	08/15/2013	5,691
Housing Multi-Unit Agate Avenue	11/27/2013	9,643
Housing Multi-Unit Landsman Gardens	12/12/2013	5,170
Housing Single-Family Bonds 2014 Issue A	04/01/2015	40,000
Housing Multi-Family Summerhill	04/29/2015	11,000
Housing Multi-Family Agate Avenue II	12/12/2014	55

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.

Statement of Net Position

June 30, 2015 (Expressed in Thousands)

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	Component Units
Assets				
Cash and pooled investments	$ 1,582,384	$ 528,830	$ 2,111,214	$ 290,693
Investments	514,381	711,314	1,225,695	1,239,654
Internal balances	1,254	(1,254)	-	-
Due from component unit	20,846	-	20,846	-
Due from primary government	-	-	-	28,425
Accounts receivable	119,136	6,496	125,632	43,793
Taxes/assessments receivable	837,543	221,313	1,058,856	-
Intergovernmental receivables	461,645	2,211	463,856	40,445
Accrued interest and dividends	5,684	12,396	18,080	30
Contracts receivable	-	40,783	40,783	-
Mortgages receivable	-	455,862	455,862	-
Notes/loans receivable	18,299	80,123	98,422	12,790
Capital lease receivable	43,399	-	43,399	-
Other receivables	47	-	47	99,261
Inventory	26,183	1,515	27,698	7,246
Prepaid expenses	6,256	171	6,427	39,186
Restricted assets:				
Cash	-	-	-	148,249
Investments	-	104,024	104,024	45,559
Other assets	4	15	19	43,386
Capital assets:				
Land, infrastructure and construction in progress	4,958,148	11,271	4,969,419	287,040
Other capital assets, net	1,242,692	1,246	1,243,938	1,786,496
Total assets	9,837,901	2,176,316	12,014,217	4,112,253
Deferred Outflows of Resources				
Deferred charge on refunding	65,953	1,244	67,197	10,856
Pension contributions	178,904	3,318	182,222	30,426
Total deferred outflows of resources	244,857	4,562	249,419	41,282
Liabilities				
Accounts payable	1,035,668	52,075	1,087,743	73,271
Accrued payroll and related liabilities	72,278	1,503	73,781	77,353
Intergovernmental payables	185,629	4	185,633	-
Interest payable	17,469	6,039	23,508	11,590
Due to component units	28,404	3	28,407	-
Due to primary government	-	-	-	20,846
Contracts/retentions payable	27,476	-	27,476	-
Unearned revenues	159,097	9,431	168,528	52,897
Other liabilities	86,089	12	86,101	37,259

Long-term liabilities:				
Portion due or payable within one year:				
Reserve for losses	77,371	-	77,371	-
Obligations under capital leases	2,649	-	2,649	3,228
Compensated absences	61,674	1,255	62,929	32,868
Benefits payable	-	17,710	17,710	-
Bonds payable	337,037	174,572	511,609	31,452
Certificates of participation payable	2,946	-	2,946	-
Portion due or payable after one year:				
Federal advances		-	-	8,205
Reserve for losses	48,026	-	48,026	-
Obligations under capital leases	20,177	-	20,177	43,048
Net pension obligation	1,714,657	31,584	1,746,241	297,838
Compensated absences	37,357	753	38,110	17,751
Benefits payable	-	181,681	181,681	-
Bonds payable	1,933,758	950,347	2,884,105	568,732
Certificates of participation payable	91,709	-	91,709	-
Due to component unit	18	-	18	-
Unearned revenue	-	-	-	61,059
Arbitrage rebate liability	-	961	961	-
Total liabilities	5,939,489	1,427,930	7,367,419	1,337,397
Deferred Inflows of Resources				
Pension related amounts	494,390	9,041	503,431	85,582
Taxes	6	-	6	-
Fines and forfeitures	619	-	619	-
Donations	-	-	-	11,669
Lease revenue	-	-	-	4,119
Total deferred inflows of resources	495,015	9,041	504,056	101,370
Net Position				
Net investment in capital assets	4,895,213	3,791	4,899,004	1,560,248
Restricted for:				
Security of outstanding obligations	-	192,385	192,385	-
Workers' compensation	-	38,482	38,482	-
Tuition contract benefits	-	52,996	52,996	-
Capital projects	527	-	527	102,384
Debt service	28,472	-	28,472	21,711
Education - K to 12	645	-	645	836
Education - higher education	11,366	-	11,366	-
Transportation	252,376	-	252,376	-
Recreation and resource development	56,354	367,998	424,352	-
Law, justice and public safety	46,208	-	46,208	-
Health and social services	232,310	-	232,310	-
Regulation of business	13,872	2	13,874	-
Scholarships	-	-	-	419,481
Loans	-	-	-	8,188
Operations and maintenance	-	-	-	713
Research and development	-	-	-	9,538
Other purposes	447	-	447	2,170
Funds held as permanent investments:				
Nonexpendable	334,052	-	334,052	378,786
Expendable	21	-	21	-
Unrestricted (deficit)	(2,223,609)	88,253	(2,135,356)	210,713
Total net position	$ 3,648,254	$ 743,907	$ 4,392,161	$ 2,714,768

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

Statement of Activities

NEVADA

For the Fiscal Year Ended June 30, 2015 (Expressed in Thousands)

		Program Revenues			Net (Expenses) Revenues and Changes in Net Position			
					Primary Government			
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Component Units
Primary Government								
Governmental activities:								
General government	$ 280,465	$ 172,468	$ 3,595	$ -	$ (104,402)	$ -	$ (104,402)	$ -
Health and social services	4,887,130	222,917	3,543,066	-	(1,121,147)	-	(1,121,147)	-
Education - K to 12	1,892,519	2,547	264,326	-	(1,625,646)	-	(1,625,646)	-
Education - higher education	490,407	-	-	-	(490,407)	-	(490,407)	-
Law, justice and public safety	695,023	295,582	43,577	2,056	(353,808)	-	(353,808)	-
Regulation of business	259,106	73,929	142,961	-	(42,216)	-	(42,216)	-
Transportation	462,386	14,388	300,775	7,961	(139,262)	-	(139,262)	-
Recreation and resource development	145,000	47,146	38,017	368	(59,469)	-	(59,469)	-
Interest on long-term debt	94,987	-	1,229	-	(93,758)	-	(93,758)	-
Unallocated depreciation	2,137	-	-	-	(2,137)	-	(2,137)	-
Total governmental activities	9,209,160	828,977	4,337,546	10,385	(4,032,252)	-	(4,032,252)	-
Business-type activities:								
Unemployment insurance	380,166	1,753	13,124	-	-	(365,289)	(365,289)	-
Housing	23,442	17,058	11,783	-	-	5,399	5,399	-
Water loans	6,372	8,233	34,542	-	-	36,403	36,403	-
Workers' compensation and safety	27,644	34,804	3,736	-	-	10,896	10,896	-
Higher education tuition	25,768	18,643	9,618	-	-	2,493	2,493	-
Other	30,263	31,394	2,913	-	-	4,044	4,044	-
Total business-type activities	493,655	111,885	75,716	-	-	(306,054)	(306,054)	-
Total primary government	$ 9,702,815	$ 940,862	$ 4,413,262	$ 10,385	(4,032,252)	(306,054)	(4,338,306)	-
Total component units	$ 1,692,545	$ 690,536	$ 465,488	$ 80,973	-	-	-	(455,548)

General revenues:				
Taxes:				
Gaming	876,636	-	876,636	-
Sales and use	1,032,529	-	1,032,529	-
Modified business	413,749	-	413,749	-
Insurance premium	301,226	-	301,226	-
Property and transfer	67,696	-	67,696	-
Motor and special fuel	2,466	-	2,466	-
Other	378,627	300	378,927	-
Restricted for unemployment compensation:				
Other taxes	-	554,887	554,887	-
Restricted for educational purposes:				
Sales and use taxes	128,439	-	128,439	-
Gaming taxes	29,746	-	29,746	-
Other taxes	150,480	-	150,480	-
Restricted for debt service purposes:				
Property and transfer taxes	139,417	-	139,417	-
Motor and special fuel taxes	67,815	-	67,815	-
Other	51,621	-	51,621	-
Restricted for recreation and resource development purposes:				
Other taxes	34,835	-	34,835	-
Restricted for health and social services purposes:				
Property and transfer taxes	12,075	-	12,075	-
Other taxes	246,277	-	246,277	-
Restricted for transportation purposes:				
Motor and special fuel taxes	207,024	-	207,024	-
Other taxes	20,209	-	20,209	-
Restricted for regulation of business:				
Other taxes	3,532	-	3,532	-
Other	618	-	618	-
Settlement income	41,257	-	41,257	-
Unrestricted investment earnings	14,780	-	14,780	11,918
Other general revenues	137,546	-	137,546	4,501
Contributions to permanent funds	9,038	-	9,038	29,980
Payments from State of Nevada	-	-	-	486,969
Special item - advance forgiveness	-	5,000	5,000	-
Transfers	(147,100)	147,100	-	-
Total general revenues, special items, and transfers	4,220,538	707,287	4,927,825	533,368
Change in net position	188,286	401,233	589,519	77,820
Net position - beginning (as restated)	3,459,968	342,674	3,802,642	2,636,948
Net position - ending	$ 3,648,254	$ 743,907	$ 4,392,161	$ 2,714,768

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

Balance Sheet
Governmental Funds

June 30, 2015

	General Fund	State Highway	Municipal Bond Bank
Assets			
Cash and pooled investments:			
Cash with treasurer	$ 564,653,170	$ 353,092,911	$ 3,990
Cash in custody of other officials	5,461,534	175,023	-
Investments	14,559,620	-	227,845,000
Receivables:			
Accounts receivable	51,909,256	1,282,372	-
Taxes receivable	800,026,990	36,772,317	-
Intergovernmental receivables	428,837,934	19,792,917	-
Accrued interest and dividends	2,665,805	-	1,209,767
Notes/loans receivable	18,213,727	-	-
Other receivables	15,830	-	-
Due from other funds	22,320,748	5,485,413	865
Due from fiduciary funds	363,079	-	-
Due from component units	320,400	-	-
Inventory	9,193,024	16,258,950	-
Advances to other funds	2,798,055	-	-
Prepaid items	5,979,393	70,541	-
Total assets	$ 1,927,318,565	$ 432,930,444	$ 229,059,622
Liabilities			
Accounts payable and accruals:			
Accounts payable	$ 453,136,442	$ 21,856,844	$ -
Accrued payroll and related liabilities	50,832,041	16,422,079	-
Intergovernmental payables	158,651,962	25,244,751	-
Contracts/retentions payable	93,795	20,544,135	-
Due to other funds	28,998,269	7,063,120	4,367
Due to fiduciary funds	532,097,647	1,650,439	-
Due to component units	9,400,823	1,531,959	-
Unearned revenues	157,188,264	271,830	-
Other liabilities	81,729,911	2,107,389	-
Total liabilities	1,472,129,154	96,692,546	4,367
Deferred Inflows of Resources			
Unavailable revenue:			
Taxes	84,099,141	128,780	-
Intergovernmental	137,675,307	-	-
Licenses, fees and permits	3,634,164	-	-
Sales and charges for services	9,817,630	339,365	-
Settlement income	-	-	-
Interest	255,114	142,205	185,404
Other	11,794,945	1,696,778	-
Taxes	6,374	-	-
Fines and forfeitures	619,403	-	-
Total deferred inflows of resources	247,902,078	2,307,128	185,404
Fund Balances			
Nonspendable	35,134,296	16,329,491	227,845,000
Restricted	62,113,980	307,297,550	-
Committed	315,130,956	10,303,729	1,024,851
Unassigned	(205,091,899)	-	-
Total fund balances	207,287,333	333,930,770	228,869,851
Total liabilities, deferred inflows of resources and fund balances	$ 1,927,318,565	$ 432,930,444	$ 229,059,622

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

Permanent School Fund	Other Governmental Funds	Total Governmental Funds
$ 17,234,148	$ 386,924,096	$ 1,321,908,315
23,657,094	60,543,755	89,837,406
270,401,879	1,574,376	514,380,875
2,035	61,056,654	114,250,317
-	743,194	837,542,501
2,646,511	7,122,168	458,399,530
734,184	1,074,607	5,684,363
-	-	18,213,727
-	30,822	46,652
42,275	25,502,384	53,351,685
-	1,015,944	1,379,023
20,496,002	60	20,816,462
-	455,333	25,907,307
-	753,183	3,551,238
-	13,670	6,063,604
$ 335,214,128	$ 546,810,246	$ 3,471,333,005
$ -	$ 9,062,321	$ 484,055,607
-	3,056,551	70,310,671
-	1,684,247	185,580,960
-	6,838,156	27,476,086
1,283,720	25,025,647	62,375,123
-	18,682	533,766,768
-	17,470,963	28,403,745
-	1,338,978	158,799,072
306,344	1,945,039	86,088,683
1,590,064	66,440,584	1,636,856,715
-	-	84,227,921
-	-	137,675,307
-	-	3,634,164
-	5,172	10,162,167
-	20,469,114	20,469,114
5,651	112,257	700,631
660	443,397	13,935,780
-	-	6,374
-	-	619,403
6,311	21,029,940	271,430,861
333,617,753	902,714	613,829,254
-	237,695,687	607,107,217
-	220,741,321	547,200,857
-	-	(205,091,899)
333,617,753	459,339,722	1,563,045,429
$ 335,214,128	$ 546,810,246	$ 3,471,333,005

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June 30, 2015

Total fund balances - governmental funds		$ 1,563,045,429
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	$ 149,678,677	
Construction in progress	199,374,971	
Infrastructure assets	3,965,219,441	
Rights-of-way	642,842,133	
Buildings	1,679,307,924	
Improvements other than buildings	124,408,559	
Furniture and equipment	352,599,737	
Software costs	168,677,262	
Accumulated depreciation/amortization	(1,105,312,183)	
Total capital assets		6,176,796,521
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.		270,805,084
Intergovernmental receivable not providing current resources.		221,045
Capital lease receivable from discretely presented component unit is not reported in the governmental funds.		43,398,670
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.		5,670,697
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.		65,953,215
Deferred outflow of resources related to pensions are not reported in the governmental funds.		174,232,897
Deferred inflow of resources related to pensions are not reported in the governmental funds.		(481,696,535)
Certain liabilities for settlement agreements are not due and payable in the current period and therefore are not reported in the funds.		(5,022,608)
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 obligation	(1,670,300,939)	
Bonds payable	(2,265,545,232)	
Accrued interest on bonds	(17,468,621)	
Certificates of participation	(94,654,904)	
Capital leases	(21,487,191)	
Compensated absences	(95,693,591)	
Total long-term liabilities		(4,165,150,478)
Net position of governmental activities		$ 3,648,253,937

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, 2015

	General Fund	State Highway	Municipal Bond Bank
Revenues			
Gaming taxes, fees, licenses	$ 894,804,602	$ -	$ -
Sales taxes	1,161,893,473	-	-
Modified business taxes	411,913,962	-	-
Insurance premium taxes	292,664,655	-	-
Property and transfer taxes	67,696,326	-	-
Motor and special fuel taxes	2,466,082	207,023,527	-
Other taxes	574,184,513	20,348,399	-
Intergovernmental	4,081,580,713	315,819,090	-
Licenses, fees and permits	305,078,655	206,476,128	-
Sales and charges for services	70,877,513	15,891,271	-
Interest and investment income	(336,955)	3,208,531	11,862,163
Settlement income	-	-	-
Land sales	-	-	-
Other	87,207,952	14,497,070	-
Total revenues	7,950,031,491	783,264,016	11,862,163
Expenditures			
Current:			
General government	128,236,349	-	-
Health and social services	4,766,686,916	-	-
Education - K to12	1,891,259,166	-	-
Education - higher education	486,936,758	-	-
Law, justice and public safety	450,753,782	158,936,315	-
Regulation of business	233,072,181	-	-
Transportation	-	635,049,423	-
Recreation and resource development	113,164,404	-	-
Capital outlay	-	-	-
Debt service:			
Principal	1,989,796	-	-
Interest, fiscal charges	1,249,668	-	-
Debt issuance costs	-	-	-
Arbitrage payments	11,085	-	-
Total expenditures	8,073,360,105	793,985,738	-
Excess (deficiency) of revenues over expenditures	(123,328,614)	(10,721,722)	11,862,163
Other Financing Sources (Uses)			
Sale of general obligation bonds	-	-	-
Sale of general obligation refunding bonds	-	-	-
Premium on general obligation bonds	-	-	-
Payment to refunded bond agent	-	-	-
Sale of capital assets	265,654	60,950	-
Transfers in	77,053,148	3,809,077	-
Transfers out	(21,561,017)	(12,974,450)	(38,614,932)
Total other financing sources (uses)	55,757,785	(9,104,423)	(38,614,932)
Net change in fund balances	(67,570,829)	(19,826,145)	(26,752,769)
Fund balances, July 1	274,858,162	353,756,915	255,622,620
Fund balances, June 30	$ 207,287,333	$ 333,930,770	$ 228,869,851

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

Permanent School Fund	Other Governmental Funds	Total Governmental Funds
$ -	$ 13,686,408	$ 908,491,010
-	-	1,161,893,473
-	-	411,913,962
-	-	292,664,655
-	151,492,731	219,189,057
-	67,814,955	277,304,564
-	241,019,387	835,552,299
-	120,821,426	4,518,221,229
-	24,931,235	536,486,018
-	18,472,335	105,241,119
1,522,730	5,825,987	22,082,456
-	39,788,181	39,788,181
4,921,725	-	4,921,725
4,133,406	6,556,236	112,394,664
10,577,861	690,408,881	9,446,144,412
-	25,445,240	153,681,589
-	95,910,909	4,862,597,825
-	-	1,891,259,166
-	123,606,261	610,543,019
-	23,868,883	633,558,980
-	20,060,300	253,132,481
-	-	635,049,423
-	28,012,113	141,176,517
-	39,564,118	39,564,118
-	197,855,000	199,844,796
-	102,748,747	103,998,415
-	1,940,676	1,940,676
-	13,013	24,098
-	659,025,260	9,526,371,103
10,577,861	31,383,621	(80,226,691)
-	78,335,000	78,335,000
-	213,270,000	213,270,000
-	54,686,183	54,686,183
-	(261,893,503)	(261,893,503)
-	38,311	364,915
-	79,610,072	160,472,297
(1,351,354)	(234,718,486)	(309,220,239)
(1,351,354)	(70,672,423)	(63,985,347)
9,226,507	(39,288,802)	(144,212,038)
324,391,246	498,628,524	1,707,257,467
$ 333,617,753	$ 459,339,722	$ 1,563,045,429

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

For the Fiscal Year Ended June 30, 2015

Net change in fund balances - total governmental funds		$ (144,212,038)
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 expense. In the current period, the amounts are:		
Capital outlay	$ 256,676,438	
Depreciation expense	(69,578,515)	
Excess of capital outlay over depreciation expense		187,097,923
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	(78,335,000)	
Refunding bonds issued	(213,270,000)	
Premiums on debt issued	(54,686,183)	
Total bond proceeds		(346,291,183)
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	194,821,677	
Certficates of participation retirement	2,520,000	
Payments to the bond refunding agent	261,893,503	
Capital lease payments	1,761,450	
Total long-term debt repayment		460,996,630
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.		(28,725,554)
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.		51,367,087
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 the change in net assets differs from the change in fund balance by the cost of the asset sold.		(812,147)
Governmental funds reported an expenditure for construction costs related to an asset recorded as a capital lease receivable in the statement of net position.		38,857,952
Amortization of deferred loss on early retirement of debt is reported as an expense for the statement of activities.		(7,639,217)
Amortization of premiums on bonds and certificates of participation is reported as a reduction of interest expense for the statement of activities.		18,191,042
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	(36,373,044)	
Accrued interest payable	(1,978,710)	
Compensated absences	(1,883,173)	
Settlement agreement liability	(309,224)	
Total additional expenditures		(40,544,151)
Change in net position of governmental activities		$ 188,286,344

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

Statement of Net Position
Proprietary Funds

June 30, 2015

	Enterprise Funds						
	Housing Division	**Unemployment Compensation**	**Water Projects Loans**	**Higher Education Tuition Trust**	**Other Enterprise Funds**	**Total Enterprise Funds**	**Internal Service Funds**
Assets							
Current assets:							
Cash and pooled investments:							
Cash with treasurer	$ 560,612	$ -	$121,054,094	$ 1,231,465	$ 57,178,537	$ 180,024,708	$170,638,091
Cash in custody of other officials	494,878	347,749,410	-	342,622	218,721	348,805,631	-
Investments	47,541,052	-	-	210,156,888	-	257,697,940	-
Receivables:							
Accounts receivable	-	-	-	-	6,486,391	6,486,391	614,164
Assessments receivable	-	221,312,799	-	-	250	221,313,049	-
Intergovernmental receivables	-	-	1,588,332	-	623,261	2,211,593	3,024,364
Contracts receivable	-	-	-	9,154,365	-	9,154,365	-
Mortgages receivable	24,438,022	-	-	-	-	24,438,022	-
Accrued interest and dividends	8,282,869	-	3,838,588	274,342	-	12,395,799	-
Notes/loans receivable	-	-	-	-	-	-	5,000
Due from other funds	92,155	1,771,296	294,142	11,893	1,129,178	3,298,664	10,876,231
Due from fiduciary funds	-	-	-	-	9,712	9,712	2,892,703
Due from component units	-	-	-	-	-	-	29,983
Inventory	-	-	-	-	1,515,351	1,515,351	275,320
Prepaid items	-	-	-	-	170,669	170,669	192,270
Restricted assets:							
Investments	72,745,528	-	-	-	-	72,745,528	-
Total current assets	154,155,116	570,833,505	126,775,156	221,171,575	67,332,070	1,140,267,422	188,548,126
Noncurrent assets:							
Investments	172,350,479	-	281,266,051	-	-	453,616,530	-
Receivables:							
Contracts receivable	-	-	-	31,628,789	-	31,628,789	-
Mortgages receivable	431,423,652	-	-	-	-	431,423,652	-
Notes/loans receivable	51,000,000	-	29,122,925	-	-	80,122,925	80,000
Restricted assets:							
Investments	31,278,244	-	-	-	-	31,278,244	-
Other assets	-	-	-	-	15,000	15,000	4,445
Capital assets:							
Land	-	-	-	-	567,812	567,812	1,032,737
Buildings	-	-	-	-	3,388,840	3,388,840	20,392,485
Improvements other than buildings	-	-	-	-	630,647	630,647	3,839,621
Furniture and equipment	333,847	-	35,280	173,374	5,361,964	5,904,465	54,339,679
Software costs	-	-	-	-	-	-	15,323,810
Construction in progress	-	-	-	-	10,703,713	10,703,713	-
Less accumulated depreciation/ amortization	(40,484)	-	(35,280)	(66,240)	(8,536,000)	(8,678,004)	(70,884,399)
Total noncurrent assets	686,345,738	-	310,388,976	31,735,923	12,131,976	1,040,602,613	24,128,378
Total assets	840,500,854	570,833,505	437,164,132	252,907,498	79,464,046	2,180,870,035	212,676,504
Deferred Outflows of Resources							
Deferred charge on refunding	-	-	1,149,516	-	94,412	1,243,928	-
Pension contributions	244,235	-	65,024	17,885	2,990,399	3,317,543	4,671,415
Total deferred outflows of resources	244,235	-	1,214,540	17,885	3,084,811	4,561,471	4,671,415

(Continued)

	Enterprise Funds						
	Housing Division	**Unemployment Compensation**	**Water Projects Loans**	**Higher Education Tuition Trust**	**Other Enterprise Funds**	**Total Enterprise Funds**	**Internal Service Funds**
Liabilities							
Current liabilities:							
Accounts payable and accruals:							
Accounts payable	$ 41,880,967	$ 8,598,234	$ 78,085	$ 115,753	$ 1,327,404	$ 52,000,443	$ 8,809,263
Accrued payroll and related liabilities	114,963	-	23,700	12,234	1,352,270	1,503,167	1,967,164
Interest payable	3,240,575	1,664,221	1,090,013	-	44,315	6,039,124	-
Intergovernmental payables	-	-	-	-	4,198	4,198	47,986
Bank overdraft	-	-	-	-	-	-	4,000,485
Due to other funds	9,933	1,651,340	210,660	58,513	1,896,656	3,827,102	1,324,355
Due to fiduciary funds	-	-	17,216	-	57,256	74,472	13,723
Due to component units	-	-	-	3,432	-	3,432	17,858
Unearned revenues	-	-	-	-	9,430,943	9,430,943	298,605
Other liabilities	-	-	-	-	12,050	12,050	-
Short-term portion of long-term liabilities:							
Reserve for losses	-	-	-	-	-	-	77,370,730
Compensated absences	90,586	-	22,592	14,959	1,127,243	1,255,380	1,916,338
Benefits payable	-	-	-	17,709,553	-	17,709,553	-
Bonds payable	19,129,752	144,125,825	11,087,457	-	229,358	174,572,392	513,323
Obligations under capital leases	-	-	-	-	-	-	689,650
Total current liabilities	64,466,776	156,039,620	12,529,723	17,914,444	15,481,693	266,432,256	96,969,480
Noncurrent liabilities:							
Advances from funds	-	-	-	-	227,370	227,370	3,323,868
Reserve for losses	-	-	-	-	-	-	48,026,180
Net pension obligation	2,325,157	-	619,039	170,271	28,469,084	31,583,551	44,356,202
Compensated absences	78,045	-	9,787	6,695	658,368	752,895	1,421,268
Benefits payable	-	-	-	181,681,853	-	181,681,853	-
Bonds payable	580,097,475	303,986,583	57,765,488	-	8,496,953	950,346,499	4,736,249
Obligations under capital leases	-	-	-	-	-	-	648,976
Arbitrage rebate liability	-	960,702	-	-	-	960,702	-
Total noncurrent liabilities	582,500,677	304,947,285	58,394,314	181,858,819	37,851,775	1,165,552,870	102,512,743
Total liabilities	646,967,453	460,986,905	70,924,037	199,773,263	53,333,468	1,431,985,126	199,482,223
Deferred Inflows of Resources							
Pension related amounts	665,591	-	177,204	48,741	8,149,460	9,040,996	12,693,021
Net Position							
Net investment in capital assets	293,363	-	-	107,134	3,390,665	3,791,162	17,572,206
Restricted for:							
Tuition contract benefits	-	-	-	52,996,245	-	52,996,245	-
Security of outstanding obligations	192,385,342	-	-	-	-	192,385,342	-
Workers' compensation	-	-	-	-	38,481,574	38,481,574	-
Revolving loans	-	-	367,998,489	-	-	367,998,489	-
Regulation of business	-	-	-	-	2,000	2,000	-
Unrestricted (deficit)	433,340	109,846,600	(721,058)	-	(20,808,310)	88,750,572	(12,399,531)
Total net position	$ 193,112,045	$ 109,846,600	$367,277,431	$ 53,103,379	$ 21,065,929	744,405,384	$ 5,172,675
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.						(498,022)	
Net position of business-type activities						$ 743,907,362	

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

NEVADA

For the Fiscal Year Ended June 30, 2015

	Enterprise Funds						
	Housing Division	Unemployment Compensation	Water Projects Loans	Higher Education Tuition Trust	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
Operating Revenues							
Net premium income	$ -	$ -	$ -	$ -	$ -	$ -	$ 342,126,396
Sales	-	-	-	18,513,649	6,463,385	24,977,034	2,433,621
Assessments	-	554,886,641	-	-	300,596	555,187,237	-
Charges for services	-	-	10,000	129,100	13,088,151	13,227,251	45,408,563
Rental income	-	-	-	-	106,100	106,100	19,759,959
Interest income on loans/notes	11,416,757	-	8,214,051	-	-	19,630,808	-
Federal government	-	7,033,800	32,671,789	-	-	39,705,589	-
Licenses, fees and permits	-	-	-	-	38,600,781	38,600,781	-
Fines	-	-	-	-	3,436,200	3,436,200	-
Other	5,641,274	1,753,478	8,487	-	4,503,162	11,906,401	483,571
Total operating revenues	17,058,031	563,673,919	40,904,327	18,642,749	66,498,375	706,777,401	410,212,110
Operating Expenses							
Salaries and benefits	2,077,349	-	409,543	179,083	34,480,116	37,146,091	35,893,681
Operating	1,886,123	-	3,798,097	458,166	13,235,147	19,377,533	39,667,600
Claims and benefits expense	-	369,719,188	-	25,106,514	5,884,877	400,710,579	233,113,660
Interest on bonds payable	15,148,926	-	2,150,652	-	-	17,299,578	-
Materials or supplies used	-	-	-	-	2,876,291	2,876,291	726,042
Servicers' fees	79,058	-	-	-	-	79,058	-
Depreciation	40,484	-	-	18,035	310,251	368,770	5,651,528
Insurance premiums	-	-	-	-	-	-	127,842,405
Total operating expenses	19,231,940	369,719,188	6,358,292	25,761,798	56,786,682	477,857,900	442,894,916
Operating income (loss)	(2,173,909)	193,954,731	34,546,035	(7,119,049)	9,711,693	228,919,501	(32,682,806)
Nonoperating Revenues (Expenses)							
Interest and investment income	7,709,618	6,089,679	1,869,984	9,618,430	1,401,989	26,689,700	3,147,466
Interest expense	-	(10,056,842)	-	-	(381,198)	(10,438,040)	(4,848)
Bond issuance costs	-	-	-	-	(12,300)	(12,300)	-
Federal grant revenue	4,073,608	-	-	-	5,247,223	9,320,831	-
Federal grant expense	(4,148,654)	-	-	-	-	(4,148,654)	-
Gain (loss) on disposal of assets	-	-	-	-	-	-	(1,641,476)
Arbitrage rebate	-	(389,638)	-	-	-	(389,638)	-
Total nonoperating revenues (expenses)	7,634,572	(4,356,801)	1,869,984	9,618,430	6,255,714	21,021,899	1,501,142
Income (loss) before transfers	5,460,663	189,597,930	36,416,019	2,499,381	15,967,407	249,941,400	(31,181,664)
Special Items and Transfers							
Special item - advance forgiveness	-	-	-	5,000,000	-	5,000,000	-
Transfers in	156,743	161,607,667	-	2,323,143	15,326	164,102,879	1,739,361
Transfers out	-	(3,575,976)	(1,107,916)	-	(12,319,274)	(17,003,166)	(91,132)
Change in net position	5,617,406	347,629,621	35,308,103	9,822,524	3,663,459	402,041,113	(29,533,435)
Net position, July 1 (as restated)	187,494,639	(237,783,021)	331,969,328	43,280,855	17,402,470		34,706,110
Net position, June 30	$ 193,112,045	$ 109,846,600	$367,277,431	$ 53,103,379	$21,065,929		$ 5,172,675

Adjustment for the net effect of the current year activity between the internal service funds and the enterprise funds.	(807,882)
Change in net position of business-type activities	$ 401,233,231

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, 2015

	Enterprise Funds						
	Housing Division	Unemployment Compensation	Water Projects Loans	Higher Education Tuition Trust	Other Enterprise Funds	Totals	Internal Service Funds
Cash flows from operating activities							
Receipts from customers and users	$ 22,371,570	$ 535,278,199	$ 18,487	$16,874,727	$79,000,444	$653,543,427	$ 52,461,818
Receipts for interfund services provided	15,613	1,945,201	-	11,913	3,293,391	5,266,118	265,580,408
Receipts from component units	-	-	-	-	-	-	71,305,951
Receipts of principal on loans/notes	49,213,663	-	-	-	-	49,213,663	5,000
Receipts of interest on loans/notes	5,373,939	-	-	-	-	5,373,939	-
Receipts from federal government	-	7,033,800	31,693,502	-	-	38,727,302	-
Payments to suppliers, other governments and beneficiaries	(2,364,995)	(371,068,830)	(3,648,628)	(5,174,545)	(40,937,860)	(423,194,858)	(367,337,142)
Payments to employees	(1,738,658)	-	(390,187)	(167,797)	(34,312,150)	(36,608,792)	(34,325,177)
Payments for interfund services	(2,739,510)	-	(120,200)	(148,371)	(7,652,904)	(10,660,985)	(19,296,340)
Payments to component units	-	-	-	(5,975,152)	(3,914)	(5,979,066)	(179,083)
Purchase of loans and notes	(36,475,631)	-	-	-	-	(36,475,631)	-
Net cash provided by (used for) operating activities	33,655,991	173,188,370	27,552,974	5,420,775	(612,993)	239,205,117	(31,784,565)
Cash flows from noncapital financing activities							
Grant receipts	4,073,608	-	-	-	4,871,351	8,944,959	-
Advances from federal government	-	-	-	2,323,143	-	2,323,143	-
Proceeds from sale of bonds	72,211,717	-	-	-	-	72,211,717	-
Transfers and advances from other fund	156,743	163,374,691	-	-	15,326	163,546,760	1,754,158
Principal paid on noncapital debt	(80,778,767)	(138,590,000)	(9,505,000)	-	-	(228,873,767)	-
Interest paid on noncapital debt	(15,493,765)	(24,784,691)	(2,745,396)	-	-	(43,023,852)	-
Transfers and advances to other funds	-	(2,420,047)	(1,181,533)	-	(12,659,151)	(16,260,731)	(278,632)
Payments to other governments and organizations	(4,223,700)	-	-	-	-	(4,223,700)	-
Net cash provided by (used for) noncapital financing activities	(24,054,164)	(2,420,047)	(13,431,929)	2,323,143	(7,772,474)	(45,355,471)	1,475,526
Cash flows from capital and related financing activities							
Proceeds from capital debt	-	-	-	-	1,020,000	1,020,000	-
Proceeds from sale of capital assets	-	-	-	-	-	-	130,607
Purchase of capital assets	-	-	-	-	(145,381)	(145,381)	(6,025,981)
Principal paid on capital debt	-	-	-	-	(1,190,670)	(1,190,670)	(1,480,332)
Interest paid on capital debt	-	-	-	-	(461,454)	(461,454)	(4,848)
Issue costs	-	-	-	-	(12,300)	(12,300)	-
Payments on construction projects	-	-	-	-	(365,639)	(365,639)	-
Net cash provided by (used for) capital and related financing activities	-	-	-	-	(1,155,444)	(1,155,444)	(7,380,554)
Cash flows from investing activities							
Proceeds from sale of investments	462,104,497	-	-	43,399,906	-	505,504,403	-
Receipts of principal on loans/notes	-	-	25,201,006	-	-	25,201,006	-
Purchase of investments	(478,464,428)	-	-	(57,693,595)	-	(536,158,023)	-
Purchase of loans and notes	-	-	(30,238,353)	-	-	(30,238,353)	-
Interest, dividends and gains (losses)	6,651,812	6,089,679	10,325,741	5,819,438	1,479,751	30,366,421	3,329,151
Net cash provided by (used for) investing activities	(9,708,119)	6,089,679	5,288,394	(8,474,251)	1,479,751	(5,324,546)	3,329,151
Net increase (decrease) in cash	(106,292)	176,858,002	19,409,439	(730,333)	(8,061,160)	187,369,656	(34,360,442)
Cash and cash equivalents, July 1	1,161,782	170,891,408	101,644,655	2,304,420	65,458,418	341,460,683	204,998,533
Cash and cash equivalents, June 30	$ 1,055,490	$ 347,749,410	$ 121,054,094	$ 1,574,087	$ 57,397,258	$ 528,830,339	$ 170,638,091

(Continued)

	Enterprise Funds						
	Housing Division	Unemployment Compensation	Water Projects Loans	Higher Education Tuition Trust	Other Enterprise Funds	Totals	Internal Service Funds
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities							
Operating income (loss)	$ (2,173,909)	$ 193,954,731	$ 34,546,035	$ (7,119,049)	$ 9,711,693	$ 228,919,501	$ (32,949,806)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities							
Depreciation	40,484	-	-	18,035	310,251	368,770	5,651,528
Interest on loans	-	-	(8,214,051)	-	-	(8,214,051)	-
Interest on bonds payable	15,148,926	-	2,150,652	-	-	17,299,578	-
Decrease (increase) in loans and notes receivable	6,056,125	-	-	-	-	6,056,125	5,000
Decrease (increase) in accrued interest and receivables	(244,298)	(19,416,719)	(978,287)	(1,756,109)	1,096,179	(21,299,234)	(7,219,507)
Decrease (increase) in inventory, deferred charges, other assets	-	-	3,724	1,490	(14,340)	(9,126)	324,318
Decrease (increase) in deferred outflows of resources	(2,228)	-	(5,016)	(2,123)	(37,148)	(46,515)	180,180
Increase (decrease) in accounts payable, accruals, other liabilities	14,773,887	(1,349,642)	34,740	14,274,357	(12,350,184)	15,383,158	14,782,401
Increase (decrease) in unearned revenues	-	-	-	-	(27,405)	(27,405)	(13,641,909)
Increase (decrease) in net pension liability	(608,587)	-	(162,027)	(44,567)	(7,451,499)	(8,266,680)	(11,609,791)
Increase (decrease) in deferred inflows of resources	665,591	-	177,204	48,741	8,149,460	9,040,996	12,693,021
Other adjustments	-	-	-	-	-	-	-
Total adjustments	35,829,900	(20,766,361)	(6,993,061)	12,539,824	(10,324,686)	10,285,616	1,165,241
Net cash provided by (used for) operating activities	$ 33,655,991	$ 173,188,370	$ 27,552,974	$ 5,420,775	$ (612,993)	$ 239,205,117	$ (31,784,565)
Noncash investing, capital and financing activities							
Increase (decrease) in fair value of investments	$ -	$ -	$ -	$ 3,943,350	$ -	$ 3,943,350	$ -

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

June 30, 2015

	Pension and Other Employee Benefit Trust Funds	Investment Trust Funds	Private-Purpose Trust Funds	Agency Funds
Assets				
Cash and pooled investments:				
Cash with treasurer	$ 4,971,859	$ 10,612	$ 6,597,414	$ 80,717,201
Cash in custody of other officials	264,618,864	7,011,215	17,282,677	31,150,816
Investments:				
Investments	1,296,388	943,863,634	15,857,000,441	222,312,599
Fixed income securities	9,478,773,231	-	-	-
Marketable equity securities	14,671,703,489	-	-	-
International securities	7,327,360,685	-	-	-
Real estate	1,454,303,113	-	-	-
Alternative investments	1,319,000,149	-	-	-
Collateral on loaned securities	373,833,323	-	-	-
Receivables:				
Accounts receivable	-	8,734	84,858	-
Accrued interest and dividends	91,621,113	2,310,336	3,488,328	-
Taxes receivable	-	-	-	58,334,065
Trades pending settlement	129,463,466	-	3,976,716	-
Intergovernmental receivables	102,308,751	-	89,585	20,178
Contributions receivable	-	-	12,857,154	-
Other receivables	194,495	-	-	99,064
Due from other funds	122,332	17,351	172,939	533,542,341
Due from fiduciary funds	19,306,997	-	-	13,319,888
Due from component unit	1,488,231	-	-	2,263,225
Other assets	3,633,781	-	-	-
Furniture and equipment	40,412,280	-	48,222	-
Accumulated depreciation	(36,462,089)	-	(48,222)	-
Total assets	35,247,950,458	953,221,882	15,901,550,112	941,759,377
Liabilities				
Accounts payable and accruals:				
Accounts payable	10,454,250	107,744	2,863,597	-
Accrued payroll and related liabilities	-	-	714	80,001
Intergovernmental payables	-	33,588	8,591	595,511,978
Redemptions payable	-	-	5,789,195	-
Trades pending settlement	141,195,584	2,490,065	12,905,426	-
Bank overdraft	-	-	3,061,000	-
Obligations under securities lending	373,833,323	-	-	-
Due to other funds	2,892,703	40,361	1,348,374	-
Due to fiduciary funds	-	-	26,840	32,600,045
Other liabilities:				
Deposits	-	-	-	308,465,127
Other liabilities	178,709	-	-	5,102,226
Total liabilities	528,554,569	2,671,758	26,003,737	941,759,377
Net Position				
Restricted for:				
Employees' pension benefits	34,714,399,697	-	-	-
OPEB benefits	4,996,192	-	-	-
Pool participants	-	950,550,124	-	-
Individuals	-	-	15,875,546,375	-
Total net position	$ 34,719,395,889	$ 950,550,124	$ 15,875,546,375	$ -

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

Statement of Changes in Fiduciary Net Position
Fiduciary Funds

NEVADA

For the Fiscal Year Ended June 30, 2015

	Pension and Other Employee Benefit Trust Funds	Investment Trust Funds	Private-Purpose Trust Funds
Additions			
Contributions:			
Employer	$ 1,483,079,430	$ -	$ -
Plan members	114,325,399	-	-
Participants	-	-	4,003,153,713
Repayment and purchase of service	82,581,500	-	-
Total contributions	1,679,986,329	-	4,003,153,713
Investment income:			
Net increase (decrease) in fair value of investments	523,022,423	(2,513,489)	77,529,742
Interest, dividends	786,145,094	13,657,786	336,462,462
Securities lending	4,694,725	-	-
Other	124,491,007	-	-
	1,438,353,249	11,144,297	413,992,204
Less investment expense:			
Other	(39,599,469)	(48,666)	-
Net investment income	1,398,753,780	11,095,631	413,992,204
Other:			
Investment from local governments	-	1,001,488,162	-
Reinvestment from interest income	-	494,725	-
Other	2,871,763	385	-
Total other	2,871,763	1,001,983,272	-
Total additions	3,081,611,872	1,013,078,903	4,417,145,917
Deductions			
Principal redeemed	-	1,132,202,603	2,732,372,357
Benefit payments	1,997,993,460	-	19,599,236
Refunds	25,637,753	-	-
Contribution distributions	2,356,700	200,000	-
Dividends to investors	-	580,755	-
Administrative expense	9,818,930	455,178	28,703,974
Total deductions	2,035,806,843	1,133,438,536	2,780,675,567
Change in net position	1,045,805,029	(120,359,633)	1,636,470,350
Net position, July 1	33,673,590,860	1,070,909,757	14,239,076,025
Net position, June 30	$ 34,719,395,889	$ 950,550,124	$ 15,875,546,375

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

Combining Statement of Net Position
Discretely Presented Component Units

June 30, 2015

	Major Component Units		Nonmajor Component Unit	
	Colorado River Commission	Nevada System of Higher Education	Nevada Capital Investment Corporation	Total
Assets				
Cash and pooled investments	$ 13,616,165	$ 277,077,000	$ -	$ 290,693,165
Investments	-	1,218,322,000	21,332,396	1,239,654,396
Due from primary government	53,089	28,371,946	-	28,425,035
Accounts receivable	11,628,589	32,164,054	-	43,792,643
Intergovernmental receivables	-	40,445,000	-	40,445,000
Accrued interest and dividends	30,266	-	-	30,266
Notes/loans receivable	-	12,790,000	-	12,790,000
Other receivables	-	99,261,000	-	99,261,000
Inventory	-	7,246,000	-	7,246,000
Prepaid expenses	39,186,468	-	-	39,186,468
Restricted assets:				
Cash	9,381,172	138,868,000	-	148,249,172
Investments	-	45,559,000	-	45,559,000
Other assets	-	43,386,000	-	43,386,000
Capital assets:				
Land, infrastructure and construction in progress	-	287,040,000	-	287,040,000
Other capital assets, net	54,932,768	1,731,563,000	-	1,786,495,768
Total assets	128,828,517	3,962,093,000	21,332,396	4,112,253,913
Deferred Outflows of Resources				
Deferred charge on refunding	279,153	10,577,000	-	10,856,153
Pension contributions	524,901	29,901,000	-	30,425,901
Total deferred outflows of resources	804,054	40,478,000	-	41,282,054
Liabilities				
Accounts payable	3,785,041	69,485,561	-	73,270,602
Accrued payroll and related liabilities	-	77,353,000	-	77,353,000
Interest payable	449,968	11,140,000	-	11,589,968
Due to primary government	2,004	348,439	20,496,002	20,846,445
Unearned revenues	3,134,171	49,763,000	-	52,897,171
Other liabilities	3,395,439	33,864,000	-	37,259,439
Long-term liabilities:				
Portion due or payable within one year:				
Obligations under capital leases	-	3,228,000	-	3,228,000
Compensated absences	204,707	32,663,000	-	32,867,707
Bonds payable	5,350,965	26,101,000	-	31,451,965
Portion due or payable after one year:				
Federal advances	-	8,205,000	-	8,205,000
Obligations under capital leases	-	43,048,000	-	43,048,000
Net pension obligation	4,997,140	292,841,000	-	297,838,140
Compensated absences	137,128	17,614,000	-	17,751,128
Bonds payable	39,220,078	529,512,000	-	568,732,078
Unearned revenue	61,059,290	-	-	61,059,290
Total liabilities	121,735,931	1,195,166,000	20,496,002	1,337,397,933
Deferred Inflows of Resources				
Donations	-	11,669,000	-	11,669,000
Lease revenues	-	4,119,000	-	4,119,000
Pension related amounts	1,430,464	84,152,000	-	85,582,464
Total deferred inflows of resources	(1,430,464)	(99,940,000)	-	(101,370,464)
Net Position				
Net investment in capital assets	46,456,289	1,513,792,000	-	1,560,248,289
Restricted for:				
Capital projects	-	102,384,000	-	102,384,000
Debt service	-	21,711,000	-	21,711,000
Education and support services	-	-	836,394	836,394
Scholarships	-	419,481,000	-	419,481,000
Loans	-	8,188,000	-	8,188,000
Operations and maintenance	712,991	-	-	712,991
Research and development	9,537,522	-	-	9,537,522
Other purposes	-	2,170,000	-	2,170,000
Funds held as permanent investments:				
Nonexpendable	-	378,786,000	-	378,786,000
Unrestricted (deficit)	(50,240,626)	260,953,000	-	210,712,374
Total net position	$ 6,466,176	$ 2,707,465,000	$ 836,394	$ 2,714,767,570

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, 2015

	Major Component Units		Nonmajor Component Unit	
	Colorado River Commission	Nevada System of Higher Education	Nevada Capital Investment Corporation	Total
Expenses	$ 60,629,349	$ 1,631,681,000	$ 235,224	$ 1,692,545,573
Program Revenues				
Charges for services	58,282,239	632,254,000	-	690,536,239
Operating grants and contributions	-	465,488,000	-	465,488,000
Capital grants and contributions	-	80,973,000	-	80,973,000
Total program revenues	58,282,239	1,178,715,000	-	1,236,997,239
General Revenues				
Unrestricted investment earnings	374,175	10,817,000	726,947	11,918,122
Other general revenues	67,653	4,433,000	-	4,500,653
Contributions to permanent funds	-	29,980,000	-	29,980,000
Payments from State of Nevada	-	486,969,000	-	486,969,000
Total general revenues	441,828	532,199,000	726,947	533,367,775
Change in net position	(1,905,282)	79,233,000	491,723	77,819,441
Net position, July 1 (as restated)	8,371,458	2,628,232,000	344,671	2,636,948,129
Net position, June 30	$ 6,466,176	$ 2,707,465,000	$ 836,394	$ 2,714,767,570

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

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 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.

(Note 1 Continued)

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 described above, 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.

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 required to be accounted for in another fund.

(Note 1 Continued)

State Highway Fund - accounts for the maintenance, regulation, and construction of public highways and is funded through vehicle fuel taxes, federal funds, and other charges.

Municipal Bond Bank Fund - accounts for revenues and expenditures associated with buying local governments' bonds with proceeds of State general obligation bonds.

Permanent School Fund - accounts for certain property and the proceeds derived from such property, escheated estates, and all fines collected under penal laws of the State, which become permanent assets of the fund. All earnings on the assets are to be used for education.

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 - provide 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 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.

Agency Funds - report assets and liabilities for deposits and investments entrusted to the State as an agent for others. Examples of funds in this category include state agency fund for bonds, 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 13, 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 capital leases are reported as other financing sources.

The proprietary, pension and other employee benefit trust, investment trust, and private-purpose trust funds are reported using the economic resources measurement focus and the accrual basis of accounting. The agency funds have no measurement focus but utilize the accrual basis of accounting for reporting assets and liabilities.

(Note 1 Continued)

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 in 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 at which an asset passes from a willing seller to a willing buyer. It is assumed that both buyer and seller are rational and have a reasonable knowledge of relevant facts. 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 of the day. International securities prices incorporate end-of-day exchange rates. The fair value of real estate investments is based on estimated current value, and MAI (Member Appraisal Institute) independent appraisals. Investments that do not have an established market are reported at estimated fair value.

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.

Derivatives are generally valued at quoted market value. Under the circumstance where quoted market values are not considered to be readily available, such derivatives are reported at estimated fair value and the methods and significant assumptions used are described in Note 3D. Investments are discussed further in Note 3.

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.

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.

(Note 1 Continued)

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 appraised fair value at the time of donation or estimated fair value at time of donation, based on acquisition of comparable property, if appraised fair value is not available. The government defines capital assets as assets with a unit cost of $5,000 or more for furniture and equipment, or $100,000 or more for buildings and improvements, 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 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 or fair value at date of donation in the case of gifts. Depreciation is computed on a straight-line basis over estimated useful lives of 40 years for buildings, 15 years for land improvements and 3 to 18 years for library books, machinery and equipment. Additional disclosure related to capital assets is provided in Note 7.

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 straight-line 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.

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 position 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 position 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 measureable but not available. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

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.

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 municipal securities, inventories, prepaid amounts and in the General Fund 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.

(Note 1 Continued)

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 12 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. Expenditures may occur only if actual revenues for the biennium fall short by 5% or more from anticipated revenues, or if the Legislature and Governor declare that a fiscal emergency exists. The balance in the Stabilization Account committed for fiscal emergency at June 30, 2015 is $0.

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.

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 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 $7,020,833 were made in the 2015 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 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, Private Purpose Trust, Pension and Other Employee Benefit Trust, and Investment Trust 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. The NRS direct the Office of the State Treasurer to deposit funds into any state, or national bank, credit union or savings and loan association covered by federal depository insurance. For those deposits over and above the federal depository insurance maximum balance, sufficient collateral must be held by the financial institution to protect the State of Nevada against loss. The pooled collateral for deposits program maintains a 102% pledged collateral for all public deposits. As of June 30, 2015, the bank balance of the primary government, private purpose trust, pension and other employee benefit trust, and investment trust funds totaled $466,916,664, of which $38,328,077 was uncollateralized and uninsured.

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, 2015 NSHE's deposits in money market funds totaled $209,659,000 and cash in bank was $6,019,000. Of these balances, $250,000 are covered by the Federal Depository Insurance Corporation (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-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 and NVEST 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.

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, Private Purpose Trust, Pension and Other Employee Benefit Trust, and Investment Trust 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, 2015 (expressed in thousands):

(Note 3 Continued)

		Maturities in Years			
	Fair Value	Less Than 1	1-5	6-10	More Than 10
U. S. Treasury securities	$ 9,549,208	$ 41,280	$ 6,523,597	$ 1,714,046	$ 1,270,285
Negotiable certificate of deposit	15,003	15,003	-	-	-
U. S. agencies	1,828,816	925,497	629,439	18,067	255,813
Mutual funds	245,200	245,200	-	-	-
Asset backed corporate securities	134,141	490	66,790	59,171	7,690
Corporate bonds and notes	264,971	96,847	151,137	4,669	12,318
Commercial paper	364,652	364,652	-	-	-
Fixed income securities	671	671	-	-	-
International investments	300	-	-	-	300
Municipal bonds	546,642	21,585	21,342	110,576	393,139
Investment agreements	541	-	-	-	541
Other short-term investments	366,785	366,785	-	-	-
Collateralized mortgage obligations	13,529	-	-	-	13,529
Other investments	153	153	-	-	-
Total	$ 13,330,612	$ 2,078,163	$ 7,392,305	$ 1,906,529	$ 1,953,615

The Nevada College Savings Plan, a private purpose trust, currently has no formal investment policy with regard to interest rate risk for the investments. The mutual funds held by Vanguard, USAA, Upromise, and Putnam have various maturities from 35 days to 12.7 years and are not included in the table above.

Component Units – 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, 2015 (expressed in thousands):

Less than 1 year	$ 213,121
1 to 5 years	157,440
6 to 10 years	143,578
More than 10 years	-
Total	$ 514,139

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations to the State of Nevada.

Primary Government, Private Purpose Trust, Pension and Other Employee Benefit Trust, and Investment Trust 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). The Nevada College Savings Plan, a private purpose trust, currently has no formal investment policy with regard to credit risk for the investments. Investments having credit risk are included in the table below.

The State's investments as of June 30, 2015 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):

(Note 3 Continued)

	Quality Rating							
	AAA	AA	A	BBB	BB	B	VMIG$_1$	Unrated
U.S. agencies	$ 39,881	$ 1,571,412	$ -	$ -	$ -	$ -	$ -	$ -
Mutual funds	-	-	-	-	-	-	-	15,579,562
Asset backed corporate securities	25,693	93,358	568	1,901	633	251	-	2,005
Corporate bonds and notes	2,675	76,841	162,203	9,852	2,563	416	-	400
Commerical paper	-	-	224,656	-	-	-	-	-
Fixed income securities	-	-	-	-	-	-	-	119
International investments	-	-	-	300	-	-	-	-
Municipal bonds	-	546,642	-	-	-	-	-	-
Investment agreements	-	-	390	151	-	-	-	-
Other short-term investments	85,598	19,304	79,963	-	-	-	34,293	233,225
Collateralized mortgage obligations	7,079	-	-	-	-	-	-	-
Total	$ 160,926	$ 2,307,557	$ 467,780	$ 12,204	$ 3,196	$ 667	$ 34,293	$ 15,815,311

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, 2015 is as follows (at fair value, expressed in thousands):

	Unrated
Mutual funds publicly traded	$ 652,271
Partnerships	91,163
Endowment cash/cash equivalents	3,462
Trust(s)	5,512
Private commingled funds	40,433
Total	$ 792,841

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. 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, with the exception of the Housing Division and the Investment Trust Funds. At June 30, 2015, the following investments exceeded 5% of the Primary Government and Investment Trust Funds' total investments (expressed in thousands):

	Fair Value	Percentage
Primary government		
Federal Home Loan Bank	$ 671,999	20.35%
So Nevada Water Authority	173,520	5.26%
Investment Trust Funds		
Federal Home Loan Bank	137,939	13.28%

At June 30, 2015, the following investments exceeded 5% of the Higher Education Tuition Trust's total investments (expressed in thousands):

	Fair Value	Percentage
Federal Home Loan Mortgage Corp- Asset-Backed Mortgage Security	$ 14,165	6.74%

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, 2015, the Housing Division's investments in Fannie Mae and Ginnie Mae are 4.66% and 54.85% 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, for the purpose of obtaining income. At June 30, 2015 the investment in equity interest of SSOF 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.

(Note 3 Continued)

Primary Government, Pension and Other Employee Benefit Trust Funds, and Investment Trust 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, 2015. The following table summarizes the pension and investment trust funds' exposure to foreign currency risk in U.S. dollars as of June 30, 2015 (expressed in thousands):

	Currency by Investment and Fair Value			
	Equity	Pending Transactions	Cash	Total
Australian Dollar	$ 455,632	$ -	$ 901	$ 456,533
British Pound Sterling	1,349,356	3,300	3,529	1,356,185
Danish Krone	110,741	-	-	110,741
Euro	2,009,787	(800)	1,120	2,010,107
Hong Kong Dollar	217,038	-	3,406	220,444
Israeli Shekel	39,969	-	202	40,171
Japanese Yen	1,524,287	(6,600)	7,833	1,525,520
Norwegian Krone	8,367	100	101	8,568
Polish Zloty	42,694	-	400	43,094
Singapore Dollar	93,519	-	1,904	95,423
Swedish Krona	195,699	-	10	195,709
Swiss Franc	614,226	-	100	614,326
Total	$ 6,661,315	$ (4,000)	$ 19,506	$ 6,676,821

Private Purpose Trust Fund - The 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 consists of Vanguard College Savings Plan, USAA College Savings Plan, Upromise College Fund Plan, and Putnam for America 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, natural disasters 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, 2015 (expressed in thousands):

	Currency at Fair Value
British Pound	$ 1
Japenese Yen	4
Taiwan Dollar	9
Swedish Krona	4
Swiss Franc	2
Total	$ 20

Component Unit - The NSHE does not directly invest in foreign currency investments and is therefore not subject to foreign currency risk. However, it has $210,058,000 in mutual funds in both the operating and endowment pools that are primarily invested in international equities at June 30, 2015.

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 market 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, 2015 (excluding PERS).

Public Employees' Retirement System (PERS) – The system also 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, corporate fixed income securities, international fixed income securities, 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.

(Note 3 Continued)

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.

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 at June 30, 2015 is $4,990,788,913. Collateral received for outstanding securities lending arrangements consisted of cash in the amount of $373,833,323 and non-cash in the amount of $4,736,221,920. The cash collateral is reported on the Statement of Fiduciary Net Position as an asset with a related liability. At June 30, 2015, PERS has collateral consisting of cash and securities issued by the U.S. Government, its agencies or instrumentalities, in excess of the market value of investments held by brokers/dealers under a securities lending agreement.

D. Derivatives

Primary Government – The Office of the State Treasurer's investment policies do not contain any specific language regarding derivatives other than prohibiting certain types of derivatives such as option contracts, futures contracts, and swaps in the General Portfolios and the Local Government Investment Pool effective June 2012 and September 2011 respectively. The primary government has no exposure to derivatives as of June 30, 2015.

Other Employee Benefit Trust Funds and Investment Trust Funds – The RBIF has exposure to derivatives as of June 30, 2015. Furthermore, the State Retirees' Health and Welfare Benefits Fund, an other employee benefit trust fund, has investments held with the RBIF. Foreign exchange forward contracts are periodically employed by the RBIF to hedge currency risk of investments in foreign currencies. No other derivatives are permitted within these portfolios. Generally, derivatives are subject to both market risk and counterparty risk. The derivatives utilized typically have no greater market risk than their physical counterparts and, in many cases, are offset by exposures elsewhere in the portfolios. Counterparty risk, the risk that the "other party" to a contract will default, is managed by careful screening of counterparties. Derivative securities are priced and accounted for at fair value. Foreign exchange forward contracts are valued at the price at which the transaction could be settled by offsets in the forward markets. The RBIF's derivative transactions for fiscal year 2015 are summarized in the following table (expressed in thousands):

	Foreign Exchange Contracts				
	Purchases	Realized Gain (Loss)	Sells	Realized Gain (Loss)	Total Realized Gain (Loss)
Australian Dollar	$ 926	$ 1	$ (72)	$ -	$ 1
British Pound Sterling	3,032	(4)	(294)	-	(4)
Danish Krone	256	(1)	(19)	-	(1)
Euro	5,312	(6)	(774)	(8)	(14)
Hong Kong Dollar	348	-	(21)	-	-
Israeli Shekel	93	-	(10)	-	-
Japanese Yen	3,053	(15)	(118)	-	(15)
New Zealand Dollar	18	-	-	-	-
Norwegian Krone	75	-	(12)	-	-
Singapore Dollar	191	(1)	(52)	-	(1)
Swedish Krona	400	(3)	(11)	-	(3)
Swiss Franc	1,458	(9)	(153)	-	(9)
Total	$ 15,162	$ (38)	$ (1,536)	$ (8)	$ (46)

(Note 3 Continued)

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 five types of derivatives: 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 derivatives for the Portfolios. All five types of derivatives 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, 2015, 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
Forward Currency Contracts, net	$ 41,086	$ (65)	$ 116
CC Interest Rate Swap Contracts, gross	$ 7,151	13	(15)
OTC Total Return Swap Contracts, gross	$ 16,464	(27)	(21)
OTC Credit Default Contracts, gross	$ 1,700	14	(19)
CC Credit Default Contracts, gross	$ 8,285	(67)	(315)
Futures Contracts, gross	100	82	51
Total		$ (50)	$ (203)

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 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 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 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 by having a master netting arrangement between the Portfolios and the counterparty. 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

(Note 3 Continued)

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.

Derivative instruments held by the Portfolios were not individually rated by a ratings agency for the reporting period. As of June 30, 2015, OTC derivative counterparties had ratings that were either greater than or equivalent to long-term ratings of Baa1/BBB and short-term ratings of P-2/A-2. 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, 2015 (expressed in thousands):

	Maturities in Years				
	Less than 1	1-5	6-10	Greater than 10	Total
Forward Currency Contracts	$ (65)	$ -	$ -	$ -	$ (65)
CC Interest Rate Swap Contracts	-	10	4	(1)	13
OTC Total Return Swap Contracts	(27)	-	-	-	(27)
OTC Credit Default Contracts	-	-	-	14	14
CC Credit Default Contracts	-	(67)	-	-	(67)
Futures Contracts	82	-	-	-	82
Total	$ (10)	$ (57)	$ 4	$ 13	$ (50)

(Note 3 Continued)

Forward currency contracts are subject to foreign currency risk. The following table provides information about the forward currency contracts as of June 30, 2015 (expressed in thousands):

	Fair Value
Australian Dollar	$ (35)
Brazilian Real	1
British Pound	32
Canadian Dollar	(85)
Chilean Peso	(3)
Euro	(2)
Hungarian Forint	(2)
Indian Rupee	2
Israeli Shekel	(3)
Japanese Yen	17
Mexican Peso	(24)
New Zealand Dollar	46
Norwegian Krone	(5)
Philippines Peso	(2)
Polish Zloty	3
Singapore Dollar	7
Swedish Krona	(11)
Swiss Franc	(1)
Total	$ (65)

The audited financial statements of Putnam 529 for America may be obtained from Putnam Investment Management, One Post Office Square, Boston, MA 02109.

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):

	Major Funds		
	General	Permanent School Fund	Total
As shown on financial statements:			
Intergovernmental receivables	$ 428,838	$ 2,647	$ 431,485
Notes/loans receivable	18,214	-	18,214
Due from Component Unit	320	20,496	20,816
Total	$ 447,372	$ 23,143	$ 470,515
Classified:			
Current portion	$ 421,245	$ 2,647	$ 423,892
Noncurrent portion:			
Intergovernmental receivables	8,963	-	8,963
Notes/loans receivable	17,164	-	17,164
Due from Component Unit	-	20,496	20,496
Total noncurrent portion	26,127	20,496	46,623
Total	$ 447,372	$ 23,143	$ 470,515

Not included in the receivable balances are amounts considered to be uncollectible. In the governmental funds, uncollectible taxes receivable are estimated at $31.9 million, and uncollectible accounts receivable are estimated at $103.5 million. The proprietary funds have $31.9 million in uncollectible accounts receivable of which $9.0 million are from uninsured employers' fines and penalties, and $11.0 million are from unemployment contributions and benefit overpayments.

Note 5 - Interfund Transactions

A. Interfund Advances

A summary of interfund advances at June 30, 2015, follows (expressed in thousands):

	Advances From		
	General	Nonmajor Governmental	Total
Advances To			
Nonmajor enterprise	$ 227	$ -	$ 227
Internal service	2,571	753	3,324
Total other funds	$ 2,798	$ 753	$ 3,551

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 below.

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, 2015, is shown below (expressed in thousands):

	Due To					
	Major Governmental Funds					
	General	State Highway	Municipal Bond Bank	Permanent School	Nonmajor Governmental	Total Governmental
Due From						
Major Governmental Funds:						
General	$ -	$ 2,546	$ 1	$ 42	$ 16,262	$ 18,851
State Highway	5,363	-	-	-	211	5,574
Municipal Bond Bank	4	-	-	-	-	4
Permanent School Fund	1,284	-	-	-	-	1,284
Nonmajor governmental	12,911	2,782	-	-	7,227	22,920
Total Governmental	19,562	5,328	1	42	23,700	48,633
Major Enterprise Funds:						
Housing Division	-	-	-	-	-	-
Unemployment Comp	-	-	-	-	1,651	1,651
Water Projects Loans	209	-	-	-	-	209
Higher Ed Tuition Trust	55	-	-	-	-	55
Nonmajor enterprise	1,751	6	-	-	-	1,757
Total Enterprise	2,015	6	-	-	1,651	3,672
Internal Service	744	152	-	-	151	1,047
Total other funds	$ 22,321	$ 5,486	$ 1	$ 42	$ 25,502	$ 53,352
Fiduciary	$ 363	$ -	$ -	$ -	$ 1,016	$ 1,379
Component Units:						
Colorado River Commission	$ -	$ -	$ -	$ -	$ -	$ -
Nevada System of Higher Education	320	-	-	-	-	320
Nevada Capital Investment Corporation	-	-	-	20,496	-	20,496
Total Component Units	$ 320	$ -	$ -	$ 20,496	$ -	$ 20,816

(Note 5 Continued)

	Due To								
	Major Enterprise Funds								
Due From	Housing Division	Unemployment Compensation	Water Projects Loans	Higher Ed Tuition Trust	Nonmajor Enterprise	Total Enterprise	Internal Service	Total Other Funds	Fiduciary
Major Governmental Funds:									
General	$ 92	$ -	$ 294	$ 12	$ 1,123	$ 1,521	$ 8,626	$ 28,998	$ 532,098
State Highway	-	-	-	-	-	-	1,489	7,063	1,650
Municipal Bond Bank	-	-	-	-	-	-	-	4	-
Permanent School Fund	-	-	-	-	-	-	-	1,284	-
Nonmajor governmental	-	1,771	-	-	6	1,777	329	25,026	19
Total Governmental	92	1,771	294	12	1,129	3,298	10,444	62,375	533,767
Major Enterprise Funds:									
Housing Division	-	-	-	-	-	-	10	10	-
Unemployment Comp	-	-	-	-	-	-	-	1,651	-
Water Projects Loans	-	-	-	-	-	-	1	210	17
Higher Ed Tuition Trust	-	-	-	-	-	-	4	59	-
Nonmajor enterprise	-	-	-	-	-	-	140	1,897	57
Total Enterprise	-	-	-	-	-	-	155	3,827	74
Internal Service	-	-	-	-	-	-	277	1,324	14
Total other funds	$ 92	$ 1,771	$ 294	$ 12	$ 1,129	$ 3,298	$ 10,876	$ 67,526	$ 533,855
Fiduciary	$ -	$ -	$ -	$ -	$ 10	$ 10	$ 2,893	$ 4,282	$ 32,627
Component Units:									
Colorado River Commission	$ -	$ -	$ -	$ -	$ -	$ -	$ 2	$ 2	$ -
Nevada System of Higher Education	-	-	-	-	-	-	28	348	3,751
Nevada Capital Investment Corporation	-	-	-	-	-	-	-	20,496	-
Total Component Units	$ -	$ -	$ -	$ -	$ -	$ -	$ 30	$ 20,846	$ 3,751

	Due To		
	Component Units		
Due From	Colorado River Commission	Nevada System of Higher Education	Total Component Units
Major Governmental Funds:			
General	$ 53	$ 9,348	$ 9,401
State Highway	-	1,532	1,532
Nonmajor governmental	-	17,471	17,471
Total Governmental Funds	53	28,351	28,404
Major Enterprise Fund:			
Higher Ed Tuition Trust	-	3	3
Total Enterprise	-	3	3
Internal Service	-	18	18
Total	$ 53	$ 28,372	$ 28,425

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.

(Note 5 Continued)

C. Transfers From/Transfers To Other Funds

A summary of transfers between funds for the year ended June 30, 2015, is shown below (expressed in thousands):

	Transfers Out/To					
	Major Governmental Funds					
	General	State Highway	Municipal Bond Bank	Permanent School	Nonmajor Governmental	Total Governmental
Transfers In/From						
Major Governmental Funds:						
General	$ -	$ 8,022	$ 4	$ 1,351	$ 54,244	$ 63,621
State Highway	1,021	-	-	-	2,766	3,787
Nonmajor governmental	16,808	4,465	38,611	-	16,100	75,984
Total Governmental	17,829	12,487	38,615	1,351	73,110	143,392
Major Enterprise Funds:						
Housing	157	-	-	-	-	157
Unemployment Comp	-	-	-	-	161,608	161,608
Higher Ed Tuition Trust	2,323	-	-	-	-	2,323
Nonmajor enterprise	-	-	-	-	1	1
Total Enterprise	2,480	-	-	-	161,609	164,089
Internal Service	1,252	487	-	-	-	1,739
Total other funds	$ 21,561	$ 12,974	$ 38,615	$ 1,351	$ 234,719	$ 309,220

	Transfers Out/To					
	Major Enterprise Fund					
	Unemployment Compensation	Water Projects Loans	Nonmajor Enterprise	Total Enterprise	Internal Service	Total Other Funds
Transfers In/From						
Major Governmental Funds:						
General	$ -	$ 1,108	$ 12,305	$ 13,413	$ 19	$ 77,053
State Highway	-	-	-	-	22	3,809
Nonmajor governmental	3,576	-	-	3,576	50	79,610
Total Governmental	3,576	1,108	12,305	16,989	91	160,472
Major Enterprise Funds:						
Housing	-	-	-	-	-	157
Unemployment Comp	-	-	-	-	-	161,608
Higher Ed Tuition Trust	-	-	-	-	-	2,323
Nonmajor enterprise	-	-	14	14	-	15
Total Enterprise	-	-	14	14	-	164,103
Internal Service	-	-	-	-	-	1,739
Total other funds	$ 3,576	$ 1,108	$ 12,319	$ 17,003	$ 91	$ 326,314

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.

In addition, the Nevada Legislature approved appropriations for the support of the Nevada System of Higher Education (NSHE), a component unit. Net payments to NSHE of $487 million are reported as Education-higher education expenses/expenditures in the Statement of Activities and in the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds. A corresponding amount is reported as general revenue of NSHE in the Statement of Activities.

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, 2015 are as follows (expressed in thousands):

	Primary Government Business-Type Activities	Component Units
Restricted:		
Cash	$ -	$ 148,249
Investments	104,024	45,559
Total	$ 104,024	$ 193,808
Restricted for:		
Debt service	$ 104,024	$ 4,039
Construction	-	138,868
Other purposes	-	50,901
Total	$ 104,024	$ 193,808

Note 7 - Capital Assets

Capital asset activity of the primary government for the year ended June 30, 2015, was as follows (expressed in thousands):

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated				
Land	$ 150,606	$ 105	$ -	$ 150,711
Construction in progress	186,824	52,842	(40,291)	199,375
Infrastructure	3,808,689	156,531	-	3,965,220
Rights-of-way	620,528	22,343	(29)	642,842
Total capital assets, not being depreciated	4,766,647	231,821	(40,320)	4,958,148
Capital assets, being depreciated/amortized				
Buildings	1,663,982	35,718	-	1,699,700
Improvements other than buildings	123,781	4,467	-	128,248
Furniture and equipment	399,887	25,771	(18,718)	406,940
Software costs	183,384	732	(115)	184,001
Total capital assets, being depreciated/amortized	2,371,034	66,688	(18,833)	2,418,889
Less accumulated depreciation/amortization for:				
Buildings	(547,313)	(43,521)	-	(590,834)
Improvements other than buildings	(81,781)	(3,866)	-	(85,647)
Furniture and equipment	(331,487)	(22,919)	16,141	(338,265)
Software costs	(156,607)	(4,924)	80	(161,451)
Total accumulated depreciation/amortization	(1,117,188)	(75,230)	16,221	(1,176,197)
Total capital assets, being depreciated/amortized, net	1,253,846	(8,542)	(2,612)	1,242,692
Governmental activities capital assets, net	$ 6,020,493	$ 223,279	$ (42,932)	$ 6,200,840
Business-type activities:				
Capital assets, not being depreciated				
Land	$ 568	$ -	$ -	$ 568
Construction in progress	10,283	420	-	10,703
Total capital assets, not being depreciated	10,851	420	-	11,271
Capital assets, being depreciated				
Buildings	3,389	-	-	3,389
Improvements other than buildings	631	-	-	631
Furniture and equipment	6,288	145	(529)	5,904
Total capital assets, being depreciated	10,308	145	(529)	9,924
Less accumulated depreciation for:				
Buildings	(2,827)	(103)	-	(2,930)
Improvements other than buildings	(572)	-	-	(572)
Furniture and equipment	(5,439)	(266)	529	(5,176)
Total accumulated depreciation	(8,838)	(369)	529	(8,678)
Total capital assets, being depreciated, net	1,470	(224)	-	1,246
Business-type activities capital assets, net	$ 12,321	$ 196	$ -	$ 12,517

(Note 7 Continued)

Included in the table above are three Department of Correction facilities that have been closed and are idle, with a carrying value of $12.2 million.

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

Governmental activities:		
General government	$	4,021
Education, support services		833
Health, social services		11,108
Law, justice, public safety		33,196
Recreation, resource development		5,693
Transportation		10,036
Regulation of business		2,554
Unallocated		2,137
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		5,652
Total depreciation/amortization expense - governmental activities	$	75,230
Business-type activities:		
Enterprise	$	369
Total depreciation expense - business-type activities	$	369

Capital asset activity of the Nevada System of Higher Education for the year ended June 30, 2015, was as follows (expressed in thousands):

	Beginning Balance	Increases	Decreases	Ending Balance
Nevada System of Higher Education:				
Capital assets, not being depreciated				
Construction in progress	$ 52,612	$ 148,371	$ (28,265)	$ 172,718
Land	83,953	17,188	-	101,141
Collections	12,967	216	(2)	13,181
Total capital assets, not being depreciated	149,532	165,775	(28,267)	287,040
Capital assets, being depreciated				
Buildings	2,362,648	30,554	(1,490)	2,391,712
Land and improvements	119,488	12,628	(3,147)	128,969
Machinery and equipment	346,789	24,420	(12,340)	358,869
Intangibles	42,851	1,359	(138)	44,072
Library books and media	118,996	2,299	(685)	120,610
Total capital assets, being depreciated	2,990,772	71,260	(17,800)	3,044,232
Less accumulated depreciation for:				
Buildings	(757,849)	(58,265)	9	(816,105)
Land and improvements	(93,589)	(4,220)	1,325	(96,484)
Machinery and equipment	(250,732)	(25,165)	13,815	(262,082)
Intangibles	(19,526)	(4,195)	264	(23,457)
Library books and media	(112,300)	(3,065)	824	(114,541)
Total accumulated depreciation	(1,233,996)	(94,910)	16,237	(1,312,669)
Total capital assets, being depreciated, net	1,756,776	(23,650)	(1,563)	1,731,563
Nevada System of Higher Education activity capital assets, net	$ 1,906,308	$ 142,125	$ (29,830)	$ 2,018,603

Note 8 - Capital Lease Receivable

The State, as lessor, entered into a lease purchase agreement in fiscal year 2014 with the Nevada System of Higher Education (NSHE), a discretely presented component unit, as lessee. The agreement is to finance a building construction project at the Nevada State College. Construction is scheduled for completion in fiscal year 2016, and at the end of the lease, title to the buildings transfers to NSHE. As discussed in Note 9G, the construction is being financed by Lease Revenue Certificates of Participation Series 2013. Proceeds from the certificates of participation are used to pay the capitalized interest during the construction period, and NSHE will begin making capital lease principal and interest payments starting in fiscal year 2016.

For the fiscal year ended June 30, 2015, a capital lease receivable has been recorded by the primary government in the amount of $43,398,670, which represents the certificate of participation proceeds remitted to NSHE for construction of the buildings. Upon completion of the buildings in fiscal year 2016, the full amount of the minimum lease payments receivable will be recorded.

Note 9 - Long-Term Obligations

A. Changes in Long-Term Liabilities

The following is a summary of changes in long-term obligations of the primary government for the fiscal year ended June 30, 2015 (expressed in thousands):

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation bonds	$ 1,703,840	$ 291,605	$ (387,515)	$ 1,607,930	$ 272,915
Special obligation bonds	527,450	-	(41,310)	486,140	45,600
Subtotal	2,231,290	291,605	(428,825)	2,094,070	318,515
Issuance premiums (discounts)	146,792	54,686	(24,753)	176,725	18,522
Total bonds payable	2,378,082	346,291	(453,578)	2,270,795	337,037
Certificates of participation	94,455	-	(2,520)	91,935	2,710
Issuance premiums (discounts)	2,956		(236)	2,720	236
Total certificates of participation	97,411	-	(2,756)	94,655	2,946
Other Governmental long-term activities:					
Obligations under capital leases	25,094	-	(2,268)	22,826	2,649
Compensated absences obligations	97,126	78,104	(76,199)	99,031	61,674
Total other governmental long-term activities	122,220	78,104	(78,467)	121,857	64,323
Governmental activities long-term obligations	$ 2,597,713	$ 424,395	$ (534,801)	$ 2,487,307	$ 404,306
Business-type activities:					
Bonds payable:					
General obligation bonds	$ 83,025	$ 1,020	$ (10,675)	$ 73,370	$ 10,590
Special obligation bonds	1,156,634	71,559	(219,335)	1,008,858	150,271
Subtotal	1,239,659	72,579	(230,010)	1,082,228	160,861
Issuance premiums (discounts)	55,914	663	(13,886)	42,691	13,711
Total bonds payable	1,295,573	73,242	(243,896)	1,124,919	174,572
Compensated absences obligations	2,001	1,553	(1,546)	2,008	1,255
Arbitrage rebate liability	571	390	-	961	-
Tuition benefits payable	185,153	23,161	(8,923)	199,391	17,710
Business-type activities long-term obligations	$ 1,483,298	$ 98,346	$ (254,365)	$ 1,327,279	$ 193,537

The General Fund and special revenue funds typically liquidate the capital lease obligations. The compensated absence obligations are typically liquidated by the General Fund and State Highway Fund incurring the related salaries and wages costs. 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 unemployment compensation bonds are to repay the Federal Unemployment Advance as benefits paid significantly exceeded employer assessment during the national economic downturn. 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.

(Note 9 Continued)

General obligation bonds and special obligation bonds of the primary government outstanding at June 30, 2015 are comprised of the following (expressed in thousands):

	Interest Rates	Original Amount	Principal Outstanding
Governmental activities:			
General obligation bonds:			
Subject to Constitutional Debt Limitation	.25-7.0%	$ 1,616,210	$ 1,123,490
Exempt from Constitutional Debt Limitation	2.0-6.0%	740,940	484,440
Special obligation bonds:			
Exempt from Constitutional Debt Limitation- Highway Improvement Revenue Bonds	2.5-5.0%	797,900	486,140
Subtotal		3,155,050	2,094,070
Issuance premiums (discounts)		273,009	176,725
Governmental activities bonds payable		3,428,059	2,270,795
Business-type activities:			
General obligation bonds:			
Exempt from Constitutional Debt Limitation	1.75-5.1%	103,755	73,370
Special obligation bonds:			
Unemployment Compensation Bonds	2.0-5.0%	548,900	410,310
Housing Bonds	*.20-6.95%	815,870	598,548
Subtotal		1,468,525	1,082,228
Issuance premiums (discounts)		67,435	42,691
Business-type activities bonds payable		1,535,960	1,124,919
Total bonds payable		$ 4,964,019	$ 3,395,714

*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, 2015, of the primary government are summarized in the table following (expressed in thousands):

Year Ending	Governmental Activities		Business-Type Activities	
June 30	Principal	Interest	Principal	Interest
2016	$ 318,515	$ 87,526	$ 160,861	$ 35,851
2017	157,920	81,012	179,224	28,867
2018	166,800	75,681	145,852	20,413
2019	156,065	65,697	18,883	15,110
2020	164,460	59,584	18,798	61,381
2021-2025	749,915	180,142	92,267	60,401
2026-2030	346,620	31,258	97,963	42,813
2031-2035	33,035	1,940	144,556	28,997
2036-2040	740	12	157,930	14,160
2041-2045	-	-	55,752	3,830
2046-2050	-	-	10,142	566
Total	$ 2,094,070	$ 582,852	$ 1,082,228	$ 312,389

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, 2015, the debt limitation and its unused portion are computed as follows (expressed in thousands):

Debt limitation (2% of total assessed valuation)	$ 2,028,293
Less : Bonds and leases payable as of June 30, 2015, subject to limitation	(1,127,220)
Remaining debt capacity	$ 901,073

(Note 9 Continued)

D. Nevada Municipal Bond Bank

General obligation bonds have been issued through the Nevada 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. Fourteen projects were funded through the Nevada Municipal Bond Bank as of June 30, 2015, and total investments in local governments amounted to $227,845,000.

E. Refunded Debt and Redemptions

During the fiscal year 2015, the State of Nevada refunded $234,455,000 in general obligation, limited tax, bonds related to capital improvement and cultural affairs, and natural resources by issuing refunding bonds with a total par amount of $214,290,000 at a $46,243,124 premium. Proceeds from refunding bonds were used to refund certain outstanding State general obligation bonds to realize debt service savings. The refunding decreased the aggregate debt service payments by $30,503,586 with an economic or present value gain of $25,080,713. The reacquisition price exceeded the carrying amount of the old debt causing a deferred accounting loss of $21,663,779. This amount is being reported as a deferred outflow 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):

Issue Description:	Refunding Amount	Refunded Amount	Cash Flow Gain (Loss)	Present Value Gain
General obligation bonds:				
Capital Improvement and Cultural Affairs Refunding Bonds Series 2015B	$ 239,133	$ 212,725	$ 26,998	$ 22,503
Natural Resources Refunding Bonds Series 2015C	23,795	21,730	3,506	2,578
Total	$ 262,928	$ 234,455	$ 30,504	$ 25,081

In current and prior years, the State defeased certain general obligations and other bonds by placing the proceeds of new bonds and other monies in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the State's financial statements. The total outstanding amount of defeased issues at June 30, 2015 is $507,165,068.

F. Capital Leases

The State has entered into various agreements for the lease of equipment and improvement of buildings. Assets of the primary government acquired under such leases at June 30, 2015, include equipment with a historical cost of $3,133,420 with accumulated depreciation of $1,528,165 and building improvements of $27,810,128 with accumulated depreciation of $5,149,544.

For all capital leases of the primary government, the gross minimum lease payments and the present value of the net minimum lease payments as of June 30, 2015 follow (expressed in thousands):

Year Ending June 30	Governmental Activities
2016	$ 3,625
2017	3,693
2018	3,157
2019	3,241
2020	3,069
2021-2025	10,955
Total minimum lease payments	27,740
Less: amount representing interest	(4,914)
Obligations under capital leases	$ 22,826

(Note 9 Continued)

G. Certificates of Participation

In fiscal year 2010, the NRPC, a blended component unit, issued $7,900,000 of General Obligation Certificates of Participation series 2009 at 5.0-5.125% interest to prepay the remaining outstanding balance of the 1999 issue of the Nevada Real Property Corporation. The original 1999 issue of $15,000,000 was to finance the acquisition, construction, installation and equipping of a secured juvenile treatment facility. The 2009 issue is a direct general obligation of the State to which the full faith and credit of the State is pledged. The State is required to make payments from general (ad valorem) taxes in the Consolidated Bond Interest and Redemption debt service fund that approximate the interest and principal payments made by trustees to certificate holders.

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, upon the completion of the construction (in fiscal year 2016) pursuant to a Lease Purchase Agreement. Meanwhile, the NRPC entered into a Ground Lease with respect to the real property on which the Project is located.

In fiscal year 2007, the NRPC issued $5,760,000 of Lease Revenue Certificates of Participation Series 2006 at 4.0-5.0% interest 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.

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. Currently, only the payment of principal and interest on the Series 2006 is being guaranteed by an insurance policy.

The following schedule presents future certificates of participation payments as of June 30, 2015 (expressed in thousands):

Year Ending June 30	Principal	Interest
2016	$ 2,710	$ 4,242
2017	3,845	4,132
2018	4,080	3,957
2019	2,960	3,805
2020	3,160	3,676
2021-2025	18,140	16,027
2026-2030	22,200	11,334
2031-2035	12,945	6,996
2036-2040	12,685	4,228
2041-2043	9,210	936
Total	$ 91,935	$ 59,333

H. 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	$199,391
Net position available	252,495
Net position as a percentage of tuition benefits obligation	126.63%

The actuarial valuation used an investment yield assumption of 6.00% per year and tuition growth assumptions as follows:

	Universities	Community Colleges
2016-17	4.00%	4.00%
2017-18	4.00%	4.00%
2018-19	4.00%	4.00%
2019-20 and later	5.75%	5.50%

I. 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 has been calculated as of June 30, 2015, and changes for the fiscal year then ended are presented in Section A of this note.

(Note 9 Continued)

J. 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, 2015, there are seven series of Industrial Revenue Bonds and one series of Charter School Bonds outstanding, with an aggregate principal amount payable of $635,249,449.

K. 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, 2015, the outstanding balance of Highway Improvement Revenue and Refunding bonds is $486,140,000. The total of principal and interest remaining on the bonds is $603,661,863 payable through December 2026. Upon completion of eligible projects, federal aid of $330,361,808 is expected to be received in fiscal year 2016. For the current year, principal and interest paid was $65,654,768 and total motor vehicle fuel and special fuel tax revenues were $274,838,482.

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, 2015, the outstanding balance of Lease Revenue Certificates of Participation is $88,205,000. The total of principal and interest remaining on the certificates is $147,251,150 payable through June 2043. In fiscal year 2015, principal and interest of $5,523,306 was paid, which includes the interest payment of $2,432,775 paid entirely by the excess certificate proceeds during the construction period for the State's Nevada State College Project as discussed in Section G of this note and Note 8. As of June 30, 2015, $12,441,732 was held by the trustee for the benefit of the bondholders. Building rent of $3,000,000 is expected to be collected in fiscal year 2016, which, along with assets held by the trustee, will be used to pay the fiscal year 2016 debt service principal and interest of $5,614,156.

Pledged additional assessments of unemployment contributions - The State has pledged additional assessments on unemployment contributions (special bond contributions), the proceeds derived from the sale of bonds, and related investment earnings to repay $548,900,000 of Unemployment Compensation Fund Special Revenue Bonds issued on November 6, 2013. The revenue bonds were issued for the purposes of repaying the Federal Unemployment Advance that occurred during the last recession and funding a deposit to the Nevada UITF Account to avoid the need for further advances. Pursuant to NRS 612.6132, special bond contributions must be established at levels sufficient to pay debt service on the bonds. As of June 30, 2015, the outstanding balance of the bonds is $410,310,000. The total principal and interest remaining on the bonds is $446,170,075 payable through June 2018. In fiscal year 2015, principal and interest of $161,949,950 was paid. As of June 30, 2015, $47,993,921 was held by the trustee for the benefit of the bondholders. Special bond contributions of $199,746,044 are expected to be collected in fiscal year 2016, which, along with assets held by the trustee, will be used to pay the fiscal year 2016 debt service principal and interest of $150,045,950.

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.

(Note 9 Continued)

Substantially all program fund assets are pledged in trust for the benefit of the bondholders. Nevada Housing Division issues a stand-alone financial report that includes financial statements and required supplemental information. The Report may be obtained from Nevada Housing Division, 1535 Old Hot Springs Road, Suite 50, Carson City, NV 89706.

L. Component Unit Obligations

Nevada System of Higher Education (NSHE) – Bonds, notes, capital leases and compensated absences payable by NSHE at June 30, 2015, and the changes for the year then ended, consist of the following (expressed in thousands):

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds and notes payable	$ 488,691	$ 103,255	$ (72,301)	$ 519,645	$ 23,425
Issuance premiums (discounts)	30,038	9,892	(4,225)	35,705	2,612
Total bonds payable	518,729	113,147	(76,526)	555,350	26,037
Obligations under capital leases	2,451	44,722	(897)	46,276	3,228
Compensated absences obligations	47,830	32,953	(30,667)	50,116	32,663
Total	$ 569,010	$ 190,822	$ (108,090)	651,742	61,928
Discretely presented component units of the NSHE:					
Compensated absences				161	-
Long-term debt				263	64
Total				$ 652,166	$ 61,992

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 and notes payable outstanding by NSHE at June 30, 2015 (expressed in thousands):

Year Ending June 30	Principal	Interest
2016	$ 26,037	$ 23,967
2017	33,908	22,881
2018	24,460	21,811
2019	24,867	20,849
2020	26,076	19,823
2021-2025	124,227	83,004
2026-2030	111,866	57,092
2031-2035	109,756	32,047
2036-2040	53,607	10,231
2041-2045	20,546	1,819
Total	$ 555,350	$ 293,524

Future net minimum rental payments which are required under the capital leases by NSHE for the years ending June 30 are as follows (expressed in thousands):

Year Ending June 30	Amount
2016	$ 3,318
2017	4,130
2018	3,824
2019	3,520
2020	3,520
2021-2025	17,595
2026-2030	10,793
Total minimum lease payments	46,700
Less: amount representing interest	(424)
Obligations under capital leases	$ 46,276

(Note 9 Continued)

Colorado River Commission (CRC) – Bonds and compensated absences payable by CRC at June 30, 2015, and the changes for the year then ended, consist of the following (expressed in thousands):

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable:					
General obligation bonds	$ 95,885	$ -	$ (51,905)	$ 43,980	$ 4,785
Issuance premiums (discounts)	2,081	-	(1,490)	591	566
Total bonds payable	97,966	-	(53,395)	44,571	5,351
Compensated absences obligations	339	191	(188)	342	205
Total	$ 98,305	$ 191	$ (53,583)	$ 44,913	$ 5,556

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
2016	$ 4,785	$ 1,690
2017	5,015	1,465
2018	5,970	1,208
2019	730	1,063
2020	740	1,050
2021-2025	3,975	4,958
2026-2030	4,655	4,258
2031-2035	5,610	3,266
2036-2040	6,580	1,960
2041-2044	5,920	516
Total	$ 43,980	$ 21,434

Note 10 - Pensions and Other Employee Benefits

The aggregate pension related amounts for the primary government consist of a net pension liability of $1,746,240,692, deferred outflows of resources of $182,221,855, deferred inflows of resources of $503,430,552 and pension expense of $221,281,891. The State's defined benefit pension plans are described in detail below.

A. Public Employees' Retirement System of Nevada

Plan Description – The Public Employees' Retirement System (PERS) 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 government 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.

Pension Benefits – Benefits provided to participants or their beneficiaries include retirement, disability, and survivor benefits. Benefits 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

Before January 1, 2010	On or after January 1, 2010
Age 65 with 5 years of service	Age 65 with 5 years of service
Age 60 with 10 years of service	Age 62 with 10 years of service
Any age with 30 years of service	Any age with 30 years of service

Police/Fire Members

Before January 1, 2010	On or after January 1, 2010
Age 65 with 5 years of service	Age 65 with 5 years of service
Age 55 with 10 years of service	Age 60 with 10 years of service
Age 50 with 20 years of service	Age 50 with 20 years of service
Any age with 25 years of service	Any age with 30 years of service

(Note 10 Continued)

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. However, for members entering the System on or after January 1, 2010, there is only a 2.5% multiplier. PERS offers several alternatives to the unmodified service retirement allowance which, in general, allows 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 after. 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).

Member and Employer Contributions - The authority for establishing and amending the obligation to make contributions, the contribution rates and benefit terms are provided 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 as 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. PERS receives an actuarial valuation on an annual basis indicating the contribution rates required to fund the System on an actuarial reserve basis. The actuary funding method used is the Entry Age Normal Cost Method. It is intended to meet the funding objective and result in a relatively level long-term contributions requirement as a percentage of salary. However, 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.

Required contribution rates for employers and for active plan members, as a percentage of covered payroll, for the fiscal year ended June 30, 2015 were as follows:

	Statutory Rate	
	Employer	Employees
Regular employees:		
Employer-pay plan	25.75%	na
Employee/employer plan (matching rate)	13.25%	13.25%
Police and Fire employees:		
Employer-pay plan	40.50%	na
Employee/employer plan (matching rate)	20.75%	20.75%

State contributions recognized as part of pension expense for the current fiscal year ended June 30, 2015 were $174,711,561.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2015, the State reported a liability of $1,730,600,809, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, 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, 2014, the State's proportion was 16.6%.

For the year ended June 30, 2015, the State recognized pension expense of $218,066,621. At June 30, 2015, 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	$ -	$ (82,819)
Net difference between projected and actual earnings on pension plan investments	-	(363,497)
Changes in proportion and differences between State contributions and proportionate share of contributions	-	(48,947)
State contributions subsequent to the measurement date	176,375	-
Total	$ 176,375	$ (495,263)

(Note 10 Continued)

Deferred outflows of resources of $176,375,195 for contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016.

The average of the expected remaining service lives of all employees that are provided with pensions through PERS (active and inactive employees) determined at July 1, 2013 (the beginning of the measurement period ended June 30, 2014) is 6.7 years.

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:	
2016	$ (116,963)
2017	(116,963)
2018	(116,964)
2019	(116,964)
2020	(16,123)
Thereafter	(11,286)

Actuarial Assumptions – The State's net pension liability was measured as of June 30, 2014, 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:

Inflation rate:	3.50%
Payroll growth:	5.00%, including inflation
Investment rate of return:	8.00%
Productivity pay increase:	0.75%
Projected salary increases:	Regular: 4.60% to 9.75%, depending on service Police/Fire: 5.25% to 14.50%, depending on service Rates include inflation and productivity increases
Consumer price index:	3.50%
Other assumptions:	Same as those used in the June 30, 2014 funding actuarial valuation

Mortality rates were based on the RP-2000 Combined Healthy Mortality Table projected to 2013 with Scale AA, set back one year for females (no age setback for males) for regular members and set forward one year for police/fire members. Mortality rates for disabled members were based on the RP-2000 Disabled Retiree Mortality Table projected to 2013 with Scale AA, set forward three years.

Actuarial assumptions used in the June 30, 2014 valuation were based on the results of the actuarial experience review completed in 2013.

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, 2014, are included in the following table:

Asset Class	Target Allocation	Long-term Geometric Expected Real Rate of Return
Domestic equity	42%	5.50%
International equity	18%	5.75%
Domestic fixed income	30%	0.25%
Private markets	10%	6.80%

Discount Rate – The discount rate used to measure the total pension liability was 8% as of June 30, 2014. 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.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the State's proportionate share of the net pension liability at June 30, 2014 calculated using the discount rate of 8%, as well as what the State's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7%) or 1-percentage-point higher (9%) than the current rate (expressed in thousands):

	1% Decrease in Discount Rate (7%)	Discount Rate (8%)	1% Increase in Discount Rate (9%)
Net pension liability	$ 2,691,274	$ 1,730,601	$ 932,037

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, 2015, the State reported payables to the defined benefit pension plan of

(Note 10 Continued)

$13,391,837 for legally required employer contributions which had been withheld from employee wages but 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.

Employee membership data related to the LRS pension plan, as of June 30, 2014:

Retirees and beneficiaries currently receiving benefits	79
Inactive vested members	11
Inactive non-vested members	21
Active members	40
Total	151

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.

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 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, same as above, except the increases in paragraph (a) do not exceed 4% per year. For future retirees, those hired prior to 2010 are assumed to reach the cap after 24 years of retirement. Those hired in 2010 or later are assumed to reach the cap after 39 years of retirement. Underlying all of these assumptions is that CPI will grow over time at a rate of 3.5% per year.

Member and Employer Contributions - The Legislator contribution of 15% of compensation is paid by the Legislator 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 $426,702 for fiscal years 2013 and 2014, 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 2013, of which $213,351 (half) was recognized as employer contributions in the fiscal year 2013, and the other half recognized as employer contributions in fiscal year 2014.

State contributions recognized as part of pension expense for the fiscal year ended June 30, 2015 were $213,351.

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). LRS receives an actuarial valuation on a biennial basis. 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.

(Note 10 Continued)

Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2015, The State reported a liability of $658,424, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

For the year ended June 30, 2015, the State recognized pension expense of $9,154. At June 30, 2015, 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
Net difference between projected and actual earnings on pension plan investments	$ -	$ (375)
State contributions subsequent to the measurement date	312	-
Total	$ 312	$ (375)

Deferred outflows of resources of $311,710 for contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016.

The average of the expected remaining service lives of all employees that are provided with pensions through LRS determined at July 1, 2013 (beginning of the measurement period ended June 30, 2014) is 1.32 years.

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:	
2016	$ (94)
2017	(94)
2018	(94)
2019	(93)
2020	-
Thereafter	-

The following table presents the changes in the net pension liability for LRS for the year ended June 30, 2014 (expressed in thousands):

	2014
Total pension liability	
Service cost	$ 37
Interest	428
Benefit payments, including refunds	(494)
Net change in total pension liability	(29)
Total pension liability - beginning	5,560
Total pension liability - ending (a)	$ 5,531
Plan fiduciary net position	
Contributions - employer	$ 213
Contributions - employee	27
Net investment income	804
Benefit payments, including refunds	(494)
Administrative expense	(46)
Other	46
Net change in plan fiduciary net position	550
Plan fiduciary net position - beginning	4,323
Plan fiduciary net position - ending (b)	$ 4,873
Net pension liability - ending (a) - (b)	$ 658
Plan fiduciary net position as a percentage of total pension liability	88%
Covered-employee payroll	N/A
Net pension liability as a percentage of covered-employee payroll	N/A

(Note 10 Continued)

Actuarial Assumptions – The State's net pension liability was measured as of June 30, 2014, 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:

Inflation rate:	3.50%
Investment rate of return:	8.00%
Projected salary increases:	3.50%
Consumer price index:	3.50%
Other assumptions:	Same as those used in the June 30, 2014 funding actuarial valuation

Mortality rates were based on the RP-2000 Combined Healthy Mortality Table projected to 2013 with Scale AA, set back one year for females (no age setback for males).

Actuarial assumptions used in the June 30, 2014 valuation were based on the results of the actuarial experience study for the period July 1, 2006, through June 30, 2012.

Investment Policy – The LRS 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, 2014, are included in the following table:

Asset Class	Target Allocation	Long-term Geometric Expected Real Rate of Return
Domestic equity	49%	5.50%
International equity	21%	5.75%
Domestic fixed income	30%	0.25%

Discount Rate – The discount rate used to measure the total pension liability was 8% as of June 30, 2014. 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 Liability to Changes in the Discount Rate – The following presents the net pension liability calculated using the discount rate of 8%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7%) or 1-percentage-point higher (9%) than the current rate (expressed in thousands):

	1% Decrease in Discount Rate (7%)	Discount Rate (8%)	1% Increase in Discount Rate (9%)
Net pension liability	$ 1,136	$ 658	$ 249

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, 2015, 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.

(Note 10 Continued)

Employee membership data related to the JRS pension plan, as of June 30, 2014:

Retirees and beneficiaries currently receiving benefits	59
Inactive vested members	4
Active members	109
Total	172

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, to a maximum of 75%, times the member's highest average compensation in any 36 consecutive months. 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 the following benefit: Benefit payments are 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.

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 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.

Member and Employer Contributions – The JRS is an employer-paid plan and there is no contribution from active members. The participating employers submit the percentage of compensation determined by the actuary to pay the normal costs and administrative expenses. Annually, the participating employers pay to the JRS an amount on the unfunded 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.180(1)). The amount of the annual contribution required to fund the System is comprised of a normal cost payment and a payment on the Unfunded 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 required annual actuarially determined contribution to fund the System at June 30, 2015 was $5,266,488 and the actual contribution made was $5,534,949.

Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2015, The State reported a liability of $14,981,459 for its net pension liability for the JRS pension plan. The net pension liability was measured as of June 30, 2014, 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 net pension liability 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, 2015, the State recognized pension expense of $3,206,116. At June 30, 2015, 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	$ -	$ (1,954)
Net difference between projected and actual earnings on pension plan investments	-	(5,839)
State contributions subsequent to the measurement date	5,535	-
Total	$ 5,535	$ (7,793)

(Note 10 Continued)

Deferred outflows of resources of $5,534,949 for contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016.

The average of the expected remaining service lives of all members that are provided with pensions through JRS determined at July 1, 2013 (beginning of measurement period ended June 30, 2014) is 5.22 years.

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:		
2016	$	(1,923)
2017		(1,923)
2018		(1,923)
2019		(1,923)
2020		(101)
Thereafter		-

The following table presents the changes in the net pension liability for JRS for the year ended June 30, 2014 (expressed in thousands):

		2014
Total pension liability		
Service cost	$	3,411
Interest		8,367
Differences between expected and actual experience		(2,666)
Benefit payments, including refunds		(4,295)
Other		990
Net change in total pension liability		5,807
Total pension liability - beginning		102,823
Total pension liability - ending (a)	$	108,630
Plan fiduciary net position		
Contributions - employer	$	6,002
Net investment income		14,252
Benefit payments, including refunds		(4,295)
Administrative expense		(83)
Other		990
Net change in plan fiduciary net position		16,866
Plan fiduciary net position - beginning		75,247
Plan fiduciary net position - ending (b)	$	92,113
Net pension liability - ending (a) - (b)	$	16,517
Plan fiduciary net position as a percentage of total pension liability		85%
Covered-employee payroll (measurement as of end of fiscal year)	$	18,934
Net pension liability as a percentage of covered-employee payroll		87%

Actuarial Assumptions – The State's net pension liability was measured as of June 30, 2014, 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:

Inflation rate:	3.50%
Investment rate of return:	8.00%
Projected salary increases:	3.00% - 8.00% varies by service
Consumer price index:	3.50%
Other assumptions:	Same as those used in the June 30, 2014 funding actuarial valuation

Mortality rates were based on the RP-2000 Combined Healthy Mortality Table projected to 2013 with Scale AA, set back one year for females (no age setback for males).

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2006, through June 30, 2012.

Investment Policy – The JRS 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, 2014, are included in the following table:

Asset Class	Target Allocation	Long-term Geometric Expected Real Rate of Return
Domestic equity	49%	5.50%
International equity	21%	5.75%
Domestic fixed income	30%	0.25%

(Note 10 Continued)

Discount Rate – The discount rate used to measure the total pension liability was 8% as of June 30, 2014. The projection of cash flows used to determine the discount rate assumed that employer 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 Liability to Changes in the Discount Rate – The following presents the State's proportionate share of the net pension liability using the discount rate of 8%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7%) or 1-percentage-point higher (9%) than the current rate (expressed in thousands):

	1% Decrease in Discount Rate (7%)	Discount Rate (8%)	1% Increase in Discount Rate (9%)
Net pension liability	$ 26,255	$ 14,981	$ 5,434

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, 2015, the State reported payables to the defined benefit pension plan of $276,087 for legally required employer contributions not yet remitted to JRS.

D. Other Postemployment Benefits

Plan Description – The State Retirees' Health and Welfare Benefits Fund, Public Employees' Benefits Program ("PEBP") of the State of Nevada ("Retirees' Fund") was created in 2007 by the Nevada Legislature to account for the financial assets designated to offset the portion of current and future costs of health and welfare benefits paid on behalf of state retirees. NRS 287.0436 established the Retirees' Fund as an irrevocable trust fund for the purpose of providing retirement benefits other than pensions. The Retirees' Fund is a multiple-employer cost-sharing defined postemployment benefit plan administered by the Board of the Public Employees' Benefits Program of the State of Nevada. The Retirees' Fund provides benefits other than pensions to eligible retirees and their dependents through the payment of subsidies to the PEBP. PEBP administers a group health and life insurance program for covered employees, both active and retired, of the State, and certain other participating public employers within the State of Nevada. NAC 287.530 establishes the benefit upon the retiree. All Nevada public employees who retire with at least five years of public service and who have State service are eligible to receive benefits from the Retirees' Fund. State service is defined as employment with any Nevada State agency, the Nevada System of Higher Education and any State Board or Commission. A portion of the monthly premiums are deducted from pension checks and paid to the PEBP. The cost varies depending on which health plan the retiree chooses, as well as the amount of subsidy they receive.

The Retirees' Fund issues a stand-alone financial report that includes financial statements and required supplementary information. The State reports the Retirees' Fund as a trust fund. The Retirees' Fund financial report may be obtained from Public Employees' Benefits Program, 901 South Stewart Street, Suite 1001, Carson City, NV 89701.

Summary of Significant Accounting Policies - The financial statements of the Retirees' Fund have been prepared using the accrual basis of accounting and the economic resources measurement focus. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. The Retirees' Fund does not receive member contributions.

Method Used to Value Investments – Investments are reported at fair value, which is defined as the price at which an asset passes from a willing seller to a willing buyer. Investments are held with the Retirement Benefits Investment Fund (RBIF), which values participants' shares according to the contributions of each entity, and accordingly, earnings and expenses are allocated to each entity in proportion to the participants' share in the RBIF.

Contributions and Funding Policy - NRS 287.046 establishes a subsidy to pay an amount toward the cost of the premium or contribution for the persons retired from the State. Contributions to the Retirees' Fund are paid by the State of Nevada through an assessment of actual payroll paid by each State entity. For the period from July 1, 2014 through June 30, 2015 the rate assessed was 2.663% of annual covered payroll. The assessment is based on an amount provided by the Legislature each biennium in session law. For the year ended June 30, 2015, the State, its component units, State Boards and Commissions, and other participating public employers contributed $37,758,981 to the plan, which is 100% of the contractually required contribution. For the years ended June 30, 2014 and 2013 the State, its component units, State Boards and Commissions, and other participating public employers contributed $32,697,856, and $36,686,124, respectively, to the plan, which equaled 100% of the contractually required contribution each year.

Note 11 - 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):

	Self Insurance Fund	Insurance Premiums Fund
Balance June 30, 2013	$ 44,891	$ 66,639
Claims and changes in estimates	188,296	13,070
Claim payments	(186,033)	(14,331)
Balance June 30, 2014	47,154	65,378
Claims and changes in estimates	221,215	11,899
Claim payments	(207,711)	(12,538)
Balance June 30, 2015	$ 60,658	$ 64,739
Due Within One Year	$ 60,658	$ 16,712

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, 2015. 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 five 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 twenty-two 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 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 $49,222,647 as of June 30, 2015 were determined using standard actuarial techniques as estimates for the case, reserves,

(Note 11 Continued)

incurred but not reported losses and allocated loss adjustment expenses under the plan as of June 30, 2015.

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 and $100,000 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, 2015, 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. This liability is further adjusted for a non-working escrow deposit on-hand with the insurer which is restricted for use as collateral against future losses and a loss fund on-hand with the insurer that is restricted for payment of claims. 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 and lung disease benefits payable under the Nevada Occupational Disease Act. Any fireman or police officer that satisfies the five-year employment period requirement under this act is eligible for coverage under Workers' Compensation for heart and lung disease. A range of estimated losses from $5,101,500 to $18,117,600 for heart disease and $6,096,400 for lung 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.

At June 30, 2015 total liabilities exceeded total assets by $50,818,771. The Fund is liable for approximately $51,000,000 as of June 30, 2015 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.

Note 12 - Fund Balances and Net Position

A. Net Position-Restricted by Enabling Legislation

The government-wide statement of net position reports $1,628,514,265 of net position-restricted for the primary government, of which $222,664,490 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, 2015, is shown below (expressed in thousands):

(Note 12 Continued)

	Major Governmental Funds					
	General	State Highway	Municipal Bond Bank	Permanent School	Nonmajor Governmental Funds	Total Governmental
Fund balances:						
Nonspendable:						
Municipal securities	$ -	$ -	$ 227,845	$ -	$ -	$ 227,845
Long term notes/loans receivable	17,164	-	-	-	-	17,164
Inventory	9,193	16,259	-	-	455	25,907
Advances	2,798	-	-	-	-	2,798
Prepaid items	5,979	71	-	-	14	6,064
Permanent fund principal	-	-	-	333,618	434	334,052
Restricted for:						
Capital projects	-	-	-	-	53,367	53,367
Conservation, parks and land	30,321	-	-	-	10,326	40,647
Debt service	-	-	-	-	28,472	28,472
Environmental protection	6,179	-	-	-	-	6,179
Health and social services	3,278	-	-	-	93,641	96,919
Housing, real estate & mortgage lending	3,708	-	-	-	26,165	29,873
Law, justice, and public safety	1,965	35,937	-	-	16,930	54,832
Other purposes	452	-	-	-	2,283	2,735
Regulation of business	2,097	-	-	-	6,511	8,608
Transportation	-	271,360	-	-	-	271,360
Wildlife	14,113	-	-	-	-	14,113
Committed to:						
Agriculture	5,026	-	-	-	800	5,826
Capital projects	-	-	-	-	3,566	3,566
College savings endowment	5,359	-	-	-	-	5,359
Conservation, parks and land	6,588	-	-	-	287	6,875
Debt service	-	-	1,025	-	124,752	125,777
Economic development	5,678	-	-	-	5,056	10,734
Education K-12	4,094	-	-	-	-	4,094
Environmental protection	65,195	-	-	-	7,495	72,690
Gaming control	5,598	-	-	-	-	5,598
Health care financing and policy	68,669	-	-	-	-	68,669
Health and social services	35,516	-	-	-	7,315	42,831
Housing, real estate & mortgage lending	19,322	-	-	-	913	20,235
Law and justice	9,703	-	-	-	3,780	13,483
Legislative counsel bureau	23,991	-	-	-	-	23,991
Motor vehicles and public safety	13,783	1,487	-	-	-	15,270
Other purposes	7,901	-	-	-	-	7,901
Regulation of business	8,654	-	-	-	3,780	12,434
State energy office	7,310	-	-	-	-	7,310
Tobacco settlement programs	-	-	-	-	62,997	62,997
Transportation	-	8,817	-	-	-	8,817
Veterans' services	8,467	-	-	-	-	8,467
Wildlife	14,278	-	-	-	-	14,278
Unassigned:	(205,092)	-	-	-	-	(205,092)
Total fund balances	$ 207,287	$ 333,931	$ 228,870	$ 333,618	$ 459,339	$ 1,563,045

C. Individual Fund Deficit

Nonmajor Enterprise Funds:

Insurance Administration and Enforcement - The Insurance Administration and Enforcement Fund accounts for activities related to the administration and enforcement of the Nevada Insurance Code and other laws and regulations enforced by the Department of Business and Industry Division of Insurance. The fund recorded an increase in net position of $1,374,399 for the year ended June 30, 2015, and a decrease to beginning net position of $7,622,257 due to a pension related accounting change, resulting in ending negative net position of $1,134,347 at June 30, 2015.

Nevada Magazine – The Nevada Magazine Fund accounts for the operation of the publication, Nevada Magazine, which is published to promote tourism. The fund recorded a decrease in net position of $13,563 for the year ended June 30, 2015, and a decrease to beginning net position of $718,927 due to a pension related accounting change, resulting in a negative net position of $673,192 at June 30, 2015.

(Note 12 Continued)

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 a decrease in net position of $552,839 for the year ended June 30, 2015, and a decrease to beginning net position of $7,488,379 due to a pension related accounting change, resulting in a negative net position of $3,587,258 at June 30, 2015.

Communications – The Communications Fund accounts for the operation of mail services for State agencies in Carson City, Reno, Las Vegas and Elko. The fund recorded a decrease in net position of $114,807 for the year ended June 30, 2015, and a decrease to beginning net position of $1,427,700 due to a pension related accounting change, resulting in a negative net position of $353,006 at June 30, 2015.

Insurance Premiums – The Insurance Premiums Fund allocates the cost of fidelity insurance, property insurance and workers' compensation insurance to State agencies. The fund recorded an increase in net position of $4,310,814 for the year ended June 30, 2015, and a decrease to beginning net position of $952,778 due to a pension related accounting change, resulting in negative net position of $50,818,771 at June 30, 2015.

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 $68,477 for the year ended June 30, 2015, and a decrease to beginning net position of $2,982,036 due to a pension related accounting change, resulting in negative net position of $2,641,754 at June 30, 2015.

Personnel – The Personnel Fund accounts for the costs of administering the State personnel system. The fund recorded a decrease in net position of $628,247 for the year ended June 30, 2015, and a decrease to beginning net position of $7,569,551 due to a pension related accounting change, resulting in negative net position of $7,592,483 at June 30, 2015.

Purchasing – The Purchasing Fund provides purchasing services to State agencies and other governmental units. The fund recorded an increase in net position of $9,635 for the year ended June 30, 2015, and a decrease to beginning net position of $3,191,045 due to a pension related accounting change, resulting in negative net position of $3,036,451 at June 30, 2015.

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 a decrease in net position of $2,437,341 for the year ended June 30, 2015, and a decrease to beginning net position of $22,203,298 due to a pension related accounting change, resulting in negative net position of $15,219,501 at June 30, 2015.

Note 13 - 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:

Sales and Use Taxes are imposed at a minimum rate of 6.85%, with county and local option up to an additional 1.25%, 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 and financial institutions. If the sum of all the wages paid by the employer exceeds $85,000 for the calendar quarter, the tax is 1.17% of the amounts the wages exceed $85,000. Modified Business Tax is imposed on financial institutions 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, but not to exceed 80% of the taxes due.

Motor Vehicle Fuel Tax is levied at 24.805 cents per gallon on gasoline and gasohol sales. 17.65 cents of the tax goes to the State Highway Fund, .75 cents goes to the Cleaning Up Petroleum Discharges Fund, .055 cents goes to the General Fund and the remaining 6.35 cents goes to the counties. The counties have an option to levy up to an additional 9 cents per gallon.

(Note 13 Continued)

Other Sources of tax revenues include: Cigarette Tax, Controlled Substance Tax, Jet Fuel, Liquor Tax, Live Entertainment Tax (non-gaming establishments), Lodging Tax, 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 and Tire 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 10% of all amounts paid for admission, food, merchandise or refreshment, while the establishment is providing entertainment in facilities with less than occupancy/seating of 7,500. A 5% rate is imposed for facilities with at least 7,500 occupancy/seating.

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.

Note 14 - 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. 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 15 - 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 and $100,000 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 litigating vigorously a Fair Labor Standards Act action brought by correctional officers against the State of Nevada's Department of Corrections, for back wages and overtime pay. The plaintiffs have yet to provide their actual damage amount. If the plaintiffs are successful in obtaining certification and in proving all of their claims, the back wages and overtime pay for three years could result in liability of $28.1 million or more.

In litigation filed against the Department of Taxation (DOT), the plaintiff is seeking a declaration that the Live Entertainment Tax is unconstitutional on its face and that they do not have to pay the tax. The Live Entertainment Tax is collected by the DOT as well as the Gaming Control Board. The Gaming Control Board's collection of the Live Entertainment Tax has not been challenged. Should a refund be granted, the estimated amount to date is $128.6 million. However, if the tax is found to be unconstitutional on its face, the statute may be completely stricken.

The Department of Taxation has litigated vigorously two lawsuits of like nature against utility companies. The lawsuits arose out of claims for the refund of $253.0 million in use tax paid, plus interest, on coal purchased out of the state and used in Nevada. The companies claim the use tax is unconstitutional. The State won both cases in the Nevada Supreme Court and the 1st Judicial District Court. The utility companies have yet to appeal. The use tax distribution is shared between the State, counties and local governments. If the utility companies appeal and are successful, the State's exposure upon a potentially unfavorable outcome is $45.3 million.

The Nevada Department of Transportation (NDOT) in an inverse condemnation case is taking a parcel for the I-15 road improvement project known as Project NEON, in Las Vegas. The landowner filed its preemptory claim against NDOT in hope to recover attorney fees. NDOT filed a motion to dismiss. There is a reasonable possibility of an unfavorable outcome for NDOT in the amount of $6.6 million, before federal participation.

PERS - The Public Employees' Retirement System (PERS) has entered into investment funding commitments related to private markets to fund an additional $1,073.3 million at some future date.

Leases- The State is obligated by leases for buildings and equipment accounted for as operating leases. Operating leases do not give rise to property rights as capital leases do. Therefore, the results of the lease agreements are not reflected in the Statement of Net Position. Primary government lease expense for the year ended June 30, 2015 amounted to $37.0 million. The following is the primary government's schedule of future minimum rental payments required under operating leases that have initial or remaining noncancelable lease terms in excess of one year as of June 30, 2015 (expressed in thousands):

For the Year Ending June 30	Amount
2016	$ 29,195
2017	24,926
2018	19,504
2019	15,463
2020	11,572
2021-2025	30,345
2026-2030	4,578
2031-2035	235
Total	$ 135,818

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, 2015, 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.

Rebate Arbitrage - The Federal Tax Reform Act of 1986 imposes a rebate requirement with respect to some bonds

(Note 15 Continued)

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) is required to be rebated to the U.S. Treasury, in order for the interest on the bonds to be excluded from gross income for federal income tax purposes. Rebatable arbitrage is computed as of each installment computation date. The present value of the rebatable arbitrage is $961,000 and has been recorded as a liability in the Statement of Net Position at June 30, 2015. Future calculations might result in different rebatable arbitrage amounts.

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 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 $40 million. Total bond guarantees at June 30, 2015 were $242.9 million which includes accrued interest of $1.5 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. Repayment would be taken from distributions from the State Distributive School Account.

Encumbrances – As of June 30, 2015, encumbered expenditures in governmental funds were as follows (expressed in thousands):

	Amount
General Fund	$ 4,066
State Highway	3,015
Total	$ 7,081

Construction Commitments – As of June 30, 2015, the Nevada Department of Transportation had total contractual commitments of approximately $177.5 million for construction of various highway projects. Other major non-highway construction commitments for the primary government's budgeted capital projects funds total $17.2 million.

B. Discretely Presented Component Units

Nevada System of Higher Education (NSHE) – As of June 30, 2015, NSHE is a defendant or co-defendant in legal actions. Based on present knowledge and advice of legal counsel, NSHE management believes any ultimate liability in these matters, in excess of insurance coverage, will not materially affect the net position, changes in net position or cash flows of NSHE.

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, 2015.

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, 2015 is $156.0 million. These costs will be financed by State appropriations, private donations, available resources and/or long-term borrowings.
The Board of Regents, at its June 12, 2015 meeting, approved the issuance of a Promissory Note in an amount up to $20.9 million. The authorized note is not expected to be issued by the end of calendar year 2015.

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 CRC from such litigation, if any, will not have a material adverse effect on CRC's future financial position, results of operations or cash flows. Accordingly, no provision has been made for any such losses.

The CRC does not accrue for estimated future legal defense costs, if any, to be incurred in connection with outstanding or threatened litigation and other disputed matters but rather, records such as period costs when the services are rendered.

Nevada Capital Investment Corporation (NCIC) - The NCIC currently has commitments to the Silver State Opportunity Fund of $50.0 million (the First Tranche). As of June 30, 2015, the NCIC has fulfilled $21.7 million of its total commitment. The NCIC has the right, but not the obligation, to increase its capital commitment 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).

Note 16 - Subsequent Events

A. Primary Government

Bonds – On October 14, 2015, the State issued $339,030,000 in General Obligation Bonds. The bonds were issued primarily to finance various capital improvement projects including: construction of a new Department of Motor Vehicle Service Office, improvements for publicly owned water systems and to finance property acquisition and renovations by the Division of State Parks. Bonds were also issued to finance or refinance loans to certain local governments within the State for water and sewer projects and to provide State matching funds for the State's Safe Drinking Water Revolving Fund Program.

B. Discretely Presented Component Units

Nevada System of Higher Education – The Board of Regents, at its October 23, 2015 meeting, authorized the formation of DRI-Tennessee, a nonprofit organization that will be reported as a component unit of the System once operations commence.

C. New Accounting Pronouncement

In February 2015, the GASB issued Statement No. 72, *Fair Value Measurement and Application* (GASB 72), which addresses accounting and financial reporting issues related to fair value measurements. GASB 72 provides guidance for determining a fair value measurement for financial reporting purposes in addition to providing guidance for applying fair value to certain investments and disclosures related to all fair value measurement. GASB 72 is effective for fiscal years beginning after June 15, 2015. The anticipated impact of this pronouncement is uncertain at this time.

In June 2015, the GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68* (GASB 73), which improves the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. GASB 73 is effective for fiscal years beginning after June 15, 2015. The anticipated impact of this pronouncement is uncertain at this time.

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions* (GASB 75), which improves accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support of OPEB that is provided by other entities. GASB 75 is effective for fiscal years beginning after June 15, 2017. The anticipated impact of this pronouncement is uncertain at this time.

Note 17 - Accounting Changes and Restatements

A. Primary Government

The State implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, in the current year. Accordingly, the fiscal year 2015 financial statements have been adjusted with a prior year restatement of the beginning net position to retroactively report the beginning net pension liability and deferred outflows of resources related to contributions made during the year ended June 30, 2014.

In addition, a prior period adjustment was made to correct the amortization period on refunding losses.

The following table shows the changes to the beginning net position as of July 1, 2014 for the primary government (expressed in thousands):

	Governmental Activities	Business-type Activities
Net position at June 30, 2014 as previously reported	$ 5,414,465	$ 379,253
Net pension liability as of June 30, 2013	(2,169,389)	(39,850)
Deferred outflows of resources related to contributions made during the year ended June 30, 2014	176,883	3,271
Debt refunding loss amortization	38,009	-
Net position at June 30, 2014 as restated	$ 3,459,968	$ 342,674

(Note 17 Continued)

The following table shows the changes to the beginning net position as of July 1, 2014 for the proprietary funds (expressed in thousands):

	Major Enterprise Funds				
	Housing Division	Water Projects Loans	Higher Education Tuition Trust	Nonmajor Enterprise Funds	Internal Service Funds
Net position at June 30, 2014 as previously reported	$ 190,186	$ 332,690	$ 43,480	$ 50,370	$ 85,821
Net pension liability as of June 30, 2013	(2,933)	(781)	(215)	(35,921)	(55,966)
Deferred outflows of resources related to contributions made during the year ended June 30, 2014	242	60	16	2,953	4,851
Net position at June 30, 2014 as restated	$ 187,495	$ 331,969	$ 43,281	$ 17,402	$ 34,706

B. Discretely Presented Component Units

The Colorado River Commission and the Nevada System of Higher Education implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, in the current year. Accordingly, the fiscal year 2015 financial statements have been adjusted with a prior year restatement of the beginning net position to retroactively report the beginning net pension liability and deferred outflows of resources related to contributions made during the year ended June 30, 2014.

During fiscal year 2015, the Colorado River Commission discovered capital assets originally constructed by a third party and donated to the Commission in 2002 had not been properly recorded. The cost basis of the assets is $12,555,784 and an adjustment to capital assets was made to the prior period for that amount. Corresponding increases to accumulated depreciation, unearned revenue and net position were recorded on the proprietary fund financial statements.

In addition, the Colorado River Commission determined in the current year that the previously refunded portion of the 2005i bonds in 2012 should have been recorded as unearned revenue and therefore, a prior period adjustment was recorded to increase unearned revenue and net position, and decrease the payable to customers on the proprietary fund financial statements.

Lastly, the Colorado River Commission prior year net position was determined to be understated as a result of unrecorded revenue in fiscal years 2013 and 2014; therefore, a prior period adjustment increasing net position and decreasing the payable to customers was recorded on the proprietary fund financial statements.

The following table shows the changes to the beginning net position as of July 1, 2014 (expressed in thousands):

	Colorado River Commission	Nevada System of Higher Education
Net position at June 30, 2014 as previously reported	$ 7,816	$ 2,968,196
Net pension liability as of June 30, 2013	(6,305)	(369,489)
Deferred outflows of resources related to contributions made during the year ended June 30, 2014	527	29,192
Donated capital assets in fiscal year 2002	951	-
Unearned revenue on refunded portion of the 2005i bonds	907	-
Unrecorded revenue in fiscal years 2013 and 2014	4,475	-
Contributions receivable	-	333
Net position at June 30, 2014 as restated	$ 8,371	$ 2,628,232

For the Fiscal Year Ended June 30, 2015

	General Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget
Sources of Financial Resources				
Fund balances, July 1	$ 579,982,174	$ 579,982,174	$ 579,982,174	$ -
Revenues:				
Sales taxes	1,023,194,100	1,037,822,100	1,033,453,997	(4,368,103)
Gaming taxes, fees, licenses	908,293,432	865,810,133	878,143,350	12,333,217
Intergovernmental	2,798,126,345	3,830,366,049	3,350,672,190	(479,693,859)
Other taxes	1,458,385,149	1,463,514,033	1,487,350,493	23,836,460
Sales, charges for services	248,153,992	265,107,631	256,195,055	(8,912,576)
Licenses, fees and permits	589,799,146	633,993,495	625,655,497	(8,337,998)
Interest	8,831,334	10,033,227	2,586,910	(7,446,317)
Other	305,935,227	383,437,222	337,641,337	(45,795,885)
Other financing sources:				
Transfers	528,491,375	728,352,462	580,601,887	(147,750,575)
Reversions from other funds	-	-	1,496,463	1,496,463
Total sources	8,449,192,274	9,798,418,526	9,133,779,353	(664,639,173)
Uses of Financial Resources				
Expenditures and encumbrances:				
Elected officials	153,088,564	141,940,023	113,349,962	28,590,061
Legislative and judicial	84,566,581	87,299,449	61,707,097	25,592,352
Finance and administration	76,676,025	81,733,333	61,594,658	20,138,675
Education - K to 12	2,035,502,964	2,158,321,781	2,061,755,614	96,566,167
Education - higher education	756,471,241	791,256,985	779,462,075	11,794,910
Human services	4,070,314,718	5,054,036,030	4,493,345,234	560,690,796
Commerce and industry	330,282,985	348,142,939	268,781,463	79,361,476
Public safety	405,551,942	435,902,358	368,517,075	67,385,283
Infrastructure	314,660,716	378,769,271	169,523,688	209,245,583
Special purpose agencies	57,559,447	110,089,838	72,058,973	38,030,865
Other financing uses:				
Transfers to other funds	31,350,818	49,320,818	49,320,818	-
Reversions to other funds	-	-	1,501,844	(1,501,844)
Projected reversions	(49,712,029)	(49,712,029)	-	(49,712,029)
Total uses	8,266,313,972	9,587,100,796	8,500,918,501	1,086,182,295
Fund balances, June 30	$ 182,878,302	$ 211,317,730	$ 632,860,852	$ 421,543,122

State Highway Fund				Municipal Bond Bank			
Original Budget	Final Budget	Actual	Variance with Final Budget	Original Budget	Final Budget	Actual	Variance with Final Budget
$ 333,445,914	$ 333,445,914	$ 333,445,914	$ -	$ 2,211	$ 2,211	$ 2,211	$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
322,400,309	361,043,338	312,263,094	(48,780,244)	-	-	-	-
262,642,984	287,538,489	295,189,486	7,650,997	-	-	-	-
15,970,750	18,282,540	18,507,328	224,788	-	-	-	-
184,028,988	188,281,192	206,555,537	18,274,345	-	-	-	-
202,814	384,305	1,461,123	1,076,818	16,501,819	16,501,819	10,837,721	(5,664,098)
37,220,420	38,417,389	18,445,274	(19,972,115)	-	-	4,925,000	4,925,000
8,105,093	12,786,769	11,327,920	(1,458,849)	-	-	-	-
-	-	-	-	-	-	-	-
1,164,017,272	1,240,179,936	1,197,195,676	(42,984,260)	16,504,030	16,504,030	15,764,932	(739,098)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
190,061,565	209,381,434	173,622,906	35,758,528	-	-	-	-
694,706,319	806,722,664	629,575,377	177,147,287	-	-	-	-
-	-	-	-	-	-	-	-
72,016,009	76,481,109	76,481,109	-	16,501,819	16,504,030	15,764,932	739,098
-	-	154,736	(154,736)	-	-	-	-
(46,302,875)	(76,302,875)	-	(76,302,875)	-	-	-	-
910,481,018	1,016,282,332	879,834,128	136,448,204	16,501,819	16,504,030	15,764,932	739,098
$ 253,536,254	$ 223,897,604	$ 317,361,548	$ 93,463,944	$ 2,211	$ -	$ -	$ -

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 August 19 are reported instead of the amounts disclosed in the original budget. The August 19, 2015 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, 2015 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):

	General Fund	State Highway	Municipal Bond Bank
Fund balances (budgetary basis) June 30, 2015	$ 632,861	$ 317,362	$ -
Adjustments:			
Basis differences:			
Petty cash or outside bank accounts	5,526	175	-
Investments not recorded on the budgetary basis	14,560	-	227,845
Accrual of certain other receivables	239,435	1,423	1,025
Inventory	9,193	16,329	-
Advances to other funds	3,050	-	-
Accrual of certain accounts payable and other liabilities	(428,148)	(4,085)	-
Unearned revenues	(147,457)	-	-
Deferred inflows - unavailable	(137,927)	-	-
Encumbrances	4,065	3,015	-
Other	(1,411)	(288)	-
Perspective differences:			
Special revenue fund reclassified to General Fund for GAAP purposes	13,540	-	-
Fund balances (GAAP basis) June 30, 2015	$ 207,287	$ 333,931	$ 228,870

Total fund balance on the budgetary basis in the General Fund at June 30, 2015, 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)	$ 632,861
Restricted funds	(398,117)
Unrestricted fund balance (budgetary basis)	$ 234,744

For the Fiscal Year Ended June 30, 2015

A. Multiple-employer Cost Sharing Plan

The following schedule presents the State's (primary government's) proportionate share of the net pension liability for the Public Employees' Retirement System at June 30, 2014 (expressed in thousands):

	2014
State's proportion of the net pension liability	16.6%
State's proportionate share of the net pension liability	$ 1,730,601
State's covered-employee payroll	$ 872,316
State's proportionate share of the net pension liability as a percentage of its covered-employee payroll	198%
Plan fiduciary net position as a percentage of the total pension liability	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 (primary government's) contributions to the Public Employees' Retirement System (expressed in thousands):

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Statutorily required contribtutions	$ 176,579	$ 174,712	$ 162,484	$ 163,219	$ 160,959	$ 164,630	$ 153,768	$ 146,754	$ 136,270	$ 129,981
Contributions in relation to the statutorialy required contribution	176,579	174,712	162,484	163,219	160,959	164,630	153,768	146,754	136,270	129,981
Contribution (deficiency) excess	-	-	-	-	-	-	-	-	-	-
Covered-employee payroll	874,098	872,316	855,179	859,047	946,818	968,412	961,050	917,213	851,688	859,873
Contributions as a percentage of covered employee payroll	20%	20%	19%	19%	17%	17%	16%	16%	16%	15%

B. Single-employer Plan

The following schedule presents the changes in the net pension liability for the Legislators' Retirement System for the year ended June 30, 2014 (expressed in thousands):

	2014
Total pension liability	
Service cost	$ 37
Interest	428
Benefit payments, including refunds	(494)
Net change in total pension liability	(29)
Total pension liability - beginning	5,560
Total pension liability - ending (a)	$ 5,531
Plan fiduciary net position	
Contributions - employer	$ 213
Contributions - employee	27
Net investment income	804
Benefit payments, including refunds	(494)
Administrative expense	(46)
Other	46
Net change in plan fiduciary net position	550
Plan fiduciary net position - beginning	4,323
Plan fiduciary net position - ending (b)	$ 4,873
Net pension liability - ending (a) - (b)	$ 658
Plan fiduciary net position as a percentage of total pension liability	88%
Covered-employee payroll	N/A
Net pension liability as a percentage of covered-employee payroll	N/A

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

(Continued)

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

	2015
Statutorily required contribtutions	$ 312
Contributions in relation to the statutorily required contribution	$ 312
Contribution (deficiency) excess	$ -
Covered-employee payroll	N/A
Contributions as a percentage of covered-employee payroll	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 for the year ended June 30, 2014 (expressed in thousands):

	2014
Total pension liability	
Service cost	$ 3,411
Interest	8,367
Differences between expected and actual experience	(2,666)
Benefit payments, including refunds	(4,295)
Other	990
Net change in total pension liability	5,807
Total pension liability - beginning	102,823
Total pension liability - ending (a)	$ 108,630
Plan fiduciary net position	
Contributions - employer	$ 6,002
Net investment income	14,252
Benefit payments, including refunds	(4,295)
Administrative expense	(83)
Other	990
Net change in plan fiduciary net position	16,866
Plan fiduciary net position - beginning	75,247
Plan fiduciary net position - ending (b)	$ 92,113
Net pension liability - ending (a) - (b)	$ 16,517
Plan fiduciary net position as a percentage of total pension liability	85%
Covered-employee payroll (measurement as of end of fiscal year)	$ 18,934
Net pension liability as a percentage of covered-employee payroll	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):

	2015
Actuarially determined contribution	$ 5,266
Contributions in relation to the actuarially determined contribution	$ 5,535
Contribution (deficiency) excess	$ 269
Covered-employee payroll	$ 17,132
Contributions as a percentage of covered-employee payroll	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.

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 approximately 5,400 centerline miles of roads and approximately 1,150 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. The State has set a policy to maintain a certain percentage of each category of its roadways with an IRI of less than 80. Considering the results of all three condition assessments together, they provide reasonable assurance that the condition level of the roadways is being preserved above, or approximately at, the condition level established for categories I, II and III. The condition level for categories IV and V, which are non-national highways and the least busy rural roads, are below the State's minimum percentage. On January 5, 2015 the Pavement and Bridge Condition Notice of Proposed Rulemaking was released by the Federal Highway Administration (FHWA). The State may align its goals for condition assessments to be consistent with the FHWA guidance if the proposed rules are enacted. The current condition assessment would meet its roadway condition level policy goals under the proposed rules. The State has set a policy to maintain its bridges so that not more than 10 percent are structurally deficient or functionally obsolete. The following tables show 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 80

	Category				
	I	II	III	IV	V
State Policy-minimum percentage	70%	65%	60%	40%	10%
Actual results of 2014 condition assessment	84%	71%	62%	33%	7%
Actual results of 2012 condition assessment	84%	85%	84%	32%	9%
Actual results of 2011 condition assessment	56%	79%	67%	30%	9%

Condition Level of the Bridges

Percentage of substandard bridges

	2014	2012	2011
State Policy-maximum percentage	10%	10%	10%
Actual results condition assessment	4%	4%	4%

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.

Maintenance and Preservation Costs

(Expressed in Thousands)

	2015	2014	2013	2012	2011
Estimated	$ 386,093	$ 433,338	$ 402,650	$ 322,210	$ 490,910
Actual	329,677	360,904	325,313	304,333	404,871

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.

CPAs & BUSINESS ADVISORS

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 Ronald Knecht, MS, JD & PE
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, 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, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the State of Nevada's basic financial statements, and have issued our report thereon dated December 21, 2015. Our report includes a reference to other auditors who audited the financial statements of the Nevada System of Higher Education and the Colorado River Commission, discretely presented component units; the Housing Division Enterprise Fund, the Self Insurance and Insurance Premiums Internal Service Funds, the Pension Trust Funds and the Other Employee Benefit Trust Fund – State Retirees' Fund, the Nevada College Savings Plan – Private Purpose Trust Fund, the Retirement Benefits Investment Fund – Investment Trust Fund, and the Division of Museums and History Dedicated Trust Fund, as described in our report on the State of Nevada's financial statements. 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 Division of Museums and History Dedicated Trust Fund, the Pension Trust Funds, the Insurance Premiums Internal Service Fund and the Retirement Benefits Investment Trust Fund were not audited in accordance with *Government Auditing Standards.*

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the State of Nevada's internal control over financial reporting (internal control) to determine 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 of Nevada's internal control. Accordingly, we do not express an opinion on the effectiveness of the State of Nevada's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the 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 were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as Findings 2015-A and 2015-B that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the State of Nevada'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 determination of financial statement amounts. 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 of Nevada's Response to Findings

The State of Nevada's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The State of Nevada'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 of Nevada'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 of Nevada's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Eide Bailly LLP

Reno, Nevada
December 21, 2015

EideBailly

CPAs & BUSINESS ADVISORS

Independent Auditor's Report on Compliance for Each Major Program; Report on Internal Control over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

Legislative Auditor
Legislative Counsel Bureau
Capitol Complex
Carson City, Nevada

Report on Compliance for Each Major Federal Program
We have audited the State of Nevada's (the State's) compliance with the types of compliance requirements described in the OMB Circular A-133 *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, 2015. 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.

The State's basic financial statements include the operations of the Nevada System of Higher Education, a discretely presented component unit, which received $288,090,280 in Federal awards that are not included in the State's schedule of expenditures of federal awards for the year ended June 30, 2015. Our audit, as described below, did 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 OMB Circular A-133.

Management's Responsibility
Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its Federal programs.

Auditor's Responsibility
Our responsibility is to express an opinion on compliance for each of the State's major federal programs based on our audit of the types of compliance requirements referred to above. As described in our report dated December 21, 2015, portions of the audit of the basic financial statements were performed by other auditors, whose reports were furnished to us. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations.* Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about the State's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major Federal program. However, our audit does not provide a legal determination of the State's compliance.

Basis for Qualified Opinion on Unemployment Insurance, Special Education Cluster, Title I Grants to Local Education Agencies, Block Grants for Prevention and Treatment of Substance Abuse, and Disability Insurance/SSI Cluster.
As described in Findings 2015-005, 2015-009, 2015-015 through 2015-017, 2015-033, 2015-034, and 2015-036 in the accompanying schedule of findings and questioned costs, the State did not comply with requirements regarding the following:

Finding #	CFDA #	Program (or Cluster) Name	Compliance Requirement
2015-005	17.225	Unemployment Insurance	Special Test and Provisions
2015-009	96.001	Disability Insurance/SSI Cluster	Special Test and Provisions
2015-015	84.010	Title I Grants to Local Educational Agencies	Matching, Level of Effort, Earmarking
2015-015	84.027/ 84.173	Special Education Cluster	Matching, Level of Effort, Earmarking
2015-016	84.010	Title I Grants to Local Educational Agencies	Allowable Cost/Cost Principles
2015-016	84.027/ 84.173	Special Education Cluster	Allowable Cost/Cost Principles
2015-017	84.010	Title I Grants to Local Educational Agencies	Cash Management
2015-017	84.027/ 84.173	Special Education Cluster	Cash Management
2015-033	93.959	Block Grants for Prevention and Treatment of Substance Abuse	Activities Allowed or Unallowed
2015-034	93.959	Block Grants for Prevention and Treatment of Substance Abuse	Subrecipient Monitoring
2015-036	93.959	Block Grants for Prevention and Treatment of Substance Abuse	Matching, Level of Effort, Earmarking

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

Qualified Opinion on Unemployment Insurance, Special Education Cluster, Title I Grants to Local Education Agencies, Block Grants for Prevention and Treatment of Substance Abuse, and Disability Insurance/SSI Cluster.
In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the State complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Unemployment Insurance Program, Special Education Cluster, Title I Grants to Local Education Agencies Program, Block Grants for Prevention and Treatment of Substance Abuse Program and the Disability Insurance/SSI Cluster for the year ended June 30, 2015.

Opinion on Each of the Other Major Federal Programs
In our opinion, the State complied, in all material respects, with the types of 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, 2015.

Other Matters
The results of our auditing procedures also disclosed other instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as Findings 2015-032 and 2015-041. Our opinion on each major Federal program is not modified with respect to these matters.

The State's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The State's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance
Management of the State is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the State's internal control over compliance with the types of requirements that could have a direct and material effect on each major Federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major Federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the State's internal control over compliance.

Our consideration of the internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified 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 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 2015-002, 2015-004, 2015-005, 2015-007 through 2015-009, 2015-011 through 2015-013, 2015-015 through 2015-017, 2015-019, 2015-021, 2015-023 through 2015-027, 2015-030, 2015-031, 2015-033, 2015-034, 2015-036, 2015-037, and 2015-041 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 2015-001, 2015-003, 2015-006, 2015-010, 2015-014, 2015-018, 2015-020, 2015-022, 2015-028, 2015-029, 2015-032, 2015-035, 2015-038 through 2015-040, 2015-042, and 2015-043 to be significant deficiencies.

The State's response to the internal control over compliance findings identified in our audit is included in the accompanying schedule of findings and questioned costs. The State's response was not subjected to the 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

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 as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the State's basic financial statements. We issued our report thereon dated December 21, 2015, which contained 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 OMB Circular A-133 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 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 expenditure of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Eide Bailly LLP

Reno, Nevada
March 16, 2016

STATE OF NEVADA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015

Federal Grantor / Pass-Through Grantor Program Title	CFDA Number	Award or Pass-Through Number	Expenditures	Payments to Subrecipients
Department of the Interior				
Research and Development CLUSTER				
Research Grants (Generic)	15.650	F10AC00919	$ 4,801	$ -
Outdoor Recreation_Acquisition, Development and Planning	15.916	FFY 2005	4,367	4,367
Outdoor Recreation_Acquisition, Development and Planning	15.916	FFY 2007	58,500	58,500
Outdoor Recreation_Acquisition, Development and Planning	15.916	FFY 2008	1	1
Outdoor Recreation_Acquisition, Development and Planning	15.916	FFY 2009	897	-
Outdoor Recreation_Acquisition, Development and Planning	15.916	FFY 2010	2,799	-
Outdoor Recreation_Acquisition, Development and Planning	15.916	FFY 2011	286,151	150,971
Outdoor Recreation_Acquisition, Development and Planning	15.916	FFY 2012	22,626	-
Outdoor Recreation_Acquisition, Development and Planning	15.916	FFY 2013	127,630	66,000
Outdoor Recreation_Acquisition, Development and Planning	15.916	FFY 2014	27,432	-
			530,403	**279,839**
Total Research and Development CLUSTER			**535,204**	**279,839**
Total Department of the Interior			**535,204**	**279,839**
Environmental Protection Agency				
Research and Development CLUSTER				
Surveys, Studies, Investigations Demonstrations and Special Purpose Activities Relating to the Clean Air Act	66.034	99T08101	14,590	-
Regional Wetland Program Development Grants	66.461	CD-00T73101-0	49,080	-
Total Research and Development CLUSTER			**63,670**	**-**
Total Environmental Protection Agency			**63,670**	**-**
Department of Health and Human Services				
Research and Development CLUSTER				
Food and Drug Administration_Research	93.103	5R13FD003966-05	737	-
Food and Drug Administration_Research	93.103	5R13FD003966-06	4,142	-
Food and Drug Administration_Research	93.103	5U18FD004436-02	30,605	-
Food and Drug Administration_Research	93.103	5U18FD004436-03	183,878	-
			219,362	**-**
Primary Care Services_Resource Coordination and Development	93.130	U68HP11441	167,507	-
Injury Prevention and Control Research and State and Community Based Programs	93.136	1UF2CE002430-01	233,244	158,160
Injury Prevention and Control Research and State and Community Based Programs	93.136	5UF2CE002430-02	124,441	88,350
			357,685	**246,510**

STATE OF NEVADA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015

Federal Grantor / Pass-Through Grantor Program Title	CFDA Number	Award or Pass- Through Number	Expenditures	Payments to Subrecipients
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	93.779	1N0CMS020199-21-02	45,735	-
Total Research and Development CLUSTER			**790,289**	**246,510**
Total Department of Health and Human Services			**790,289**	**246,510**
Grand Total Research and Development CLUSTER			**1,389,163**	**526,349**
Department of Agriculture				
Child Nutrition CLUSTER				
School Breakfast Program	10.553	7NV300AG3	27,557,071	27,472,652
National School Lunch Program	10.555	7NV300AG3	87,309,132	87,176,223
National School Lunch Program	10.555	National School Lunch Program Commodities	9,812,295	9,812,295
			97,121,427	**96,988,518**
Special Milk Program for Children	10.556	7NV300AG3	122,205	122,205
Summer Food Service Program for Children	10.559	7NV300AG3	1,917,036	1,833,144
Total Child Nutrition CLUSTER			**126,717,739**	**126,416,519**
Food Distribution CLUSTER				
Commodity Supplemental Food Program	10.565	7NV810AG1	605,432	-
Commodity Supplemental Food Program	10.565	Commodity Supplemental Food Program Commodities	1,685,622	1,685,622
			2,291,054	**1,685,622**
Emergency Food Assistance Program (Administrative Costs)	10.568	7NV810AG8	607,834	-
Emergency Food Assistance Program (Food Commodities)	10.569	Emergency Food Assistance Commodities	2,125,313	2,125,313
Emergency Food Assistance Program (Food Commodities)	10.569	Emergency Food Assistance Dairy Commodities	2,025	2,025
			2,127,338	**2,127,338**
Total Food Distribution CLUSTER			**5,026,226**	**3,812,960**
Forest Service Schools and Roads CLUSTER				
Schools and Roads_Grants to States	10.665	Schools and Roads Grants to States	3,491,775	3,491,775
Total Forest Service Schools and Roads CLUSTER			**3,491,775**	**3,491,775**
SNAP CLUSTER				
Supplemental Nutrition Assistance Program (SNAP)	10.551	SNAP Admin Matching	589,114,048	-
State Administrative Matching Grants for Supplemental Nutrition Assistance Program	10.561	7NV300AG2	318,873	-
State Administrative Matching Grants for Supplemental Nutrition Assistance Program	10.561	7NV400NV4, 7NV4004NV 2015	15,767,378	1,245,598
State Administrative Matching Grants for Supplemental Nutrition Assistance Program	10.561	7NV400NV4, 7NV4004NV, 7NV430NV4 2014	6,872,543	1,344,395

STATE OF NEVADA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015

Federal Grantor / Pass-Through Grantor Program Title	CFDA Number	Award or Pass- Through Number	Expenditures	Payments to Subrecipients
State Administrative Matching Grants for Supplemental Nutrition Assistance Program	10.561	7NV400NV4, 7NV430NV4 2014	165,463	-
State Administrative Matching Grants for Supplemental Nutrition Assistance Program	10.561	7NV400NV5 2014	1,342,387	-
State Administrative Matching Grants for Supplemental Nutrition Assistance Program	10.561	7NV430NV4 2015	196,669	-
State Administrative Matching Grants for Supplemental Nutrition Assistance Program	10.561	7NV430NV5 2015	56,309	-
			24,719,622	**2,589,993**
Total SNAP CLUSTER			**613,833,670**	**2,589,993**
Plant and Animal Disease, Pest Control, and Animal Care	10.025	04-8576-0836-CA	81,630	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	12-8532-0016-CA	9,491	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	12-8532-0526-CA	1,844	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	13-8532-0016-CA	33,161	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	13-8532-0526-CA	14,634	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	13-8532-1449-CA	21,666	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	13-8532-1655-CA	9,594	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	13-8532-1691-CA	9,151	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	13-8532-1694-CA	9,720	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	13-9732-2167-CA	11,183	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	13-9732-2214-CA	19,881	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	14-8532-0016-CA	93,795	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	14-8532-0526-CA	9,835	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	14-8532-1449-CA	14,584	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	14-8532-1655-CA	18,584	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	14-8532-1691-CA	6,109	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	14-9732-2244-CA	154	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	15-9732-2167-CA	1,467	-
			366,483	**-**
Federal-State Marketing Improvement Program	10.156	12-25-G-1508	16,731	16,384
Federal-State Marketing Improvement Program	10.156	14-FSMIP-NV-0009	1,678	1,000
			18,409	**17,384**
Market Protection and Promotion	10.163	12-25-A-5433	7,297	-
Specialty Crop Block Grant Program - Farm Bill	10.170	12-25-B-1241	23,185	17,848
Specialty Crop Block Grant Program - Farm Bill	10.170	12-25-B-1474	94,434	41,062

STATE OF NEVADA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015

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	12-25-B-1683	71,421	57,417
Specialty Crop Block Grant Program - Farm Bill	10.170	14-SCBGP-NV-0032	39,992	38,108
			229,032	**154,435**
Organic Certification Cost Share Programs	10.171	12-25-A-5715	5,136	-
Organic Certification Cost Share Programs	10.171	14-NOCCS-NV-0031	13,242	-
			18,378	**-**
Homeland Security_Agricultural	10.304	2012-37620-19626	1,558	-
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	7NV7000NV7-20151347&1647	35,342,236	8,679,561
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	7NV700NV1	114,139	114,139
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	7NV700NV1-20145347	374,677	374,677
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	7NV700NV7-20145347&5647	13,432,763	3,213,835
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	WIC Program Income	7,338	7,338
			49,271,153	**12,389,550**
Child and Adult Care Food Program	10.558	7NV300AG3	8,288,691	8,185,829
Child and Adult Care Food Program	10.558	7NV300AG4	169,822	169,822
Child and Adult Care Food Program	10.558	Child & Adult Food Care Program Commodities	61,047	61,047
			8,519,560	**8,416,698**
State Administrative Expenses for Child Nutrition	10.560	7NV300AG2	1,556,761	-
Food Distribution Program on Indian Reservations	10.567	7NV400AG4	342,364	6,345
Food Distribution Program on Indian Reservations	10.567	Food Distribution Prgrm on Indian Res. Commodities	250,397	6,346
			592,761	**12,691**
Farm to School Grant Program	10.575	CN-F2S-IMPL-13-NV-01	25,038	15,480
Senior Farmers Market Nutrition Program	10.576	7NV810AG2	141,477	122,876
WIC Grants to States (WGS)	10.578	7NV700NV6-20142147	19,141	19,141
Child Nutrition Discretionary Grants Limited Availability	10.579	7NV310NV8-2015L347	190,345	-
Child Nutrition Discretionary Grants Limited Availability	10.579	8NV300013	70,456	70,456
Child Nutrition Discretionary Grants Limited Availability	10.579	8NV310016-2015L330	81,248	-
Child Nutrition Discretionary Grants Limited Availability	10.579	8NV350000-20153313	3,268	1,606
			345,317	**72,062**

STATE OF NEVADA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015

Federal Grantor / Pass-Through Grantor Program Title	CFDA Number	Award or Pass-Through Number	Expenditures	Payments to Subrecipients
Fresh Fruit and Vegetable Program	10.582	7NV310AG1	1,921,079	1,870,239
Supplemental Nutrition Assistance Program (SNAP) Recipient Trafficking Prevention Grants	10.598	SNAP-RTPG-NV-2015	4,328	-
Cooperative Forestry Assistance	10.664	10-DG-11046000-612	72,716	22,089
Cooperative Forestry Assistance	10.664	10-DG-11046000-623	27,223	-
Cooperative Forestry Assistance	10.664	10-DG-11046000-631	36,650	-
Cooperative Forestry Assistance	10.664	11-DG-11046000-607	652,598	365,565
Cooperative Forestry Assistance	10.664	11-DG-11046000-614	358	-
Cooperative Forestry Assistance	10.664	11-DG-11046000-616	27,181	-
Cooperative Forestry Assistance	10.664	12-DG-11046000-603	510,426	234,793
Cooperative Forestry Assistance	10.664	12-DG-11046000-614	216,327	-
Cooperative Forestry Assistance	10.664	13-DG-11046000-608	763,121	55,765
Cooperative Forestry Assistance	10.664	13-DG-11046000-612	250,040	-
Cooperative Forestry Assistance	10.664	14-DG-11046000-611	444,643	52,505
Cooperative Forestry Assistance	10.664	14-DG-11046000-614	107,180	-
			3,108,463	**730,717**
Forest Legacy Program	10.676	10-DG-11046000-601	3,735	-
Forest Legacy Program	10.676	11-DG-11046000-624	5,994	-
Forest Legacy Program	10.676	14-DG-11046000-601	3,339	-
			13,068	**-**
Forest Health Protection	10.680	11-DG-11046000-603	1,040	-
Forest Health Protection	10.680	11-DG-11046000-609	37,775	3,505
Forest Health Protection	10.680	11-DG-11046000-614	3,181	-
Forest Health Protection	10.680	12-DG-11046000-610	1,177	-
Forest Health Protection	10.680	13-DG-11046000-605	35,282	29,015
Forest Health Protection	10.680	14-DG-11046000-606	15,746	1,650
Forest Health Protection	10.680	14-DG-11046000-613	17,738	14,014
			111,939	**48,184**
Lake Tahoe Erosion Control Grant Program	10.690	NDSL Section 108	56,237	-
Soil and Water Conservation	10.902	68-9327-14-08	60,000	-
Environmental Quality Incentives Program	10.912	68-9327-12-16	3,396	-
Environmental Quality Incentives Program	10.912	68-9327-13-14	48,817	-
			52,213	**-**
Total Department of Agriculture			**815,509,102**	**160,180,704**

STATE OF NEVADA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015

Federal Grantor / Pass-Through Grantor Program Title	CFDA Number	Award or Pass- Through Number	Expenditures	Payments to Subrecipients
Department of Commerce				
State and Local Implementation Grant Program	11.549	32-10-S13032	213,385	-
Total Department of Commerce			**213,385**	**-**
Department of Defense				
Procurement Technical Assistance for Business Firms	12.002	SP4800-13-2-1324	39,311	-
Procurement Technical Assistance for Business Firms	12.002	SP4800-14-2-1424	405,612	-
			444,923	**-**
State Memorandum of Agreement Program for the Reimbursement of Technical Services	12.113	W912DY-14-2-230	267,115	-
EASE 2.0	12.219	H98210-13-1-0006	148,194	-
Military Construction, National Guard	12.400	W9124X-08-2-2001	39,585	-
Military Construction, National Guard	12.400	W9124X-09-2-2001	260,091	-
Military Construction, National Guard	12.400	W9124X-11-2-2001	1,875	-
			301,551	**-**
National Guard Military Operations and Maintenance (O&M) Projects	12.401	W9124X-04-2-(NNNN)	510	-
National Guard Military Operations and Maintenance (O&M) Projects	12.401	W9124X-10-2-1001	3,952,335	-
National Guard Military Operations and Maintenance (O&M) Projects	12.401	W9124X-10-2-1001 FFY11	36,845	-
National Guard Military Operations and Maintenance (O&M) Projects	12.401	W9124X-10-2-1001 FFY12	739,765	-
National Guard Military Operations and Maintenance (O&M) Projects	12.401	W9124X-10-2-1002	242,111	-
National Guard Military Operations and Maintenance (O&M) Projects	12.401	W9124X-10-2-1003	605,682	-
National Guard Military Operations and Maintenance (O&M) Projects	12.401	W9124X-10-2-1004	630,863	-
National Guard Military Operations and Maintenance (O&M) Projects	12.401	W9124X-10-2-1005	950,793	-
National Guard Military Operations and Maintenance (O&M) Projects	12.401	W9124X-10-2-1010	23,206	-
National Guard Military Operations and Maintenance (O&M) Projects	12.401	W9124X-10-2-1021	282,648	-
National Guard Military Operations and Maintenance (O&M) Projects	12.401	W9124X-10-2-1023	106,336	-
National Guard Military Operations and Maintenance (O&M) Projects	12.401	W9124X-10-2-1024	354,177	-
National Guard Military Operations and Maintenance (O&M) Projects	12.401	W9124X-10-2-1040	100,189	-
National Guard Military Operations and Maintenance (O&M) Projects	12.401	W9124X-15-2-1001	3,282,754	-
National Guard Military Operations and Maintenance (O&M) Projects	12.401	W9124X-15-2-1002	225,826	-
National Guard Military Operations and Maintenance (O&M) Projects	12.401	W9124X-15-2-1003	1,389,018	-
National Guard Military Operations and Maintenance (O&M) Projects	12.401	W9124X-15-2-1004	137,442	-
National Guard Military Operations and Maintenance (O&M) Projects	12.401	W9124X-15-2-1005	439,286	-
National Guard Military Operations and Maintenance (O&M) Projects	12.401	W9124X-15-2-1010	59,244	-

STATE OF NEVADA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015

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-15-2-1014	19,578	-
National Guard Military Operations and Maintenance (O&M) Projects	12.401	W9124X-15-2-1021	737,436	-
National Guard Military Operations and Maintenance (O&M) Projects	12.401	W9124X-15-2-1023	269,013	-
National Guard Military Operations and Maintenance (O&M) Projects	12.401	W9124X-15-2-1024	1,061,023	-
National Guard Military Operations and Maintenance (O&M) Projects	12.401	W9124X-15-2-1040	80,198	-
National Guard Military Operations and Maintenance (O&M) Projects	12.401	W9124X-15-2-1011	9,086	-
			15,735,364	**-**
Total Department of Defense			**16,897,147**	**-**
Department of Housing and Urban Development				
Community Development Block Grants/State's Program	14.228	B-08-MN-32-0001	120,707	120,235
Community Development Block Grants/State's Program	14.228	B-11-DN-32-0001	28,397	27,948
Community Development Block Grants/State's Program	14.228	B-13-DC-32-0001	1,821,977	1,684,355
			1,971,081	**1,832,538**
Emergency Solutions Grants Program	14.231	E13-DC-32-0001	144,115	142,551
Emergency Solutions Grants Program	14.231	E14-DC-32-0001	281,998	281,998
			426,113	**424,549**
Shelter Plus Care	14.238	NV0018L9T011306	275,406	237,762
Shelter Plus Care	14.238	NV0023L9T021204	72,684	69,916
Shelter Plus Care	14.238	NV0032L9T011305	52,214	51,914
Shelter Plus Care	14.238	NV0060B9T001100	104,915	-
			505,219	**359,592**
HOME Investment Partnerships Program	14.239	M08-SG320100	173,757	-
HOME Investment Partnerships Program	14.239	M09-SG320100	98,239	73,494
HOME Investment Partnerships Program	14.239	M10-SG320100	1,391,704	1,358,963
HOME Investment Partnerships Program	14.239	M11-SG320100	196,507	196,507
HOME Investment Partnerships Program	14.239	M12-SG320100	1,331,434	1,331,434
HOME Investment Partnerships Program	14.239	M13-SG320100	716,772	716,772
HOME Investment Partnerships Program	14.239	M14-SG320100	565,487	565,487
			4,473,900	**4,242,657**
Housing Opportunities for Persons with AIDS	14.241	NVH13-F999	7,146	7,146
Housing Opportunities for Persons with AIDS	14.241	NVH14-F999	248,485	242,173
			255,631	**249,319**

STATE OF NEVADA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015

Federal Grantor / Pass-Through Grantor Program Title	CFDA Number	Award or Pass- Through Number	Expenditures	Payments to Subrecipients
Continuum of Care Program	14.267	NV0005L9T001306	1,176,704	-
Continuum of Care Program	14.267	NV0005L9T001407	374,777	-
Continuum of Care Program	14.267	NV0023L9T021305	138,611	138,107
Continuum of Care Program	14.267	NV0060L9T001301	303,323	-
Continuum of Care Program	14.267	NV0075L9T001200	16,991	-
Continuum of Care Program	14.267	NV0081L9T001300	9,772	-
			2,020,178	**138,107**
Total Department of Housing and Urban Development			**9,652,122**	**7,246,762**
Department of the Interior				
Fish and Wildlife CLUSTER				
Sport Fish Restoration	15.605	F09AF00184	76,396	-
Sport Fish Restoration	15.605	F10AF00669	77,058	-
Sport Fish Restoration	15.605	F12AF00286	86,861	-
Sport Fish Restoration	15.605	F13AF01043	113,538	-
Sport Fish Restoration	15.605	F13AF01251	172,481	-
Sport Fish Restoration	15.605	F14AF00253	34,574	-
Sport Fish Restoration	15.605	F14AF00334	18,097	-
Sport Fish Restoration	15.605	F14AF00362	1,234,996	-
Sport Fish Restoration	15.605	F14AF00372	1,218,613	-
Sport Fish Restoration	15.605	F14AF00376	202,181	-
Sport Fish Restoration	15.605	F14AF00491	256,312	-
Sport Fish Restoration	15.605	F14AF00492	36,215	1,195
Sport Fish Restoration	15.605	F14AF00494	139,825	-
Sport Fish Restoration	15.605	F14AF01085	139,770	-
			3,806,917	**1,195**
Wildlife Restoration	15.611	F10AF00650	45,643	-
Wildlife Restoration	15.611	F11AF01236	81,581	80,258
Wildlife Restoration	15.611	F13AF00313	336,032	-
Wildlife Restoration	15.611	F13AF00421	446,575	138,556
Wildlife Restoration	15.611	F14AF00334	36,638	-
Wildlife Restoration	15.611	F14AF00374	162,692	-
Wildlife Restoration	15.611	F14AF00376	949,850	-
Wildlife Restoration	15.611	F14AF00488	2,853,488	59,881
Wildlife Restoration	15.611	F14AF00489	823,700	-

STATE OF NEVADA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015

Federal Grantor / Pass-Through Grantor Program Title	CFDA Number	Award or Pass- Through Number	Expenditures	Payments to Subrecipients
Wildlife Restoration	15.611	F14AF00490	657,035	-
Wildlife Restoration	15.611	F14AF00492	688,084	22,712
			7,081,318	**301,407**
Total Fish and Wildlife CLUSTER			**10,888,235**	**302,602**
Cultural Resource Management	15.224	L11AC20132	66,585	-
Distribution of Receipts to State and Local Governments	15.227	Oil and Gas Lease Distribution	65,562	65,562
Distribution of Receipts to State and Local Governments	15.227	Taylor Grazing	181,403	181,403
			246,965	**246,965**
National Fire Plan - Wildland Urban Interface Community Fire Assistance	15.228	L14AC00100	15,000	-
Wild Horse and Burro Resource Management	15.229	L12AC20363	1,989,738	-
Fish, Wildlife and Plant Conservation Resource Management	15.231	L10AC20107	18,541	-
Fish, Wildlife and Plant Conservation Resource Management	15.231	L10AC20164	37,865	-
Fish, Wildlife and Plant Conservation Resource Management	15.231	L11AC20202	13,895	-
Fish, Wildlife and Plant Conservation Resource Management	15.231	L11AC20241	10,000	-
Fish, Wildlife and Plant Conservation Resource Management	15.231	L12AC20542	283,070	31,189
			363,371	**31,189**
Southern Nevada Public Land Management Act	15.235	07-BVP-01	4,913	-
Southern Nevada Public Land Management Act	15.235	L10AC20022	6,061	-
Southern Nevada Public Land Management Act	15.235	L11AC20351	89,059	-
Southern Nevada Public Land Management Act	15.235	L12AC20360	11,467	-
Southern Nevada Public Land Management Act	15.235	L12AC20374	25,238	-
Southern Nevada Public Land Management Act	15.235	L12AC20375	6,828	-
			143,566	**-**
Challenge Cost Share	15.238	L12AC20564	7,737	-
Challenge Cost Share	15.238	L12AC20565	2,840	-
Challenge Cost Share	15.238	L14AC00140	23,289	-
			33,866	**-**
Minerals Leasing Act	15.437	Mineral Leases	5,550,846	5,550,846
Water Reclamation and Reuse Program	15.504	R14AP00015	173,601	-
Providing Water to At-Risk Natural Desert Terminal Lakes	15.508	2010-0059-301	65,450	-
Providing Water to At-Risk Natural Desert Terminal Lakes	15.508	R13AP20030	309,636	-
			375,086	**-**

STATE OF NEVADA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015

Federal Grantor / Pass-Through Grantor Program Title	CFDA Number	Award or Pass- Through Number	Expenditures	Payments to Subrecipients
Recreation Resources Management	15.524	R10AC20076	250,000	-
Lower Colorado River Multi-Species Conservation Program	15.538	R14AC00106	247,457	-
Fish and Wildlife Management Assistance	15.608	F10AC00889	30,941	-
Fish and Wildlife Management Assistance	15.608	F11AC01241	13,026	-
Fish and Wildlife Management Assistance	15.608	F11AC01242	82,004	-
Fish and Wildlife Management Assistance	15.608	F12AC00870	46,750	46,750
Fish and Wildlife Management Assistance	15.608	F12AP01236	162,616	-
Fish and Wildlife Management Assistance	15.608	F13AC00274	30,435	-
Fish and Wildlife Management Assistance	15.608	F13AP00727	58,600	-
Fish and Wildlife Management Assistance	15.608	F14AC00418	25,484	-
			449,856	**46,750**
Cooperative Endangered Species Conservation Fund	15.615	F10AP00828	806	-
Cooperative Endangered Species Conservation Fund	15.615	F11AP00844	10,909	-
Cooperative Endangered Species Conservation Fund	15.615	F12AP00922	4,900	-
Cooperative Endangered Species Conservation Fund	15.615	F13AP00365	84,569	-
Cooperative Endangered Species Conservation Fund	15.615	F14AP00158	3,673	-
Cooperative Endangered Species Conservation Fund	15.615	F14AP00422	80,580	-
Cooperative Endangered Species Conservation Fund	15.615	F14AP00423	37,161	23,366
Cooperative Endangered Species Conservation Fund	15.615	F14AP00424	43,628	-
Cooperative Endangered Species Conservation Fund	15.615	F14AP00425	41,383	-
			307,609	**23,366**
Hunter Education and Safety Program	15.626	F14AF00490	77,195	-
Landowner Incentive	15.633	F08AP00221	491,558	443,757
Landowner Incentive	15.633	F09AP00385	24,042	16,426
Landowner Incentive	15.633	F09AP00386	31,534	28,965
			547,134	**489,148**
State Wildlife Grants	15.634	F10AF00664	13,892	-
State Wildlife Grants	15.634	F10AF00676	20,402	-
State Wildlife Grants	15.634	F11AF00997	7,507	-
State Wildlife Grants	15.634	F11AF01000	782,214	113,840
State Wildlife Grants	15.634	F11AF01236	102,634	63,381

STATE OF NEVADA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015

Federal Grantor / Pass-Through Grantor Program Title	CFDA Number	Award or Pass-Through Number	Expenditures	Payments to Subrecipients
State Wildlife Grants	15.634	F13AF00640	119,721	-
State Wildlife Grants	15.634	F14AF00334	6,740	-
			1,053,110	**177,221**
Historic Preservation Fund Grants-In-Aid	15.904	32-13-51935	69,001	67,995
Historic Preservation Fund Grants-In-Aid	15.904	P14AF00036	391,581	101,243
Historic Preservation Fund Grants-In-Aid	15.904	P15AF00038	261,142	713
			721,724	**169,951**
Natural Resource Stewardship	15.944	P14AC01675	44,234	-
Total Department of the Interior			**23,545,178**	**7,038,038**
Department of Justice				
Sexual Assault Services Formula Program	16.017	2013-KF-AX-0053	139,998	138,279
Sexual Assault Services Formula Program	16.017	2014-KF-AX-0050	156,504	156,058
			296,502	**294,337**
Nevada Rural Collaborative Children Exposed to Violence Grant	16.020	2011-WX-AX-K004	26,402	26,402
Juvenile Accountability Incentive Block Grants	16.523	2011-JB-FX-0007	43,412	-
Juvenile Accountability Incentive Block Grants	16.523	2012-JB-FX-0007	62,467	-
Juvenile Accountability Incentive Block Grants	16.523	2013-JB-FX-0049	56	-
			105,935	**-**
Juvenile Justice and Delinquency Prevention_Allocation to States	16.540	2013-MU-FX-0052	383,793	216,700
National Criminal History Improvement Program (NCHIP)	16.554	2013-RU-BX-K002	134,450	-
Crime Victim Assistance	16.575	2013-VA-GX-0062	1,750,081	1,741,174
Crime Victim Assistance	16.575	2014-VA-GX-0057	2,219,541	2,183,217
			3,969,622	**3,924,391**
Crime Victim Compensation	16.576	2014-VC-GX-0028	2,332,000	-
Crime Victim Assistance/Discretionary Grants	16.582	2012-VF-GX-K015	42,814	9,501
Drug Court Discretionary Grant Program	16.585	2011-DC-BX-0115	3,555	-
Violence Against Women Formula Grants	16.588	2013-WF-AX-0051	917,004	812,675
Violence Against Women Formula Grants	16.588	2014-WF-AX-0056	667,595	562,229
			1,584,599	**1,374,904**
Rural Domestic Violence, Dating Violence, Sexual Assault, and Stalking Assistance Program	16.589	2010-WR-AX-0010	42,937	28,165
Grants to Encourage Arrest Policies	16.590	2009-WE-AX-0010	18,278	14,031

STATE OF NEVADA
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FOR THE YEAR ENDED JUNE 30, 2015

Federal Grantor / Pass-Through Grantor Program Title	CFDA Number	Award or Pass- Through Number	Expenditures	Payments to Subrecipients
Residential Substance Abuse Treatment for State Prisoners	16.593	2010-RT-BX-0061	26,112	-
Residential Substance Abuse Treatment for State Prisoners	16.593	2011-RT-BX-0047	56,736	-
Residential Substance Abuse Treatment for State Prisoners	16.593	2012-RT-BX-0029	56,429	-
			139,277	**-**
State Criminal Alien Assistance Program	16.606	2014-AP-BX-0744	1,310,553	-
Enforcing Underage Drinking Laws Program	16.727	2010-AH-FX-0118	109,359	109,359
Enforcing Underage Drinking Laws Program	16.727	2012-AH-FX-K001	121,986	121,986
			231,345	**231,345**
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2010-DG-BX0019	478,548	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2011-DJ-BX-2508	305,612	136,394
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2012-DJ-BX-0508	410,563	136,182
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2013-MU-BX-0002	210,891	58,412
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2014-MU-BX-0003	1,350,882	1,243,444
			2,756,496	**1,574,432**
Paul Coverdell Forensic Sciences Improvement Grant Program	16.742	2012-CD-BX-0041	30,300	30,300
Paul Coverdell Forensic Sciences Improvement Grant Program	16.742	2013-CD-BX-0026	33,642	31,366
Paul Coverdell Forensic Sciences Improvement Grant Program	16.742	2014-CD-BX-0021	28,692	26,850
			92,634	**88,516**
Support for Adam Walsh Act Implementation Grant Program	16.750	2014-AW-BX-0039	75,431	-
Edward Byrne Memorial Competitive Grant Program	16.751	2014-XT-BX-0056	23,544	-
NICS Act Record Improvement Program	16.813	2013-NS-BX-K003	103,738	-
NICS Act Record Improvement Program	16.813	2014-NS-BX-K005	114,894	-
			218,632	**-**
John R. Justice Prosecutors and Defenders Incentive Act	16.816	2013-RJ-BX-0052	55,855	-
John R. Justice Prosecutors and Defenders Incentive Act	16.816	2014-RJ-BX-0049	31,799	-
			87,654	**-**
Equitable Sharing Program	16.922	SFY 2015	193,206	-
Total Department of Justice			**14,069,659**	**7,782,724**

STATE OF NEVADA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015

Federal Grantor / Pass-Through Grantor Program Title	CFDA Number	Award or Pass- Through Number	Expenditures	Payments to Subrecipients
Department of Labor				
Employment Service CLUSTER				
Employment Service/Wagner-Peyser Funded Activities	17.207	ES-22076-11-55-A-32	60,000	-
Employment Service/Wagner-Peyser Funded Activities	17.207	ES-24631-13-55-A-32	2,605,915	-
Employment Service/Wagner-Peyser Funded Activities	17.207	ES-26037-14-55-A-32	4,307,832	-
			6,973,747	**-**
Disabled Veterans' Outreach Program (DVOP)	17.801	DV-19662-10-55-5-32	499,478	-
Disabled Veterans' Outreach Program (DVOP)	17.801	DV-26623-15-55-5-32	808,799	-
			1,308,277	**-**
Local Veterans' Employment Representative Program	17.804	DV-19662-10-55-5-32	173,513	-
Total Employment Service CLUSTER			**8,455,537**	**-**
WIA CLUSTER				
WIA Adult Program	17.258	AA-24111-13-55-A-32	803,294	803,294
WIA Adult Program	17.258	AA-25372-14-55-A-32	7,466,115	6,711,791
			8,269,409	**7,515,085**
WIA Youth Activities	17.259	AA-24111-13-55-A-32	4,401,053	4,401,053
WIA Youth Activities	17.259	AA-25372-14-55-A-32	4,947,034	4,206,360
WIA Youth Activities	17.259	AA-26798-15-55-A-32	126,142	-
			9,474,229	**8,607,413**
WIA Dislocated Worker Formula Grants	17.278	AA-22954-12-55-A-32	49,184	-
WIA Dislocated Worker Formula Grants	17.278	AA-24111-13-55-A-32	7,822,900	7,109,289
WIA Dislocated Worker Formula Grants	17.278	AA-25372-14-55-A-32	6,034,564	4,779,977
			13,906,648	**11,889,266**
Total WIA CLUSTER			**31,650,286**	**28,011,764**
Labor Force Statistics	17.002	LM-22568-15-75-J-32	569,600	-
Labor Force Statistics	17.002	LM-24219-14-75-J-32	236,477	-
			806,077	**-**
Compensation and Working Conditions	17.005	OS-24263-14-75-J-32	19,281	-
Compensation and Working Conditions	17.005	OS-25612-15-75-J-32	59,942	-
			79,223	**-**
Unemployment Insurance	17.225	UI Trust Fund	371,046,366	-
Unemployment Insurance	17.225	UI-21118-11-55-A-32	44,663	-
Unemployment Insurance	17.225	UI-22331-12-55-A-32	358,420	-
Unemployment Insurance	17.225	UI-23910-13-55-A-32	399,043	-

STATE OF NEVADA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015

Federal Grantor / Pass-Through Grantor Program Title	CFDA Number	Award or Pass- Through Number	Expenditures	Payments to Subrecipients
Unemployment Insurance	17.225	UI-25224-14-55-A-32	7,118,461	-
Unemployment Insurance	17.225	UI-26553-15-55-A-32	21,613,017	-
Unemployment Insurance	17.225	UI-27123-15-55-A-32	247,994	-
			400,827,964	**-**
Senior Community Service Employment Program	17.235	AD-25509-14-55-A-32	459,622	443,073
Senior Community Service Employment Program	17.235	AD-25710-14-55-A-32	119,015	114,495
			578,637	**557,568**
Trade Adjustment Assistance	17.245	TA-22669-12-55-A-32	43,037	-
Trade Adjustment Assistance	17.245	TA-24360-13-55-A-32	148,024	-
Trade Adjustment Assistance	17.245	TA-25305-14-55-A-32	36,214	-
			227,275	**-**
Job Training Partnership Act	17.250	AG60008	7,266	-
Work Opportunity Tax Credit Program (WOTC)	17.271	ES-24631-13-55-A-32	91,606	-
Work Opportunity Tax Credit Program (WOTC)	17.271	ES-26037-14-55-A-32	89,555	-
			181,161	**-**
Temporary Labor Certification for Foreign Workers	17.273	FL-25461-14-55-A-32	69,855	-
Temporary Labor Certification for Foreign Workers	17.273	FL-27180-15-55-A-32	6,445	-
			76,300	**-**
Workforce Investment Act (WIA) National Emergency Grants	17.277	EM-24462-13-60-A-32	332,656	-
Workforce Investment Act (WIA) National Emergency Grants	17.277	EM-25871-14-60-A-32	285,605	-
			618,261	**-**
Reed Act Distribution	17.299	Reed Act Distribution	1,967,536	-
Occupational Safety and Health_State Program	17.503	SP-26126-SP5	5,059,335	-
Occupational Safety and Health_State Program	17.503	SP-24809-SP4	1,106,000	-
			6,165,335	**-**
Consultation Agreements	17.504	CS-24772-CS4	47,734	-
Consultation Agreements	17.504	CS-26087-CS5	1,281,223	-
			1,328,957	**-**
Mine Health and Safety Grants	17.600	MS-25680-14-55-R-32	46,592	-
Mine Health and Safety Grants	17.600	MS-27485-15-55-R-32	294,747	-
			341,339	**-**
Total Department of Labor			**453,311,154**	**28,569,332**

STATE OF NEVADA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015

Federal Grantor / Pass-Through Grantor Program Title	CFDA Number	Award or Pass-Through Number	Expenditures	Payments to Subrecipients
Department of Transportation				
Highway Planning and Construction CLUSTER				
Highway Planning and Construction	20.205	HIGHWAY SFY15	299,663,409	65,818,877
Highway Planning and Construction	20.205	HIGHWAY SFY15 R&D	1,616,225	-
			301,279,634	**65,818,877**
Recreational Trails Program	20.219	NRTP-009	150,952	150,952
Recreational Trails Program	20.219	NRTP-010	113,603	113,603
Recreational Trails Program	20.219	NRTP-011	127,291	68,983
Recreational Trails Program	20.219	NRTP-012	207,997	207,997
Recreational Trails Program	20.219	NRTP-013	589,346	483,215
Recreational Trails Program	20.219	NRTP-014	185,367	185,367
			1,374,556	**1,210,117**
Total Highway Planning and Construction CLUSTER			**302,654,190**	**67,028,994**
Federal Transit CLUSTER				
Bus and Bus Facilities Formula Program	20.526	NV-34-0002	173,223	173,223
Total Federal Transit CLUSTER			**173,223**	**173,223**
Highway Safety CLUSTER				
State and Community Highway Safety	20.600	NHTSA 402 FY12	16,600	-
State and Community Highway Safety	20.600	NHTSA 402 FY14	1,954,215	712,708
			1,970,815	**712,708**
Safety Belt Performance Grants	20.609	NHTSA 406	98,881	47,689
State Traffic Safety Information System Improvement Grants	20.610	408 Data Program	336,880	235,196
Incentive Grant Program to Increase Motorcyclist Safety	20.612	2010 Motorcycle Safety	16,249	16,249
National Priority Safety Programs	20.616	MAP21 405B OP	459,836	266,969
National Priority Safety Programs	20.616	MAP21 405C Data	70,785	38,085
National Priority Safety Programs	20.616	MAP21 405D Impaired	1,141,353	438,146
			1,671,974	**743,200**
Total Highway Safety CLUSTER			**4,094,799**	**1,755,042**
Transit Services Programs CLUSTER				
Capital Assistance Program for Elderly Persons and Persons with Disabilities	20.513	NV-16-0037	46,268	45,628

STATE OF NEVADA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015

Federal Grantor / Pass-Through Grantor Program Title	CFDA Number	Award or Pass- Through Number	Expenditures	Payments to Subrecipients
Capital Assistance Program for Elderly Persons and Persons with Disabilities	20.513	NV-16-0038	160,979	152,444
Capital Assistance Program for Elderly Persons and Persons with Disabilities	20.513	NV-16-X002	84,194	84,194
			291,441	**282,266**
Job Access and Reverse Commute Program	20.516	NV-37-X022	31,830	31,830
Total Transit Services Programs CLUSTER			**323,271**	**314,096**
Airport Improvement Program	20.106	3-32-000-009	43,350	43,350
National Motor Carrier Safety	20.218	FM-MCG-0114-13-01-01	333,589	-
National Motor Carrier Safety	20.218	FM-MCG-0177-14-01-01	1,108,482	-
National Motor Carrier Safety	20.218	FM-MHP-0183-14-01-00	234,439	-
National Motor Carrier Safety	20.218	FM-MNE-0114-13-01-00	34,070	-
National Motor Carrier Safety	20.218	FM-MNE-0179-14-01-00	98,337	-
			1,808,917	**-**
Commercial Driver's License Program Improvement Grant	20.232	FM-CDL-0129-13-01-00	67,353	-
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research	20.505	NV-80-X015-00	39,647	39,647
Formula Grants for Other Than Urbanized Areas	20.509	NV-18-X025	43,935	26,223
Formula Grants for Other Than Urbanized Areas	20.509	NV-18-X031	121,639	58,639
Formula Grants for Other Than Urbanized Areas	20.509	NV-18-X032	619,109	467,772
Formula Grants for Other Than Urbanized Areas	20.509	NV-18-X035	2,356,190	2,274,114
Formula Grants for Other Than Urbanized Areas	20.509	NV-18-X038	4,430,260	4,362,471
			7,571,133	**7,189,219**
Alcohol Open Container Requirements	20.607	154 Transfer Funds-AL	247,531	192,951
National Highway Traffic Safety Administration (NHTSA) Discretionary Safety Grants	20.614	DTNH22-12-H-00149	59,179	-
Pipeline Safety	20.700	DTPH56-14-G-PHPG25	513,001	-
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703	HM-HMP-0367-13-01-00	113,078	112,051
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703	HM-HMP-0416-14	38,572	35,840
			151,650	**147,891**

STATE OF NEVADA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015

Federal Grantor / Pass-Through Grantor Program Title	CFDA Number	Award or Pass- Through Number	Expenditures	Payments to Subrecipients
State Damage Prevention Program Grants	20.720	DTPH56-14-G-PPS17	11,845	-
PHMSA Pipeline Safety Program One Call Grant	20.721	DTPH56-14-G-PHPC17	33,750	-
PHMSA Pipeline Safety Program One Call Grant	20.721	DTPH56-15-G-PHPC15	9,375	-
			43,125	**-**
Total Department of Transportation			**317,802,214**	**76,884,413**
Department of Treasury				
National Foreclosure Mitigation Counseling Program	21.000	PL113-6X1350	6,352	6,352
National Foreclosure Mitigation Counseling Program	21.000	PL113-76X1350	223,522	207,736
			229,874	**214,088**
Total Department of Treasury			**229,874**	**214,088**
Equal Employment Opportunity Commission				
Employment Discrimination_State and Local Fair Employment Practices Agency Contracts	30.002	EECCN120109	449,900	-
Total Equal Employment Opportunity Commission			**449,900**	**-**
National Foundation on the Arts and the Humanities				
Promotion of the Arts_Partnership Agreements	45.025	14-6100-2028	661,569	393,771
Museums for America	45.301	MA-31-14-0367-14	16,441	-
Grants to States	45.310	LS-00-13-0029-13	211,887	17,741
Grants to States	45.310	LS-00-14-0029-14	1,465,851	528,426
Grants to States	45.310	LS-00-15-0029-15	9,017	9,017
			1,686,755	**555,184**
Total National Foundation on the Arts and the Humanities			**2,364,765**	**948,955**
Department of Veterans Affairs				
State Cemetery Grants	64.203	NV-10-14	11,246	-
Total Department of Veterans Affairs			**11,246**	**-**
Environmental Protection Agency				
Clean Water State Revolving Fund Cluster CLUSTER				
Capitalization Grants for Clean Water State Revolving Funds	66.458	CS-32000113-0	6,304,723	6,125,828
Capitalization Grants for Clean Water State Revolving Funds	66.458	CS-32000114	2,910,613	2,910,613
			9,215,336	**9,036,441**
Total Clean Water State Revolving Fund Cluster CLUSTER			**9,215,336**	**9,036,441**

STATE OF NEVADA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015

Federal Grantor / Pass-Through Grantor Program Title	CFDA Number	Award or Pass- Through Number	Expenditures	Payments to Subrecipients
Drinking Water State Revolving Fund Cluster CLUSTER				
Capitalization Grants for Drinking Water State Revolving Funds	66.468	FS-99996011	187,092	-
Capitalization Grants for Drinking Water State Revolving Funds	66.468	FS-99996012	6,692,108	5,863,801
Capitalization Grants for Drinking Water State Revolving Funds	66.468	FS-99996013-0	8,409,279	8,084,160
Capitalization Grants for Drinking Water State Revolving Funds	66.468	FS-99996014	8,167,974	7,678,478
			23,456,453	**21,626,439**
Total Drinking Water State Revolving Fund Cluster CLUSTER			**23,456,453**	**21,626,439**
State Indoor Radon Grants	66.032	K1-96963515-0	274,676	254,991
Water Pollution Control_State and Interstate Program Support	66.419	I-00T20612-0	62,072	-
Water Pollution Control_State and Interstate Program Support	66.419	I-97933611-2	906,270	75,690
Water Pollution Control_State and Interstate Program Support	66.419	I-97933712-0	297,202	-
Water Pollution Control_State and Interstate Program Support	66.419	I-98972813-0	125,847	26,466
			1,391,391	**102,156**
State Public Water System Supervision	66.432	F-00910514	800,001	96,152
State Underground Water Source Protection	66.433	G-00945615	84,000	-
Surveys, Studies, Investigations, Demonstrations and Training Grants and Cooperative Agreements-Section 104(b)(3) of the Clean Water Act	66.436	X7-00T696601-0	259,806	-
Surveys, Studies, Investigations, Demonstrations and Training Grants and Cooperative Agreements-Section 104(b)(3) of the Clean Water Act	66.436	X7-T59601-0	181,183	-
			440,989	**-**
Water Quality Management Planning	66.454	C6-97965913-0	11,634	11,634
Water Quality Management Planning	66.454	C6-97965914	27,498	27,498
Water Quality Management Planning	66.454	C6-97965915	5,754	5,754
			44,886	**44,886**
Nonpoint Source Implementation Grants	66.460	C9-97908110	60,408	60,408
Nonpoint Source Implementation Grants	66.460	C9-97908111-0	320,912	204,736
Nonpoint Source Implementation Grants	66.460	C9-97908112-0	356,788	244,276
Nonpoint Source Implementation Grants	66.460	C9-97908113	280,930	254,979
Nonpoint Source Implementation Grants	66.460	C9-97908114-0	449,792	64,779
Nonpoint Source Implementation Grants	66.460	C9-97908115	26,533	26,533
Nonpoint Source Implementation Grants	66.460	DEP-S 12-017	30,956	-
			1,526,319	**855,711**

STATE OF NEVADA
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FOR THE YEAR ENDED JUNE 30, 2015

Federal Grantor / Pass-Through Grantor Program Title	CFDA Number	Award or Pass-Through Number	Expenditures	Payments to Subrecipients
Performance Partnership Grants	66.605	BG-00T87013-1	191,524	3,821
Performance Partnership Grants	66.605	BG-00T87015-0	356,200	7,499
Performance Partnership Grants	66.605	BG-97958814-0	1,533,122	-
			2,080,846	**11,320**
Environmental Information Exchange Network Grant Program and Related Assistance	66.608	OS-83387101-3	19,536	-
Environmental Information Exchange Network Grant Program and Related Assistance	66.608	OS-83527701	40,573	-
Environmental Information Exchange Network Grant Program and Related Assistance	66.608	OS-83566001	57,752	-
			117,861	**-**
Superfund State, Political Subdivision, and Indian Tribe Site_Specific Cooperative Agreements	66.802	V-00T43701-4	193,096	-
Superfund State, Political Subdivision, and Indian Tribe Site_Specific Cooperative Agreements	66.802	V-00T84801-0	74,469	-
			267,565	**-**
Underground Storage Tank Prevention, Detection and Compliance Program	66.804	L-99T10501-0	402,870	112,464
Leaking Underground Storage Tank Trust Fund Program	66.805	LS-99T10401-0	576,490	102,857
State and Tribal Response Program Grants	66.817	RP-00T84901	463,600	-
Total Environmental Protection Agency			**41,143,283**	**32,243,417**
Department of Energy				
State Energy Program	81.041	DE-EE0003761	396,095	69,011
ARRA - State Energy Program	81.041A	DE-EE-0000084	1,347,471	-
ARRA - State Energy Program	81.041A	Program Income: ARRA SEP Grant Revolving Loan Fund	216,773	-
			1,960,339	**69,011**
Weatherization Assistance for Low-Income Persons	81.042	DE-EE0006168	642,841	580,026
Nuclear Waste Disposal Siting	81.065	Yucca Mtn FFY2006 Appropriation Act	739,890	-
Office of Environmental Waste Processing	81.104	DE-EM0001053	2,051,785	15,313
Office of Environmental Waste Processing	81.104	DE-FG52-99NV13567	477,958	-
Office of Environmental Waste Processing	81.104	DE-FG52-99NV13568	550,824	-
			3,080,567	**15,313**
State Energy Program Special Projects	81.119	DE-EE0005461	112,223	-
State Energy Program Special Projects	81.119	DE-EE0005868	244,307	-
			356,530	**-**

STATE OF NEVADA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015

Federal Grantor / Pass-Through Grantor Program Title	CFDA Number	Award or Pass- Through Number	Expenditures	Payments to Subrecipients
Miscellaneous Federal Activities Actions	81.502	DE-FG52-00NV13804	587,307	580,098
Total Department of Energy			**7,367,474**	**1,244,448**
Department of Education				
School Improvement Grants CLUSTER				
School Improvement Grants	84.377	S377A100029	1,183,103	1,125,316
School Improvement Grants	84.377	S377A110029	922,770	874,738
School Improvement Grants	84.377	S377A120029	2,481,781	2,481,781
School Improvement Grants	84.377	S377A130029-13A	23,753	23,753
			4,611,407	**4,505,588**
Total School Improvement Grants CLUSTER			**4,611,407**	**4,505,588**
Special Education CLUSTER				
Special Education_Grants to States	84.027	H027A120043-12A	313,589	294,352
Special Education_Grants to States	84.027	H027A130150-13A	15,464,460	14,463,119
Special Education_Grants to States	84.027	H027A140043	57,721,048	57,232,090
			73,499,097	**71,989,561**
Special Education_Preschool Grants	84.173	H173A120046	7,147	84
Special Education_Preschool Grants	84.173	H173A130046	935,377	553,180
Special Education_Preschool Grants	84.173	H173A140046	1,611,245	1,515,260
			2,553,769	**2,068,524**
Total Special Education CLUSTER			**76,052,866**	**74,058,085**
Statewide Data Systems	84.372	R372A120020-14	2,350,007	832,983
Adult Education_State Grant Program	84.002	V002A120029	119,073	107,648
Adult Education_State Grant Program	84.002	V002A130029	1,887,872	1,717,064
Adult Education_State Grant Program	84.002	V002A140029	3,424,374	3,424,374
			5,431,319	**5,249,086**
Title I Grants to Local Educational Agencies	84.010	S010A120028-12A	2,090	-
Title I Grants to Local Educational Agencies	84.010	S010A130028-13A	31,563,614	30,881,632
Title I Grants to Local Educational Agencies	84.010	S010A140028	74,397,750	74,138,274
			105,963,454	**105,019,906**

STATE OF NEVADA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015

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	S011A120028	81,037	37,907
Migrant Education_State Grant Program	84.011	S011A130028	143,369	85,575
Migrant Education_State Grant Program	84.011	S011A140028	21,238	13,291
			245,644	**136,773**
Title I Program for Neglected and Delinquent Children	84.013	S013A130028	136,603	132,253
Title I Program for Neglected and Delinquent Children	84.013	S013A140028	251,458	157,470
			388,061	**289,723**
Career and Technical Education_Basic Grants to States	84.048	V048A120028-12A	82,226	5,474
Career and Technical Education_Basic Grants to States	84.048	V048A130028	2,016,075	1,069,564
Career and Technical Education_Basic Grants to States	84.048	V048A140028	7,521,391	7,375,450
			9,619,692	**8,450,488**
Rehabilitation Services_Vocational Rehabilitation Grants to States	84.126	H126A140041-14A	3,494,294	62,639
Rehabilitation Services_Vocational Rehabilitation Grants to States	84.126	H126A150041	11,004,658	123,121
Rehabilitation Services_Vocational Rehabilitation Grants to States	84.126	Program Income SSAST14	300,387	-
Rehabilitation Services_Vocational Rehabilitation Grants to States	84.126	Program Income SSAST15	554,833	-
			15,354,172	**185,760**
Migrant Education_Coordination Program	84.144	S144F120028	29,512	-
Migrant Education_Coordination Program	84.144	S144F130028	68,181	-
Migrant Education_Coordination Program	84.144	S144F140028	32,755	32,755
			130,448	**32,755**
Independent Living State Grants	84.169	H169A140013-14A	74,638	55,329
Independent Living State Grants	84.169	H169A150013	8,240	-
			82,878	**55,329**
Rehabilitation Services_Independent Living Services for Older Individuals Who are Blind	84.177	H177B140028	63,453	-
Rehabilitation Services_Independent Living Services for Older Individuals Who are Blind	84.177	H177B150028	206,653	-
			270,106	**-**
Special Education-Grants for Infants and Families	84.181	H181A130161	1,095,209	14,885
Special Education-Grants for Infants and Families	84.181	H181A140019	2,426,271	7,294
			3,521,480	**22,179**
Safe and Drug-Free Schools and Communities_National Programs	84.184	S184F140007	142,407	140,924
Safe and Drug-Free Schools and Communities_National Programs	84.184	S184Q140011	5,390	-
			147,797	**140,924**

STATE OF NEVADA
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FOR THE YEAR ENDED JUNE 30, 2015

Federal Grantor / Pass-Through Grantor Program Title	CFDA Number	Award or Pass- Through Number	Expenditures	Payments to Subrecipients
Supported Employment Services for Individuals with Severe Disabilities	84.187	H187A140042-14A	297,759	-
Supported Employment Services for Individuals with Severe Disabilities	84.187	H187A150042	55,201	-
			352,960	**-**
Education of Homeless Children and Youth	84.196	S196A120029	82,431	79,602
Education of Homeless Children and Youth	84.196	S196A130029	201,437	118,912
Education of Homeless Children and Youth	84.196	S196A140029	166,583	166,504
			450,451	**365,018**
Assistive Technology	84.224	H224A130028	165,477	151,519
Assistive Technology	84.224	H224A150028	170,439	152,420
			335,916	**303,939**
Rehabilitation Training_State Vocational Rehabilitation Unit In-Service	84.265	H265A100026-13	15,048	-
Rehabilitation Training_State Vocational Rehabilitation Unit In-Service	84.265	H265A100026-14	12,735	-
			27,783	**-**
Twenty-First Century Community Learning Centers	84.287	S287C120028	980,788	816,017
Twenty-First Century Community Learning Centers	84.287	S287C130028	5,074,082	4,845,133
			6,054,870	**5,661,150**
Advanced Placement Program	84.330	S330B130009	6,687	6,687
Advanced Placement Program	84.330	S330B140013	272,882	272,882
			279,569	**279,569**
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	P334S120028	4,175,066	3,847,838
Rural Education	84.358	S358B140028	79,511	79,511
English Language Acquisition Grants	84.365	S365A130028	2,924,586	2,534,811
English Language Acquisition Grants	84.365	S365A140028	5,044,684	4,905,088
			7,969,270	**7,439,899**
Mathematics and Science Partnerships	84.366	S366B120029	723,899	702,051
Mathematics and Science Partnerships	84.366	S366B130029	667,949	562,288
Mathematics and Science Partnerships	84.366	S366B140029	9,123	-
			1,400,971	**1,264,339**
Improving Teacher Quality State Grants	84.367	S367A130027	6,459,098	6,402,361
Improving Teacher Quality State Grants	84.367	S367A140027	4,147,273	3,657,467
			10,606,371	**10,059,828**

STATE OF NEVADA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015

Federal Grantor / Pass-Through Grantor Program Title	CFDA Number	Award or Pass-Through Number	Expenditures	Payments to Subrecipients
Grants for State Assessments and Related Activities	84.369	S369A130029	1,865,247	-
Grants for State Assessments and Related Activities	84.369	S369A140029	3,116,313	-
			4,981,560	**-**
Striving Readers	84.371	S371C110026	13,867,510	13,149,698
Total Department of Education			**274,751,139**	**241,430,368**
National Archives and Records Administration				
National Historical Publications and Records Grants	89.003	NAR13-RC-10197-13	3,778	-
Total National Archives and Records Administration			**3,778**	**-**
Election Assistance Commission				
Help America Vote Act Requirements Payments	90.401	NV08RP01	23,450	-
Help America Vote Act Requirements Payments	90.401	NV09RP01	520,539	-
Help America Vote Act Requirements Payments	90.401	NV10RP01	264,620	-
			808,609	**-**
Total Election Assistance Commission			**808,609**	**-**
Department of Health and Human Services				
Aging CLUSTER				
Special Programs for the Aging_Title III, Part B_Grants for Supportive Services and Senior Centers	93.044	13AANVT3SP	236,124	203,444
Special Programs for the Aging_Title III, Part B_Grants for Supportive Services and Senior Centers	93.044	14AANVT3SS	1,946,023	1,848,094
Special Programs for the Aging_Title III, Part B_Grants for Supportive Services and Senior Centers	93.044	15AANVT3SS	351,795	-
			2,533,942	**2,051,538**
Special Programs for the Aging_Title III, Part C_Nutrition Services	93.045	13AANVT3SP	105,833	105,833
Special Programs for the Aging_Title III, Part C_Nutrition Services	93.045	14AANVT3CM	1,657,788	1,430,023
Special Programs for the Aging_Title III, Part C_Nutrition Services	93.045	14AANVT3HD	2,752,150	2,752,150
Special Programs for the Aging_Title III, Part C_Nutrition Services	93.045	15AANVT3CM	694,325	6,593
Special Programs for the Aging_Title III, Part C_Nutrition Services	93.045	15AANVT3HD	175,285	175,285
			5,385,381	**4,469,884**
Nutrition Services Incentive Program	93.053	13AANVNSIP	9,651	9,651
Nutrition Services Incentive Program	93.053	14AANVNSIP	573,784	573,784
Nutrition Services Incentive Program	93.053	15AANVNSIP	334,365	334,365
Nutrition Services Incentive Program	93.053	Nutrition Services Incentive Program Commodities	94,447	-
			1,012,247	**917,800**
Total Aging CLUSTER			**8,931,570**	**7,439,222**

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
CCDF CLUSTER				
Child Care and Development Block Grant	93.575	G-1401NVCCDF 2014G996005	19,224,663	13,601,807
Child Care and Development Block Grant	93.575	G-1501NVCCDF 2015 G996005	38,792	-
			19,263,455	**13,601,807**
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	G-1501NVCCDF 2014 G999005	8,689,576	8,689,576
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	G1401NVCCDF	2,230,353	2,185,503
			10,919,929	**10,875,079**
Total CCDF CLUSTER			**30,183,384**	**24,476,886**
Medicaid CLUSTER				
State Medicaid Fraud Control Units	93.775	01-0601-NV-5050	1,551,777	-
State Medicaid Fraud Control Units	93.775	1401NV5050	78,520	-
State Medicaid Fraud Control Units	93.775	1501NV5050	267,458	-
			1,897,755	**-**
State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare	93.777	05-1405-NV-5000	388,180	27,563
State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare	93.777	05-1405-NV-5002	51,863	-
State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare	93.777	05-1505-NV-5000	1,017,700	82,688
State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare	93.777	05-1505-NV-5002	104,544	-
State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare	93.777	05-1505-NV-IMPACT	12,193	-
			1,574,480	**110,251**
Medical Assistance Program	93.778	05-1305NV5ADM	441,111	-
Medical Assistance Program	93.778	05-1405NV5ADM	19,998,465	-
Medical Assistance Program	93.778	05-1405NV5MAP	505,830,032	-
Medical Assistance Program	93.778	05-1405NVBIPP	1,985,402	-
Medical Assistance Program	93.778	05-1405NVIMPL	79,971	-
Medical Assistance Program	93.778	05-1405NVINCT	878,917	-
Medical Assistance Program	93.778	05-1505NV5ADM	94,338,759	-
Medical Assistance Program	93.778	05-1505NV5MAP	1,730,207,345	-
Medical Assistance Program	93.778	05-1505NVIMPL	735,035	-
Medical Assistance Program	93.778	05-1505NVINCT	6,549,363	-
			2,361,044,400	**-**
Total Medicaid CLUSTER			**2,364,516,635**	**110,251**

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Federal Grantor / Pass-Through Grantor Program Title	CFDA Number	Award or Pass-Through Number	Expenditures	Payments to Subrecipients
TANF CLUSTER				
Temporary Assistance for Needy Families	93.558	G-1402NVTANF 2014 G991524	4,360,023	-
Temporary Assistance for Needy Families	93.558	G-1402NVTANF 2014 G996115	20,185,007	-
Temporary Assistance for Needy Families	93.558	G-1502NVTANF 2015 G996115	25,899,536	-
			50,444,566	**-**
Total TANF CLUSTER			**50,444,566**	**-**
Special Programs for the Aging_Title VII, Chapter 3_Programs for Prevention of Elder Abuse, Neglect, and Exploitation	93.041	14AANVT7EA	15,121	1,557
Special Programs for the Aging_Title VII, Chapter 3_Programs for Prevention of Elder Abuse, Neglect, and Exploitation	93.041	15AANVT7EA	18,957	-
			34,078	**1,557**
Special Programs for the Aging_Title VII, Chapter 2_Long Term Care Ombudsman Services for Older Individuals	93.042	13AANVT7SP	7,731	-
Special Programs for the Aging_Title VII, Chapter 2_Long Term Care Ombudsman Services for Older Individuals	93.042	14AANVT7OM	65,561	24,650
Special Programs for the Aging_Title VII, Chapter 2_Long Term Care Ombudsman Services for Older Individuals	93.042	15AANVT7OM	39,731	-
			113,023	**24,650**
Special Programs for the Aging_Title III, Part D_Disease Prevention and Health Promotion Services	93.043	13AANVT3SP	10,265	10,265
Special Programs for the Aging_Title III, Part D_Disease Prevention and Health Promotion Services	93.043	14AANVT3PH	121,228	121,228
Special Programs for the Aging_Title III, Part D_Disease Prevention and Health Promotion Services	93.043	15AANVT3PH	8,637	8,637
			140,130	**140,130**
Special Programs for the Aging_Title IV_and Title II_Discretionary Projects	93.048	90DR0042-04-00	57,908	-
Special Programs for the Aging_Title IV_and Title II_Discretionary Projects	93.048	90MP0174-03-00	186,613	-
Special Programs for the Aging_Title IV_and Title II_Discretionary Projects	93.048	90MP0209-01	9,413	-
Special Programs for the Aging_Title IV_and Title II_Discretionary Projects	93.048	90NW0005-01	149,610	-
Special Programs for the Aging_Title IV_and Title II_Discretionary Projects	93.048	90SP0103-01-00	23,015	-
Special Programs for the Aging_Title IV_and Title II_Discretionary Projects	93.048	90SP0103-02	6,649	-
			433,208	**-**

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FOR THE YEAR ENDED JUNE 30, 2015

Federal Grantor / Pass-Through Grantor Program Title	CFDA Number	Award or Pass-Through Number	Expenditures	Payments to Subrecipients
Alzheimer's Disease Demonstration Grants to States	93.051	90DS2011-01	39,961	22,092
National Family Caregiver Support	93.052	11AANVT3SP	28,648	28,648
National Family Caregiver Support	93.052	14AANVT3FC	775,614	721,895
National Family Caregiver Support	93.052	15AANVT3FC	155,666	150,119
			959,928	**900,662**
Public Health Emergency Preparedness	93.069	5U90TP000534-03	6,539,299	4,807,618
Medicare Enrollment Assistance Program	93.071	13AANVMAAA	34,871	-
Medicare Enrollment Assistance Program	93.071	13AANVMADR	14,936	11,249
Medicare Enrollment Assistance Program	93.071	14AANVMAAA	24,330	-
Medicare Enrollment Assistance Program	93.071	14AANVMADR	4,563	-
Medicare Enrollment Assistance Program	93.071	14AANVMSHI	36,111	28,137
Medicare Enrollment Assistance Program	93.071	IX0CMS331259-01-00	25,977	14,191
			140,788	**53,577**
Lifespan Respite Care Program	93.072	90LI0016-01-00	51,403	14,592
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	93.074	3U90TP000534-03S1	27,315	16,194
Cooperative Agreements to Promote Adolescent Health Through School-Based HIV/STD Prevention and School-Based Surveillance	93.079	1U87PS004194-01	27,902	27,902
Cooperative Agreements to Promote Adolescent Health Through School-Based HIV/STD Prevention and School-Based Surveillance	93.079	5U87PS004194-02	35,289	35,289
			63,191	**63,191**
Enhance the Safety of Children Affected by Parental Methamphetamine or Other Substance Abuse	93.087	90CU006002	135,706	135,442
Enhance the Safety of Children Affected by Parental Methamphetamine or Other Substance Abuse	93.087	90CU006003	337,580	323,076
			473,286	**458,518**
Affordable Care Act (ACA) Personal Responsibility Education Program	93.092	1201NVPREP	109,937	75,379
Affordable Care Act (ACA) Personal Responsibility Education Program	93.092	1301NVPREP	246,305	193,900
			356,242	**269,279**
Maternal and Child Health Federal Consolidated Programs	93.110	5 H18MC00032-21-05	38,163	14,069
Maternal and Child Health Federal Consolidated Programs	93.110	6 H18MC00032-22-02	58,353	4,764
Maternal and Child Health Federal Consolidated Programs	93.110	H25MC00229-09-00	8,490	-
Maternal and Child Health Federal Consolidated Programs	93.110	H25MC28321-01-00	73,180	-
			178,186	**18,833**

Federal Grantor / Pass-Through Grantor Program Title	CFDA Number	Award or Pass- Through Number	Expenditures	Payments to Subrecipients
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	1U52PS004681-01	322,464	268,682
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	5U52PS907855-23	345,365	282,297
			667,829	**550,979**
Emergency Medical Services for Children	93.127	H33MC06694	173,641	23,734
Projects for Assistance in Transition from Homelessness (PATH)	93.150	2X06SM016029-13	112,641	110,109
Projects for Assistance in Transition from Homelessness (PATH)	93.150	2X06SM016029-14	395,839	370,839
			508,480	**480,948**
Family Planning_Services	93.217	1 FPHPA006189-01-00	73,069	1,599
Family Planning_Services	93.217	5-FPHPA091175-38-00	25,911	-
Family Planning_Services	93.217	6 FPHPA096158-01-01	486,055	24,984
			585,035	**26,583**
Abstinence Education Program	93.235	1301NVAEGP	160,684	67,574
Abstinence Education Program	93.235	1401NVAEGP	235,463	171,782
			396,147	**239,356**
Substance Abuse and Mental Health Services_Projects of Regional and National Significance	93.243	1H79SM062101-01	155,517	40,134
Substance Abuse and Mental Health Services_Projects of Regional and National Significance	93.243	1H79TI025345-01	226,773	122,970
Substance Abuse and Mental Health Services_Projects of Regional and National Significance	93.243	1U79SM061507	228,800	128,042
Substance Abuse and Mental Health Services_Projects of Regional and National Significance	93.243	1U79SP020156-01	674,092	658,157
Substance Abuse and Mental Health Services_Projects of Regional and National Significance	93.243	3H79TI025345-02S1	459,119	213,257
Substance Abuse and Mental Health Services_Projects of Regional and National Significance	93.243	5U79SM061507-02	721,334	588,095
Substance Abuse and Mental Health Services_Projects of Regional and National Significance	93.243	5U79SP020156-02	1,285,622	1,204,204
			3,751,257	**2,954,859**
Universal Newborn Hearing Screening	93.251	5 H61MC25010-02-00	42,023	10,892
Universal Newborn Hearing Screening	93.251	H61MC25010	178,848	43,176
			220,871	**54,068**
Immunization Cooperative Agreements	93.268	1H23IP000943-01	124,190	124,190
Immunization Cooperative Agreements	93.268	3H23IP000695-01S1	110,965	109,637
Immunization Cooperative Agreements	93.268	5H23IP000727-02	1,558,387	972,930

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Federal Grantor / Pass-Through Grantor Program Title	CFDA Number	Award or Pass-Through Number	Expenditures	Payments to Subrecipients
Immunization Cooperative Agreements	93.268	5H23IP000727-03	1,279,494	661,833
Immunization Cooperative Agreements	93.268	Direct Assistance	31,427,458	-
			34,500,494	**1,868,590**
Adult Viral Hepatitis Prevention and Control	93.270	5U51PS004092-02	42,644	36,491
Adult Viral Hepatitis Prevention and Control	93.270	5U51PS004092-03	38,080	27,813
			80,724	**64,304**
Centers for Disease Control and Prevention_Investigations and Technical Assistance	93.283	2U58DP002054-05	483,975	348,889
Centers for Disease Control and Prevention_Investigations and Technical Assistance	93.283	3U50CI000900-02S5	62,815	298
Centers for Disease Control and Prevention_Investigations and Technical Assistance	93.283	5 U58SO000035-03	7,701	7,052
Centers for Disease Control and Prevention_Investigations and Technical Assistance	93.283	5U50OE000037-02	57,591	26,891
Centers for Disease Control and Prevention_Investigations and Technical Assistance	93.283	5U50OE000037-03	253,903	80,769
Centers for Disease Control and Prevention_Investigations and Technical Assistance	93.283	5U58DP001535-05	2,995	-
Centers for Disease Control and Prevention_Investigations and Technical Assistance	93.283	5U58DP002003	795,964	485,807
Centers for Disease Control and Prevention_Investigations and Technical Assistance	93.283	5U58DP002054	14,030	14,038
Centers for Disease Control and Prevention_Investigations and Technical Assistance	93.283	5U58DP003929-03	1,095,302	204,380
Centers for Disease Control and Prevention_Investigations and Technical Assistance	93.283	5UR3DD000788-03	1,207	-
Centers for Disease Control and Prevention_Investigations and Technical Assistance	93.283	5UR3DD00788-03	119,339	8,533
			2,894,822	**1,176,657**
National Public Health Improvement Initiative	93.292	5U58CD001288-04	168,439	-
State Partnership Grant Program to Improve Minority Health	93.296	5 STTMP131092-01-00	20,038	-
State Partnership Grant Program to Improve Minority Health	93.296	STTMP131092-02-00	70,764	-
			90,802	**-**
National State Based Tobacco Control Programs	93.305	1U58DP006009-01	163,369	102,392
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	3U50CK000419-01S1	467,669	200,329
State Health Insurance Assistance Program	93.324	90SA0044-01-00	295,974	-
State Health Insurance Assistance Program	93.324	90SA0044-02	88,835	-
			384,809	**-**

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FOR THE YEAR ENDED JUNE 30, 2015

Federal Grantor / Pass-Through Grantor Program Title	CFDA Number	Award or Pass-Through Number	Expenditures	Payments to Subrecipients
Behavioral Risk Factor Surveillance System	93.336	1U58DP006028-01	61,930	32,245
ACL Independent Living State Grants	93.369	90IS0068-01-00	136,595	120,001
ACL Assistive Technology	93.464	90AG0008-01-00	60,629	27,085
Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Visiting Program	93.505	1 X02MC26331-01-00	735,394	635,473
Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Visiting Program	93.505	1D89MC26360-0100	810,142	479,533
Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Visiting Program	93.505	4 X02MC23117-01-01	374,915	209,558
			1,920,451	**1,324,564**
ACA Nationwide Program for National and State Background Checks for Direct Patient Access Employees of Long Term Care Facilities and Providers	93.506	1A1CMS330886-01-05	91,514	-
Affordable Care Act (ACA) Grants to States for Health Insurance Premium Review	93.511	6 PRPPR120027-01-01	815,034	-
Building and Strengthening Epidemiology, Laboratory and Health Information Systems	93.521	1U50CK000419-01	462,117	275,521
Building and Strengthening Epidemiology, Laboratory and Health Information Systems	93.521	3U50C1000900-02S2	(320)	2,226
Building and Strengthening Epidemiology, Laboratory and Health Information Systems	93.521	3U50CI000900-02S1	(4,023)	5,738
Building and Strengthening Epidemiology, Laboratory and Health Information Systems	93.521	3U50CI000900-02S3	4,705	-
Building and Strengthening Epidemiology, Laboratory and Health Information Systems	93.521	3U50CI000900-02S4	86,509	70,192
			548,988	**353,677**
State Planning and Establishment Grants for the Affordable Care Act (ACA)'s Exchanges	93.525	HBEIE120129-01	25,422,831	1,694,267
State Planning and Establishment Grants for the Affordable Care Act (ACA)'s Exchanges	93.525	HBEIE130164-01	124,461	-
State Planning and Establishment Grants for the Affordable Care Act (ACA)'s Exchanges	93.525	HBEIE130171-01	1,886,903	-
State Planning and Establishment Grants for the Affordable Care Act (ACA)'s Exchanges	93.525	HBEIE140192-01	1,591,253	-
			29,025,448	**1,694,267**
The Affordable Care Act Medicaid Incentives for Prevention of Chronic Disease Demonstration Project	93.536	1B1CMS330879-01	317,119	-
Prevention and Public Health Fund (Affordable Care Act) - Capacity Building Assistance to Strengthen Public Immunization Infrastructure and Performance	93.539	1H23IP000573-01	12,089	12,089

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Federal Grantor / Pass-Through Grantor Program Title	CFDA Number	Award or Pass-Through Number	Expenditures	Payments to Subrecipients
Prevention and Public Health Fund (Affordable Care Act) - Capacity Building Assistance to Strengthen Public Immunization Infrastructure and Performance	93.539	3H23IP000573-01S1	707,268	565,256
Prevention and Public Health Fund (Affordable Care Act) - Capacity Building Assistance to Strengthen Public Immunization Infrastructure and Performance	93.539	3H23IP000727-02S1	558,127	558,127
			1,277,484	**1,135,472**
Promoting Safe and Stable Families	93.556	G-1311NVFPCV	77,896	71,613
Promoting Safe and Stable Families	93.556	G-1401NVFPSS	1,968,639	1,925,711
Promoting Safe and Stable Families	93.556	G-1411NVFPCV	49,087	38,479
Promoting Safe and Stable Families	93.556	G1301NVFPSS	428,191	417,549
			2,523,813	**2,453,352**
Child Support Enforcement	93.563	1004NV4004 2010G9910CJ	114,725	-
Child Support Enforcement	93.563	1104NV4004 2013 G9913CJ	2,302,344	-
Child Support Enforcement	93.563	1404NV4005 2014G9914CS	4,399,000	1,202,468
Child Support Enforcement	93.563	1504NVCSES 2015 G9915CS	27,800,064	19,659,503
			34,616,133	**20,861,971**
Low-Income Home Energy Assistance	93.568	G-1401NVLIE4 2014 G995623	21,149	-
Low-Income Home Energy Assistance	93.568	G-14B1NVLIEA 2014G992201	6,709,779	164,229
Low-Income Home Energy Assistance	93.568	G-15B1NVLIEA 2015G992201	4,138,010	-
			10,868,938	**164,229**
Community Services Block Grant	93.569	G-14B1NVCOSR	1,558,220	1,492,064
Community Services Block Grant	93.569	G-15B1NVCOSR	1,935,182	1,824,628
			3,493,402	**3,316,692**
State Court Improvement Program	93.586	G-1301NVSCID	22,183	-
State Court Improvement Program	93.586	G-1301NVSCIP	27,440	-
State Court Improvement Program	93.586	G-1401NVSCID	74,163	-
State Court Improvement Program	93.586	G-1401NVSCIP	123,048	-
State Court Improvement Program	93.586	G-1401NVSCIT	108,211	-
			355,045	**-**
Community-Based Child Abuse Prevention Grants	93.590	G-1301NVFRPG	19,788	1,882
Community-Based Child Abuse Prevention Grants	93.590	G-1401NVFRPG	245,170	203,134
			264,958	**205,016**

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Federal Grantor / Pass-Through Grantor Program Title	CFDA Number	Award or Pass-Through Number	Expenditures	Payments to Subrecipients
Grants to States for Access and Visitation Programs	93.597	1301NVSAVP	27,079	-
Grants to States for Access and Visitation Programs	93.597	1401NVSAVP 2014	71,921	-
			99,000	**-**
Chafee Education and Training Vouchers Program (ETV)	93.599	G-1301NVCETV	73,289	73,289
Chafee Education and Training Vouchers Program (ETV)	93.599	G-1401NVCETV	302,958	302,958
			376,247	**376,247**
Head Start	93.600	09CD0013/04	35,772	-
Head Start	93.600	09CD001305	38,515	-
			74,287	**-**
Adoption Incentive Payments	93.603	1201NVAIPP	1,316,543	1,246,606
Adoption Incentive Payments	93.603	1301NVAIPP	1,987,851	1,806,944
			3,304,394	**3,053,550**
Voting Access for Individuals with Disabilities_Grants to States	93.617	G-0903NVVOTE	20,000	-
Voting Access for Individuals with Disabilities_Grants to States	93.617	G-1003NVVOTE	100,000	-
			120,000	**-**
ACA-State Innovation Models: Funding for Model Design and Model Testing Assistance	93.624	1G1CMS331381-01-00	701,264	-
Developmental Disabilities Basic Support and Advocacy Grants	93.630	1301NVBSDD	122,324	37,478
Developmental Disabilities Basic Support and Advocacy Grants	93.630	1401NVBSDD	353,903	177,972
			476,227	**215,450**
Children's Justice Grants to States	93.643	G-1201NVCJA1	27,709	14,801
Children's Justice Grants to States	93.643	G-1301NVCJA1	95,877	36,623
			123,586	**51,424**
Child Welfare Services_State Grants	93.645	G-1401NVCWSS	1,121,290	217,017
Child Welfare Services_State Grants	93.645	G-1501NVCWSS	903,788	31,002
			2,025,078	**248,019**
Foster Care_Title IV-E	93.658	1401NV1401	7,294,573	5,703,819
Foster Care_Title IV-E	93.658	G-1501NVFOST	29,385,212	25,720,891
			36,679,785	**31,424,710**
Adoption Assistance	93.659	1401NV1407	4,388,562	3,970,020
Adoption Assistance	93.659	G-1501NVADPT	22,712,615	21,117,323
			27,101,177	**25,087,343**

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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-1401NVSOSR	3,797,208	452,364
Social Services Block Grant	93.667	G-1501NVSOSR	10,174,715	606,629
			13,971,923	**1,058,993**
Child Abuse and Neglect State Grants	93.669	G-1001NVCA01	39,404	17,225
Child Abuse and Neglect State Grants	93.669	G-1101NVCA01	263,227	217,935
Child Abuse and Neglect State Grants	93.669	G-1201NVCA01	70,584	46,800
			373,215	**281,960**
Family Violence Prevention and Services/Grants for Battered Women's Shelters_Grants to States and Indian Tribes	93.671	G-1301NVFVPS	140,120	139,842
Family Violence Prevention and Services/Grants for Battered Women's Shelters_Grants to States and Indian Tribes	93.671	G-1401NVFVPS	848,829	831,252
			988,949	**971,094**
Chafee Foster Care Independence Program	93.674	G-1301NV1420	759,108	738,774
Chafee Foster Care Independence Program	93.674	G-1401NV1420	1,239,805	1,124,323
			1,998,913	**1,863,097**
Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance - financed in part by PPHF-2012	93.733	1H23IP000695-01	148,242	-
Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance - financed in part by PPHF-2012	93.733	1H23IP000912-01	36,643	-
			184,885	**-**
State Public Health Approaches for Ensuring Quitline Capacity - Funded in part by 2012 Prevention and Public Health Funds (PPHF-2012)	93.735	1U58DP005327	120,431	120,401
State Public Health Approaches for Ensuring Quitline Capacity - Funded in part by 2012 Prevention and Public Health Funds (PPHF-2012)	93.735	5U58DP004057	114,642	41,682
			235,073	**162,083**
PPHF: Health Care Surveillance/Health Statistics-Surveillance Program Announcement: Behavioral Risk Factor Surveillance System Financed in part by Prevention and Public Health Fund	93.745	3U58SO000035-03S1	62,700	57,874
Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations financed in part by Prevention and Public Health Funds	93.752	3U58DP003929-03W1	2,176,468	1,851,056
State and Local Public Health Actions to Prevent Obesity, Diabetes, Heart Disease and Stroke (PPHF)	93.757	3U58DP004820-02W1	1,020,447	443,134
State and Local Public Health Actions to Prevent Obesity, Diabetes, Heart Disease and Stroke (PPHF)	93.757	6 NU58DP004820-02-05	127	-
			1,020,574	**443,134**

Federal Grantor / Pass-Through Grantor Program Title	CFDA Number	Award or Pass- Through Number	Expenditures	Payments to Subrecipients
Preventive Health and Health Services Block Grant funded solely with Prevention and Public Health Funds (PPHF)	93.758	B01OT009040-14	341,068	66,492
Children's Health Insurance Program	93.767	05-1405NV5021	32,960,528	-
Children's Health Insurance Program	93.767	1505NV1081	7,291,631	-
Children's Health Insurance Program	93.767	1505NV5021	6,680,957	-
			46,933,116	**-**
Money Follows the Person Rebalancing Demonstration	93.791	1LICMS330822-01-02	1,380,274	-
State Survey Certification of Health Care Providers and Suppliers (Title XIX) Medicaid	93.796	05-1405-NV-5001	104,734	-
State Survey Certification of Health Care Providers and Suppliers (Title XIX) Medicaid	93.796	1505-NV-50001	498,245	-
			602,979	**-**
Domestic Ebola Supplement to the Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.815	3U50CK000419-01S2	45,199	9,612
National Bioterrorism Hospital Preparedness Program	93.889	5U90TP000534-03	2,024,187	1,348,778
HIV Care Formula Grants	93.917	2 X07HA00001-25-00	3,573,818	3,414,328
HIV Care Formula Grants	93.917	X07HA00001-24-00	3,547,843	2,740,686
			7,121,661	**6,155,014**
Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Programs	93.919	5U58DP003929-02	75,150	4,805
HIV Prevention Activities_Health Department Based	93.940	5U62PS003654-03	1,167,689	912,457
HIV Prevention Activities_Health Department Based	93.940	5U62PS003654-04	937,236	755,231
			2,104,925	**1,667,688**
Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	93.944	5U62PS004024-02	215,676	106,498
Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	93.944	5U62PS004024-03	214,078	102,986
			429,754	**209,484**
Assistance Programs for Chronic Disease Prevention and Control	93.945	5 NU58DP004820-03-00	127	-
Assistance Programs for Chronic Disease Prevention and Control	93.945	5U58DP004820-02	34,215	-
			34,342	**-**
Block Grants for Community Mental Health Services	93.958	2B09SM010039-13	256,117	1,369
Block Grants for Community Mental Health Services	93.958	2B09SM010039-14	3,380,142	773,753
			3,636,259	**775,122**

STATE OF NEVADA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015

Federal Grantor / Pass-Through Grantor Program Title	CFDA Number	Award or Pass- Through Number	Expenditures	Payments to Subrecipients
Block Grants for Prevention and Treatment of Substance Abuse	93.959	2B08TI010039-14	10,277,159	8,947,505
Preventive Health Services_Sexually Transmitted Diseases Control Grants	93.977	1H25PS004376-01	356,202	317,730
Preventive Health Services_Sexually Transmitted Diseases Control Grants	93.977	5H25PS004376-02	333,456	300,865
			689,658	**618,595**
Cooperative Agreements for State-Based Diabetes Control Programs and Evaluation of Surveillance Systems	93.988	3U58SO000035-03S2	196,295	107,550
Preventive Health and Health Services Block Grant	93.991	2B01DP009040-13	93,398	28,588
Maternal and Child Health Services Block Grant to the States	93.994	1 B04MC26680-01-00	1,084,543	375,771
Maternal and Child Health Services Block Grant to the States	93.994	B04MC25356-01	235,213	78,025
			1,319,756	**453,796**
Total Department of Health and Human Services			**2,764,456,987**	**165,787,685**
Social Security Administration				
Disability Insurance/SSI CLUSTER				
Social Security_Disability Insurance	96.001	04-1404NVDI00	3,525,934	-
Social Security_Disability Insurance	96.001	04-1504NVDI00	9,866,723	-
			13,392,657	**-**
Total Disability Insurance/SSI CLUSTER			**13,392,657**	**-**
Total Social Security Administration			**13,392,657**	**-**
Department of Homeland Security				
Urban Area Security Initiative Non-Profit	97.008	EMW-2011-UA-00026-S01	3,008	-
Urban Area Security Initiative Non-Profit	97.008	EMW-2012-UA-00040-S01	2,426	-
			5,434	**-**
Boating Safety Financial Assistance	97.012	3314FAS140132	74,509	-
Boating Safety Financial Assistance	97.012	3315FAS150132	770,380	-
			844,889	**-**
Community Assistance Program_State Support Services Element (CAP-SSSE)	97.023	EMF-2013-GR-1004	15,906	-
Community Assistance Program_State Support Services Element (CAP-SSSE)	97.023	EMF-2014-GR-1004	85,363	-
			101,269	**-**
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	PA-09-NV-4202	35,429	-

STATE OF NEVADA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015

Federal Grantor / Pass-Through Grantor Program Title	CFDA Number	Award or Pass-Through Number	Expenditures	Payments to Subrecipients
National Dam Safety Program	97.041	EMW-2012-GR-00119-S01	10,832	-
National Dam Safety Program	97.041	EMW-2013-GR-00100	72,659	-
National Dam Safety Program	97.041	EMW-2014-GR-00010	5,914	-
			89,405	**-**
Emergency Management Performance Grants	97.042	EMW-2012-EP-00024	27,786	-
Emergency Management Performance Grants	97.042	EMW-2013-EP-00022-S01	1,448,348	207,437
Emergency Management Performance Grants	97.042	EMW-2014-EP-00003-S01	2,319,597	1,695,973
			3,795,731	**1,903,410**
State Fire Training Systems Grants	97.043	EMW-2014-GR-00014	19,992	-
Assistance to Firefighters Grant	97.044	EMW-2013-FZ-00077	138,225	-
Cooperating Technical Partners	97.045	EMF-2012-GR-1208	28,561	-
Cooperating Technical Partners	97.045	EMF-2013-GR-2011	38,479	-
Cooperating Technical Partners	97.045	EMF-2013-GR-2012	90,389	-
Cooperating Technical Partners	97.045	EMW-2014-CA-K00024-S01	3,609	-
			161,038	**-**
Fire Management Assistance Grant	97.046	FEMA-5034-FM-NV	195,469	-
Pre-Disaster Mitigation	97.047	EMF-2014-PC-0002	92,255	68,105
Pre-Disaster Mitigation	97.047	EMF-2015-PC-0001	15,937	-
Pre-Disaster Mitigation	97.047	PDMC-09-NV-2008	4,581	4,581
Pre-Disaster Mitigation	97.047	PDMC-09-NV-2009	58,555	47,828
Pre-Disaster Mitigation	97.047	PDMC-09-NV-2010	63,328	60,178
Pre-Disaster Mitigation	97.047	PDMC-09-NV-2011	677,089	646,939
Pre-Disaster Mitigation	97.047	PDMC-09-NV-2012	147,953	51,775
			1,059,698	**879,406**
Homeland Security Grant Program	97.067	EMW-2011-SS-00096	1,280,802	796,287
Homeland Security Grant Program	97.067	EMW-2012-SS-00146	597,713	495,134
Homeland Security Grant Program	97.067	EMW-2013-SS-00024-S01	2,371,504	1,465,665
Homeland Security Grant Program	97.067	EMW-2014-SS-00117-S01	1,012,420	671,105
			5,262,439	**3,428,191**
Real ID Program	97.089	EMW-2011-DL-00035-S01	252,793	-
Homeland Security Biowatch Program	97.091	2013-OH-091-000030	1,016,814	1,010,452
Total Department of Homeland Security			**12,978,625**	**7,221,459**
Total Federal Financial Assistance			**$ 4,770,347,461**	**$ 737,318,742**

Note 1 - Summary of Significant Accounting Policies

Basis of Reporting – The accompanying Schedule of Expenditures of Federal Awards 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 Schedule has been prepared on the modified accrual basis of accounting.

The "Expenditures" column includes the amounts reported in the "Payments to Subrecipients" column.

National School Lunch Program (10.555)
Commodity Supplemental Food Program (10.565)
Child and Adult Care Food Program (10.558)
Emergency Food Assistance Program (10.569)
Food Distribution Program on Indian Reservations (10.567)
Nutrition Services Incentive Program (93.053)

The expenditures for these programs include the dollar value of food commodities distributed to eligible recipients during the year. The value of commodities is determined by the U.S. Department of Agriculture.

Note 2 - Unemployment Insurance Program (17.225)

The expenditures reported on the Schedule of Expenditures of Federal Awards 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	$ 364,050,842
Federal Benefits	6,995,524
Federal Funds - Grants	29,781,598
Total Reported	$ 400,827,964

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 $33,053,622.

Note 4 - Disclosure of American Recovery and Reinvestment Act Expenditures

As a recipient of American Recovery and Reinvestment Act (ARRA) funds, the State has agreed to separately identify the expenditures for Federal awards under ARRA on the Schedule of Expenditures of Federal Awards (SEFA) by identifying those expenditures on separate lines and by inclusion of the prefix "ARRA-" in the name. For additional transparency, the State has elected to include the suffix "A" with the Catalog of Federal Domestic Assistance number on the SEFA.

A. Summary of Audit Results

1. The Auditor's report expresses an unmodified opinion on the basic financial statements of the State of Nevada for the year ended June 30, 2015.

2. Significant deficiencies were disclosed during the audit of the financial statements.

3. The audit disclosed no instances of noncompliance which were material to the financial statements of the State of Nevada.

4. Significant deficiencies, not identified as material weaknesses, and deficiencies identified as material weaknesses in the internal control over major Federal award programs were disclosed.

5. The Auditor's report on compliance with the major Federal award programs for the State of Nevada expresses an unmodified opinion for all major programs, except for the following major programs, which were qualified opinions:

   Unemployment Insurance, CFDA 17.225
   Special Education Cluster:
      Special Education-Grants to States, CFDA 84.027
      Special Education-Preschool Grants, CFDA 84.173
   Title I Grants to Local Educational Agencies, CFDA 84.010
   Block Grants for Prevention and Treatment of Substance Abuse, CFDA 93.959
   Disability Insurance/SSI Cluster:
      Social Security_Disability Insurance, CFDA 96.001

6. Audit findings relative to the major Federal award programs for the State of Nevada, which are required to be reported under Section .510(a) of OMB Circular A-133, are reported in Part C of this Schedule.

7. The programs tested as major programs included:

   U.S. Department of Agriculture:

   Child Nutrition Cluster:
      School Breakfast Program, CFDA 10.553
      National School Lunch Program, CFDA 10.555
      Special Milk Program for Children, CFDA 10.556
      Summer Food Service Program for Children, CFDA 10.559
   Special Supplemental Nutrition Program for Women, Infants, and Children, CFDA 10.557

   U.S. Department of Interior:
   Minerals Leasing Act, CFDA 15.437

   U.S. Department of Labor:
   WIA Cluster:
      WIA Adult Program, CFDA 17.258
      WIA Youth Activities, CFDA 17.259
      WIA Dislocated Worker Formula Grants, CFDA 17.278
   Unemployment Insurance, CFDA 17.225

U.S Department of Transportation:

Highway Planning and Construction Cluster:
Highway Planning and Construction, CFDA 20.205
Recreational Trails Program, CFDA 20.219

U.S. Department of Education:

Special Education Cluster:
Special Education-Grants to States, CFDA 84.027
Special Education-Preschool Grants, CFDA 84.173
Title I Grants to Local Educational Agencies, CFDA 84.010
Rehabilitation Services_Vocational Rehabilitation Grants to States, CFDA 84.126

U.S. Department of Health and Human Services:

CCDF Cluster:
Child Care and Development Block Grant, CFDA 93.575
Child Care Mandatory and Matching Funds of the Child Care and Development Fund, CFDA 93.596
Medicaid Cluster:
State Medicaid Fraud Control Units, CFDA 93.775
State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare, CFDA 93.777
Medical Assistance Program, CFDA 93.778
Immunization Cooperative Agreements, CFDA 93.268
State Planning and Establishment Grants for the Affordable Care Act (ACA)'s Exchanges, CFDA 93.525
Child Support Enforcement, CFDA 93.563
Foster Care_Title IV-E, CFDA 93.658
Adoption Assistance, CFDA 93.659
Chafee Foster Care Independence Program, CFDA 93.674
National Bioterrorism Hospital Preparedness Program, CFDA 93.889
Block Grants for Prevention and Treatment of Substance Abuse, CFDA 93.959

Social Security Administration:

Disability Insurance/SSI Cluster:
Social Security_Disability Insurance, CFDA 96.001

8. The dollar threshold used to distinguish between Type A and Type B programs for the year ended June 30, 2015, was $14,311,042.

9. The State of Nevada did not qualify as a low risk auditee for the year ended June 30, 2015, under the criteria set forth in Section .530 of OMB Circular A-133.

B. Findings – Financial Statement Audit

2015-A Significant Deficiency in Internal Control over Compliance

Criteria and Condition: Management is responsible for establishing and maintaining an effective system of internal control over financial reporting. Properly reporting the gain/loss on refunding transactions is a key component of effective internal control over financial reporting.

A prior period adjustment of approximately $38,000,000 was required to correct the amortization of the gain/loss on the refunding of certain bonds. The State of Nevada amortized the gain/loss on refunding transactions over the shorter of the life of the old debt or the life of the new debt, as required. Because it was the State of Nevada's policy to refund debt on the first available call date, the State of Nevada calculated the life of the old debt as ending on the call date. However, during the year, the State of Nevada became aware of a recently issued Question and Answer that clarified that the life of the old debt should run through the original end date of the issue.

Effect: In prior years, net position in the government wide financial statements was understated by approximately $38,000,000 and amortization expense was overstated by a like amount.

Cause: The State of Nevada calculated the life of the old debt as ending on the call date of the issue, rather than on the end date of the original issue.

Recommendation: We recommend the State of Nevada enhance internal controls to ensure the correct end date is used when recording amortization of gain/loss on refunding transactions.

Views of Responsible Officials and planned corrective action: The State of Nevada Controller's office is in agreement that the internal controls need to be enhanced to ensure the correct end date is used for amortization of gain/loss on refunding transactions. This has already been implemented by the Controller's office, both with the identification and correction of the error, and with updating procedures to calculate the life of the old debt by using the original end date of the issue.

2015-B Significant Deficiency in Internal Control over Compliance

Criteria and Condition:	Management is responsible for establishing and maintaining an effective system of internal control over financial reporting. Properly capitalizing assets in the government-wide financial statements is a key component of effective internal control over financial reporting. A journal entry was required to properly report a capital asset addition during the year. Land in the approximate amount of $10,000,000 was recorded as an asset in 2012 and inadvertently recorded again in 2015 as part of the completed project.
Effect:	Capital assets were overstated before the adjustment.
Cause:	The State of Nevada Controller's office did not have adequate review procedures over multi-year construction projects to identify that an asset had been previously recorded.
Recommendation:	We recommend the State of Nevada enhance review procedures over multi-year construction projects to ensure all components in the project are capitalized only once.
Views of Responsible Officials and planned corrective action:	The State of Nevada Controller's office is in agreement with the need for enhanced review procedures over multi-year construction projects. Therefore, additional procedures will be added to the review process in order to ensure that all components of multi-year construction projects are properly capitalized.

C. Findings and Questioned Costs – Major Federal Award Programs

2015-001: U.S. Department of Agriculture
Child Nutrition Cluster:
School Breakfast Program, CFDA 10.553
National School Lunch Program, CFDA 10.555
Special Milk Program for Children, CFDA 10.556
Summer Food Service Program for Children, CFDA 10.559
Allowable Costs/Cost Principles
Significant Deficiency in Internal Control over Compliance

Criteria: *OMB Circular A-87* requires that for costs to be considered allowable under Federal awards, they must be adequately documented.

Condition and Context: As part of our testing over allowable costs/cost principles we tested a sample of 40 transactions for compliance with the criteria contained in the "Basic Guidelines" section of OMB Circular A-87. For two of the transactions selected for testing, the Nevada Department of Agriculture was unable to locate the supporting documentation.

Questioned Costs: Undetermined.

Effect: Unallowable costs could be charged to the Federal program.

Cause: The Nevada Department of Agriculture did not follow the policies and procedures in place to ensure that amounts charged to the Federal program were adequately supported and the documentation was retained.

Recommendation: We recommend the Nevada Department of Agriculture follow established policies and procedures to ensure that amounts charged to the Federal program are adequately supported and the documentation is retained.

Management's Response: See management's response on page 132.

2015-002: U.S. Department of Agriculture
Child Nutrition Cluster:
School Breakfast Program, CFDA 10.553
National School Lunch Program, CFDA 10.555
Special Milk Program for Children, CFDA 10.556
Summer Food Service Program for Children, CFDA 10.559
Cash Management
Material Weakness in Internal Control over Compliance

Criteria: The *OMB Circular A-133 Compliance Supplement* requires that non-Federal entities receiving Federal awards establish and maintain internal control designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements.

Condition and Context: During our audit testing of Federal cash draws, we noted that procedures at the Nevada Department of Agriculture require that draws are reviewed and approved by an individual independent of the preparation process prior to submission for processing. As part of our audit procedures, we examined the transaction detail and supporting documentation for five draws out of a population of 29 to ensure that all required documentation was included and approvals were in place. Out of the five draws tested, the supporting documentation for one draw was missing from agency records, and three of the four remaining draws lacked documentation of required approvals.

Questioned Costs: Undetermined.

Effect: Inaccurate Federal cash draws may be prepared and the incorrect amount of Federal dollars may be received.

Cause: Established procedures were not followed at the Nevada Department of Agriculture to ensure that Federal cash draws were reviewed and approved by an individual independent of the preparation process prior to submission for processing. Internal controls were not in place to ensure that adequate records were maintained for Federal cash draw requests.

Recommendation: We recommend the Nevada Department of Agriculture follow established procedures to ensure that Federal cash draws are reviewed and approved by an individual independent of the preparation process prior to submission. We also recommend the Nevada Department of Agriculture implement internal control procedures in relation to record retention to ensure that adequate documentation for Federal cash draw records are maintained.

Management's Response: See management's response on page 133.

BRIAN SANDOVAL
Governor

STATE OF NEVADA

JAMES R. BARBEE
Director

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March 9, 2016

Ronna Bach, Division Director, Special Nutrition Programs
Western Regional Office, Food and Nutrition Services
90 Seventh Street, Suite 10-100
San Francisco, CA 94103-6707

Dear Ronna:

Eide Bailly, LLC recently performed an annual single audit of the Child Nutrition Cluster, which included the following programs:

- School Breakfast Program - CFDA 10.553
- National School Lunch Program - CFDA 10.555
- Special Milk Program for Children - CFDA 10.556
- Summer Food Service Program for Children - CFDA 10.559

The scope of this audit was state fiscal year 2015, which ended June 30, 2015. This audit resulted in two (2) findings. The following lists Eide Bailly's findings and recommendations and the Nevada Department of Agriculture's response and corrective action plan for each findings:

Finding 2015-001:

Finding 2015-001: Allowable Costs/Cost Principles: Significant Deficiency in Internal Controls over Compliance. For two (2) of the 40 transactions selected for testing, the Nevada Department of Agriculture was unable to locate the supporting documentation.

Recommendation: The Nevada Department of Agriculture follow established policies and procedures to ensure that amounts charged to federal programs are adequately supported and documentation is retained.

Nevada Department of Agriculture's Response: The Nevada Department of Agriculture agrees with this finding.

Corrective Action for Finding 2015-001: The Department has implemented policies that require that random audits are conducted quarterly to ensure that all required supporting documentation is in place as required by our policies and procedures for all fiscal transactions.

Finding 2015-002:

Finding 2015-002: Cash Management: Material Weakness in Internal Control Compliance. The Nevada Department of Agriculture's policies and procedures require that an individual independent of the preparation process review draws prior to submission. As part of the audit, Eide Bailly, found that one (1) draw out of the five tested was missing supporting documentation and three of the four remaining draws lacked documentation of the required approvals.

Recommendation: The Nevada Department of Agriculture follow established procedures to ensure that Federal cash draws are reviewed and approved by an individual independent of the preparation process prior to submission. We also recommend the Nevada Department of Agriculture implement internal control procedures in relation to record retention to ensure that adequate documentation for Federal cash draw records are maintained.

Nevada Department of Agriculture's Response: The Nevada Department of Agriculture agrees with this finding.

Corrective Action for Finding 2015-002: The Department is in the process of bolstering in current policies and procedures for Federal cash draws including having our Administrative Services Officer III sign off on all federal draws, and having the Fiscal Administrator as that position's back-up. In addition, we have established required documentation for each draw and will update current policies and procedures to reflect these changes. Lastly, the Department will update policies and procedures to make sure both State and Federal record retention requirements are followed.

Thank you,

J. Dale Hansen

J. Dale Hansen, Fiscal Administrator
Nevada Department of Agriculture

cc: Shannon Ryan, Deputy Legislative Auditor, LCB
Jim Barbee, Director, Nevada Department of Agriculture
Lynn Hettrick, Deputy Director, Nevada Department of Agriculture
Donnell Barton, Food and Nutrition Administrator, Nevada Department of Agriculture
Debra Crowley, Administrative Services Officer III, Nevada Department of Agriculture
Debbie Clark, Eide Bailly, LLC
Daniel E. Rushin, Audit Senior Manger

2015-003: U.S. Department of Labor
Unemployment Insurance, CFDA 17.225
Special Tests and Provisions – UI Benefit Payments
Significant Deficiency in Internal Control over Compliance

Criteria: The *ET Handbook No. 395, 5th Edition, Benefit Accuracy Measurement State Operations Handbook, Chapter VII, Section 2* (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 Benefit Accuracy Measurement (BAM) investigation that were utilized. This includes documentation of the Claimant Questionnaire and Overpayment/underpayment actions.

Condition and Context: As part of our testing over the BAM program, we tested compliance with the requirements relating to the investigative process and data collection and maintenance. The files of 60 completed BAM cases were examined to ensure that all required documentation was included. For two cases, all required documentation was not included. The first case improperly excluded the Claimant Questionnaire and the second case improperly excluded the Overpayment/underpayment actions.

Questioned Costs: None.

Effect: Unemployment Insurance payments made to ineligible individuals may not be identified.

Cause: Established procedures were not followed and adequate controls were not in place at the Nevada Department of Employment, Training and Rehabilitation to ensure all required documents were obtained and included in the BAM investigation case files.

Recommendation: We recommend the Nevada Department of Employment, Training and Rehabilitation follow established procedures and enhance controls to ensure that all required documents are obtained and included in the BAM investigation case files.

Management's Response: See management's response on page 138.

2015-004: U.S. Department of Labor
Unemployment Insurance, CFDA 17.225
Special Tests and Provisions – Match with IRS 940 FUTA Tax Form
Material Weakness in Internal Control over Compliance

Criteria:	The *OMB Circular A-133 Compliance Supplement* provides that States are required to annually certify for each taxpayer the total amount of contributions required to be paid under the State law for the calendar year and the amounts and dates of such payments in order for the taxpayer to be allowed the credit against the Federal Unemployment Tax Act (FUTA). In order to accomplish this certification, States annually perform a match of employer tax payments with credit claimed for these payments on the employer's IRS 940 FUTA tax form.
Condition and Context:	As part of our testing over the annual match of employer tax payments with the employer's IRS 940 FUTA tax form performed by the Nevada Department of Employment, Training and Rehabilitation, we tested a sample of 42 employers from the annual match report provided by the U.S. Department of Labor and compared the contribution data per the report to the data recorded in the State's system. Of the 42 employers selected for testing, we noted three instances where the data per the annual match report did not agree to the State's system.
Questioned Costs:	None.
Effect:	Credits claimed against the FUTA by employers may not be accurate.
Cause:	The Nevada Department of Employment, Training and Rehabilitation implemented a new system, the UINV System, to operate the Unemployment Insurance program. As a result of this implementation, employer tax payment data was converted from the previous system. The Nevada Department of Employment, Training and Rehabilitation did not have adequate controls in place to ensure the data conversion was complete and accurate and to ensure that employer tax payment data per the annual match report agreed to the UINV System.
Recommendation:	We recommend the Nevada Department of Employment, Training and Rehabilitation enhance controls to ensure the data conversion is complete and accurate and to ensure that data within the annual match report agrees to the UINV System.
Management's Response:	See management's response on pages 138 and 139.

2015-005: U.S. Department of Labor
Unemployment Insurance, CFDA 17.225
Special Tests and Provisions – UI Program Integrity, Overpayments
Material Weakness in Internal Control over Compliance and Material Noncompliance

Criteria: The *OMB Circular A-133 Compliance Supplement* references Pub. L. No. 112-40 and notes that States are prohibited from providing relief from charges to an employer's Unemployment Compensation account when overpayments are the result of the employer's failure to respond timely or adequately to a request for information.

Condition and Context: As part of our testing over the Unemployment Insurance program, we performed procedures to determine whether the State was properly identifying and handling overpayments, including not relieving employers of charges when their untimely or inadequate responses caused improper payments.

Based on our procedures, we noted that the system implemented during fiscal year 2014 by the Department of Employment, Training and Rehabilitation to operate the Unemployment Insurance program, the UINV System, does not currently have the operational capability to ensure that the State is not relieving employers of charges when their untimely or inadequate responses caused improper payments.

Questioned Costs: None.

Effect: The State is relieving employers of charges when their untimely or inadequate responses have resulted in overpayments.

Cause: The Department of Employment, Training and Rehabilitation did not ensure modifications to the UINV System were implemented by the system's vendor during the system's development to comply with the requirements of Pub. L. No. 112-40 referenced in the *OMB Circular A-133 Compliance Supplement*.

Recommendation: We recommend the Nevada Department of Employment, Training and Rehabilitation take measures to ensure the UINV system is modified with the necessary operational capability to comply with the requirements of Pub. L. No. 112-40 referenced in the *OMB Circular A-133 Compliance Supplement*.

Management's Response: See management's response on page 139.

BRIAN SANDOVAL
GOVERNOR

DETR
Nevada Department of Employment, Training and Rehabilitation

DON SODERBERG
DIRECTOR

OFFICE OF THE DIRECTOR

March 7, 2016

Ms. Virginia Hamilton
Regional Administrator
U.S. Department of Labor
Employment Training and Administration
90 7th Street, Suite 17-300
San Francisco, CA 94103-1516

Subj: Nevada Department of Employment, Training & Rehabilitation Response to 2015 Single Audit Issues /Concerns

Dear Ms. Hamilton,

This letter is in response to the annual Single Audit performed by Eide Bailly, LLP CPA's for the Federal Programs administered by the Nevada Department of Employment, Training & Rehabilitation (DETR) for the fiscal year ended June 30, 2015. The audit findings pertain to the Federal Grants /Programs as listed below:

Findings 2015-003, 2015-004 & 2015-005 – Unemployment Insurance (UI)

- CFDA 17.225

Please note that the DETR remains fully committed to ensuring compliance with applicable federal laws and regulations. Please feel free to contact me at (775) 684-3911 or my Employment Security Division (ESD) Administrator, Renee Olson, at (775) 684-3909 if you need further assistance.

Sincerely,

Don Soderberg, Director

cc: Latha Seshadri, DOL/ETA – Region 6
Dennis Perea, DETR Deputy Director
Renee Olson, DETR Administrator, ESD
Jenn McEntee, DETR Interim Chief Financial Officer
Lynda Parven, DETR/ESD Deputy Administrator
Jeff Frischman, DETR/ESD, Chief
Duane Anderson, DETR Chief Auditor
Grant Nielsen, DETR/ESD/WISS
Shannon Ryan, Legislative Counsel Bureau, Deputy Legislative Auditor
Daniel Rushin, Eide Bailly LLP, Audit Manager

500 East Third Street, Room 200 • Carson City, NV 89713 • (775) 684-3911• Fax (775) 684-3908
2800 E. St. Louis Avenue • Las Vegas, Nevada 89104 • (702) 486-7923 • Fax (702) 486-6426

State of Nevada
Department of Employment, Training and Rehabilitation (DETR)
Responses to Single Audit Findings
For the Year Ended June 30, 2015

U.S. Department of Labor
Unemployment Insurance **CFDA 17.225**

Finding 2015-003
As part of our testing over the Unemployment Insurance (UI) Benefit Accuracy Measurement (BAM) program, we tested compliance with the requirements relating to the investigative process and data collection and maintenance. The files of 60 completed BAM cases were examined to ensure that all required documentation was included. For two cases, all required documentation was not included. The first case improperly excluded the Claimant Questionnaire and the second case improperly excluded the Overpayment/underpayment actions.

Recommendation
We recommend the Nevada Department of Employment, Training and Rehabilitation (DETR) follow established procedures and enhance controls to ensure that all required documents are obtained and included in the UI BAM investigation case files.

Nevada DETR's Response
Upon further review, Nevada DETR management found that both exceptions cited appear to have been the result of an oversight. A meeting was held with all BAM investigators upon completion of the state audit for the purpose of reviewing and discussing the auditor's concerns. This was in addition to updating the checklist of required documents to be included in the final file review prior to case completion. Plus, both items are included in the most recent edition of the BAM policies and procedures manual.

Finding 2015-004
As part of our testing over the annual match of employer tax payments with the employer's IRS 940 FUTA tax form performed by the Nevada Department of Employment, Training and Rehabilitation, we tested a sample of 42 employers from the annual match report provided by the U.S. Department of Labor and compared the contribution data per the report to the data recorded in the State's system. Of the 42 employers selected for testing, we noted three instances where the data per the annual match report did not agree to the State's system.

Recommendation
We recommend the Nevada Department of Employment, Training and Rehabilitation enhance controls to ensure the data conversion is complete and accurate and to ensure that data within the annual match report agrees to the UINV System.

Nevada DETR's Response

Nevada DETR recognizes the finding but does not fully agree with Eide Bailly's conclusion that the controls in place were not sufficient for ensuring that the data reported per the annual FUTA match report agreed to the UINv system data upon completion of the data conversion processes. DETR staff used "conversion testing and controls" to convert 1.6 million transactions for employers being converted into the new UINv system. As with any large data conversion process/operation, a limited number of data discrepancies are anticipated and are being /have been identified, addressed and corrected. At present, DETR staff are diligently reviewing system operations and data during the vendor's warranty period for the agency's new UINv system to ensure the data conversion process was complete and accurate.

Finding 2015-005

As part of our testing over the Unemployment Insurance program, we performed procedures to determine whether the State was properly identifying and handling overpayments, including not relieving employers of charges when their untimely or inadequate responses caused improper payments.

Based on our procedures, we noted that the system implemented during fiscal year 2014 by the Department of Employment, Training and Rehabilitation to operate the Unemployment Insurance program, the UINV System, does not currently have the operational capability to ensure that the State is not relieving employers of charges when their untimely or inadequate responses caused improper payments.

Recommendation

We recommend the Nevada Department of Employment, Training and Rehabilitation take measures to ensure the UINV system is modified with the necessary operational capability to comply with the requirements of Pub. L. No. 112-40 referenced in the *OMB Circular A-133 Compliance Supplement*.

Nevada DETR's Response

Nevada DETR's Unemployment Insurance Support Staff (UISS) created the UInv Change Request (CR) #14/9917 to make the required changes and also established needed requirements. This CR has been provided to the project vendor, Capgemini as a high priority item to estimate the cost of programming and implementation. The vendor representative has been tasked with the job of reviewing the requirements /cost estimates. UISS business staff have been engaged in on-going communications with Capgemini staff and have conducted several meetings over the last month discussing the needed changes, etc. The exact completion and implementation date(s) for the required system functionality has yet to be finalized, however, DETR UISS staff remain hopeful that the outlined functionality could be implemented sometime in the near future.

2015-006: U.S. Department of Education
Rehabilitation Services_Vocational Rehabilitation Grants to States, CFDA 84.126
Eligibility
Significant Deficiency in Internal Control over Compliance

Criteria: The *OMB Circular A-133 Compliance Supplement* requires that the State Vocational Rehabilitation agency must determine whether an individual is eligible for services within a reasonable time, not to exceed 60 days, after an individual has submitted an application for services unless:

a. Exceptional and unforeseen circumstances beyond the control of the State agency preclude making an eligibility determination within 60 days and the State agency and the individual agree to a specific extension of time; or

b. The State agency is exploring an individual's abilities, capabilities and capacity to perform in work situations through trial work experiences in order to determine the eligibility of the individual or the existence of clear and convincing evidence that the individual is incapable of benefiting in terms of an employment outcome from services.

Condition and Context: As part of our testing, we selected a sample of 60 individuals to verify their eligibility for Vocational Rehabilitation services and noted two exceptions. For one of the 60 individuals selected for testing, the eligibility determination exceeded 60 days from the application submission, and neither of the criteria which allows for an extension of time, as noted above, was met. For another one of the 60 individuals selected for testing, adequate documentation was not maintained to determine whether the individual was determined to be eligible for services within a reasonable time, not to exceed 60 days.

Questioned Costs: None.

Effect: Benefits may not have been provided to eligible individuals within a reasonable time.

Cause: The Nevada Department of Employment, Training and Rehabilitation did not have adequate controls in place to ensure that eligibility determinations occurred within the required time frame.

Recommendation: We recommend the Department of Employment, Training and Rehabilitation enhance controls to ensure that eligibility determinations occur within the required time frame.

Management's Response: See management's response on page 144.

2015-007: U.S. Department of Education
Rehabilitation Services_Vocational Rehabilitation Grants to States, CFDA 84.126
Eligibility
Material Weakness in Internal Control over Compliance

Criteria: The *OMB Circular A-133 Compliance Supplement* provides that the State may choose to consider the financial needs of eligible individuals, or individuals who are receiving services during a trial work experience or an extended evaluation, for the purpose of determining the extent of their participation in the cost of Vocation Rehabilitation (VR) services. If the State indicates in its State Plan that it will use financial needs tests for one or more types of VR services, it must apply such tests in accordance with its written policies uniformly to all individuals under similar circumstances.

The Nevada Department of Employment, Training and Rehabilitation Participant Services Policy and Procedures Manual (the Manual) provides that participants, who are not otherwise exempt, are expected to participate in the cost of Individualized Plan for Employment services and non-assessment services provided as part of Trial Work Experience(s) Plans, Extended Evaluation Plans or Post Employment Plans. During intake, it must be determined if the participant meets the financial needs exemption guidelines. If so, the “Meets Financial Needs” box in the Rehabilitation Automated Information System of Nevada (RAISON) must be checked.

Condition and Context: As part of our testing over eligibility, we noted that five out of 23 participants met the financial needs exemption guidelines outlined in the Manual. However, the “Meets Financial Needs” box in RAISON was improperly checked “No” for each of the five participants.

Questioned Costs: None.

Effect: Participants receiving VR services may be participating in the cost of services they are receiving when they are not required to as a result of meeting the financial needs exemption guidelines.

Cause: The Nevada Department of Employment, Training and Rehabilitation did not have adequate procedures in place to ensure that financial needs tests were applied uniformly in accordance with its written policies.

Recommendation: We recommend the Department of Employment, Training and Rehabilitation enhance procedures to ensure that financial needs tests are applied uniformly in accordance with its written policies.

Management’s Response: See management’s response on page 145.

2015-008: U.S. Department of Education
Rehabilitation Services_Vocational Rehabilitation Grants to States, CFDA 84.126
Special Tests and Provisions – Completion of IPEs
Material Weakness in Internal Control over Compliance

Criteria: The *OMB Circular A-133 Compliance Supplement* requires that when an Individualized Plan for Employment (IPE) is required for the provision of Vocational Rehabilitation services under Section 103(a) of the Rehabilitation Act of 1973, as amended, it must be done as soon as possible, but not later than 90 days after the date of determination of eligibility by the State Vocational Rehabilitation agency, unless the State Vocational Rehabilitation agency and the eligible individual agree to an extension of that deadline to a specific date by which the IPE must be completed.

Condition and Context: As part of our testing, we selected a sample of individuals to verify that IPEs were performed timely as required by the *OMB Circular A-133 Compliance Supplement*.

Out of five IPEs tested, three IPEs were performed later than 90 days after the date of determination of eligibility and there was no evidence that an extension of the deadline was agreed upon by the Vocational Rehabilitation agency and the eligible individual.

Questioned Costs: None.

Effect: Vocational Rehabilitation participants' may not be receiving benefits under their IPE in a timely manner.

Cause: The Nevada Department of Employment, Training and Rehabilitation did not have adequate procedures in place to ensure participants' Individualized Plans for Employment are performed timely.

Recommendation: We recommend the Department of Employment, Training and Rehabilitation enhance procedures to ensure participant's Individualized Plans for Employment are performed timely.

Management's Response: See management's response on pages 145 and 146.

BRIAN SANDOVAL
GOVERNOR

DETR
Nevada Department of Employment, Training and Rehabilitation

DON SODERBERG
DIRECTOR

OFFICE OF THE DIRECTOR

March 7, 2016

Mr. Jason Hunter, Technical Assistance Specialist
U.S. Department of Education, OSERS
Rehabilitation Services Administration
550 12th Street, S.W., Room 5025, PCP
Washington, D.C. 20202-2800

Subj: Nevada Department of Employment, Training & Rehabilitation Response to 2015 Single Audit Issues /Concerns

Dear Mr. Hunter,

This letter is in response to the annual Single Audit performed by Eide Bailly LLP, CPAs for Federal Programs administered by the Nevada Department of Employment, Training and Rehabilitation (DETR) for the fiscal year ended June 30, 2015. The specific audit findings pertaining to the Rehabilitation Services Administration (RSA) Federal Grants/Programs are listed below:

Findings 2015-006, 2015-007 & 2015-008 – Vocational Rehabilitation Cluster

- Rehabilitation Services – CFDA 84.126

Please note that the DETR management remains fully committed to ensuring compliance with applicable federal laws and regulations. Please contact me at (775) 684-3911 or my Deputy Director, Dennis Perea at (702) 486-6637 if you need further assistance.

Sincerely,

Don Soderberg
Director

cc: Dennis Perea, DETR Deputy Director
Shelley Hendren, DETR Administrator, Vocational Rehabilitation Division
Melaine Mason, DETR Deputy Administrator, Vocational Rehabilitation
Janice John, DETR Deputy Administrator, Vocational Rehabilitation
Jennifer McEntee, DETR Interim Chief Financial Officer
Duane E. Anderson, DETR Chief Auditor
Shannon Ryan, Legislative Counsel Bureau, Deputy Legislative Auditor
Daniel Rushin, Eide Bailly LLP, Audit Manager

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State of Nevada
Department of Employment, Training and Rehabilitation (DETR)
Responses to Single Audit Findings
For the Year Ended June 30, 2015

U.S Department of Education
Rehabilitation Services -Vocational Rehabilitation Grants to States, CFDA 84.126 Eligibility
Significant Deficiency in Internal Control over Compliance

Finding 2015-006

As part of our testing, we selected a sample of 60 individuals to verify their eligibility for Vocational Rehabilitation services and noted two exceptions. For one of the 60 individuals selected for testing, the eligibility determination exceeded 60 days from the application submission, and neither of the criteria which allows for an extension of time, as noted above, was met. For another one of the 60 individuals selected for testing, adequate documentation was not maintained to determine whether the individual was determined to be eligible for services within a reasonable time, not to exceed 60 days.

Recommendation
We recommend the Department of Employment, Training and Rehabilitation enhance procedures to ensure that eligibility determinations occur within the required time frame.

Nevada DETR's Response
The Nevada Department of Employment, Training & Rehabilitation (DETR) acknowledges and accepts this finding.

- The agency will review eligibility determination requirements and process with counselors, supervisors and technicians.
- The eligibility determination requirements and process are included in the curriculum for our New Counselor Academy, and our Rehabilitation Technician Academy.
- It is our goal to have 100% compliance in this element.
- The agency will continue to direct staff to utilize the Aging Report in RAISON to track eligibility determination due dates for compliance.
- The agency will encourage staff to utilize either the Activity Due function in RAISON to prompt them to make timely eligibility determinations and/or utilize their Outlook calendars or task lists as tickler systems for eligibility determinations. This includes Rehabilitation Counselors and Technicians.
- The agency will instruct staff to exercise the extension function within RAISON to legitimately extend the eligibility determination timeframe until all required documentation and proof of disability is received.
- Vocational Rehabilitation (VR) administration is working with our Deputy Attorney General to determine the lawfulness of using email communication with clients to receive eligibility extension documentation, thereby reducing delays caused by traditional mail or required in-office appointments.

Finding 2015-007
As part of our testing over eligibility, we noted that five out of 23 participants met the financial needs exemption guidelines outlined in the DETR Participant Services Policy and Procedures Manual. However, the "Meets Financial Needs" box in RAISON was improperly checked "No" for each of the five participants.

Recommendation
We recommend the Department of Employment, Training and Rehabilitation enhance procedures to ensure that eligibility determinations occur within the required time frame.

Nevada DETR's Response
Nevada DETR acknowledges and accepts this finding.

- The importance of checking the box in RAISON for "Meets Financial Needs" will be included in the New Counselor Academy and our Rehabilitation Technician Academy to ensure accurate and timely accounting of client financial participation.
- This is an ongoing area that we currently monitor internally through our QA monitoring and case review process. We will continue to monitor and train staff to address this important deficiency.
- It is our goal to have 100% compliance in this element.
- The agency will be working with our IT programmers to determine whether they can implement some system changes within our existing RAISON program to prompt counselors to check the "Meets Financial Needs" box once the IPE has been created.
- In addition, the agency is currently looking at an upgraded client case management system, and it is our intention to purchase a system that allows for a more streamlined and accurate accounting of client financial participation.

Finding 2015-008
As part of our testing, we selected a sample of individuals to verify that IPEs were performed timely as required by the *OMB Circular A-133 Compliance Supplement*.

Out of five IPEs tested, three IPEs were performed later than 90 days after the date of determination of eligibility and there was no evidence that an extension of the deadline was agreed upon by the Vocational Rehabilitation agency and the eligible individual.

Recommendation
We recommend the Department of Employment, Training and Rehabilitation enhance procedures to ensure participant's Individualized Plans for Employment are performed timely.

Nevada DETR's Response
Nevada DETR acknowledges and accepts this finding.

- The agency will review IPE development requirements and process with counselors, supervisors and technicians.
- IPE development requirements and procedures are included in our New Counselor Academy, and will be included in our Rehabilitation Technician Academy.
- It is our goal to have 100% compliance in this element.
- The agency will continue to direct staff to utilize the Aging Report in RAISON to track IPE development due dates for compliance.
- The agency will encourage staff to utilize either the Activity Due function in RAISON to prompt staff to be timely in IPE development and or utilize their Outlook calendars or task lists as tickler systems for IPE development. Technicians will also be trained and expected to prompt staff to be timely with IPE development.
- The agency will instruct staff to exercise the IPE extension function within RAISON when necessary, and with approval, to legitimately extend the timeframe until all required documentation is received and we determine it is appropriate to develop the IPE.
- VR administration is working with our Deputy Attorney General to determine the lawfulness of using email communication with clients to share IPE documentation for signature, thereby reducing delay caused by traditional mail or required in office appointments.

2015-009: Social Security Administration
Disability Insurance/SSI Cluster:
Social Security_Disability Insurance, CFDA 96.001
Special Tests and Provisions – Consultation Examination Process
Material Weakness in Internal Control over Compliance and Material Noncompliance

Criteria:

The *OMB Circular A-133 Compliance Supplement* requires that the State Disability Determination Services (DDS) agency must provide procedures for performing medical license verifications to ensure only qualified providers perform consultative examinations (CE). Qualified is defined as the provider being currently licensed in the State, having the training and experience to perform the type of examination to test the DDS request, and not being barred from participating in Medicare or Medicaid programs or other Federal or federally assisted programs.

Prior to using the services of any CE provider, the DDS must (1) check the Health and Human Services, Office of the Inspector General (HHS OIG) List of Excluded Individuals and Entities (LEIE) and (2) verify medical licenses, credentials, and certifications with state medical boards. In addition, the DDS must conduct periodic license checks of CE providers used by the DDS, including providers who perform CEs near and across the borders of neighboring states. The DDS is required to (1) review the HHS OIG LEIE for each CE provider at least annually, and (2) verify license renewals.

Condition and Context:

To determine whether the Nevada Department of Employment, Training and Rehabilitation was performing license verifications and reviewing the HHS OIG LEIE as required, we attempted to obtain a complete population of CE providers. During this process, it was noted that certain providers were listed as an entity that had rosters of multiple individual providers subject to the license verification and HHS OIG LEIE check.

Our procedures noted that the Nevada Department of Employment, Training and Rehabilitation did not obtain rosters for at least three of these entities. As such, the State of Nevada did not perform the license verification and the HHS OIG LEIE as required for the CE providers associated with these entities.

Questioned Costs:

None.

Effect:

Consultative examinations may have been performed by nonqualified providers.

Cause:

The Nevada Department of Employment, Training and Rehabilitation did not have adequate procedures and controls in place to ensure that only qualified providers perform consultative examinations.

Recommendation: We recommend the Nevada Department of Employment, Training and Rehabilitation implement procedures and controls to ensure that only qualified providers perform consultative examinations.

Management's Response: See management's response on page 151.

2015-010: Social Security Administration
Disability Insurance/SSI Cluster:
Social Security_Disability Insurance, CFDA 96.001
Reporting
Significant Deficiency in Internal Control over Compliance

Criteria: *OMB Circular A-133* requires that reports submitted to the Federal awarding agency include all activity of the reporting period and are presented in accordance with program requirements.

Condition and Context: During our audit procedures, we selected two out of four SSA-4513 reports (*State Agency Report of Obligation for SSA Disability Programs)* submitted during the fiscal year for testing. On one of the reports tested, we noted that 14 line items included on the report did not agree to the State's underlying accounting data. On the other report tested, we noted that two line items included on the report did not agree to the State's underlying accounting data.

Questioned Costs: None.

Effect: Incorrect information may have been submitted on the SSA-4513 reports.

Cause: The Nevada Department of Employment, Training and Rehabilitation did not have adequate procedures in place to ensure that data entered into the SSA-4513 reports reflected changes to the report's template and was supported by underlying accounting data.

Recommendation: We recommend the Nevada Department of Employment, Training and Rehabilitation enhance procedures to ensure that data entered into the SSA-4513 reports reflects changes to the report's template and is supported by underlying accounting data.

Management's Response: See management's response on page 152.

BRIAN SANDOVAL
GOVERNOR

Nevada Department of Employment, Training and Rehabilitation

DON SODERBERG
DIRECTOR

OFFICE OF THE DIRECTOR

March 7, 2016

Social Security Administration
Bureau of Disability Adjudication Program
PO Box 4206
Richmond, CA 94804

RE: 2015 SSA Monitoring Report of Consultative Examination Provider Files

Dear Ms. Lucero:

Subj: Nevada Department of Employment, Training & Rehabilitation Response to 2015 Single Audit Issues /Concerns

Dear Ms. Lucero,

This letter is in response to the annual Single Audit performed by Eide Bailly LLP, CPAs for Federal Programs administered by the Nevada Department of Employment, Training and Rehabilitation (DETR) for the fiscal year ended June 30, 2015. The specific audit findings pertaining to the Social Security Administration's (SSA) Bureau of Disability Adjudication (BDA) Program are listed below:

Findings 2015-009 & 2015-010 – Social Security – Disability Insurance/SSI Cluster
- Social Security – Disability Insurance – CFDA 96.001

Please note that the DETR management remains fully committed to ensuring compliance with applicable federal laws and regulations. Please contact me at (775) 684-3911 or my Deputy Director, Dennis Perea at (702) 486-6637 if you need further assistance.

Sincerely,

Don Soderberg, Director

cc: Todd Dufford, DOE, Audit Resolution Specialist
Dennis Perea, DETR Deputy Director
Shelley Hendren, DETR Administrator, Vocational Rehabilitation Division
Melaine Mason, DETR Deputy Administrator, Vocational Rehabilitation
Janice John, DETR Deputy Administrator, Vocational Rehabilitation
Duane E. Anderson, DETR Chief Auditor
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State of Nevada
Department of Employment, Training and Rehabilitation (DETR)
Responses to Single Audit Findings
For the Year Ended June 30, 2015

Social Security Administration
Disability Insurance/SSI Cluster:

Social Security Disability Insurance, CFDA 96.001
Special Tests and Provisions – Consultation Examination Process

Material Weakness in Internal Control over Compliance and Material Noncompliance

Finding 2015-009

To determine whether the Nevada Department of Employment, Training and Rehabilitation was performing license verifications and reviewing the HHS OIG LEIE as required, we attempted to obtain a complete population of CE providers. During this process, it was noted that certain providers were listed as an entity that had rosters of multiple individual providers subject to the license verification and HHS OIG LEIE check.

Our procedures noted that the Nevada Department of Employment, Training and Rehabilitation did not obtain rosters for at least three of these entities. As such, the State of Nevada did not perform the license verification and the HHS OIG LEIE as required for the CE providers associated with these entities.

Recommendation

We recommend the Nevada Department of Employment, Training and Rehabilitation implement procedures and controls to ensure that only qualified providers perform consultative examinations.

Nevada DETR's Response

Nevada Department of Employment, Training & Rehabilitation has developed and implemented procedures specific to obtaining "employee rosters" for pertinent medical providers meeting such criteria for the purpose of determining their licensure status as well as checking their names against the HHS OIG LEIE. Currently, this work is performed by the management analyst. Once the MPRO position has been filled, the MPRO will be responsible for ensuring this work is done.

MPRO Situation

- Administrative staff will acquire "employee rosters" for each facility meeting such criteria.
- Once the rosters have been obtained, the OIG and Licensure checks (for those required to have licensure) will be completed.
- Staff will place the updated verifications in each applicable Consultative Examination (CE) vendor folder.
- The MPRO will provider oversight of the files, verifying that the required documentation has been obtained and retained in the CE folder at least once each year.

Finding 2015-010

During our audit procedures, we selected two out of four SSA-4513 reports (*State Agency Report of Obligation for SSA Disability Programs)* submitted during the fiscal year for testing. On one of the reports tested, we noted that 14 line items included on the report did not agree to the State's underlying accounting data. On the other report tested, we noted that two line items included on the report did not agree to the State's underlying accounting data.

Recommendation

We recommend the Nevada Department of Employment, Training and Rehabilitation enhance procedures to ensure that data entered into the SSA-4513 reports reflects changes to the report's template and is supported by underlying accounting data.

Nevada DETR's Response

Nevada DETR has reviewed this area and determined the following:

The SSA-4513 is a report on obligations rather than actual expenditures. To obtain the most accurate calculations, the first report referenced in the finding was updated before submittal to include the most recent projections. Unfortunately, the MORMED report that contains detailed calculations and typically feeds the SSA-4513 report was not updated in conjunction. Had the data been populated, the audit would have demonstrated that only one line item was not tying to the underlying accounting record.

With respect to the other report tested, the other two exceptions were related to revised templates that did not carry the formula correctly.

DETR Financial Management (FM) staff has revised the process to more clearly demonstrate the calculations and support the reported amounts. Because the SSA-4513 is an obligations report, the actual accounting data is only a component of the figures and the actuals must be adjusted to account for changes in the prior reported obligations. This process makes it difficult to tie to the final report numbers to the underlying accounting record. We have instituted clearer calculations and check figures to ensure that the underlying accounting record is more identifiable.

2015-011: U.S. Department of Transportation
Highway Planning and Construction Cluster:
Highway Planning and Construction, CFDA 20.205
Recreational Trails Program, CFDA 20.219
Special Tests and Provisions – Wage Rate Requirements
Material Weakness in Internal Control over Compliance

Criteria: The *OMB Circular A-133 Compliance Supplement* requires that non-Federal entities include in their construction contracts a requirement that the contractor complies with the requirements of the Department of Labor regulations regarding Wage Rate Requirements. This includes a requirement for the contractor to submit to the non-Federal entity weekly, for each week in which any contract work is performed, a copy of the payroll and a statement of compliance (certified payrolls).

Condition and Context: Our testing of construction contracts included reviewing the bid documents and contracts for the Wage Rate Requirements and reviewing the payroll data received and monitored by Nevada Department of Transportation personnel for four prime contractors and their subcontractors, which totaled 203 weekly payrolls. Although the certified weekly payrolls were received, 44 weekly payrolls were submitted more than one week after the end of the weekly payroll. For the payrolls that were submitted later than one week, there was no documentation available of communication with the contractors to support efforts to ensure future reports would be submitted timely.

Questioned Costs: None.

Effect: Noncompliance with the Wage Rate Requirements by a contractor or subcontractor could occur and not be detected or followed up on by the Nevada Department of Transportation in a timely manner.

Cause: Adequate control procedures were not in place to ensure that all required certified payrolls were received as required or that timely follow up with the contractor was performed.

Recommendation: We recommend that the Nevada Department of Transportation enhance procedures to ensure that certified payrolls are received as required and if certified payrolls are not received as required, that follow up with contractor is performed.

Management's Response: See management's response on page 156.

2015-012: U.S. Department of Transportation
Highway Planning and Construction Cluster:
Highway Planning and Construction, CFDA 20.205
Recreational Trails Program, CFDA 20.219
Special Tests and Provisions - Quality Assurance Program
Material Weakness in Internal Control over Compliance

Criteria: The *OMB Circular A-133 Compliance Supplement* requires that non-Federal entities must have a quality assurance program for construction projects on the National Highway System to ensure that materials and workmanship conform to approved plans and specifications. Verification sampling must be performed by qualified testing personnel employed by the State Department of Transportation, or by its designated agent, excluding the contractor (23 CFR sections 637.201, 637.205, and 637.207).

Condition and Context: Our procedures included reviewing the Nevada Department of Transportation's Acceptance Testing Frequency Report for each project, which serves to document the number of tests required and performed, the results of the tests, and the related documentation of test results to verify that tests were being performed in accordance with the quality assurance program. Out of 19 Federally funded construction projects completed during the year, four were selected for testing. For three of the projects tested, 3466, 3518, and 3526, not all of the required tests were performed. The Acceptance Test Frequency report could not be located for the remaining project selected for testing, project 3421.

Questioned Costs: None.

Effect: Noncompliance with the quality assurance program could result in construction project deficiencies not being identified in a timely manner.

Cause: Due to the long term nature of construction contracts, corrective action implemented in previous fiscal years may not have occurred early enough to impact projects completed in the current fiscal year. Therefore, the Nevada Department of Transportation did not have adequate procedures in place at the time the projects tested were underway to ensure that all required tests were performed as prescribed by the quality assurance program. In addition, adequate procedures were not in place to ensure records were maintained to document the tests performed.

Recommendation: We recommend that the Nevada Department of Transportation enhance procedures to ensure that all required tests are performed as prescribed by the quality assurance program and that records are maintained to document the tests performed.

Management's Response: See management's response on pages 156 and 157.

2015-013: U.S. Department of Transportation
Highway Planning and Construction Cluster:
Highway Planning and Construction, CFDA 20.205
Recreational Trails Program, CFDA 20.219
Procurement, Suspension, and Debarment
Material Weakness in Internal Control over Compliance

Criteria: The *OMB Circular A-133 Compliance Supplement* requires that the Nevada Department of Transportation use qualification-based selection procedures when acting as a contracting agency to procure engineering and design services for construction projects using Federal-aid highway funding and that the written procurement procedures for each method of procurement used to procure engineering and design services must be approved by the Federal Highway Administration (FHWA).

Condition and Context: The written procurement procedures used by the Nevada Department of Transportation during the fiscal year were not approved by the FHWA.

Questioned Costs: None.

Effect: The procurement procedures used by the Nevada Department of Transportation may not have met the requirements of the FHWA.

Cause: Adequate procedures were not in place to ensure that the required FHWA approval was obtained for the written procurement procedures used during the fiscal year.

Recommendation: We recommend that the Nevada Department of Transportation obtain the required approval from FHWA for the written procurement procedures.

Management's Response: See management's response on pages 157 and 158.

STATE OF NEVADA
DEPARTMENT OF TRANSPORTATION
1263 S. Stewart Street
Carson City, Nevada 89712

BRIAN SANDOVAL
Governor

RUDY MALFABON, P.E., *Director*

In Reply Refer to:

March 7, 2016

Mr. Steve Bragorgos, Financial Manager
Federal Highway Administration
705 North Plaza Street, Suite 220
Carson City, NV 89701

Dear Mr. Bragorgos:

Eide Bailly, CPA's performed an annual Single Audit of the Highway Planning and Construction Clusters, CFDA 20.205 administered by the Nevada Department of Transportation for fiscal year ended June 30, 2015. Eide Bailly's findings 15-011, 15-012 and 15-013 concern the Nevada Department of Transportation.

Finding 2015-011 resulted in the following recommendation:
"We recommend that the Nevada Department of Transportation enhance procedures to ensure that certified payrolls are received as required and if certified payrolls are not received as required, that follow up with contractor is performed."

Nevada Department of Transportation Response:
The Nevada Department of Transportation accepts this finding and has initiated corrective actions as noted below.

Corrective Action for Finding 15-011:
The Nevada Department of Transportation efforts were initiated during the year resulting in the new Certified Payroll and Contract Compliance manual that Rudy Malfabon, Transportation Director signed off in August of 2015. Training was held with all of the construction crews in the latter half of last year. Efforts are still ongoing to refine some of the processes, but significant efforts have been made to rectify the issue but the end results fell outside of the audit period.

Tracy Larkin-Thomason, Deputy Director is responsible for this corrective action.

Finding 2015-012 resulted in the following recommendation:
"We recommend that the Nevada Department of Transportation enhance procedures to ensure that all required tests are performed as prescribed by the quality assurance program and that records are maintained to document the tests performed."

Nevada Department of Transportation Response:
The Nevada Department of Transportation accepts this finding and has initiated corrective action as noted below.

Corrective Action for Finding 15-012:
New procedures have been implemented to ensure that all required tests have been performed in accordance with the Nevada Department of Transportation's Construction Manual Testing Frequencies for Independent Quality Assurance. In all cases the contracts selected for this audit were constructed and completed prior to the Department implementing new procedures to ensure testing frequencies are met. The Single Audit for year ending June 30, 2013 resulted in similar findings to the above referenced audit finding which resulted in the Department developing, implementing, and enforcing these new procedures. However, the construction contracts selected under this audit were all still under the processes and procedures prior to June 2013, as such they are not reflective of any current processes and procedures. In fact all the contracts reflected on this audit finding have data that was recorded on NDOT Form 040-075 Rev 03-2012 which was replaced by NDOT Form 040-076 Rev 06-2013 and supplemented with the Construction Division Policy and Procedure Memo 01-2015 (Please see attached).

In going forward the Department would like to request that additional coordination efforts be implemented during the selection of projects for audit to help ensure that an accurate sampling of projects under current processes are being utilized for determination of meeting necessary criteria.

Sharon Foerschler, Administrator II and Stephen Lani, Administrator I, are responsible for this corrective action.

Finding 2015-013 resulted in the following recommendation:
"We recommend that the Nevada Department of Transportation obtain the required approval from FHWA for the written procurement procedures."

Nevada Department of Transportation Response:
The Nevada Department of Transportation accepts this finding and has initiated corrective action as noted below.

Corrective Action for Finding 15-13:
FHWA approved NDOT's consultant procurement procedures in 2012.
The Department operated under those procedures until late 2014 when one major change was made, and one section was added. The change was made to combine the consultant prequalification with the submission of Requests for Proposal (RFP) rather than having the prequalification precede the RFP. It is important to note that the change did not violate FHWA requirements. The Department discussed the procedural change regarding prequalification with Andrew Soderborg of FHWA. Andrew indicated the change was acceptable.

A section was added to the manual to detail how DBE requirements were to be evaluated, reviewed, and scored. This section of the manual was approved by Kevin Resler of FHWA on October 16, 2014.

The Department revised the Consultant Procurement Procedures Manual to reflect these changes.

In late 2014 FHWA was heavily involved in the revision of 23 CFR 172 which details consultant procurement requirements. A draft update to the Federal Rule was being circulated for comment, and a change to the regulations was imminent. Knowing this change was coming, the Department did not send the updated manual to FHWA for review, although Andrew Soderborg and Kevin Resler of FHWA were aware of the updates and had indicated their approval.

23 CFR 172 was revised effective May 22, 2015. The rule allows states 12 months to update their written policies and procedures. In June 2015 the Department began coordinating with Andrew Soderborg regarding the changes required as a result of the new Federal Rule. Mr. Soderborg was unavailable for several months during the summer/fall of 2015, and eventually Paul Schneider of FHWA took over Mr. Soderborg duties related to the rule revisions. The Department has been closely coordinating with Mr. Schneider, including participating in multiple workshops, meetings, and ongoing discussions about the required procedural updates. Mr. Schneider has received an initial draft and a revised draft, and has submitted his comments. We anticipate the procedures will be fully revised and approved by FHWA by the May 22, 2016 deadline.

The Department is using the 2012 procedures, the prequalification change approved by Mr. Soderborg, ant the DBE evaluation criteria approved by Mr. Resler, as the basis for consultant procurement. While the current manual has not in its entirety been approved, the procedures have been approved by FHWA.

Jenny Eyerly, Administrative Services Division Chief, is responsible for this corrective action.

Sincerely,

Rodolfo Malfabon, P.E.
Director

Cc:

Tracy Larkin-Thomason	Bill Hoffman
Robert Nellis	Kevin Lee
Reid Kaiser	Thor Dyson
David Olsen	Mary Martini
Norfa Lanuza	Sharon Foerschler
Shannon Ryan	Stephen Lani
Courtney Jaeger	Jenny Eyerly
Lori Hoover	Holli Stocks

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NEVADA DOT

MEMORANDUM

January 14, 2015

TO: District Engineers
Assistant District Engineers (Construction)
Resident Engineers
Assistant Construction Engineers
Quality Assurance Engineer

FROM: for Jeff Shapiro, Chief Construction Engineer

SUBJECT: Construction Division Policy and Procedure No. 01-2015
Construction Contract Materials Acceptance Testing Frequencies

---

This Policy and Procedure is intended to provide guidance for construction materials sampling and testing and applies to all NDOT construction contracts using the 2001 or 2014 Standard Specifications. The following is defined for this policy:

Project Acceptance Sampling and Testing: The required sampling and testing for acceptance of materials commonly used in roadway construction are found in the NDOT Construction Manual. The results of such tests are recorded on various NDOT forms. Project acceptance testing results are used to determine compliance with the contract requirements and become part of the permanent project record. Project acceptance sampling and testing is subject to Independent Assurance (IA) testing and auditing by the Quality Assurance (QA) Section. (Note: IA testing is used to confirm NDOT's quality assurance program is operating within tolerances. Although IA test results also become part of the project file they are not used to determine compliance with the terms of the contract and are not used for acceptance).

Informational Project Tests: Examples of informational project tests are given in Section 5-403 of NDOT's Construction Manual. This includes testing performed as directed by the Resident Engineer to aid in assuring compliance with the contract requirements. Informational project tests are for informational purposes only and are not subject to IA testing by the QA Section. Informational project tests are also not considered as tests required for final project acceptance and should not be listed as a required test on forms such as the Acceptance Testing Summary Sheet (NDOT Form 040-076).

Procedures: All project construction material sampling and testing shall be conducted in accordance with approved NDOT test methods and the contract requirements. Table 5.1 in NDOT's Construction Manual shows the minimum frequencies of project acceptance sampling and testing of materials commonly used in roadway projects under ordinary conditions. The frequencies shown are based on AASHTO guidelines and are general in nature for a typical NDOT transportation project. The frequencies in Table 5.1 are intended to be used as a guide by the Resident Engineer to plan and conduct project acceptance testing that reflects the specific needs of a project and the contract requirements.

Prior to the beginning a project the Resident Engineer will receive the following:

- Materials Sampling and Testing Checklist (By the Materials Division)
- Draft Acceptance Testing Summary Sheet (By the QA Section)

The draft Acceptance Testing Summary Sheet prepared by the QA Section will be based on plan quantities shown in the contract documents and is considered, along with the Materials Sampling and Testing Checklist, informational and general in nature based on the contract requirements and NDOT policies and procedures. Prior to construction, the Resident Engineer should meet with the Materials Division and the QA Section to discuss any questions regarding the minimum required samples and tests for the project acceptance testing program or if there are any items that are not listed in the minimum required samples and tests at which time all should agree on specific testing frequencies (found in the Construction Manual) to be used and to discuss communication protocols as construction proceeds. This is the first step in what should be ongoing communication between the Resident Engineer, Materials Division and QA Section that should continue throughout the life of the construction contract. As situations can change frequently on any construction project; communication between all is critical to ensure the contract requirements are met. Mobile devices, email, SharePoint, etc. should help everyone working on a project to be knowledgeable of what testing is required and when it is required. Good communication is essential between the involved Sections and Divisions. If at the end of construction the minimum frequencies are not met that were set at the beginning of the project, the Resident Engineer shall submit a written explanation for approval to the Construction Engineer explaining the circumstances which caused the shortage of tests.

In general, the sampling and testing frequencies of materials used in the roadbed on a typical construction project should meet the minimum requirements shown in Table 5.1 of the Construction Manual. This includes embankment, base courses, pavements and major concrete structures including foundations for overhead lighting, traffic signals and sign structures. The Resident Engineer is most knowledgeable of and responsible for the successful completion of a construction contract. They are also responsible for the project acceptance testing program. Some smaller, unique, NDOT construction contracts may include small quantities of work normally used on typical roadway projects. In situations where the plan quantity of a specific item of work is less than 10% of the Construction Manual testing frequency and has a contract value less than $50,000 the Resident Engineer, in consultation with the QA Engineer, has discretion to forgo acceptance testing on that item and perform informational testing, if desired.

(**<u>Example</u>**: A small demolition contract to remove a building includes an item for Borrow Embankment of 400 cubic yards and a value of $4,000. A later contract completes the roadway embankment for the roadbed. Table 5.1 of the Construction Manual shows one "R" value test per 50,000 cubic yards and one density test every 5,000 cubic yards. Since 400 cubic yards of Borrow Embankment with a value of $4,000 is considered insignificant to the overall construction program and very low risk in this case, the Resident Engineer has discretion to perform only informational testing if desired.)

Note: if the Resident Engineer elects to perform Acceptance testing on work of a minor and insignificant nature it will be the Resident Engineer's responsibility to inform the QA Section to assure that IA testing is also performed as appropriate.

Finally, District and QA Section Staff are advised to use caution when adding remarks in the Acceptance Testing Summary Sheet in cases where Acceptance or IA testing was not performed on item work. Remarks such as "*Was not notified of work*" or "*Contractor refused to perform test*" as apparent reasons why a sample and test wasn't performed have been interpreted in past Federal Audits as examples of NDOT not following its QA Policy and indicators of communication breakdowns or substandard work. Any communication or staff performance problems should be brought to the District Engineer's and / or Chief Construction Engineer's attention for disposition. Please contact the Chief Construction Engineer at (775)888-7460 if you have any questions.

Approved: ______________________
Deputy Director

1/14/15
Date

STATE OF NEVADA
DEPARTMENT OF TRANSPORTATION
ACCEPTANCE TESTING SUMMARY SHEET
(TO BE CONTINUALLY UPDATED AND SUBMITTED AT THE END OF EACH CONTRACT)

CONTRACT NO. 3576
PROJECT NO. (s) SI-0147(002)

BID ITEM NO.	DESCRIPTION	PLAN QUANTITY	FINAL QUANTITY	UNITS	PROJECT ACCEPTANCE TEST	REQD. MIN. NO. OF TESTS/ SAMPLES	NO. OF TESTS COMPLETED	NO. OF FAILING TESTS	*REMARKS	REQD. MIN. NO. OF TESTS - IA	NO. OF TESTS COMPLETED - IA	NO. OF FAILING AUDITS TESTS - IA	**REMARKS
2070110	Granular Backfill	1,045.00		CUYD	Source	1							
					Density	2							
					Sieve Analysis	2							
					Atterberg Limits	2							
2070130	Backfill	875.00		CUYD	Density	1							
					Sieve Analysis	1							
3020130	Type 1 Class B Aggregate Base	36,530.00		TON	Source								
					Sieve Analysis	19							
					Atterberg Limits	19							
					Fractured Face	19							
					Moisture	19							
					Density	19							
4020180	Plantmix Bituminous Surface (Type 2)(Wet)	18,210.00		TON	Sieve Analysis	10							
					Bitumen Ratio	10							
					Moisture	10							
					Air Voids								
					Stability								
					Lottman								
					Density	11							
	Virgin Aggregates***				Source								
					Atterberg Limits	1							
					Fractured Face	1							
					Absorption	1							
4030120	Plantmix Open-Graded Surfacing (1/2-Inch) (Wet)	3,990.00		TON	Sieve Analysis	4							
					Bitumen Ratio	4							
					Moisture	4							
	Virgin Aggregates***				Source								
					Atterberg Limits	1							
					Fractured Face	1							
					Absorption	1							
402xxxx/ 403xxxx	PG76-22NV	1,030.00		TON	Materials Division	42							
402xxxx/ 403xxxx	Mineral Filler	330.00		TON	Materials Division								
4060110	Liquid Asphalt, Type MC-70NV	40.00		TON	Materials Division	1							
6042475	36-Inch Metal End Section	24.00		EACH	Materials Division								
610xxxx	RipRap (Class 150), RipRap (Class 300), RipRap (Class 550), RipRap Bedding (Class 150), & RipRap Bedding (Class 300)	10,874.13		CUYD	Materials Division								

STATE OF NEVADA
DEPARTMENT OF TRANSPORTATION
ACCEPTANCE TESTING SUMMARY SHEET
(TO BE CONTINUALLY UPDATED AND SUBMITTED AT THE END OF EACH CONTRACT)

CONTRACT NO. 3576
PROJECT NO. (s) SI-0147(002)

BID ITEM NO.	DESCRIPTION	PLAN QUANTITY	FINAL QUANTITY	UNITS	PROJECT ACCEPTANCE TEST	REQD. MIN NO. OF TESTS/ SAMPLES	NO. OF TESTS COMPLETED	NO. OF FAILING TESTS	*REMARKS	REQD. MIN NO. OF TESTS - IA	NO. OF TESTS COMPLETED - IA	NO. OF FAILING AUDITS TESTS - IA	**REMARKS
6270190	Permanent Signs (Ground Mounted) (Metal Supports)	98 92		SQFT	Materials Division								
632xxxx	Waterborne Pavement Striping (Type 2)(White)	9 73		MILE	Paint								
					Beads								
					Retroreflectivity	30							
					Thickness								
632xxxx	Waterborne Pavement Striping (Type 2)(Yellow)	4.79		MILE	Paint								
					Beads								
					Retroreflectivity	15							
					Thickness								

*Remarks are required when the minimum number of tests are not completed and/or explanation of acceptance of non-specification material

**Remarks are required when the minimum number of tests are not completed

*** Minimum number of test will have to be recalculated when the mix design is received

NOTE: ALL ITEMS THAT REQUIRE FIELD SAMPLES AND SAMPLES FROM THE "MATERIALS SAMPLING AND TESTING CHECKLIST" MUST BE INCLUDED. REFER TO THE "MATERIALS SAMPLING AND TESTING CHECKLIST", SPECIAL PROVISIONS, AND ANY OTHER ADDITIONAL ITEMS ADDED TO THE CONTRACT.

Prepared by: ______________________ Date

Resident Engineer: ______________________ Date

Materials Division ______________________ Date

I.A. Tester: ______________________ Date

Reviewed by: ______________________
QA Representative Date

NDOT
040-078
Rev 8/13

Distribution: Materials Division, Headquarters Construction, District, Resident Engineer

STATE OF NEVADA
DEPARTMENT OF TRANSPORTATION
ACCEPTANCE TESTING SUMMARY SHEET
(TO BE CONTINUALLY UPDATED AND SUBMITTED AT THE END OF EACH CONTRACT)

CONTRACT NO. ____________________

PROJECT NO. (s) ____________________

BID ITEM NO.	DESCRIPTION	PLAN QUANTITY	FINAL QUANTITY	UNITS	PROJECT ACCEPTANCE TEST	REQD. MIN. NO. OF TESTS/ SAMPLES	NO. OF TESTS COMPLETED	NO. OF FAILING TESTS	*REMARKS	REQD. MIN. NO. OF TESTS - IA	NO. OF TESTS COMPLETED - IA	NO. OF FAILING AUDITS TESTS - IA	**REMARKS
6042495	42-Inch Metal End Section			EACH	Materials Division								
610xxxx	Riprap (Class 150), Riprap (Class 300), Riprap Class (400), Riprap Class (550), Riprap Bedding (Class 150), Riprap Bedding (Class 300), Riprap Bedding (Class 400), & Riprap Class Bedding (Class 550)			CUYD	Materials Division								
616xxxx	Type C-NV-4B Fence & Tortoise Fence			LINFT	Materials Division								
627xxxx	Permanent Signs (Ground Mounted) (Metal Supports) & Permanent Signs (Ground Mounted) (Timber Supports)			SQFT	Materials Division								
632xxxx	Waterborne Pavement Striping (White)			MILE	Paint								
					Beads								
					Retroreflectivity								
					Thickness								
632xxxx	Waterborne Pavement Striping (Yellow)			MILE	Paint								
					Beads								
					Retroreflectivity								
					Thickness								
6340580	Permanent Pavement Marking Film (Type 2) (24-Inch Solid White)			LINFT	Adhesion								

*Remarks are required when the minimum number of tests are not completed and/or explanation of acceptance of non-specification material.

**Remarks are required when the minimum number of tests are not completed.

*** Minimum number of test will have to be recalculated when the mix design is received.

NOTE: ALL ITEMS THAT REQUIRE FIELD SAMPLES AND SAMPLES FROM THE "MATERIALS SAMPLING AND TESTING CHECKLIST" MUST BE INCLUDED. REFER TO THE "MATERIALS SAMPLING AND TESTING CHECKLIST", SPECIAL PROVISIONS, AND ANY OTHER ADDITIONAL ITEMS ADDED TO THE CONTRACT.

Prepared by: ____________________ Date

Resident Engineer: ____________________ Date

Materials Division: ____________________ Date

I.A. Tester: ____________________ Date

Reviewed by: ____________________
QA Representative Date

NDOT
040-076
Rev 8/13

Distribution: Materials Division, Headquarters Construction, District, Resident Engineer

STATE OF NEVADA
DEPARTMENT OF TRANSPORTATION
ACCEPTANCE TESTING SUMMARY SHEET
(TO BE CONTINUALLY UPDATED AND SUBMITTED AT THE END OF EACH CONTRACT)

CONTRACT NO. ____________________

PROJECT NO. (s) ____________________

BID ITEM NO.	DESCRIPTION	PLAN QUANTITY	FINAL QUANTITY	UNITS	PROJECT ACCEPTANCE TEST	REQD. MIN. NO. OF TESTS/ SAMPLES	NO. OF TESTS COMPLETED	NO. OF FAILING TESTS	*REMARKS	REQD. MIN. NO. OF TESTS - IA	NO. OF TESTS COMPLETED - IA	NO. OF FAILING AUDITS TESTS - IA	**REMARKS
2030230	Borrow Embankment			CUYD	Source								
					Density								
2070110	Granular Backfill			CUYD	Source								
					Density								
					Sieve Analysis								
					Atterberg Limits								
3020130	Type 1 Class B Aggregate Base			TON	Source								
					Sieve Analysis								
					Atterberg Limits								
					Fractured Face								
					Moisture								
					Density								
4020190	Plantmix Surfacing (Type 2C)(Wet)			TON	Sieve Analysis								
					Bit. Ratio								
					Moisture Content								
					Percent Air Voids								
					Stability								
					Lottmans								
					Density								
	Virgin Aggregate***				Source								
					Atterberg Limits								
					Fractured Face								
					Absorption of Coarse Aggregate								
4020200	Plantmix Surfacing (Type 3)(Wet)			TON	Sieve Analysis								
					Bit. Ratio								
					Moisture Content								
					Percent Air Voids								
					Stability								
					Lottmans								
					Density								

STATE OF NEVADA
DEPARTMENT OF TRANSPORTATION
ACCEPTANCE TESTING SUMMARY SHEET
(TO BE CONTINUALLY UPDATED AND SUBMITTED AT THE END OF EACH CONTRACT)

CONTRACT NO. ____________________

PROJECT NO. (s) ____________________

BID ITEM NO.	DESCRIPTION	PLAN QUANTITY	FINAL QUANTITY	UNITS	PROJECT ACCEPTANCE TEST	REQD. MIN. NO. OF TESTS/ SAMPLES	NO. OF TESTS COMPLETED	NO. OF FAILING TESTS	*REMARKS	REQD. MIN. NO. OF TESTS - IA	NO. OF TESTS COMPLETED - IA	NO. OF FAILING AUDITS TESTS - IA	**REMARKS
	Virgin Aggregate***				Source								
					Atterberg Limits								
					Fractured Face								
					Absorption of Coarse Aggregate								
4030120	Plantmix Open-Graded Surfacing (1/2-Inch) (Wet)			TON	Sieve Analysis								
					Bit. Ratio								
					Moisture Content								
	Virgin Aggregate***				Source								
					Atterberg Limits								
					Fractured Face								
					Absorption of Coarse Aggregate								
402xxxx/ 403xxxx	PG76-22NV			TON	Materials Division								
402xxxx/ 403xxxx	Mineral Filler			TON	Materials Division								
4060110	Liquid Asphalt, Type MC-70NV			TON	Materials Division								
4060210	Sand Blotter			TON	Sieve Analysis								
4070190	Emulsified Asphalt, Type SS-1H (Diluted)			TON	Materials Division								
5020720	Class A Concrete (Minor)			CUYD	Source								
					Sieve Analysis								
					Sand Equivalent								
					Cleanness Value								
					Compressive Strength								
					Air Content								
					Slump								
					Unit Weight								
502xxxx	Cement				Materials Division								
502xxxx	Pozzolan				Materials Division								
5050100	Reinforcing Steel			POUND	Materials Division								
6040390	24-Inch Corr. Metal Pipe (16 Gage)			LINFT	Materials Division								
6040545	36-Inch Corr. Metal Pipe (16 Gage)			LINFT	Materials Division								
6040625	42-Inch Corr. Metal Pipe (16 Gage)			LINFT	Materials Division								
6042440	24-Inch Metal End Section			EACH	Materials Division								
6042475	36-Inch Metal End Section			EACH	Materials Division								

2015-014: U.S. Department of Education
Title I Grants to Local Educational Agencies, CFDA 84.010
Subrecipient Monitoring
Significant Deficiency in Internal Control over Compliance

Criteria: *OMB Circular A-133* states that a pass-through entity is responsible for monitoring the subrecipient's use of Federal awards through reporting, site visits, regular contact, or other means to provide reasonable assurance that the subrecipient administers Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved.

Condition and Context: During our testing, we examined a sample of four subrecipients out of a population of 17. For one of the four subrecipients selected for examination, we noted that the Nevada Department of Education did not monitor its use of Federal awards through reporting, site visits, or other means to obtain reasonable assurance that they were in compliance with laws, regulations, and the provisions of contracts or grant agreements.

Questioned Costs: None.

Effect: Noncompliance at the subrecipient level may occur and not be detected by the Nevada Department of Education.

Cause: The Nevada Department of Education did not have adequate controls in place to ensure that monitoring was performed for all of its subrecipients.

Recommendation: We recommend that the Nevada Department of Education implement controls to ensure monitoring is performed for all its subrecipients.

Management's Response: See management's response on pages 173 and 174.

2015-015: 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
Matching, Level of Effort, Earmarking
Material Weakness in Internal Control over Compliance and Material Noncompliance

Criteria: *OMB Circular A-133* provides that earmarking includes requirements that specify the minimum and/or maximum amount or percentage of the program's funding that must/may be used for specified activities.

Condition and Context: We planned to test that the Nevada Department of Education monitored earmarking requirements. We found that the Nevada Department of Education is aware of earmarking requirements, as amounts had been allocated based on earmarking requirements. However, the Nevada Department of Education could not provide support that the earmarking requirements were met. Therefore we were unable to determine that the Nevada Department of Education was in compliance with the earmarking requirement.

Questioned Costs: None.

Effect: The Nevada Department of Education may not have spent earmarked amounts in conformance with earmarking requirements.

Cause: The Nevada Department of Education did not have controls in place to monitor expenditures to ensure compliance with earmarking requirements.

Recommendation: We recommend that the Nevada Department of Education implement controls to monitor expenditures and maintain adequate documentation to support that earmarking requirements were met.

Management's Response: See management's response on page 174.

2015-016: 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
Allowable Costs/Cost Principles
Material Weakness in Internal Control over Compliance and Material Noncompliance

Criteria: *OMB Circular A-87* provides that amounts charged to Federal programs must be for allowable costs. To be allowable under Federal awards, costs must be necessary and reasonable for the performance and administration of the Federal award, and be adequately documented.

Condition and Context: As part of our testing over Allowable Costs/Cost Principles, we tested a sample of 40 payments to subrecipients for each program for compliance with the criteria contained in the "Basic Guidelines" section of OMB Circular A-87.

During testing, we noted that the Nevada Department of Education did not review or obtain supporting documentation prior to making payments to subrecipients. As such, we were unable to determine whether the amounts paid to subrecipients were for allowable costs.

Questioned Costs: Undeterminable.

Effect: The Nevada Department of Education could be making payments to subrecipients for unallowable costs.

Cause: The Nevada Department of Education did not have controls in place to ensure payments to subrecipients were for allowable costs.

Recommendation: We recommend that the Nevada Department of Education implement controls to obtain and review adequate documentation to ensure that expenditures are for allowable costs prior to making payments to subrecipients.

Management's Response: See management's response on pages 174 and 175.

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

Criteria: *OMB Circular A-133* requires that non-Federal entities receiving Federal awards establish and maintain internal control designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements.

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.

Condition and Context: We planned to test a sample of cash draws to ensure Federal funds were requested in compliance with the appropriate funding technique and clearance pattern per the Treasury-State Agreement. For all cash draws selected for testing, the Nevada Department of Education was unable to provide adequate support to identify the program costs for which the cash draws were being prepared. Therefore, we were unable to determine that funds were drawn in conformance with the specified funding technique and clearance pattern as outline in the Treasury-State Agreement.

Questioned Costs: None.

Effect: The Nevada Department of Education may have not drawn funds in accordance with the Treasury-State Agreement.

Cause: The Nevada Department of Education did not have controls in place to maintain documentation to support that funds were drawn in conformance with the Treasury-State Agreement.

Recommendation: We recommend that the Nevada Department of Education implement controls to maintain documentation to support that funds were drawn in conformance with the Treasury-State Agreement.

Management's Response: See management's response on page 175.

2015-018: U.S. Department of Education
Special Education Cluster:
Special Education-Grants to States, CFDA 84.027
Special Education-Preschool Grants, CFDA 84.173
Other
Significant Deficiency in Internal Control over Compliance

Criteria: *OMB Circular A-133* requires the State to prepare a Schedule of Expenditures of Federal Awards (SEFA) showing total Federal expenditures for the year and to maintain internal control over Federal programs that provides reasonable assurance that the State is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements.

Condition and Context: During our testing and reconciliation of the amounts on the SEFA to the State's accounting system, we identified amounts included on the SEFA that were not supported by the State's accounting system.

Questioned Costs: None.

Effect: Amounts reported on the SEFA may not be accurate.

Cause: The Nevada Department of Education did not have adequate controls in place to ensure that amounts reported on the SEFA were accurate.

Recommendation: We recommend that the Nevada Department of Education enhance controls to ensure amounts reported on the SEFA are accurate.

Management's Response: See management's response on page 175.

2015-019: U.S. Department of Education
Special Education Cluster:
Special Education-Grants to States, CFDA 84.027
Special Education-Preschool Grants, CFDA 84.173
Subrecipient Monitoring
Material Weakness in Internal Control over Compliance

Criteria: *OMB Circular A-133* provides that a pass-through entity is responsible for monitoring the subrecipient's use of Federal awards through reporting, site visits, regular contact, or other means to provide reasonable assurance that the subrecipient administers Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved.

Condition and Context: During our testing, we examined a sample of five subrecipients out of a population of 20. For three of the five subrecipients selected for examination, we noted that the Nevada Department of Education did not monitor its subrecipients' use of Federal awards through reporting, site visits, or other means to obtain reasonable assurance that the subrecipients were in compliance with laws, regulations, and the provisions of contracts or grant agreements.

Questioned Costs: None.

Effect: Noncompliance at the subrecipient level may occur and not be detected by the Nevada Department of Education.

Cause: The Nevada Department of Education did not have adequate controls in place to ensure that monitoring was performed for all of its subrecipients.

Recommendation: We recommend that the Nevada Department of Education enhance controls to ensure monitoring is performed for all its subrecipients.

Management's Response: See management's response on page 176.

BRIAN SANDOVAL
Governor

STEVE CANAVERO, Ph.D.
Superintendent of Public Instruction

STATE OF NEVADA

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http://www.doe.nv.gov

February 29, 2016

Monique M. Chism Ph.D., Director
Student Achievement and School Accountability Programs
U.S. Department of Education
400 Maryland Avenue, SW
LBJ Building, Rm 3W106
Washington, DC 20202

Genee Norbert
Office of Special Education Programs
U.S. Department of Education
Potomac Center Plaza
550 12th Street, SW
Washington, DC 20012

Dear Dr. Chism and Ms. Norbert:

This letter is in response to the annual Single Audit performed by Eide Bailly LLP, CPA's for Federal Programs administered by the State of Nevada, Department of Education (NDE) for the fiscal year ended June 30, 2015. The audit findings pertain to the Federal Title I-A and Special Education programs listed below:

Title I Grants to Local Education Agencies, CFDA 84.010
Special Education – Grants to States – CFDA 84.027
Special Education – Preschool Grants – CFDA 84.173

Eide Bailly, LLP audit findings 2015-014 through 2015-019 concern these Federal programs. This letter serves as our response to the findings and recommendations:

Finding 2015-014 resulted in the following recommendation
We recommend that the Nevada Department of Education implement controls to ensure monitoring is performed for all its Title I sub-recipients.

NDE Response

The NDE has reviewed and accepts this finding. The auditor examined a sample of four sub-recipients. For one of the four sub-recipients selected for examination, the auditor noted that the Nevada Department of Education did not monitor its use of Federal awards through reporting, site visits, or other means to obtain reasonable assurance that they were in compliance with laws, regulations, and the provisions of contracts or grant agreements.

Corrective Action

The NDE Office of Student and School Supports will implement eNote Tracker, a web-based tool designed to streamline fiscal and program monitoring for State and Federal programs. The online system presents the user with the appropriate group of monitored items, and allows the sub-recipient to respond to those items by uploading evidentiary documents and/or responses. This requirement will be implemented immediately. Contact: Gayle Magee, Director - Title I

Finding 2015-015 resulted in the following recommendation

We recommend that the Nevada Department of Education implement controls to monitor expenditures and maintain adequate documentation to support that earmarking requirements were met.

NDE Response

The NDE has reviewed and accepts this finding. Although the NDE was able to show that the funding had been allocated based on the earmarking requirements, it was unable to show that the earmarking requirements had been monitored for compliance.

Corrective Action

The NDE has already established an object code that will allow earmarking and tracking of expenditures for the programs. This will allow set asides to be earmarked and request for funds to adequately be monitored and tracked through the Grants Management Unit. This required earmarking will be implemented immediately. Contact: Adrienne Monroe, ASO III – District Support

Finding 2015-016 resulted in the following recommendation

We recommend that the Nevada Department of Education implement controls to obtain and review adequate documentation prior to sub-recipient payments to ensure that expenditures are for allowable costs.

NDE Response

The NDE has reviewed and accepts this finding. The auditor examined 40 payments to the sub-recipients for compliance with the criteria contained in the "Basic Guidelines" section of OMB Circular A-87. During the testing they noted that NDE did not review or obtain sub-recipients' expenditure support prior to reimbursement. As such, they were unable to determine whether the NDE reimbursed its sub-recipients for allowable costs.

Corrective Action
The Grants Management Unit will require all source documentation, such as invoices and receipts, to be submitted with all requests for funds. This will ensure that all reimbursements have the required documentation to support allowable costs and payment. This requirement will be implemented immediately. Contact: Adrienne Monroe, ASO III – District Support

Finding 2015-017 resulted in the following recommendation
We recommend that the Nevada Department of Education implement controls to maintain documentation to support that funds were drawn in conformance with the Treasury-State Agreement.

NDE Response
The Nevada Department of Education has reviewed and accepts this finding. The auditor tested a sample of cash draws to ensure Federal funds were requested in compliance with the appropriate funding technique and clearance pattern per the Treasury-State Agreement. For all cash draws selected for testing, the NDE was unable to provide adequate support to identify the program costs for which the cash draws were being prepared. Therefore, the auditor was unable to determine that funds were drawn in conformance with the specified funding technique and clearance pattern as outlined in the Treasury-State Agreement.

Corrective Action
The NDE Office of Department Support has already in place a spreadsheet that will allow tracking of all cash draws. Each draw is scanned with proper worksheets and backup used for reconciliations. As an additional precaution, the NDE is implementing additional data backups so information can be found in multiple locations. Contact: Andrea McCalla, ASO III – Department Support

Finding 2015-018 resulted in the following recommendation
We recommend that the Nevada Department of Education enhance controls to ensure amounts reported on the SEFA are accurate.

NDE Response
The NDE has reviewed and accepts this finding. The auditor identified amounts included on the Schedule of Expenditures of Federal Awards (SEFA) that were not supported by the State's accounting system. The auditor examined the SEFA showing total Federal expenditures for the year, along with the Data Warehouse of Nevada (DAWN) information, as well as the paper Single Audit Reconciliation Forms (SARFs). Through the review, the auditor found that the SEFA did not match the NDE documents.

Corrective Action
The NDE Office of Department Support will implement a process to ensure corrections to DAWN are made prior to the SARFs being submitted. This process will include the document preparer and the supervisor. After all corrections have been submitted and cleared, a double-check will occur to make sure amounts match. Contact: Andrea McCalla, ASO III – Department Support

Finding 2015-019 resulted in the following recommendation
We recommend that the Nevada Department of Education implement controls to ensure monitoring is performed for all its Special Education sub-recipients.

NDE Response
The Nevada Department of Education has reviewed and accepts this finding. The auditor examined a sample of five sub-recipients. For three of the five sub-recipients selected for examination, the auditor noted that the NDE did not monitor its use of Federal awards through reporting, site visits, or other means to obtain reasonable assurance that they were in compliance with laws, regulations, and the provisions of contracts or grant agreements.

Corrective Action
The NDE Office of Student and School Supports will implement eNote Tracker, a web-based tool designed to streamline fiscal and program monitoring for State and Federal programs. The online system presents the user with the appropriate group of monitored items, and allows the sub-recipient to respond to those items by uploading evidentiary documents and/or responses. This requirement will be implemented immediately. Contact: Marva Cleven, Director – Special Education

Closing Information

The Nevada Department of Education appreciates the time your agency has spent in conducting this audit and for providing us feedback to improve our internal procedures. Your audits are a valuable asset to improving our Department.

If additional information is required, please contact Mindy Martini, Deputy Superintendent – Business and Support Services at 775-687-9175 or by email at mmartini@doe.nv.gov.

Sincerely,

Steve Canavero, Superintendent of Public Instruction

cc: Mindy Martini, Deputy Superintendent, Business and Support Services
Mark Gabrylczyk, Director, Student and School Supports
Gayle Magee, Director - Title I
Marva Cleven, Director, Office of Special Education
Kim Boles, Office of Special Education
Adrienne Monroe, Administrative Services Officer III – District Support
Wendi Wyatt, Grants Management Unit Supervisor
Andrea McCalla, Administrative Services Officer III – Department Support
Kathleen Burton, Budget Analyst II

2015-020: U.S. Department of Health and Human Services
State Planning and Establishment Grants for the Affordable Care Act (ACA)'s Exchanges, CFDA 93.525
Eligibility
Significant Deficiency in Internal Control over Compliance

Criteria: The *OMB Circular A-133 Compliance Supplement* for State Planning and Establishment Grants for the Affordable Care Act (ACA)'s Exchanges states that eligible entities include an entity (a) incorporated under, and subject to the laws of, one or more States; (b) that has demonstrated experience on a State or regional basis in the individual and small group health insurance markets and in benefits coverage; and (c) that is not a health insurance issuer or that is treated under the Internal Revenue Code of 1986, as amended, (26 USC 52(a) or (b)) as a member of the same controlled group of corporations (or under common control with) as a health insurance issuer (42 USC 18031(f)(3); 45 CFR section 155.110(a)(1)).

Condition and Context: During our audit testing over subrecipient eligibility, we examined a sample of two subrecipients out of a population of three and noted Nevada's Silver State Health Insurance Exchange was unable to provide support that it ensured the eligibility criteria was met prior to issuing a subgrant for one of the subrecipients. However, the subrecipient did appear to, ultimately, meet the criteria.

Questioned Costs: None.

Effect: Funds may be subgranted to ineligible subrecipients.

Cause: The Silver State Health Insurance Exchange did not have procedures in place to determine subrecipient eligibility prior to issuing a subgrant.

Recommendation: We recommend the Silver State Health Insurance Exchange implement procedures to determine subrecipient eligibility prior to issuing a subgrant.

Management's Response: See management's response on page 181.

2015-021: U.S. Department of Health and Human Services
State Planning and Establishment Grants for the Affordable Care ACT (ACA)'s Exchanges, CFDA 93.525
Procurement and Suspension and Debarment
Material Weakness in Internal Control over Compliance

Criteria:	The *OMB Circular A-133 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. All non-procurement transactions entered into by a recipient (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. 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.
Condition and Context:	During our audit testing, we tested a sample of two subawards out of a population of three for the suspension and debarment verification procedures. We noted there was no support available to indicate the Silver State Health Insurance Exchange had ensured the two subrecipients were not suspended or debarred prior to entering into the covered transaction.
Questioned Costs:	None.
Effect:	Payments may be made to subrecipients who were suspended or debarred.
Cause:	The Silver State Health Insurance Exchange did not have controls in place to ensure subrecipients were not suspended or debarred prior to entering into a covered transaction.
Recommendation:	We recommend the Silver State Health Insurance Exchange implement controls to ensure subrecipients are not suspended or debarred prior to entering into a covered transaction.
Management's Response:	See management's response on pages 181 and 182.

2015-022: U.S. Department of Health and Human Services
State Planning and Establishment Grants for the Affordable Care ACT (ACA)'s Exchanges, CFDA 93.525
Reporting
Significant Deficiency in Internal Control over Compliance

Criteria: *OMB Circular A-133* requires that non-Federal entities receiving Federal awards establish and maintain internal control designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements.

Condition and Context: During our audit testing of Federal Financial Reports (SF-425), we noted that the SF-425s were prepared and submitted without being reviewed by an individual independent of the preparation process. The review process is a key aspect of maintaining effective internal controls.

Questioned Costs: None.

Effect: Inaccurate information may be reported to the federal agency.

Cause: The Silver State Health Insurance Exchange did not have controls in place to provide for the review of Federal Financial Reports by an individual independent of the preparation.

Recommendation: We recommend the Silver State Health Insurance Exchange implement controls to provide for the review of Federal Financial Reports by an individual independent of the preparation.

Management's Response: See management's response on page 182.

2015-023: U.S. Department of Health and Human Services
State Planning and Establishment Grants for the Affordable Care ACT (ACA)'s Exchanges, CFDA 93.525
Subrecipient Monitoring
Material Weakness in Internal Control over Compliance

Criteria: A. *OMB Circular A-133* states that a pass-through entity, at the time of the subaward, is responsible for providing to the subrecipient the Federal award information and applicable compliance requirements.

B. As noted in *OMB Circular A-133*, a pass-through entity is responsible for ensuring required audits are completed within nine months of the end of the subrecipient's audit period, a management decision is issued on each audit finding within six months after receipt of the subrecipient's audit report, and ensuring that the subrecipient takes timely and appropriate corrective action on all audit findings.

Condition and Context: A. As part of our audit procedures, we examined a sample of two subrecipients out of a population of three. We noted the subawards did not include the CFDA title, award name and number, and name of the awarding agency.

B. As part of our audit procedures, we examined a sample of two subrecipients out of a population of three. The Silver State Health Insurance Exchange did not review the subrecipient audit reports, or issue management decisions, if applicable, for any of the subrecipients tested.

Questioned Costs: None.

Effect: Noncompliance at the subrecipient level may occur and not be detected by the Silver State Health Insurance Exchange.

Cause: The Silver State Health Insurance Exchange did not have procedures in place to review subawards for required data elements, monitor audit reports, and issue timely management decisions, when required, to ensure appropriate corrective action is taken.

Recommendation: We recommend the Silver State Health Insurance Exchange implement procedures to review subawards for required data elements, monitor audit reports, and issue timely management decisions, when required, to ensure appropriate corrective action is taken.

Management's Response: See management's response on page 182.

Brian Sandoval
Governor

Florence Jameson, MD
Chairwoman

Bruce Gilbert
Executive Director

Silver State Health Insurance Exchange

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https://www.nevadahealthlink.com/sshix/

February 23, 2016

Ms. Gina Hambrick, State Officer
US Department of Health and Human Services
Centers for Medicare and Medicaid Services (CMS)
Center for Consumer Information and Insurance Oversight (CCIIO)
200 Independence Avenue, SW, Room 739H
Washington, DC 20201

Dear Ms. Hambrick,

This letter is in response to the annual Single Audit performed by Eide Bailly LLP, CPAs for the Federal Programs administered by the State of Nevada, Silver State Health Insurance Exchange (Exchange) for the fiscal year ended June 30, 2015. The audit findings pertain to the State Planning and Establishment Grants for the Affordable Care ACT (ACA)'s Exchanges **CFDA 93.525**. This letter services as the Exchange's response to the findings and recommendations provided by Eide Bailly LLP.

Finding 2015-020 resulted in the following recommendation:

We recommend the Silver State Health Insurance Exchange implement procedures to determine subrecipient eligibility prior to issuing a subgrant.

Exchange Response:

The Exchange has reviewed and accepts this finding. The auditors tested subrecipient eligibility and noted that the Exchange was unable to provide support that it ensured the eligibility criteria was met prior to issuing a subgrant for one of three subrecipients, however, the subrecipient did appear to ultimately meet the criteria.

Corrective Action:

The Exchange's Account Manager, Athena Cox, with oversight from Financial Officer, Aaron Frantz, will develop a checklist which will be used to ensure that eligibility criteria is met for any subrecipient prior to issuing subgrant funds. The anticipated completion date is April of 2016.

Finding 2015-021 resulted in the following recommendation:

We recommend the Silver State Health Insurance Exchange implement controls to ensure subrecipients are not suspended or debarred prior to entering into a covered transaction.

Exchange Response:

The Exchange has reviewed and accepts this finding. The auditors tested a sample of two subawards out of a population of three for the suspension and debarment verification procedures. The auditors noted that the there was no supporting documents available to indicate the Exchange had ensured the two subrecipients were not suspended or debarred prior to entering into the covered transaction.

Corrective Action:

The Exchange's Account Manager, Athena Cox, has ensured that the language in the subaward applications includes an attestation required of a subrecipient that ensures that the entity has not been suspended or disbarred.

Finding 2015-022 resulted in the following recommendation:

We recommend the Silver State Health Insurance Exchange implement controls to provide for the review of Federal Financial Reports by an individual independent of the preparation.

Exchange Response:

The Exchange has reviewed and accepts this finding. The auditors noted that the SF-425 reports were prepared and submitted without being reviewed by an individual independent of the preparation process. The auditors noted that the review process is a key aspect of maintaining effective internal controls.

Corrective Action:

The Exchanges Financial Officer, Aaron Frantz, will develop an internal control policy that will ensure that Federal Financial Reports are reviewed by an individual on staff independent of the preparation process. The anticipated completion date for this policy is June of 2016.

Finding 2015-023 resulted in the following recommendation:

We recommend the Silver State Health Insurance Exchange implement procedures to review subawards for required data elements, monitor audit reports, and issue timely management decisions, when required, to ensure appropriate corrective action is taken.

Exchange Response:

The Exchange has reviewed and accepts this finding. The auditors examined a sample of two subrecipients out of a population of three. The auditors noted that subawards did not include the CFDA, title, award name and numbers, and the name of the awarding agency. The auditors examined two of the subrecipients out of a population of three. The Exchange did not review the subrecipient audit reports, or issue management decisions, if applicable for any of the subrecipients tested.

Corrective action:

The Exchange's Financial Officer, Aaron Frantz, will develop procedures to ensure that the subaward information includes the CFDA, title, award name and numbers, and the name of the awarding agency. He will also develop procedures that require the Exchange to review the subrecipients audit reports and issue management decisions as appropriate. The anticipated completion date for this policy is June of 2016.

The Silver State Health Insurance Exchange appreciates the time your agency has spent conducting this audit. We will use your findings to improve the quality and controls in our agency.

If additional information is required please contact Heather Korbulic, Chief Operations Officer, at 775-687-9938 or by email at hkorbulic@exchange.nv.gov.

Sincerely,

Bruce Gilbert, Executive Director

cc: Daniel Rushin, CPA, Eide Bailly LLP
Shannon Ryan, Deputy Legislative Auditor, Legislative Counsel Bureau, Audit Division

2015-024: U.S. Department of Health and Human Services
Child Care and Development Fund Cluster:
Child Care and Development Block Grant, CFDA 93.575
Child Care Mandatory and Matching Funds of the Child Care and Development Fund, CFDA 93.596
Subrecipient Monitoring
Material Weakness in Internal Control over Compliance

Criteria As noted in *OMB Circular A-133*, a pass-through entity is responsible for communicating certain Federal award information to each subrecipient, including the Catalog of Federal Domestic Assistance (CFDA) title and number, award name and number, and name of the Federal awarding agency, as well as ensuring an audit is completed within nine months of the end of a subrecipient's audit period, when required; issuing a management decision on audit findings within six months after receipt of a subrecipient's audit report; and ensuring that the subrecipients take timely and appropriate corrective action on all audit findings. Further, the pass-through entity is responsible for obtaining the DUNS number for each subgrantee.

Condition and Context: As part of our audit procedures, we determined that the Nevada Division of Welfare and Supportive Services had awarded funds to two subrecipients. However, it was noted that subrecipient monitoring procedures had not been performed.

Questioned Costs: None.

Effect: Subrecipients may be unaware of specific Federal award requirements, which could result in noncompliance at the subrecipient level that is not detected by the Nevada Division of Welfare and Supportive Services.

Cause: The Nevada Division of Welfare and Supportive Services had determined that the two entities were vendors, and therefore did not perform subrecipient monitoring procedures.

Recommendation: We recommend the Nevada Division of Welfare and Supportive Services reconsider the determination of these two entities as vendors and classify them as subrecipients for the 2016 fiscal year.

Management's Response: See management's responses on pages 185 and 186.

STATE OF NEVADA
DEPARTMENT OF HEALTH & HUMAN SERVICES
DIVISION OF WELFARE & SUPPORTIVE SERVICES
1470 College Parkway
Carson City, NV 89706
(775) 684-0500

BRIAN SANDOVAL
Governor

RICHARD WHITLEY
Director

STEVE H. FISHER
Administrator

March 7, 2016

Mr. Robert E. Garcia, RA
Administration for Children & Families, Region IX
90 7th St., 9th Floor
San Francisco, California 94103

Dear Mr. Garcia,

Eide Bailly, LLP., CPAs performed an annual Single Audit of several grant programs administered by the Nevada State Division of Welfare and Supportive Services (DWSS) for the fiscal year ended June 30, 2015. Included in the audit were the Child Care and Development Block Grant, CFDA 93.575 and Child Care Mandatory and Matching Funds of the Child Care and Development Fund, CFDA 93.596. Eide Bailly's finding 2015-024 concerns these programs.

Finding 2015-024:
Eide Bailly determined that the Nevada Division of Welfare and Supportive Services had awarded funds to two sub recipients. However, it was noted that sub recipient monitoring had not been performed. Sub recipients may be unaware of specific federal award requirements, which could result in noncompliance at the sub recipient level that is not detected by the division. DWSS had determined that the two entities were vendors, and therefore did not perform sub recipient monitoring procedures.

Recommendation:
We recommend the Nevada Division of Welfare and Supportive Services reconsider the determination of these two entities as vendors and classify them as sub recipients for the 2016 fiscal year.

DWSS Response:
The Division of Welfare and Supportive Services (DWSS) has reviewed and accepts this finding. DWSS realizes this finding is because of timing. DWSS took appropriate corrective action after last year's audit conducted during 2015 and converted the two entities in question to sub grantees effective July 1, 2015, the beginning of the next state fiscal year (SFY16). Appropriate steps were taken to ensure all parties are aware of the required monitoring and audit requirements.

Corrective Action:
The new contract documents became effective July 1, 2015 identifying the two entities as sub grantees and included requirements associated with the federal grant. No further corrective action is required at this time regarding the reclassification and sub award contracts of either entity. Child Care staff is responsible for monitoring both sub grantees for ongoing compliance with federal requirements.

"Working for the Welfare of ALL Nevadans"

All future compliance actions for sub award contracts will be under the supervision of Ms. Tami Dufresne, Chief, Budget & Statistics and for monitoring compliance, Mr. Jack Zenteno, Chief, Child Care.

If you have any questions, please contact Jeanne Gregg, Auditor III, at 775-684-0564.

Sincerely,

Steve H. Fisher
Administrator

Cc: Richard Whitley, Director, Department of Health and Human Services
Ellen Crecelius, DHHS Deputy Director, Fiscal Services
Shannon Ryan, Deputy Legislative Auditor, Legislative Counsel Bureau
Lori Hoover, CPA, Financial Manager, Department of administration, Division of Internal Audits
Sue Smith, Deputy Administrator, Administrative Services
Nova Murray, Deputy Administrator, Program Support Services
Tami Dufresne, Chief, Budget
Jack Zenteno, Chief, Child Care
Jeanne Gregg, Auditor III, PRE

2015-025: U.S. Department of Health and Human Services
Medicaid Cluster:
State Medicaid Fraud Control Units, CFDA 93.775
State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare, CFDA 93.777
Medical Assistance Program (Medicaid; Title XIX), CFDA 93.778
Eligibility
Material Weakness in Internal Control over Compliance

Criteria: The *OMB Circular A-133 Compliance Supplement* provides that the State agency is required to determine eligibility in accordance with the eligibility requirements defined in the approved State plan.

Condition and Context: As part of our audit procedures, we selected a sample of Medicaid recipients who had been determined to be eligible by the State based on factors other than their Modified Adjusted Gross Income, i.e. non-MAGI determinations, and reviewed their eligibility status. Of the 60 non-MAGI determination case files reviewed, we noted three instances where, due to data entry errors in the NOMADS system, the recipients had been categorized in the system with the incorrect eligibility category.

Questioned Costs: Undetermined.

Effect: Medicaid recipients may have received benefits for which they were not eligible.

Cause: The Nevada Division of Welfare and Supportive Services did not have adequate controls in place to ensure that non-MAGI determinations were reviewed to ensure all data was entered correctly into the NOMADS system.

Recommendation: We recommend the Nevada Division of Welfare and Supportive Services enhance controls to ensure that non-MAGI determinations are reviewed to ensure all pertinent eligibility data entered into the NOMADS system is correct.

Management's Response: See management's response on pages 188 and 189.

STATE OF NEVADA
DEPARTMENT OF HEALTH & HUMAN SERVICES
DIVISION OF WELFARE & SUPPORTIVE SERVICES
1470 College Parkway
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(775) 684-0500

BRIAN SANDOVAL
Governor

RICHARD WHITLEY
Director

STEVE H. FISHER
Administrator

March 7, 2016

Ms. Henrietta Sam-Louie, Financial Branch Manager
Division of Medicaid and Children's Health Operations
Centers for Medicare and Medicaid Services-Region IX
90 7th St., Suite 5-300(5W)
San Francisco, California 94103-6707

Dear Ms. Sam-Louie,

Eide Bailly, LLP., CPAs performed an annual Single Audit of several grant programs administered by the Nevada State Division of Welfare and Supportive Services (DWSS) for the fiscal year ended June 30, 2015. Included in the audit were the State Medicaid Fraud Control Units, CFDA 93.775, State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare, CFDA 93.777 and Medical Assistance Program (Medicaid, Title XIX), CFDA 93.778. Eide Bailly's finding 2015-025 concerns these programs.

Finding 2015-025:
Eide Bailly selected a sample of Medicaid recipients determined to be eligible by the State based on factors other than their Modified Gross Adjusted Income (MAGI) and reviewed their eligibility status. Of the sixty non-MAGI case files reviewed, three instances were noted where due to data entry errors in the NOMADS system, the recipients had been categorized in the system with the incorrect eligibility category. The Division of Welfare and Supportive Services did not have adequate controls in place to ensure that non-Magi determinations were reviewed to ensure all data was entered correctly into the NOMADS system.

Recommendation:
We recommend the Nevada Division of Welfare and Supportive Services enhance controls to ensure that non-MAGI determinations are reviewed to ensure all pertinent eligibility data entered into the NOMADS system is correct.

DWSS Response:
The Division of Welfare and Supportive Services (DWSS) accepts this finding. The auditors acknowledged that in the three instances, the recipients were Medicaid eligible but in different categories than coded. There were no expended costs associated with these cases which would have been disallowed.

Corrective Action:
The agency agrees data entry errors are not acceptable, and there are multiple controls in place to manage the human system risks. 1. The agency does 100% case review on trainees in their first 6-7 months. 2. The supervisor reviews a sample of staff case work monthly. 3. A Quality Assurance Unit reviews a sample of the cases within 48 hours of decision and provides feedback within 48 hours of the review while immediately correcting the case. 4. The Quality Control Unit reviews a controlled random sample population for accuracy. All four of the methods of review provide data to help identify error trends,

training, issues, and potential system problems. This is likely a repeat finding because it is a human system. In addition to adding additional layer of review (QA), DWSS changed field staff work performance standards prior to last year's finding to include data entry errors as an element in the employee's performance evaluation with potential disciplinary and monetary repercussions. It was believed these actions met the intent of the finding to have better controls in place, and would help to alleviate future errors. We have found tangible and measureable improvement in this area. DWSS will establish a Process Improvement Team to further evaluate the data and develop a corrective action plan where appropriate to help ensure non-MAGI determinations are in the correct eligibility categories and to address any inconsistencies with supplemental training where applicable by July 1, 2016. It is anticipated these additional measures will help to ensure all pertinent eligibility data entered into the NOMADS system will be evaluated for accuracy and any errors corrected.

All compliance actions will be under the supervision of Naomi Lewis, Deputy Administrator, Program and Field Operations.

If you have any questions, please contact Jeanne Gregg, Auditor III, at 775-684-0564.

Sincerely,

Steve H. Fisher
Administrator

Cc: Richard Whitley, Director, Department of Health and Human Services
Ellen Crecelius, DHHS Deputy Director, Fiscal Services
Shannon Ryan, Deputy Legislative Auditor, Legislative Counsel Bureau
Lori Hoover, CPA, Financial Manager, Department of Administration, Division of Internal Audits
Sue Smith, Deputy Administrator, Administrative Services
Naomi Lewis, Deputy Administrator, Program/Field Operations
Sherry Haar, Chief, Eligibility and Payments
Jeanne Gregg, Auditor III, PRE

2015-026: U.S. Department of Agriculture
Special Supplemental Nutrition Program for Women, Infants, and Children (WIC), CFDA 10.557
Cash Management
Material Weakness in Internal Control over Compliance

Criteria: A. The *OMB Circular A-133 Compliance Supplement* states that to the extent available, program income, rebates, refunds, and other income and receipts should be disbursed before requesting additional Federal cash draws.

B. The U.S. Department of the Treasury (Treasury) regulations at 31 CFR part 205, which defines 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.

Condition and Context: A. During our audit testing, we noted rebates were not disbursed prior to requesting additional Federal cash draws for 27 of 238 draws performed during fiscal year 2015.

B. The terms of the Treasury-State Agreement specify three funding techniques (Payroll, Administrative, and Food) applicable to the WIC program with clearance patterns of zero to three days depending on the component. We tested a sample of 24 cash draws for compliance with the applicable funding technique. We noted six of the cash draws did not comply with the funding technique in the Treasury-State Agreement.

Questioned Costs: None.

Effect: Incorrect amounts of Federal cash may be received and an interest liability could result.

Cause: The Nevada Division of Public and Behavioral Health did not have controls in place to provide for the review of Federal cash draws by an individual independent of the preparation to ensure rebates were appropriately applied and the funding techniques were followed.

Recommendation: We recommend the Nevada Division of Public and Behavioral Health implement controls to provide for the review of Federal cash draws by an individual independent of the preparation to ensure rebates are appropriately applied and the funding techniques are followed.

Management's Response: See management's response on page 193.

2015-027: U.S. Department of Agriculture
Special Supplemental Nutrition Program for Women, Infants, and Children (WIC), CFDA 10.557
Subrecipient Monitoring
Material Weakness in Internal Control over Compliance

Criteria: A. *OMB Circular A-133* states that a pass-through entity, at the time of the subaward, is responsible for identifying to the subrecipient the Federal award information and applicable compliance requirements.

B. The *OMB Circular A-133 Compliance Supplement* states on-site reviews of local agencies shall include evaluation of management, certification, nutrition, education, civil rights compliance, accountability, financial management systems, and food delivery systems. These reviews must be conducted on each local agency at least once every two years, including on-site reviews of a minimum of 20 percent of the clinics in each local agency or one clinic, whichever is greater (7 CFR section 246.19(b)).

C. *OMB Circular A-133* states that a pass-through entity is responsible for ensuring required audits are completed within nine months of the end of the subrecipient's audit period, a management decision is issued on each audit finding within six months after receipt of the subrecipient's audit report, and ensuring that the subrecipient takes timely and appropriate corrective action on all audit findings.

Condition and Context: During our audit procedures, we examined a sample of five subrecipients out of a population of 20 and noted the following:

A. The CFDA number was not communicated to one of the subrecipients tested.

B. The required on-site review was not performed for one of the subrecipients tested within the last two years.

C. The Nevada Division of Public and Behavioral Health did not review the subrecipient audit reports, or issue management decisions, if applicable, for three of the subrecipients tested.

Questioned Costs: None.

Effect: Noncompliance at the subrecipient level may occur and not be detected by the Nevada Division of Public and Behavioral Health.

Cause: The Nevada Division of Public and Behavioral Health did not have adequate procedures in place to review all subawards for required data elements, ensure all on-site reviews were completed, monitor all audit reports and issue timely management decisions, when required, to ensure appropriate corrective action is taken.

Recommendation: We recommend the Nevada Division of Public and Behavioral Health enhance procedures to ensure subawards are reviewed for required data elements, on-site reviews are completed, audit reports are monitored, and timely management decisions are issued, when required, to ensure appropriate corrective action is taken.

Management's Response: See management's response on page 194.

STATE OF NEVADA

BRIAN SANDOVAL
Governor

RICHARD WHITLEY, MS
Director

CODY L. PHINNEY, MPH
Administrator

LEON RAVIN, M.D.
Acting Chief Medical Officer

DEPARTMENT OF HEALTH AND HUMAN SERVICES
DIVISION OF PUBLIC AND BEHAVIORAL HEALTH
4150 Technology Way, Suite 300
Carson City, Nevada 89706
Telephone: (775) 684-4200 · Fax: (775) 684-4211

March 7, 2016

Gloria Johnson-Lamar
Financial Management Specialist
United States Department of Agriculture
Food and Nutrition Services, Grants Management Section
90 Seventh Street, Suite 10-100
San Francisco, CA 94103

Dear Ms. Johnson-Lamar,

Eide Bailly, LLP performed the annual Single Audit of the Special Supplemental Nutrition Program for Women, Infants and Children (WIC), CFDA 10.557, active during the State of Nevada's fiscal year 2015 which ended June 30, 2015. Eide Bailly, LLP's findings 2015-026 and 2015-027 concern the Women, Infants and Children Program.

Finding 2015-026 resulted in the following recommendation:
We recommend the Nevada Division of Public and Behavioral Health implement controls to provide for the review of Federal cash draws by an individual independent of the preparation to ensure rebates are appropriately applied and the funding technique is followed.

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 noted below.

Corrective Action:
Although the Division has policies in place that require it to draw funds according to the agreed upon funding techniques in the *Treasury-State Agreement* and not draw federal funds if rebate funds are on hand, these policies were not always followed. The Nevada Division of Public and Behavioral Health will revise its policies and procedures to ensure a person independent of the draw preparation process will approve all draws prior to submission to the State Treasurer. This additional procedure will help ensure that federal funds are not drawn if rebate funds are on hand. Christina Hadwick, Management Analyst IV, will be responsible for the Division's adherence to these policies and procedures, which will be implemented prior to April 1, 2016.

Finding 2015-027 resulted in the following recommendation:
We recommend the Nevada Division of Public and Behavioral Health enhance procedures to ensure subawards are reviewed for required data elements, on-site reviews are completed, audit reports are monitored, and timely management decisions are issued, when required, to ensure appropriate corrective action is taken.

Nevada Division of Public and Behavioral Health Response:
The Nevada Division of Public and Behavioral Health accepts this finding. As noted below, the Division has policies and procedures in place related to the identified finding, but these procedures were not always followed.

Corrective Action:
A. The Division requires its programs to complete a Notice of Subgrant Award form for each subgrant, which has a space for the grant's CFDA number to be entered. Staff at all levels within the approval process will be instructed to ensure this form is filled out completely, including the listing of the CFDA number.

B. The Division does have procedures in place regarding on-site reviews of local agencies. For the noted exception, program staff used a subgrant award as the vehicle in which to engage the service provider. Although a subgrant was used, the service provider was not considered a "local agency" and therefore not subject to an on-site review. The Division will enhance its policies and procedures to more clearly define a local agency and a WIC activity service provider, the latter not requiring a site visit. Health Program Manager Michelle Walker will be responsible for revising these policies and procedures prior to April 1, 2016 and ensure that correct engagement vehicles are used.

C. The Division does have procedures in place regarding the review, and follow-up when necessary, of subrecipient audit reports. However, due to heavy workloads, these procedures are not always followed. The Division will request approval from the Legislative Interim Finance Committee to hire one additional staff with an expected start date of July 1, 2016 to act as a Division-wide grants compliance manager who will be responsible for ensuring that all required subrecipient audit reports are received and appropriate follow-up is performed, when necessary. The grants compliance manager will work closely with program staff. Amber Law, Administrative Services Officer III, will be responsible for the Division's adherence to these policies and procedures, once the position is filled.

If you have any questions, please contact Mark Winebarger, Administrative Services Officer IV at 775-684-4262 or by email at mwine@health.nv.gov.

Sincerely,

Cody L Phinney

Cody L. Phinney, Administrator

cc: Daniel Rushin, CPA, Eide Bailly, LLP
Richard Whitely, Director, Department of Health and Human Services
Ellen Crecelius, Deputy Director, Department of Health and Human Services
Julia Peek, Deputy Administrator, Division of Public and Behavioral Health
Beth Handler, Bureau Chief, Division of Public and Behavioral Health
Shannon Ryan, Deputy Legislative Auditor, Legislative Counsel Bureau

2015-028: U.S. Department of Health and Human Services
Immunization Cooperative Agreements, CFDA 93.268
Subrecipient Monitoring
Significant Deficiency in Internal Control over Compliance

Criteria: As noted in *OMB Circular A-133*, a pass-through entity is responsible for ensuring required audits are completed within nine months of the end of the subrecipient's audit period, a management decision is issued on each audit finding within six months after receipt of the subrecipient's audit report, and ensuring that the subrecipient takes timely and appropriate corrective action on all audit findings.

In addition, the grant award provides that the Federal Award Identification Number (FAIN) must be included on all subawards.

Condition and Context: As part of our audit procedures, we examined a sample of two subrecipients out of a population of five. The Nevada Division of Public and Behavioral Health did not review the subrecipient audit reports, or issue management decisions, if applicable, for either of the subrecipients tested. In addition, neither of the subawards included the FAIN.

Questioned Costs: None.

Effect: Noncompliance at the subrecipient level may occur and not be detected by the Nevada Division of Public and Behavioral Health.

Cause: The Nevada Division of Public and Behavioral Health did not have procedures in place to review subawards for required data elements, monitor audit reports, and issue timely management decisions, when required, to ensure appropriate corrective action is taken.

Recommendation: We recommend the Nevada Division of Public and Behavioral Health implement procedures to ensure subawards are reviewed for required data elements, audit reports are monitored, and timely management decisions are issued, when required, to ensure appropriate corrective action is taken.

Management's Response: See management's response on pages 197 and 198.

2015-029: U.S. Department of Health and Human Services
Immunization Cooperative Agreements, CFDA 93.268
Special Tests and Provisions – Control, Accountability, and Safeguarding of Vaccine
Significant Deficiency in Internal Control over Compliance

Criteria: The *OMB Circular A-133 Compliance Supplement* states that effective control and accountability must be maintained for all vaccines under the Vaccines for Children (VFC) program. Vaccines must be adequately safeguarded and used solely for authorized purposes. Grantees are responsible for oversight of program-enrolled providers to ensure that proper control and accountability is maintained for vaccines.

Condition and Context: During our audit testing, we noted the Nevada Division of Public and Behavioral Health was receiving provider inventory records. However, the Division did not sample provider inventory records to ensure proper recording of receipt, transfer, and usage of vaccine, as required, to ensure that proper control and accountability is maintained.

Questioned Costs: None.

Effect: Vaccines may not be adequately controlled and accounted for by the providers and the Nevada Division of Public and Behavioral Health would be unaware of this fact.

Cause: The Nevada Division of Public and Behavioral Health did not have procedures in place to sample provider inventory records to ensure that proper control and accountability is maintained for vaccines.

Recommendation: We recommend the Nevada Division of Public and Behavioral Health implement procedures to sample provider inventory records to ensure that proper control and accountability is maintained for vaccines.

Management's Response: See management's response on page 198.

STATE OF NEVADA

BRIAN SANDOVAL
Governor

RICHARD WHITLEY, MS
Director

CODY L. PHINNEY, MPH
Administrator

LEON RAVIN, M.D.
Acting Chief Medical Officer

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March 7, 2016

SeQuoyah Hill
Grants Management Specialist
Procurement and Grants Office, Grants Services Division
Centers for Disease Control and Prevention
Infectious Disease Services Branch – Team 1
Department of Health and Human Services
2960 Brandywine Road, NE MS K15
Atlanta, GA 30341

Dear Ms. Hill,

Eide Bailly, LLP performed the annual Single Audit of the Immunization Cooperative Agreements, CFDA 92.268, active during the State of Nevada's fiscal year 2015 which ended June 30, 2015. Eide Bailly, LLP's findings 2015-028 and 2015-029 concern the Immunization Cooperative Agreements.

Finding 2015-028 resulted in the following recommendation:
We recommend the Nevada Division of Public and Behavioral Health implement procedures to ensure subawards are reviewed for required data elements, audit reports are monitored, and timely management decisions are issued, when required, to ensure appropriate corrective action is taken.

Nevada Division of Public and Behavioral Health Response:
The Nevada Division of Public and Behavioral Health accepts this finding. As noted below, the Division has policies and procedures in place related to the review of audit reports, but these procedures were not always followed.

Corrective Action:
The Division does have procedures in place regarding the review, and follow-up when necessary, of subrecipient audit reports. However, due to heavy workloads, these procedures are not always followed. The Division will request approval from the Legislative Interim Finance Committee to hire one additional staff with an expected start date of July 1, 2016 to act as a Division-wide grants compliance manager who will be responsible for ensuring that all required subrecipient audit reports are received and appropriate follow-up is performed, when necessary. The grants compliance manager

will work closely with program staff. Amber Law, Administrative Services Officer III, will be responsible for the Division's adherence to these policies and procedures, once the position is filled.

Additionally, the Division requires its programs to complete a Notice of Subgrant Award form for each subgrant. This form has been modified to include a space for the grant's Federal Award Identification Number (FAIN). Staff at all levels within the approval process will be instructed to ensure this form is filled out completely, including the listing of the FAIN number.

Finding 2015-029 resulted in the following recommendation:
We recommend the Nevada Division of Public and Behavioral Health implement procedures to sample provider inventory records to ensure that proper control and accountability is maintained for vaccines.

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 noted below.

Corrective Action:
The Nevada Division of Public and Behavioral Health will revise current procedures to include sampling of provider inventory records to ensure proper control and accountability is maintained for publicly supplied vaccines. By the end of calendar year 2016, all Immunization Program enrolled providers will manage, track and order additional public vaccine stock using the state's immunization information system (NV WebIZ). This transition will allow the Division to sample real-time inventory data throughout the month and ensure that vaccine is being administered to eligible populations.

Karissa Loper, Health Program Manager, will be responsible for the Division's adherence to these policies and procedures, which will be implemented prior to April 1, 2016.

If you have any questions, please contact Mark Winebarger, Administrative Services Officer IV at 775-684-4262 or by email at mwine@health.nv.gov.

Sincerely,

Cody L Phinney

Cody L. Phinney, Administrator

cc: Daniel Rushin, CPA, Eide Bailly, LLP
Richard Whitely, Director, Department of Health and Human Services
Ellen Crecelius, Deputy Director, Department of Health and Human Services
Julia Peek, Deputy Administrator, Division of Public and Behavioral Health
Beth Handler, Bureau Chief, Division of Public and Behavioral Health
Shannon Ryan, Deputy Legislative Auditor, Legislative Counsel Bureau

2015-030: U.S. Department of Health and Human Services
National Bioterrorism Hospital Preparedness Program (HPP), CFDA 93.889
Allowable Costs/Cost Principles
Material Weakness in Internal Control over Compliance

Criteria: The *OMB Circular A-87 Cost Principles for State, Local, and Indian Tribal Governments,* compliance requirements state that where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports that reflect an after-the-fact distribution of the actual activity, be prepared at least monthly, and must be signed by the employee. Budget estimates or other distribution percentages determined before the services are performed do not qualify as support for charges to Federal awards.

Condition and Context: The Nevada Division of Public and Behavioral Health allocates salary and benefit charges to the Hospital Preparedness Program according to percentages assigned to the employee positions. The personnel activity reports (time cards) signed by employees are exception-only reports, and by including a notation of the percent of time worked on the Hospital Preparedness Program on the time cards, they effectively support the amount of salary and benefit costs that should have been charged to the program.

During our testing of payroll charges to this program, we examined 60 time cards for employees who work on multiple activities or Federal programs, including the Hospital Preparedness Program. It was noted that in 14 instances, the time cards tested did not include any notations by the employees to support the amount of their time allocated to Federal programs. Because those time cards did not identify the Federal programs and time allocation on them, the time cards did not meet the standards for documentation.

Questioned Costs: Undetermined.

Effect: Unallowable costs could be charged to the Federal program.

Cause: Adequate internal controls were not in place at the Nevada Division of Public and Behavioral Health to ensure that the documentation of time and effort by all employees was adequate to support salary and benefit charges to the Hospital Preparedness Program.

Recommendation: We recommend that the Nevada Division of Public and Behavioral Health enhance internal controls to ensure that the documentation of time and effort by all employees is adequate to support salary and benefit charges to the Hospital Preparedness Program.

Management's Response: See management's response on page 201.

2015-031: U.S. Department of Health and Human Services
National Bioterrorism Hospital Preparedness Program (HPP), CFDA 93.889
Subrecipient Monitoring
Material Weakness in Internal Control over Compliance

Criteria: As noted in *OMB Circular A-133*, a pass-through entity is responsible for ensuring required audits are completed within nine months of the end of the subrecipient's audit period, a management decision is issued on each audit finding within six months after receipt of the subrecipient's audit report, and ensuring that the subrecipient takes timely and appropriate corrective action on all audit findings.

In addition, the grant award provides that the Federal Award Identification Number (FAIN) must be included on all subawards.

Condition and Context: As part of our audit procedures, we examined a sample of three subrecipients out of a population of five. The Nevada Division of Public and Behavioral Health did not review the subrecipient audit reports, or issue management decisions, if applicable, for any of the subrecipients tested. In addition, none of the subawards included the FAIN.

Questioned Costs: None.

Effect: Noncompliance at the subrecipient level may occur and not be detected by the Nevada Division of Public and Behavioral Health.

Cause: The Nevada Division of Public and Behavioral Health did not have procedures in place to review subawards for required data elements, monitor audit reports, and issue timely management decisions, when required, to ensure appropriate corrective action.

Recommendation: We recommend the Nevada Division of Public and Behavioral Health implement procedures to ensure subawards are reviewed for required data elements, audit reports are monitored, and timely management decisions are issued, when required, to ensure appropriate corrective action.

Management's Response: See management's response on page 202.

STATE OF NEVADA

BRIAN SANDOVAL
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CODY L. PHINNEY, MPH
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Acting Chief Medical Officer

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March 7, 2016

LaQuanda Lewis, MPH
Grants Management Specialist
Center for Disease Control and Prevention
Procurement and Grants Office
OD, Environmental, Occupational Health and Injury Prevention Branch
2920 Brandywine Rd. MS K-69
Atlanta, GA 30341

Dear Ms. Lewis,

Eide Bailly, LLP performed the annual Single Audit of the National Bioterrorism Hospital Preparedness Program, CFDA 93.889, active during the State of Nevada's fiscal year 2015 which ended June 30, 2015. Eide Bailly, LLP's findings 2015-030 and 2015-031 concern the National Bioterrorism Hospital Preparedness Program (HPP).

Finding 2015-030 resulted in the following recommendation:
We recommend the Nevada Division of Public and Behavioral Health enhance internal controls to ensure that the documentation of time and effort by all employees is adequate to support salary and benefit charged to the Hospital Preparedness Program,

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 noted below.

Corrective Action:
The Nevada Division of Public and Behavioral Health currently has procedures in place to ensure the proper time and effort allocations are placed within the employees time cards. Although one of the cited timesheets was approved by the HPP Manager, the other cited timesheets were for employees not supervised by the HPP Manager. The HPP Manager has already discussed timesheet documentation requirements with the supervisor of the other employees to ensure that the correct allocation of time is displayed within the employee's time card.

Finding 2015-031 resulted in the following recommendation:
We recommend the Nevada Division of Public and Behavioral Health implement procedures to ensure subawards are reviewed for required data elements, audit reports are monitored, and timely management decisions are issued, when required, to ensure appropriate corrective action is taken.

Nevada Division of Public and Behavioral Health Response:
The Nevada Division of Public and Behavioral Health accepts this finding. As noted below, the Division has policies and procedures in place related to the review of audit reports, but these procedures were not always followed.

Corrective Action:
The Division does have procedures in place regarding the review, and follow-up when necessary, of subrecipient audit reports. However, due to heavy workloads, these procedures are not always followed. The Division will request approval from the Legislative Interim Finance Committee to hire one additional staff with an expected start date of July 1, 2016 to act as a Division-wide grants compliance manager who will be responsible for ensuring that all required subrecipient audit reports are received and appropriate follow-up is performed, when necessary. The grants compliance manager will work closely with program staff. Amber Law, Administrative Services Officer III, will be responsible for the Division's adherence to these policies and procedures, once the position is filled.

Additionally, the Division requires its programs to complete a Notice of Subgrant Award form for each subgrant. This form has been modified to include a space for the grant's Federal Award Identification Number (FAIN). Staff at all levels within the approval process will be instructed to ensure this form is filled out completely, including the listing of the FAIN number.

If you have any questions, please contact Mark Winebarger, Administrative Services Officer IV at 775-684-4262 or by email at mwine@health.nv.gov.

Sincerely,

Cody L. Phinney

Cody L. Phinney, Administrator

cc: Daniel Rushin, CPA, Eide Bailly, LLP
Richard Whitely, Director, Department of Health and Human Services
Ellen Crecelius, Deputy Director, Department of Health and Human Services
Julia Peek, Deputy Administrator, Division of Public and Behavioral Health
Chad Westom, Bureau Chief, Division of Public and Behavioral Health
Shannon Ryan, Deputy Legislative Auditor, Legislative Counsel Bureau

2015-032: U.S. Department of Health and Human Services
Block Grants for Community Mental Health Services, CFDA 93.958
Activities Allowed or Unallowed
Significant Deficiency in Internal Control over Compliance

Criteria: The *OMB Circular A-133 Compliance Supplement* states that the objective of the program is to provide comprehensive community-based mental health services for adults with serious mental illness and children with serious emotional disturbances (including case management, treatment rehabilitation, employment, housing, education, medical, dental, and other support services that enable individuals to function in the community and reduce the rate of psychiatric hospitalization).

Condition and Context: During our audit testing, we noted payments were made to support an anti-bullying program that was not an allowable activity.

Questioned Costs: $11,028.

Effect: Payments were made for unallowable activities.

Cause: The Nevada Division of Public and Behavioral Health did not have adequate controls in place to ensure payments were made only for allowable activities.

Recommendation: We recommend the Nevada Division of Public and Behavioral Health enhance controls to ensure payments are made only for allowable activities.

Management's Response: See management's response on page 204.

STATE OF NEVADA

BRIAN SANDOVAL
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RICHARD WHITLEY, MS
Director

CODY L. PHINNEY, MPH
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Acting Chief Medical Officer

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March 7, 2016

Wendy Pang
Grants Management Specialist
OFR/DGM/SAMHSA
1 Choke Cherry Road, Room 7-1001
Rockville, MD 20857

Dear Ms. Pang,

Eide Bailly, LLP performed the annual Single Audit of the Block Grants for Community Mental Health Services, CFDA 93.958, active during the State of Nevada's fiscal year 2015 which ended June 30, 2015. Eide Bailly, LLP's finding 2015-032 concern the Block Grants for Community Mental Health Services.

Finding 2015-032 resulted in the following recommendation:
We recommend the Nevada Division of Public and Behavioral Health enhance controls to ensure payments are made only for allowable activities.

Nevada Division of Public and Behavioral Health Response:
The Nevada Division of Public and Behavioral Health accepts this finding. Controls are in place to prevent prevention activities from being paid from the Community Mental Health Services (CMHS) Block Grant funds.

Corrective Action:
Although controls are in place to prevent prevention activities from being paid from the Community Mental Health Services Block Grant funds, the Division realizes it inappropriately allocated funds for an unallowable activity. Bureau Chief Kevin Quint will be responsible for ensuring that CMHS block grant funds are not used unallowable activities, including for prevention programs.

If you have any questions, please contact Mark Winebarger, Administrative Services Officer IV at 775-684-4262 or by email at mwine@health.nv.gov.

Sincerely,

Cody L. Phinney, Administrator

cc: Daniel Rushin, CPA, Eide Bailly, LLP
Richard Whitely, Director, Department of Health and Human Services
Ellen Crecelius, Deputy Director, Department of Health and Human Services
Julia Peek, Deputy Administrator, Division of Public and Behavioral Health
Kevin Quint, Bureau Chief, Division of Public and Behavioral Health
Shannon Ryan, Deputy Legislative Auditor, Legislative Counsel Bureau

2015-033: U.S. Department of Health and Human Services
Block Grants for Prevention and Treatment of Substance Abuse, CFDA 93.959
Activities Allowed or Unallowed
Material Weakness in Internal Control over Compliance and Material Noncompliance

Criteria: The *OMB Circular A-133 Compliance Supplement* states that services provided with grant funds shall be provided for alcohol treatment and rehabilitation, drug treatment and rehabilitation, and primary prevention activities (that reduce the risk of substance abuse).

Condition and Context: During our audit testing, we noted that out of a population of 46 subrecipients, payments were made to eight subrecipients without having a subgrant agreement in place. In addition, we noted the Nevada Division of Public and Behavioral Health did not review or obtain expenditure support for these payments. As such, no documentation to support the legitimacy of the costs and related activities was available for review.

Questioned Costs: $307,649.

Effect: Payments may have been made for unallowable activities.

Cause: The Nevada Division of Public and Behavioral Health did not have adequate controls in place to ensure payments were made only for allowable activities.

Recommendation: We recommend the Nevada Division of Public and Behavioral Health enhance controls to ensure payments are made only for allowable activities.

Management's Response: See management's response on page 212.

2015-034: U.S. Department of Health and Human Services
Block Grants for Prevention and Treatment of Substance Abuse, CFDA 93.959
Subrecipient Monitoring
Material Weakness in Internal Control over Compliance and Material Noncompliance

Criteria: A. *OMB Circular A-133* states that a pass-through entity, at the time of the subaward, is responsible for identifying to the subrecipient the Federal award information and applicable compliance requirements.

B. *OMB Circular A-133* states that a pass-through entity is responsible for monitoring the subrecipient's use of Federal awards through reporting, site visits, regular contact, or other means to provide reasonable assurance that the subrecipient administers Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved.

C. *OMB Circular A-133* states that a pass-through entity is responsible for ensuring required audits are completed within nine months of the end of the subrecipient's audit period, a management decision is issued on each audit finding within six months after receipt of the subrecipient's audit report, and ensuring that the subrecipient takes timely and appropriate corrective action on all audit findings.

Condition and Context: A. During our audit procedures over a population of 46 subrecipients, we noted that the Nevada Division of Public and Behavioral Health made payments to eight subrecipients without identifying to the subrecipients the Federal award information and applicable compliance requirements.

B. During our audit procedures, we examined a sample of 13 subrecipients. For each subrecipient selected for examination, the Division was unable to provide support for its monitoring of subrecipient's use of Federal awards to provide for reasonable assurance that the subrecipient administered the program appropriately.

C. During our audit procedures, we examined a sample of 13 subrecipients. For 10 of the 13 subrecipients selected for examination, the Nevada Division of Public and Behavioral Health did not review the subrecipient audit reports, or issue management decisions, if applicable.

Questioned Costs: None.

Effect: Noncompliance at the subrecipient level may occur and not be detected by the Nevada Division of Public and Behavioral Health.

Cause: The Nevada Division of Public and Behavioral Health did not have procedures in place to ensure all subrecipients received a subaward. In addition, procedures were not in place to ensure monitoring of subrecipients to obtain reasonable assurance that they were in compliance with the grant provisions occurred and procedures were not in place to ensure that audit reports were monitored and timely management decisions issued, when required, to ensure appropriate corrective action.

Recommendation: We recommend the Nevada Division of Public and Behavioral Health implement procedures to ensure all subrecipients receive a subaward. We also recommend procedures be implemented to ensure monitoring of subrecipients to obtain reasonable assurance that subrecipients are in compliance with the grant provisions occurs and procedures be implemented to ensure audit reports are monitored and timely management decisions issued, when required, to ensure appropriate corrective action.

Management's Response: See management's response on pages 212 and 213.

2015-035: U.S. Department of Health and Human Services
Block Grants for Prevention and Treatment of Substance Abuse, CFDA 93.959
Cash Management
Significant Deficiency in Internal Control over Compliance

Criteria: *OMB Circular A-133* requires that non-Federal entities receiving Federal awards establish and maintain internal control designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements.

Condition and Context: During our audit testing of Federal cash draws, we noted that the draws are prepared and submitted without being reviewed by an individual independent of the preparation process.

Questioned Costs: None.

Effect: Inaccurate Federal cash draws may be prepared and the incorrect amount of Federal dollars may be received.

Cause: The Nevada Division of Public and Behavioral Health did not have controls in place to provide for the review of Federal cash draws by an individual independent of the preparation.

Recommendation: We recommend the Nevada Division of Public and Behavioral Health implement controls to provide for the review of Federal cash draws by an individual independent of the preparation.

Management's Response: See management's response on page 213.

2015-036: U.S. Department of Health and Human Services
Block Grants for Prevention and Treatment of Substance Abuse, CFDA 93.959
Matching, Level of Effort, Earmarking
Material Weakness in Internal Control over Compliance and Material Noncompliance

Criteria: The *OMB Circular A-133 Compliance Supplement* states that the State shall maintain aggregate State expenditures for authorized activities by the principal agency at a level that is not less than the average level of such expenditures maintained by the State for the two State fiscal years preceding the fiscal year for which the State is applying for the grant. The Secretary may exclude from the aggregate State expenditures, funds appropriated to the principal agency for authorized activities which are of a non-recurring nature and for a specific purpose (42 USC 300x-30; 45 CFR sections 96.121 and 96.134).

Condition and Context: During our audit testing, we noted that the Nevada Division of Public and Behavioral Health had several costs which appeared to be non-recurring in nature but had not been excluded from the level-of-effort calculation by the Secretary. If these costs are excluded, the Nevada Division of Public and Behavioral Health would not meet the level of effort by approximately $70,000. If these costs are included, the Nevada Division of Public and Behavioral Health would not meet the level of effort by approximately $650,000.

Questioned Costs: None.

Effect: The program is not being adequately funded, which could impact prevention and treatment activities.

Cause: The Nevada Division of Public and Behavioral Health did not have internal control procedures in place to ensure compliance with the level of effort requirement.

Recommendation: We recommend the Nevada Division of Public and Behavioral Health implement internal control to ensure compliance with the level of effort requirement.

Management's Response: See management's response on pages 213 and 214.

2015-037: U.S. Department of Health and Human Services
Block Grants for Prevention and Treatment of Substance Abuse, CFDA 93.959
Procurement and Suspension and Debarment
Material Weakness in Internal Control over Compliance

Criteria: *OMB Circular A-133* states that Non-Federal entities are prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred. All non-procurement transactions entered into by a recipient (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. 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.

Condition and Context: During our audit testing, we noted that out of a population of 46 subrecipients, payments were made to eight subrecipients without a payment vehicle (i.e., purchase order, subaward, contract, etc.). As a result, no suspension and debarment verification procedures were performed. A total of $307,649 was paid to these subrecipients.

Questioned Costs: Undetermined.

Effect: Payments may have been made to recipients who were suspended or debarred.

Cause: The Nevada Division of Public and Behavioral Health did not have controls in place to ensure all payments to subrecipients were made under a payment vehicle to ensure they were not suspended or debarred.

Recommendation: We recommend the Nevada Division of Public and Behavioral Health implement controls to ensure all payments to subrecipients are made under a payment vehicle to ensure they were not suspended or debarred.

Management's Response: See management's response on page 214.

STATE OF NEVADA

BRIAN SANDOVAL
Governor

RICHARD WHITLEY, MS
Director

CODY L. PHINNEY, MPH
Administrator

LEON RAVIN, M.D.
Acting Chief Medical Officer

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March 7, 2016

Theresa Mitchell-Hampton, DrPH, M.Ed.
Public Health Advisor/State Project Officer for HHS Region VIII
U.S. Department of Health and Human Services (DHHS)
Center for Substance Abuse Treatment (CSAT)
1 Choke Cherry Rd., Room 5-1102
Rockville, MD 20857

Dear Ms. Mitchell-Hampton,

Eide Bailly, LLP performed the annual Single Audit of the Block Grants for Prevention and Treatment of Substance Abuse, CFDA 93.959, active during the State of Nevada's fiscal year 2015 which ended June 30, 2015. Eide Bailly, LLP's findings 2015-033 through 2015-037 concern the Block Grants for Prevention and Treatment of Substance Abuse.

Finding 2015-033 resulted in the following recommendation:
We recommend the Nevada Division of Public and Behavioral Health enhance controls to ensure payments are made only for allowable activities.

Nevada Division of Public and Behavioral Health Response:
The Nevada Division of Public and Behavioral Health accepts this finding and has already corrected this practice as noted below.

Corrective Action:
In order to expedite payments, the Division made payments directly to subrecipients of subrecipients. The Division has revised its policies that allows it to make payments more frequently to subrecipients and prohibits the practice of making payments directly to a subrecipient of a subrecipient.

Finding 2015-034 resulted in the following recommendation:
We recommend the Nevada Division of Public and Behavioral Health implement procedures to ensure all subrecipients receive a subaward. We also recommend procedures be implemented to ensure monitoring of subrecipients to obtain reasonable assurance that subrecipients are in compliance with the grant provisions occurs and procedures be implemented to ensure audit reports are monitored and timely management decisions issued, when required, to ensure appropriate corrective action.

Nevada Division of Public and Behavioral Health Response:
The Nevada Division of Public and Behavioral Health accepts this finding. As noted below, the Division has already implemented corrective action for item A and will take actions to correct findings B and C.

Corrective Action:
A. In order to expedite payments, the Division made payments directly to subrecipients of subrecipients. The Division has revised its policies that allows it to make payments more frequently to subrecipients and prohibits the practice of making payments directly to a subrecipient of a subrecipient.

B. The Division is in the process of finalizing a revised policies and procedures document regarding the monitoring of subrecipients. At least every two years, program staff will conduct site visits for each subrecipient that will include fiscal and programmatic activities. Bureau Chief Kevin Quint will be responsible for these policies and procedures which will be implemented prior to April 1, 2016.

C. The Division does have procedures in place regarding the review, and follow-up when necessary, of subrecipient audit reports. However, due to heavy workloads, these procedures are not always followed. The Division will request approval from the Legislative Interim Finance Committee to hire one additional staff with an expected start date of July 1, 2016 to act as a Division-wide grants compliance manager who will be responsible for ensuring that all required subrecipient audit reports are received and appropriate follow-up is performed, when necessary. The grants compliance manager will work closely with program staff. Amber Law, Administrative Services Officer III, will be responsible for the Division's adherence to these policies and procedures, once the position is filled.

Finding 2015-035 resulted in the following recommendation:
We recommend the Nevada Division of Public and Behavioral Health implement controls to provide for the review of Federal cash draws by an individual independent of the preparation.

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 noted below.

Corrective Action:
The Nevada Division of Public and Behavioral Health will revise its policies and procedures to ensure a person independent of the preparation process will approve all draws prior to submission to the State Treasurer. Christina Hadwick, Management Analyst IV, will be responsible for the Division's adherence to these policies and procedures, which will be implemented prior to April 1, 2016.

Finding 2015-036 resulted in the following recommendation:
We recommend the Nevada Division of Public and Behavioral Health implement internal control to ensure compliance with the level of effort requirement.

Nevada Division of Public and Behavioral Health Response:
The Nevada Division of Public and Behavioral Health accepts this finding. With assistance from the federal Substance Abuse and Mental Health Services Administration (SAMHSA), the Division has

recently revised its policies and procedures regarding maintenance of effort requirements. As noted by the auditor, and depending on a ruling by SAMHSA regarding the usage of one-time expenditures from Fiscal Year 2014, the Division's maintenance of effort shortfall will fall between approximately $70,000 and $650,000 for state fiscal year 2015. The Division believes that SAMHSA will rule in its favor which will result in it materially complying with maintenance of effort requirements.

Corrective Action:
Bureau Chief Kevin Quint will be responsible for ensuring that these policies and procedures regarding maintenance of effort are adhered to and that maintenance of effort requirements are met in future years. Action has been taken by the Bureau to count toward MOE other sources that were not allowed previous to the advent of the Affordable Care Act. These sources of MOE include counting co-occurring disorder services at the two State hospitals, certain Medicaid funds with state origination, and co-occurring disorder services in the Rural Services system. It is anticipated that MOE will be met in the future.

Finding 2015-037 resulted in the following recommendation:
We recommend the Nevada Division of Public and Behavioral Health implement controls to ensure all payments to subrecipients are made under a payment vehicle to ensure they were not suspended or debarred.

Nevada Division of Public and Behavioral Health Response:
The Nevada Division of Public and Behavioral Health accepts this finding and has already corrected this practice as noted below.

Corrective Action:
In order to expedite payments, the Division made payments directly to subrecipients of subrecipients. The Division has revised its policies that allows it to make payments more frequently to subrecipients and prohibits the practice of making payments directly to a subrecipient of a subrecipient. By making payments only to subrecipients, payments to suspended or debarred entities will not occur.

If you have any questions, please contact Mark Winebarger, Administrative Services Officer IV at 775-684-4262 or by email at mwine@health.nv.gov.

Sincerely,

Cody L. Phinney

Cody L. Phinney, Administrator

cc: Daniel Rushin, CPA, Eide Bailly, LLP
Richard Whitely, Director, Department of Health and Human Services
Ellen Crecelius, Deputy Director, Department of Health and Human Services
Julia Peek, Deputy Administrator, Division of Public and Behavioral Health
Kevin Quint, Bureau Chief, Division of Public and Behavioral Health
Shannon Ryan, Deputy Legislative Auditor, Legislative Counsel Bureau

2015-038: U.S. Department of Health and Human Services
Foster Care – Title IV-E, CFDA 93.658
Special Tests and Provisions – Payment Rate Setting and Application
Significant Deficiency in Internal Control over Compliance

Criteria: The *OMB Circular A-133 Compliance Supplement* provides that Title IV-E agencies establish payment rates for maintenance payments. The Title IV-E agency's plan must provide for periodic review of payment rates for maintenance payments at reasonable, specific, time-limited periods established by the Title IV-E agency to assure the rate's continuing appropriateness for the administration of the Title IV-E program (42 USC 671(a)(11)).

Condition and Context: As part of our testing over maintenance payment rates, we noted there were no policies or procedures included in the State's IV-E plan to provide for the periodic review of maintenance payment rates as required.

Questioned Costs: None.

Effect: Maintenance payment rates may not be appropriate for the administration of the program.

Cause: The Nevada Division of Child and Family Services did not have procedures in its Title IV-E plan to provide for the periodic review of payment rates for maintenance payments at reasonable, specific, time-limited periods to assure the rate's continuing appropriateness for the administration of the program.

Recommendation: We recommend the Nevada Division of Child and Family Services implement procedures in its Title IV-E plan to provide for the periodic review of payment rates for maintenance payments at reasonable, specific, time-limited periods to assure the rate's continuing appropriateness for the administration of the program. In addition, the review should be documented.

Management's Response: See management's response on pages 221 and 222.

2015-039: U.S. Department of Health and Human Services
Foster Care – Title IV-E, CFDA 93.658
Allowable Costs/Cost Principles
Significant Deficiency in Internal Control over Compliance

Criteria: The *OMB Circular A-133 Compliance Supplement* provides that funds may be expended for Foster Care maintenance payments on behalf of eligible children, in accordance with the Title IV-E agency's Foster Care maintenance payment rate schedule and in accordance with 45 CFR section 1356.21, to individuals serving as foster family homes, to child-care institutions, or to public or private child-placement or child-care agencies.

Condition and Context: As part of our testing over Foster Care maintenance payments, we tested 40 foster care providers who received maintenance payments during the year, which represented in excess of 10,000 days of service. We noted that six of those 40 foster care providers received at least one day of duplicate payments during the year (27 days in total). Therefore, these providers were paid twice for the same day(s) of service.

Questioned Costs: Undetermined.

Effect: Unallowable costs were charged to the Federal program.

Cause: The Nevada Division of Child and Family Services did not have adequate controls in place to ensure that foster care providers did not receive duplicate payments.

Recommendation: We recommend the Nevada Division of Child and Family Services enhance internal controls to ensure foster care providers do not receive duplicate payments.

Management's Response: See management's response on page 222.

2015-040: U.S. Department of Health and Human Services
Foster Care – Title IV-E, CFDA 93.658
Adoption Assistance – Title IV-E, CFDA 93.659
Eligibility
Significant Deficiency in Internal Control over Compliance

Criteria: *OMB Circular A-133* requires that non-Federal entities receiving Federal awards establish and maintain internal control designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements.

Condition and Context: During our audit testing over eligibility determinations, we noted that the determinations are performed without being reviewed by an individual independent of the initial determination.

Questioned Costs: None.

Effect: Inaccurate eligibility determinations may occur, which could lead to unallowable costs being charged to the program.

Cause: The Nevada Division of Child and Family Services did not have controls in place to provide for the review of eligibility determinations by an individual independent of the initial determination.

Recommendation: We recommend the Nevada Division of Child and Family Services implement controls to provide for the review of eligibility determinations by an individual independent of the initial determination.

Management's Response: See management's response on page 222.

2015-041: U.S. Department of Health and Human Services
Foster Care – Title IV- E, CFDA 93.658
Adoption Assistance – Title IV- E, CFDA 93.659
Allowable Costs/Cost Principles
Material Weakness in Internal Control over Compliance

Criteria: The *OMB Circular A-133 Compliance Supplement* 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 and Context: During our audit testing over the Nevada Division of Child and Family Services' cost allocation plan, we noted 13 administrative accounts that were not allocated in accordance with the cost allocation plan.

Questioned Costs: Foster Care – Title IV- E: $392,617
Adoption Assistance – Title IV - E: $240,250

Effect: Administrative costs claimed were in excess of the amounts in the approved cost allocation plan.

Cause: The Nevada Division of Child and Family Services did not have adequate procedures in place to ensure costs were allocated in accordance with the cost allocation plan.

Recommendation: We recommend the Nevada Division of Child and Family Services enhance procedures in place to ensure costs are allocated in accordance with the cost allocation plan.

Management's Response: See management's response on page 223.

2015-042: U.S. Department of Health and Human Services
Adoption Assistance – Title IV- E, CFDA 93.659
Activities Allowed or Unallowed
Significant Deficiency in Internal Control over Compliance

Criteria: The *OMB Circular A-133 Compliance Supplement* provides that adoption assistance subsidy payments cannot exceed the foster care maintenance payment (in accordance with the Title IV- E agency's rate schedule) the child would have received in a foster family home; however, the amount of the subsidy payments may be up to 100 percent of that foster care maintenance payment rate (42 USC 673(a)(3)).

Condition and Context: As part of our testing over Adoption Assistance subsidy payments, we reviewed the records for 40 adoptive parents who received Title IV-E subsidy payments during the year. We noted one of those 40 adoptive parents received a Title IV-E subsidy in excess of the foster care maintenance payment rate.

Questioned Costs: Undetermined.

Effect: Unallowable costs were charged to the Federal program.

Cause: The Nevada Division of Child and Family Services did not have adequate controls in place to ensure that adoptive parents did not receive a Title IV-E subsidy in excess of the foster care maintenance payment rate.

Recommendation: We recommend the Nevada Division of Child and Family Services enhance internal controls to ensure adoptive parents do not receive a Title IV-E subsidy in excess of the foster care maintenance payment rate.

Management's Response: See management's response on page 223.

2015-043: U.S. Department of Health and Human Services
Chafee Foster Care Independence Program, CFDA 93.674
Reporting
Significant Deficiency in Internal Control over Compliance

Criteria: *OMB Circular A-133* requires that non-Federal entities receiving Federal awards establish and maintain internal control designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements.

Condition and Context: During our audit testing of the Federal Financial Report, we noted that the report was prepared and submitted without being reviewed by an individual independent of the preparation process.

Questioned Costs: None.

Effect: Inaccurate information may be reported to the Federal agency.

Cause: Due to staff position becoming vacant, the individual who prepared the Federal Financial Report also reviewed it and the Nevada Division of Child and Family Services did not have procedures in place to ensure an alternate person reviewed the Federal Financial Report to address the lack of segregation of duties resulting from the vacant position.

Recommendation: We recommend the Nevada Division of Child and Family Services implement procedures to have an alternate person review the Federal Financial Report to address the lack of segregation of duties resulting from position vacancies.

Management's Response: See management's response on pages 223 and 224.

BRIAN SANDOVAL
Governor

STATE OF NEVADA

RICHARD WHITLEY
Director

JANE GRUNER
Acting Administrator

DEPARTMENT OF HEALTH AND HUMAN SERVICES
DIVISION OF CHILD AND FAMILY SERVICES
4126 Technology Way – 3rd Floor
Carson City, Nevada 89706
(775) 684-4400

February 22, 2016

Mr. Patrick A. Wells
Director, Office of Mandatory Grants
Administration for Children and Families
U.S. Department of Health and Human Services
370 L'Enfant Promenade, SW
Washington, D.C. 20447

Dear Mr. Wells:

This letter is in response to the annual Single Audit performed by Eide Bailly LLP, CPA's for Federal Programs administered by the State of Nevada, Division of Child and Family Services (DCFS) for the fiscal year ended June 30, 2015. The audit findings pertain to the Federal Title IV-E Programs and Chafee Program listed below:

Foster Care – CFDA 93.658
Adoption Assistance – CFDA 93.659
Chafee Foster Care – CFDA 93.674

Eide Bailly, LLP audit findings 2015-038 through 2015-042 concern these Federal Title IV-E programs. Audit finding 2015-043 concern the Chafee Foster Care program. This letter serves as our response to the findings and recommendations:

Finding 2015-038 resulted in the following recommendation:
We recommend the Nevada Division of Child and Family Services implement procedures in its Title IV-E plan to provide for the periodic review of payment rates for maintenance payments at reasonable, specific, time-limited periods to assure the rate's continuing appropriateness for the administration of the program. In addition, the review should be documented.

DCFS Response:
The Division of Child and Family Services has reviewed and accepts this finding. The auditor noted there were no policies and procedures included in the State's IV-E plan.

Corrective Action:
The Division of Child and Family Services will amend the Nevada Title IV-E Plan (2009) to address the need to review maintenance payments at a reasonable, specific, time-limited period to ensure the appropriateness of the rate and document the review. This process will be outlined in a statewide policy

and procedure that addresses a requirement for DCFS to research and review foster care rates and make determinations about the appropriateness of Nevada's rates and amend as necessary. This policy will be included in the state plan. The rates on the Nevada Division of Child and Family Services website will be updated to reflect the new effective date of the rates after this review has been completed.

Finding 2015-039 resulted in the following recommendation:
We recommend the Nevada Division of Child and Family Services enhance internal controls to ensure foster care providers do not receive duplicate payments.

DCFS Response:
The Division of Child and Family Services has reviewed and accepts this finding. The auditor reviewed 40 foster care providers who received maintenance payments during the year. The auditor noted that six of those 40 foster care providers received at least one day of duplicate payments during the year (27 days in total). Therefore, these providers were paid twice for the same day of service.

Corrective Action:
Information Management Services (IMS) will open and accept a work request to analyze the potential for modifying the UNITY/SACWIS system to programmatically prevent duplicate payments to foster care providers. If feasible, the UNITY/SACWIS system will be enhanced to avoid overlapping dates with regards to Service Authorizations.

Eligibility will enhance controls by continuing to research each Service Authorization prior to approving Fiscal Assignments in UNITY. The intent of this review is to ensure that this last option for identifying duplicate payments prior to their release is completed. A procedure will be written and implemented to document the process for staff.

Adjustments are not able to be done in UNITY but each of the cases will be reversed on the Title IV-E Claim to apply the entire payment to the State General Fund. Collection efforts are being done for the duplicate payments.

Finding 2015-040 resulted in the following recommendation:
We recommend the Nevada Division of Child and Family Services implement controls to provide for the review of eligibility determinations by an individual independent of the initial determination.

DCFS Response:
The Division of Child and Family Services has reviewed and accepts this finding. The auditor noted that the determinations are performed without being reviewed by an individual independent of the initial determination.

Corrective Action:
The Division of Child and Family Services will implement controls by writing and implementing a procedure for the Eligibility Supervisor. When staff receive the necessary documents to make initial or annual title IV-E determinations, the information will be entered into UNITY leaving the determination in pending status. All case files will then be reviewed by the Eligibility Supervisor who will then approve or deny the child's Title IV-E eligibility. The Eligibility Summary Report (CFS602), which is printed and placed in case file, will list two names: determined by "worker" and approved by "supervisor".

Finding 2015-041 resulted in the following recommendation:
We recommend the Nevada Division of Child and Family Services enhance procedures in place to ensure costs are allocated in accordance with the cost allocation plan.

DCFS Response:
The Division of Child and Family Services has reviewed and accepts this finding. The auditors reviewed the cost allocation plan. During this testing, the auditor noted 13 administrative accounts that were not allocated in accordance with the cost allocation plan.

Corrective Action:
The Division of Child and Family Services is enhancing procedures to include a review by both the Management Analyst II, who processes cost allocation, and the supervising Management Analyst IV, who reviews the quarterly cost allocation before submission, to ensure the accuracy of the allocation methods used and the chart of accounts in AlloCAP is processed in compliance with the Division's approved Cost Allocation Plan. Reconciliation of AlloCAP to the approved Cost Allocation Plan, before the quarterly submission, should eliminate this problem from occurring again.

Finding 2015-042 resulted in the following recommendation:
We recommend the Nevada Division of Child and Family Services enhance internal controls to ensure adoptive parents do not receive a Title IV-E subsidy in excess of the foster care maintenance payment rate.

DCFS Response:
The Division of Child and Family Services has reviewed and accepts this finding. As part of the auditor's testing over Adoption Subsidy payments, 40 adoptive parents who received Title IV-E subsidy payments during the year were reviewed. The auditor noted one of those 40 adoptive parents received a Title IV-E subsidy in excess of the foster care maintenance payment rate.

Corrective Action:
The Division of Child and Family Services will enhance internal controls by reviewing each adoption assistance agreement to ensure the child was eligible for Title IV-E in their foster care episode. An already existing checklist will be revised and used to confirm the Title IV-E eligibility as well as the financial subsidy amount listed on the Adoption Assistance Agreement are the same; which cannot be in excess of the foster care maintenance payment rate. All adoption subsidies will continue to be reviewed annually by eligibility staff.

Finding 2015-043 resulted in the following recommendation:
We recommend the Nevada Division of Child and Family Services implement procedures to have an alternate person review the Federal Financial Report to address the lack of segregation of duties resulting from position vacancies.

DCFS Response:
The Division of Child and Family Services has reviewed and accepts this finding. During audit testing of Federal Financial Reports (SF-425), the auditor noted that the SF-425s were prepared and submitted without being reviewed by an individual independent of the preparation process.

Corrective Action:
The Division of Child and Family Services is enhancing and implementing procedures to include a review of all SF-425s prior to submission to ensure a segregation of duties. The 425s will be prepared by a Management Analyst IV and will be reviewed to ensure accuracy by a supervisor. Each of the individuals completing and reviewing the SF-425 will be required to sign and date the approved SF-425 before the form is either submitted on-line or mailed to the appropriate Federal Agency.

The Division truly appreciates the time your agency has spent in conducting this audit and for providing us feedback to improve our internal procedures. Your audits historically, and in the future, are a valuable asset to improving our Division.

If additional information is required, please contact Priscilla Colegrove, Administrative Services Officer IV at 775 684-47953 or by email at pcolegrove@dcfs.nv.gov.

Sincerely,

Danette Kluever
for Jane Gruner, Acting Administrator

cc: Daniel Rushin, CPA, Eide Bailly LLP
Richard Whitley, Director, Department of Health and Human Services
Ellen Crecelius, Deputy Director, Department of Health and Human Services
Shannon Ryan, Deputy Legislative Auditor, Legislative Counsel Bureau, Audit Division
Danette Kluever, Deputy Administrator, Division of Child and Family Services
Jill Marano, Deputy Administrator, Division of Child and Family Services
Jason Benshoof, Information Technology Manager III, Division of Child and Family Services
Jason Kolenut, Management Analyst IV, Division of Child and Family Services
Emily Salaices, Family Services Supervisor I, Division of Child and Family Services
Internal Auditor File, Division of Child and Family Services

RON KNECHT,
MS, JD, PE (CA)
State Controller

STATE OF NEVADA

JAMES W. SMACK
Chief Deputy Controller

GEOFFREY LAWRENCE
Assistant Controller

OFFICE OF THE
STATE CONTROLLER

March 9, 2016

Eide Bailly LLP
5441 Kietzke Lane
Reno, NV 89511

Dear Sirs:

In accordance with paragraph 315(b) of the Office of Management and Budget (OMB) Circular A-133, please accept the following *Summary Schedule of Prior Audit Findings* for the year ended June 30, 2015.

Finding 2013-002:

Program:	Department of Agriculture Child Nutrition Cluster: School Breakfast Program, CFDA 10.553 National School Lunch Program, CFDA 10.555 Special Milk Program for Children, CFDA 10.556 Summer Food Service Program for Children, CFDA 10.559
Finding Summary:	The *OMB Circular A-133Compliance Supplement* requires that reports submitted to the Federal awarding agency are presented in accordance with program requirements, include all activity of the reporting period, and data elements are supported by underlying accounting records. The State agency that administers the Child Nutrition Cluster awards is required to submit quarterly and cumulative outlay information in the FNS-777 Financial Status Reports. The Nevada Department of Education administered the awards during fiscal year 2013. During testing of the FNS-777 Financial Status Report, submitted for the quarter ended March 31, 2013, we noted that amounts reported as current quarter outlays actually represented the cumulative outlay amounts (for two Federal fiscal year quarters). When those amounts were added to the prior quarter outlays reported, the total cumulative Federal share of outlays was overstated by approximately $6,168,500.

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555 E. Washington Avenue, Suite 4300
Las Vegas, Nevada 89101-1071
(702) 486-3895
Fax (702) 486-3896

State's Response: The Department does have a review process to ensure quarterly FNS-777 reports are reconciled to the detail back-up information.

Finding Status: Corrected.

Finding 2013-004:

Program: Department of Agriculture
Child Nutrition Cluster:
School Breakfast Program, CFDA 10.553
National School Lunch Program, CFDA 10.555
Special Milk Program for Children, CFDA 10.556
Summer Food Service Program for Children, CFDA 10.559

Finding Summary: *OMB Circular A-133* requires the State to prepare a Schedule of Expenditures of Federal Awards (SEFA) showing total Federal expenditures for the year and to maintain internal control over Federal programs that provides reasonable assurance that the State is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.

The State has assigned the responsibility for accumulating the information to prepare the SEFA to the Controller's Office. The Controller's Office compiles this information from award information provided by individuals who administer the various Federal award programs. The pertinent information is provided using a State developed form entitled Single Audit Reporting Form (SARF).

During our testing and reconciliation of the SARFs to the accounting system, we noted that expenditures related to the Child Nutrition Cluster were not correctly reported to the Controller's Office. We found that no SARFs had been submitted for CFDA numbers 10.556 and 10.559, and that the SARFs submitted for CFDA numbers 10.553 and 10.555 reported Federal fiscal year expenditures rather than the State fiscal year expenditures.

State's Response: The Department has sent the correct SEFA information the last two fiscal years.

Finding Status: Corrected.

Finding 2013-005:

Program:	Department of Health and Human Services, Division of Public and Behavioral Health Special Supplemental Nutrition Program for Women, Infants, and Children (WIC), SFDA 10.557
Finding Summary:	The Federal Funding Accountability and Transparency Act (FFATA) requires that direct recipients (prime awardees) of certain Federal awards are required to report subaward information by the end of the month following the month in which the prime awardee obligates a subgrant award equal to, or greater than, $25,000. This requirement is effective for both mandatory and discretionary grants awarded by the Federal granting agency on or after October 1, 2010. As part of our testing, we requested to view the subaward data entered into the FFATA Subaward Reporting System (FSRS) for the State's subrecipients, many of whom receive more than $25,000 annually. It was noted that the required reporting for FFATA had not been performed. The program personnel represented that they were aware of the reporting requirements related to FFATA, but reporting was not performed consistently and timely.
State's Response:	Prior to June 30, 2015, the Division of Public and Behavioral Health revised policies and procedures to ensure full compliance with FFATA reporting requirements. However, the Division is still in the process of reporting the required subawards.
Finding Status:	Not Corrected.

Finding 2013-007:

Program:	Department of Education Minerals Leasing Act, CFDA 15.437
Finding Summary:	*OMB Circular A-133* requires the State to prepare a Schedule of Expenditures of Federal Awards (SEFA) showing total Federal expenditures for the year and to maintain internal control over Federal programs that provides reasonable assurance that the State is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.

The State has assigned the responsibility for accumulating the information to prepare the SEFA to the Controller's Office. The Controller's Office compiles this information from award information provided by agencies that administer the various Federal award programs. The pertinent information is provided by agencies using a State developed form entitled Single Audit Reporting Form (SARF).

During our testing and reconciliation of the SARFs to the accounting system, we identified instances where expenditures related to the Minerals Leasing Act program were not correctly reported to the Controller's Office. As a result, expenditures of $7,406,301 were reported on the SEFA under CFDA 15.228, rather than CFDA 15.437. In addition, $1,099,922 of funds received under CFDA 15.437 had not been included on the SEFA.

State's Response: In working with staff of the Treasurer, the Department now receives separate reports relating to deposits for mineral funding versus gas and oil funding. The Department has implemented procedures to properly record the separate transactions for mineral funding and gas and oil funding. The procedures allow for the correct reporting on the SEFA.

Finding Status: Corrected.

Finding 2013-008:

Program: Department of Employment, Training and Rehabilitation
Unemployment Insurance:
Unemployment Insurance, CFDA 17.225
ARRA – Unemployment Insurance, CFDA 17.225A

Finding Summary: The ET Handbook No. 395, 5th Edition, Benefit Accuracy Measurement State Operations Handbook, Chapter VII, Section 2 (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 Benefit Accuracy Measurement (BAM) investigation that were utilized. This includes documentation of the Occupational Code source and Summary of Investigation.

As part of our testing over the BAM program, we tested compliance with the requirements relating to the investigative process and data collection and maintenance. The files of 40 completed BAM cases were examined to ensure that all required documentation was included. For one case, documentation to satisfy the Occupational Code source

	requirement was not included in the file. For another case, support to satisfy the Summary of Investigation documentation requirement was not included in the file.
State's Response:	Nevada DETR provided U.S. DOL with the documentation necessary to clear this finding and the DOL Project Specialist recommended closure in July 2015. During FY15, Nevada DETR was in the process of implementing adequate controls to ensure that required documentation was included in case files.
Finding Status:	Not Corrected.

Finding 2013-011:

Program:	Department of Employment, Training and Rehabilitation Workforce Investment Act (WIA) Cluster: WIA Adult Program, CFDA 17.258 WIA Youth Activities, CFDA 17.259 WIA Dislocated Worker Formula Grants, CFDA 17.278
Finding Summary:	The Federal Funding Accountability and Transparency Act (FFATA) requires that direct recipients (prime awardees) of certain Federal awards are required to report subaward information by the end of the month following the month in which the prime awardee obligates a subgrant award equal to, or greater than, \$25,000. This requirement is effective for both mandatory and discretionary grants awarded by the Federal granting agency on or after October 1, 2010. As part of our audit procedures, we tested a sample of two first-tier subawards funded under the Federal Assistance Identification Number (FAIN) AA-22954-12-55-A-32. For one subaward in the amount of \$679,465, dated January 8, 2013, the obligation information was not reported in the Funding Accountability and Transparency Subaward Reporting System (FSRS). For the other subaward of \$2,311,691, which was awarded in August 2012, we noted that the information reported in FSRS for the key data elements Subaward Obligation/Action Date, and Subaward Number were not correct. In addition, the subaward data was reported in FSRS on November 26, 2012, although the reporting was required to be completed on or before September 30, 2012.

State's Response: Nevada DETR provided copies to U.S. DOL of a revised FFATA to incorporate any omitted awards, etc. In addition, Nevada DETR provided another copy of the latest FFATA procedures to help ensure compliance in the future. This finding was recommended to be closed by the DOL Project Specialist in July 2015. However, during FY15, Nevada DETR was still in the process of reporting the required subawards.

Finding Status: Partially Corrected.

Finding 2013-012:

Program: Department of Employment, Training and Rehabilitation
Workforce Investment Act (WIA) Cluster:
WIA Adult Program, CFDA 17.258
WIA Youth Activities, CFDA 17.259
WIA Dislocated Worker Formula Grants, CFDA 17.278

Finding Summary: *OMB Circular A-133* requires that reports submitted to the Federal awarding agency are presented in accordance with program requirements, include all activity of the reporting period, and data elements are supported by underlying records.

The Nevada Department of Employment, Training and Rehabilitation is required to submit a performance report, the ETA-9091 WIA Annual Report, for the WIA Cluster awards. The report is comprised of information from the WIA Standardized Record Data (WIASRD). The WIASRD records contain relevant data on participants' characteristics, activities and outcomes, and that data is included in the Tables in the ETA-9091 WIA Annual Report. The *OMB Circular A-133 Compliance Supplement* identifies WIASRD key line items that contain critical information, including individual information for *other reasons for exit*, employment and job retention data for *employment after exit quarter*, and wage record data for *quarters prior to participation* and *quarters following exit*.

Our audit procedures included testing information related to a sample of 40 participant cases to verify the accuracy of the underlying information for the key line items in WIASRD.

In five cases, we noted individual information, specifically for *other reasons for exit*, did not agree to the underlying records. The participants were reported as exited for reasons other than one of the conditions listed, when in fact, this information did not apply as the participants had not yet exited.

In two cases, we noted employment earnings, specifically for *quarters following exit*, did not agree to the underlying records. For one, the participant wage record data was doubled, and for the other, applicable wages were not included in the data.

In one case, we noted employment earnings, specifically earnings for *quarters prior to participation* and *quarters following exit*, did not agree to the underlying records. Applicable wages were not included in the data.

Our sample included participants with earnings in states other than Nevada. In one of those cases, we noted wage amounts included in WIASRD, specifically earnings for *quarters prior to participation* and *quarters following exit*, did not agree to the underlying records. For participants with earnings in States other than Nevada, wage amounts are obtained from the Wage Record Interchange System (WRIS) to include in WIASRD. The applicable WRIS wages were not included in the data reported. In addition, due to this omission, the employment outcome reported for *employment after exit quarter* was inaccurate.

State's Response: Nevada DETR provided U.S. DOL with the documentation necessary to clear this finding and the DOL Project Specialist recommended closure in July 2015.

Finding Status: Corrected.

Finding 2013-013:

Program: Department of Employment, Training and Rehabilitation
Workforce Investment Act (WIA) Cluster:
WIA Adult Program, CFDA 17.258
WIA Youth Activities, CFDA 17.259
WIA Dislocated Worker Formula Grants, CFDA 17.278

Finding Summary: As noted in *OMB Circular A-133*, a pass-through entity is responsible for ensuring required audits are completed within nine months of the end of the subrecipient's audit period, a management decision is issued on each audit finding within six months after receipt of the subrecipient's audit report, and ensuring that the subrecipient takes timely and appropriate corrective action on all audit findings. A management decision is the evaluation of an audit finding and corrective action plan and the issuance of a written decision as to what corrective action is necessary.

The Nevada Department of Employment, Training and Rehabilitation did not issue a management decision for its subrecipients' audit findings or ensure timely and appropriate corrective actions were taken.

As part of our audit procedures, we tested the two subrecipients to verify that the Nevada Department of Employment, Training and Rehabilitation ensured that required audits were completed, issued management decisions on audit findings, and ensured corrective actions were taken on audit findings. We noted that one subrecipient's audit report included WIA Cluster audit findings and that the Nevada Department of Employment, Training and Rehabilitation did not issue a management decision or ensure the subrecipient took timely and appropriate corrective action.

State's Response: DETR has hired staff that will be in charge of program and fiscal oversight only. The Fiscal Oversight Monitoring Guide has been drafted and it outlines the steps that will be taken to ensure compliance with A-133 audit reports. An Annual Audit Confirmation (AAC) form will be mailed to each LWIB 90 days prior to the recipient's year-end. This form will prompt the LWIBs to forward finalized copies of the Single Audits and DETR staff will issue a management decision and ensure the LWIB took timely and appropriate corrective action within the allowable six month period of time.

Finding Status: Corrected.

Finding 2013-015:

Program: Department of Employment, Training and Rehabilitation Rehabilitation Services_Vocational Rehabilitation Grants to States, CFDA 84.126

Finding Summary: *The OMB Circular A-133 Compliance Supplement* requires that the State Vocational Rehabilitation agency must determine whether an individual is eligible for services within a reasonable time, not to exceed 60 days, after an individual has submitted an application for services unless:

a. Exceptional and unforeseen circumstances beyond the control of the State agency preclude making an eligibility determination within 60 days and the State agency and the individual agree to a specific extension of time; or

b. The State agency is exploring an individual's abilities, capabilities and capacity to perform in work situations through trial work experiences in order to determine the eligibility of the individual or the existence of clear and convincing evidence that the individual is incapable of benefiting in terms of an employment outcome from services.

As part of our testing, we selected a sample of individuals to verify their eligibility for Vocational Rehabilitation services. For one of the 25 individuals selected for testing, the eligibility determination exceeded 60 days from the application submission, and neither of the criteria which allows for an extension of time, as noted above, was met.

State's Response: DETR informed DOE-RSA that training was conducted on May 14, 2014, and June 3, 2014. DETR furnished copies of the training agendas for these sessions. Information was presented regarding guidelines for approved eligibility criteria, exception for timeframes and procedures for eligibility extensions. Based on the training and lack of questioned costs, this finding is closed per DOE-RSA's determination for this audit.

During 2015, Nevada DETR was still in the process of implementing adequate controls to ensure that eligibility determinations were met with the required timeframe.

Finding Status: Not Corrected.

Finding 2013-016:

Program: Department of Transportation
Highway Planning and Construction Cluster
Highway Planning and Construction, CFDA 20.205
ARRA – Highway Planning and Construction, CFDA 20.205A
Recreational Trails Program, CFDA 20.219

Finding Summary: The *OMB Circular A-133 Compliance Supplement* requires that non-Federal entities include in their construction contracts subject to the Davis-Bacon Act, a requirement that the contractor and subcontractors comply with the requirements of the Davis-Bacon Act, and the DOL regulations (29 CFR Part 5.5(a)(3)(ii)(A), "Labor Standards Provisions Applicable to Contracts Governing Federally Financed and Assisted

Construction"). This includes a requirement for the contractor and subcontractors to submit to the non-Federal entity weekly, for each week in which any contract work is performed, a copy of the payroll and a statement of compliance (certified payrolls).

Our testing of construction contracts included reviewing the bid documents and contracts for the Davis-Bacon provisions, and reviewing the payroll data received and monitored by Nevada Department of Transportation personnel for four prime contractors and their subcontractors. Although the certified weekly payrolls were received, we noted several instances where multiple weeks were submitted at once, rather than each week being submitted separately and timely, and there was no documentation available of communication with the contractors to support efforts to ensure future reports would be submitted timely.

State's Response: The Department of Transportation is in the process of implementing the following corrective action: The new Transportation Policy was still under review at June 30, 2015. On August 4, 2015, NDOT Policy Memo 15-01 was adopted by the Department. The Certified Payroll and Compliance Manual was still under review at June 30, 2015. Subsequent to June 30, 2015 the Certified Payroll and Compliance Manual was finalized and distributed to NDOT personnel, Nevada contractors, and the Federal Highway Administration. The training on the Certified Payroll and Compliance Manual did commence in April as stated in our corrective action. In addition, the Department has continued to offer this training program. Prior to June 30, 2015, the Department had made the request for software enhancements. However as of June 30, 2015, the enhanced software had not yet been received from the vendor.

Finding Status: Not corrected.

Finding 2013-017:

Program: Department of Transportation
Highway Planning and Construction Cluster
Highway Planning and Construction, CFDA 20.205
ARRA – Highway Planning and Construction, CFDA 20.205A
Recreational Trails Program, CFDA 20.219

Finding Summary: The *OMB Circular A-133 Compliance Supplement* requires that non-Federal entities must have a quality assurance program for construction projects on the National Highway System to ensure that materials and workmanship conform to approved plans and specifications. Verification sampling must be performed by qualified testing personnel employed by the State Department of Transportation, or by its designated agent, excluding the contractor (23 CFR sections 637.201, 637.205, and 637.207).

Our procedures included reviewing the Department's Acceptance Testing Frequency Report for each project, which serves to document the number of tests required, performed and the results of the tests; and the related documentation of test results to verify that tests were being performed in accordance with the quality assurance program. Three of 30 federally funded construction projects completed during the year were tested. One of the projects, 3517, required tests to be performed and additional independent assurance (IA) tests related to the initial tests to be performed. We noted that the IA testing for materials for the project was not performed as prescribed on the Required Minimum Number of Tests-IA column of the Acceptance Testing Frequency Report.

State's Response: New procedures have been implemented to ensure that all required tests have been performed in accordance with the Nevada Department of Transportation's Construction Manual Testing Frequencies for Independent Quality Assurance.

In going forward the Department would like to request that additional coordination efforts be implemented during the selection of projects for audit to help ensure that an accurate sampling of projects under current processes are being utilized for determination of meeting necessary criteria.

Finding Status: Partially corrected.

Finding 2013-020:

Program: Department of Education
Improving Teacher Quality, CFDA 84.367
Striving Readers, CFDA 84.371
School Improvement Grants Cluster:
School Improvement Grants, CFDA 84.377
ARRA – School Improvement Grants, CFDA 84.388

Finding Summary: The Federal Funding Accountability and Transparency Act (FFATA) requires that direct recipients (prime awardees) of certain federal awards are required to report subaward information by the end of the month following the month in which the prime awardee obligates a subgrant equal to or greater than $25,000. This requirement is effective for both mandatory and discretionary grants awarded by the Federal granting agency on or after October 1, 2010.

As part of our audit procedures, we requested to view the subaward information reported in the FFATA Subaward Reporting System (FSRS) for subawards obligated during the fiscal year. It was noted that this data had not been entered into the FSRS.

State's Response: Through the actions of the 2015 Legislature, the Department now has a centralized Grants Management Unit, which has the responsibility for reporting all grants and allocations in the FSRS reporting website for the FFATA requirement; this group was organized as of July 2015. The Department was still in the process of implementing adequate controls over the FFATA requirement during FY15.

Finding Status: Not Corrected.

Finding 2013-021:

Program: Department of Health and Human Services, Division of Public and Behavioral Health
Block Grants for Community Mental Health Services, CFDA 93.958

Finding Summary: As noted in the *OMB Circular A-133 Compliance Supplement*, the State may not expend more than five percent of grant funds for administrative expenses with respect to the grant (42 USC 300x-5(b)).

During our audit, we planned to test that the State monitored the administrative costs and did not use more than five percent of the grant funds for administrative expenses. The Nevada Division of Public and Behavioral Health passed grant funds to several other State agencies, and we found that the Division did not monitor the collective administrative expenses to ensure compliance with the earmarking requirement. State personnel represented that documentation to support compliance with this earmarking requirement was not maintained for fiscal year 2013, and compliance could not be verified.

State's Response: Prior to June 30, 2015, the Division of Public and Behavioral Health revised it policies and procedures to ensure that allowable administrative costs did not exceed the five percent threshold.

Finding Status: Corrected.

Finding 2013-022:

Program:	Department of Health and Human Services, Division of Public and Behavioral Health Block Grants for Community Mental Health Services, CFDA 93.958
Finding Summary:	The *OMB Circular A-133 Compliance Supplement* identifies two maintenance of effort requirements for this program: (1) the State shall, for each fiscal year, maintain aggregate State expenditures for community mental health centers at a level that is not less than the average level of such expenditures by the State for the two fiscal years preceding the fiscal year of the grant (42 USC 300x-4(b)), and (2) the State shall expend an amount not less than an amount equal to the amount expended in fiscal year 1994 for systems of integrated services for children with serious emotional disturbance (42 USC 300x-2(a)(1)(C)). The Division of Public and Behavioral Health has developed a "Maintenance of Effort Calculation" spreadsheet that calculates and compares the current year State expenditures for community mental health centers to the average of the previous two years, and also tracks the State spending for services for children with serious emotional disturbance. During our audit procedures we noted that, although the spreadsheet appeared to have been maintained through fiscal year 2012, the data included for fiscal year 2013 was based on estimates, and the information for the actual current year amounts could not be provided.
State's Response:	Corrective action for these finding were not implemented prior to June 30, 2015. However, with technical assistance provided by the Substance Abuse and Mental Health Services Administration (SAMHSA), the Division's policies and procedures were revised in August 2015.
Finding Status:	Partially corrected.

Finding 2013-023:

Program:	Department of Health and Human Services, Division of Public and Behavioral Health Block Grants for Prevention and Treatment of Substance Abuse, CFDA 93.959
Finding Summary:	As noted in the *OMB Circular A-133 Compliance Supplement*, the State shall expend not less than 20 percent of the Substance Abuse

Prevention and Treatment Block Grant (SABG) for primary prevention programs for individuals who do not require treatment of substance abuse.

During our audit, we tested the schedule used by Nevada Division of Public and Behavioral Health personnel to track and support compliance with this earmarking requirement for award number 3B08TI010039-12, which ended September 30, 2013. We noted that, as of June 30, 2013, more than 99 percent of the award funds had been expended, and the schedule supported that only 15.45 percent had been used for primary prevention programs. Therefore, it appears the amount used for preventive programs was approximately four percent less than the 20 percent earmarking requirement.

State's Response: Prior to June 30, 2015, the Division of Public and Behavioral Health revised it policies and procedures to ensure that costs for prevention programs accounted for at least 20 percent of the total SABG costs. Additionally, the Division expects to meet the prevention earmarking requirements for the SABG for the period ending September 30, 2015.

Finding Status: Corrected.

Finding 2013-024:

Program: Department of Health and Human Services, Division of Public and Behavioral Health
National Bioterrorism Hospital Preparedness Program, CFDA 93.889

Finding Summary: The *OMB Circular A-87 Cost Principles for State, Local, and Indian Tribal Governments*, compliance requirements state that where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semi-annually and will be signed by the employee or supervisory official having first hand knowledge of the work performed by the employee. Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports that reflect an after-the-fact distribution of the actual activity, be prepared at least monthly, and must be signed by the employee. Budget estimates or other distribution percentages determined before the services are performed do not qualify as support for charges to Federal awards.

The Nevada Division of Public and Behavioral Health allocates salary and benefit charges to the Hospital Preparedness Program according to percentages assigned to the employee positions. The personnel activity reports (time cards) signed by employees are exception-only reports, and by including a notation of the percent of time worked on the Hospital Preparedness Program on the time cards, they effectively support the amount of salary and benefit costs that should have been charged to the program.

During our testing of payroll charges to this program, we examined 25 time cards for employees who work on multiple activities or Federal programs, including the Hospital Preparedness Program. It was noted that in some instances the percentage of the employee's time charged to the Hospital Preparedness Program did not match the percentage indicated on the time card by the employee. It was also noted that some of the time cards tested did not include any notations by the employees to support the amount of their time allocated to Federal awards. Because those time cards did not identify the Federal programs and time allocation on them, the time cards did not meet the standards for documentation.

State's Response: Prior to June 30, 2015, the Program Manager provided training to supervisors and staff to ensure the correct allocation of time is charged to each federal program. However, supervisors and staff are still not in compliance and additional training will be provided.

Finding Status: Not Corrected.

Finding 2013-025:

Program: Department of Health and Human Services, Division of Public and Behavioral Health
National Bioterrorism Hospital Preparedness Program, CFDA 93.889

Finding Summary: The Federal Funding Accountability and Transparency Act (FFATA) requires that direct recipients (prime awardees) of certain Federal awards are required to report subaward information by the end of the month following the month in which the prime awardee obligates a subgrant award equal to, or greater than, $25,000. This requirement is effective for both mandatory and discretionary grants awarded by the Federal granting agency on or after October 1, 2010.

As part of our testing, we planned to test the subaward data entered into the FFATA Subaward Reporting System (FSRS) for grant number

1U90TP000534-01, as we noted that the State used the award to make payments to five subrecipients during the year. It was noted that the required reporting for FFATA had not been performed for subgrants made with HPP funds, and no evidence was available to support that efforts had been made to report such information.

State's Response: Prior to June 30, 2015, the Division of Public and Behavioral Health revised it policies and procedures to ensure full compliance with FFATA reporting requirements. However, the Division is still in the process of reporting the required subawards.

Finding Status: Not Corrected.

Finding 2013-030:

Program: Department of Health and Human Services, Division of Child and Family Services
Foster Care – Title IV-E:
Foster Care, CFDA 93.658
Adoption Assistance – Title IV-E:
Adoption Assistance, CFDA 93.659

Finding Summary: *OMB Circular A-133* requires the State to prepare a Schedule of Expenditures of Federal Awards (SEFA) showing total Federal expenditures for the year and to maintain internal control over Federal programs that provides reasonable assurance that the State is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.

The State has assigned the responsibility for accumulating the information to prepare the SEFA to the Controller's Office. The Controller's Office compiles this schedule from award information provided by agencies that administer the various Federal award programs. The pertinent information is communicated using a State developed form entitled Single Audit Reporting Form (SARF).

During our testing and reconciliation of the SARFs to the accounting system, we found instances where expenditures related to Foster Care grant 1301NV1401 and Adoption Assistance grant 1301NV1407 were not correctly reported to the Controller's Office.

The Division of Child and Family Services prepared the SARFs based on expenditure amounts at the time of preparation of the SARFs.

Subsequent to the preparation of the SARFs, additional Federal expenditures were recorded for the Foster Care and Adoption Assistance programs. When the additional Federal expenditures were recorded, amended SARFs were not prepared to accurately report Federal expenditure amounts to the Controller's Office for inclusion on the SEFA. The amounts reported as Federal expenditures for the Foster Care program were understated by approximately $1,050,000. Total Federal expenditures reported for the Adoption Assistance program were understated by approximately $117,000.

State's Response: Division of Child and Family Services enhanced procedures to ensure all the expenditures were processed timely and coding of those expenditures was correct for the SEFA. The manual Single Audit Reporting Forms (SARF) was completed in State Fiscal Year 2015.

Finding Status: Corrected.

Finding 2013-032:

Program: Department of Health and Human Services, Division of Child and Family Services
Chafee Foster Care Independence Program, CFDA 93.674

Finding Summary: The Federal Funding Accountability and Transparency Act (FFATA) requires that direct recipients (prime awardees) of certain federal awards are required to report subaward information by the end of the month following the month in which the prime awardee obligates a subgrant equal to, or greater than, $25,000. This requirement is effective for both mandatory and discretionary grants awarded by the Federal granting agency on or after October 1, 2010.

As part of our audit procedures, we tested one of six first-tier subawards exceeding $25,000 that were funded under the Federal Assistance Identification Number (FAIN) 1201NV1420, and obligated July 1, 2012. The obligation information was reported in the FFATA Subaward Reporting System (FSRS). However, the obligation information was not reported until February 26, 2013, which is after the required submission date of August 30, 2012.

State's Response: The Division of Child and Family Services, Grants Management Unit (GMU) has added to the Operating Technical Guidelines, new Section #107: Federal Reporting – Federal Funding Accountability and Transparency Act (FFATA) and Federal Subaward Reporting System (FSRS). Within this new section of mandated actions by GMU staff, is outlined the Federal Reporting Process which includes the required time frames and amounts. This also includes the requirement for amendments to subrecipients that are equal to or exceed $25,000 to also be reported. Grants and Projects Analysts (GPAs) are required to read and initial an acknowledgment form stating that they agree to abide by all policies and processes outlined in the Technical Guidelines.

The Division of Child and Family Services, Grants Management Unit Operating Technical Guidelines Section 400: Grants and Projects Analyst Duties and Processes will be reviewed and updated to include a section that outlines again the federal and internal reporting requirements. GPAs are required to read and initial acknowledging that they have read and agree to abide by all policies and processes outlined in the Technical Guidelines.

Additionally, once the GPA has completed the required report in FSRS, they will update the internal "DCFS GMU FFATA Reporting Log". The two will be periodically reconciled as an additional means of ensuring required reports have been made.

Finding Status: Corrected.

Finding 2013-033:

Program: Department of Health and Human Services, Division of Child and Family Services
Chafee Foster Care Independence Program, CFDA 93.674

Finding Summary: As noted in *OMB Circular A-133*, a pass-through entity is responsible for ensuring required audits are completed within nine months of the end of the subrecipient's audit period, a management decision is issued on each audit finding within six months after receipt of the subrecipient's audit report, and ensuring that the subrecipient takes timely and appropriate corrective action on all audit findings. A management decision is the evaluation of an audit finding and corrective action plan and the issuance of a written decision as to what corrective action is necessary.

The State of Nevada has a policy to perform an on-site monitoring review of each subrecipient every two years, and at that time, the most recent audit reports are reviewed.

As part of our audit procedures, we selected two of eight subrecipients to test. The file of one of the subrecipients tested had support of the most recent audit performed, as a biennial on-site review was performed for that entity during fiscal year 2013. The other subrecipient tested did not have an on-site review performed during fiscal year 2013, and there was no documentation available to support that the State ensured an audit was completed, if required.

State's Response: The Division of Child and Family Services has enhanced procedures to ensure audit reports are reviewed for those subrecipients that are not required to have an on-site monitoring review during the fiscal year.

The Division of Child and Family Services, Grants Management Unit Operating Technical Guidelines Section 300: On-Site Reviews is currently being revised as GMU develops a new on-site review process. The new process requires a designated GPA, instead of an AA, to oversee all review scheduling, findings letters, and agency follow-up. The revised on-site review process also requires audit copies submitted by sub grantees to be stored on the server, as well as, their individual files.

The Division of Child and Family Services, Grants Management Unit Operating Technical Guidelines Section 400: Grants And Projects Analyst Duties and Processes will be reviewed and updated to include a section that outlines the requirement for GPAs to examine those subrecipients who will not be receiving an on-site review, ensuring that annual audits have been performed and corrective action items addressed.

A checklist has been developed and implemented. One of the tasks that the new AA will be given is making sure that checklists have been added to all sub grant files. GPAs will be responsible for maintaining the accuracy checklists and verifying their accuracy.

The following has been implemented. As an additional line of defense, the subject of on-site reviews will be included on monthly staff meeting agendas (which are signed by attendees) as a way to ensure and remind staff of the importance of checking on those subrecipients who may not be receiving an annual on-site review, ensuring the audit has been performed and examined.

Finally, the GMU manager will conduct spot checks of all subrecipient files to ensure the independent audits have been reviewed.

Finding Status: Corrected.

Finding 2014-001:

Program:	Controller's Office Special Supplemental Nutrition Program for Women, Infants, and Children, CFDA 10.557 Highway Planning and Construction, CFDA 20.205 Improving Teacher Quality, CFDA 84.367 Immunization Grants, CFDA 93.268 Adoption Assistance, CFDA 93.659
Finding Summary:	OMB Circular A-133 requires the State to prepare a Schedule of Expenditures of Federal Awards (SEFA) showing total Federal expenditures for the year and to maintain internal control over Federal programs that provides reasonable assurance that the State is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs. The State has assigned the responsibility for accumulating the information to prepare the SEFA to the Controller's Office. The Controller's Office compiles this information from reports generated from the State's accounting system and information provided by the agencies that administer the various Federal award programs. During our testing and reconciliation of the amounts on the SEFA to the State's accounting system, we identified certain amounts included on the SEFA that did not properly reflect the expenditures, amounts paid to subrecipients, or non-cash direct assistance.
State's Response:	In order to ensure the most accurate information is collected and reported by the Agencies, the Controller's Office is running a comparison report between the current fiscal year being reported and the prior fiscal year. The first report was on September 25, which was 1 week after the Agency reporting due date of September 18. The report is run once a week until the final SEFA is submitted. It is analyzed by the Controller's Office Management Analyst III and the Chief Accountant of Operations for anomalies, discrepancies and/or missing information. As reporting issues are discovered, Agencies are notified directly, via email, for resolution. Agencies were also contacted for their non-cash direct assistance amounts that are reported on the SEFA.
Finding Status:	Partially Corrected.

Finding 2014-002:

Program: Department of Agriculture
Child Nutrition Cluster:
School Breakfast Program, CFDA 10.553
National School Lunch Program, CFDA 10.555
Special Milk Program for Children, CFDA 10.556
Summer Food Service Program for Children, CFDA 10.559

Finding Summary: OMB Circular A-133 requires that reports submitted to the Federal awarding agency are presented in accordance with program requirements, include all activity of the reporting period, and data elements are supported by underlying records.

The Nevada Department of Agriculture is required to submit a special report, the FNS-10, Report of School Program Operations, for the Child Nutrition Cluster monthly. The report is comprised of information from the National School Lunch Program Meal Extract Report, which contains data pertaining to the number of meals served for various Child Nutrition Programs. The OMB Circular A-133 Compliance Supplement identifies key line items that contain critical information, including number of milks served in schools and milks served in Nonresidential Child Care Institutions.

Our audit procedures included testing information related to a sample of five FNS-10 reports to verify the accuracy of the underlying information for the key line items of the FNS-10.

In two of the reports we tested, we noted information, specifically milks served in schools and milks served in Nonresidential Child Care Institutions, that did not agree to the underlying records. In both cases, it appears that amounts per the underlying records were incorrectly entered on the FNS-10.

State's Response: The Department does follow a process to validate each FNS-10 report, but it has not been formalized in writing.

Finding Status: Partially corrected.

Finding 2014-003:

Program: Department of Agriculture
Child Nutrition Cluster:

School Breakfast Program, CFDA 10.553
National School Lunch Program, CFDA 10.555
Special Milk Program for Children, CFDA 10.556
Summer Food Service Program for Children, CFDA 10.559

Finding Summary: OMB Circular A-133 requires the State to prepare a Schedule of Expenditures of Federal Awards (SEFA) showing total Federal expenditures for the year and to maintain internal control over Federal programs that provides reasonable assurance that the State is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.

The State has assigned the responsibility for accumulating the information to prepare the SEFA to the Controller's Office. The Controller's Office compiles this information from reports generated from the State's accounting system and information provided by the agencies that administer the various Federal award programs.

During our testing and reconciliation of the expenditure amounts on the SEFA to the State's accounting system, we noted that expenditures related to the Child Nutrition Cluster were not accurately reported to the Controller's Office by the Nevada Department of Agriculture. For CFDA 10.555, it was noted that expenditures related to food commodities for the Child Nutrition Cluster were understated by $9,010,471.

State's Response: The Department has identified staff responsibilities concerning the accurate reconciliation of federal expenditures.

Finding Status: Partially corrected.

Finding 2014-004:

Program: Department of Agriculture
Fresh Fruit and Vegetable Program, CFDA 10.582

Finding Summary: OMB Circular A-133 requires that reports submitted to the Federal awarding agency include all activity of the reporting period, and are presented in accordance with program requirements.

The Nevada Department of Agriculture is required to submit quarterly Standard Form (SF-425) Federal Financial Reports for the Fresh Fruit and Vegetable Program. We tested one report submitted during the fiscal year.

During testing of the quarterly SF-425 Federal Financial Reports for the period ended March 31, 2014 for grant award 7NV310AG1, we noted that the amount reported on line 10.f Federal share of unliquidated obligations was based on an estimate of the following quarter's expenditures, rather than actual expenditures that had been incurred but not paid.

State's Response: The Department does follow a process to ensure that the SF-425 Federal Financial Reports are presented in accordance with the program's requirements, but it has not been formalized in writing.

Finding Status: Partially corrected.

Finding 2014-005:

Program: Department of Education
Minerals Leasing Act, CFDA 15.437

Finding Summary: OMB Circular A-133 requires the State to prepare a Schedule of Expenditures of Federal Awards (SEFA) showing total Federal expenditures for the year and to maintain internal control over Federal programs that provides reasonable assurance that the State is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.

The State has assigned the responsibility for accumulating the information to prepare the SEFA to the Controller's Office. The Controller's Office compiles this information from reports generated from the State's accounting system and information provided by the agencies that administer the various Federal award programs.

During our testing and reconciliation of the expenditure amounts on the SEFA to the State's accounting system, we identified instances where expenditures were not correctly reported on the SEFA. Nevada Department of Education personnel incorrectly coded Minerals Leasing Act amounts in the State's accounting system which resulted in expenditures of $4,592,774 being incorrectly included on the SEFA under a different CFDA. In addition, Minerals Leasing Act expenditures were understated by $751,276 due to the Treasurer's Office not providing information to the Controller's Office.

State's Response: In working with staff of the Treasurer, the Department now receives separate reports relating to deposits for mineral funding versus gas and oil funding. The Department has implemented procedures to properly record the separate transactions for mineral funding and gas and oil funding. The procedures allow for the correct reporting on the SEFA.

Finding Status: Corrected.

Finding 2014-006:

Program: Department of Employment, Training and Rehabilitation
Unemployment Insurance, CFDA 17.225

Finding Summary: The ET Handbook No. 395, 5th Edition, Benefit Accuracy Measurement State Operations Handbook, Chapter VII, Section 2 (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 Benefit Accuracy Measurement (BAM) investigation that were utilized. This includes documentation of the National Directory of New Hires crossmatch.

As part of our testing over the BAM Program, we tested compliance with the requirements relating to the investigative process and data collection and maintenance. The files of 40 completed BAM cases were examined to ensure that all required documentation was included. For 11 cases, documentation to satisfy the National Directory of New Hires crossmatch requirement was not included in the file.

State's Response: The National Directory of New Hires (NDNH) crossmatch was not intentionally omitted from the BAM case files. When NDNH reports were not available, the case summary was noted that NDNH was missing.

The NDNH crossmatch was not functional when our new computer system (UInv) was launched in September 2013. The link to the federal NDNH process was restored in April 2014, however the BAM-specific requests and reporting did not resume reliably until September19, 2014. There was less than 40 days between the resumption of BAM-NDNH processes and the cutoff for reopening BAM cases in the period between batches 201327 and 201426. That time was insufficient to re-investigate each of the 373 cases with potential impact. BAM is not permitted to reopen/alter cases completed prior to October 28, 2014 per DOL regulations documented in the U.S. Department of Labor's Unemployment Insurance Program Letter (UIPL) 20-14.

During FY15, Nevada DETR was in the process of implementing adequate controls to ensure that required documentation was included in case files.

Finding Status: Partially Corrected.

Finding 2014-007:

Program: Department of Employment, Training and Rehabilitation
Unemployment Insurance, CFDA 17.225

Finding Summary: The OMB Circular A-133 Compliance Supplement references Pub. L. No. 112-40 and notes that "States are prohibited from providing relief from charges to an employer's Unemployment Compensation account when overpayments are the result of the employer's failure to respond timely or adequately to a request for information".

As part of our testing over the Unemployment Insurance program, we performed procedures to determine whether the State was properly identifying and handling overpayments, including not relieving employers of charges when their untimely or inadequate responses caused improper payments.

Based on our procedures, we noted that the system implemented during the fiscal year 2014 by the Department of Employment, Training and Rehabilitation to operate the Unemployment Insurance program, the UINV System, does not currently have the operational capability to ensure that the State is not relieving employers of charges when their untimely or inadequate responses caused improper payments.

State's Response: Nevada DETR just completed implementation of the final phase of our new computer system (UInv) on September 28, 2015. Our vendor and IT resources are currently working on fixing any defects with the system identified during the early stages of production. The programming to complete this requirement is high on the priority list for completion. There is no timeline for determining when this work will be completed.

Finding Status: Not corrected.

Finding 2014-008:

Program: Department of Employment, Training and Rehabilitation
Unemployment Insurance, CFDA 17.225

Finding Summary: The OMB Circular A-133 Compliance Supplement references Pub. L. No. 112-40 and notes that "States are required to impose a monetary penalty (not less than 15 percent) on claimants whose fraudulent acts resulted in overpayments".

As part of our testing over the Unemployment Insurance program, we performed procedures to determine whether the State was properly identifying and handling overpayments. These procedures included testing a sample of overpayment cases that included overpayments resulting from fraud.

We selected a sample of 25 overpayment cases that occurred during fiscal year 2014 for testing. Of the 25 overpayment cases that were examined, nine were determined to have resulted from fraud. Of the nine fraud-related cases, one of the overpayments did not have a monetary penalty assessed against the claimant.

State's Response: On December 20, 2011, the U.S. Department of Labor issued Unemployment Insurance Program Letter (UIPL) 02-12 to advise states of the statutory amendments related to Unemployment Compensation program integrity included in the Trade Adjustment Assistance Extension Act of 2011. One statutory amendment required states to assess a monetary penalty of not less than 15 percent if it was determined that a fraudulent UI payment was made to an individual after October 21, 2013.

On September 21, 2012, the Division began developing business requirements and held design sessions to implement these new requirements within the Division's new computer system (UInv). As the Division was required to make statutory changes to its laws, Senate Bill 36 was introduced and passed during the 2013 Legislative session. This legislation amended NRS 612.445.6 (a) which states in part that the Division shall impose a penalty equal to 15 percent of the total amount of benefits fraudulently received by an individual.

On November 6, 2013, the programming that allowed the Division to impose a 15 percent penalty for fraudulent payments was implemented. The 15 percent penalty could only be imposed on fraudulent overpayments established after October 21, 2013.

It was found that in one of the sample cases tested, the 15 percent penalty had not been assessed properly on one week. A review of the file shows that a determination had been issued on May 2, 2012, which disqualified the claimant effective October 10, 2010. An overpayment was established and classified as fraud. The 15 percent penalty was not assessed, as this was prior to October 21, 2013. The claim was then converted from the old computer system (Guide) into UInv in September 2013. On January 30, 2014, a supervisor conducted an administrative review of the case and it was determined that the disqualification date of the determination had been incorrect. The determination issued on May 2, 2012 was voided and a corrected determination was issued on January 31, 2014 covering the period of April 3, 2011 through April 30, 2011. Per statute the 15 percent penalty should have been applied to all the weeks involved. However, due to an error in the claim entry, one week was not assessed the 15 percent penalty. The Division cannot legally assess the 15 percent penalty on the remaining week of this claim because it is more than one year since the decision and the error belonged to the Division. Per NRS 612.480.1(a), the Division cannot reopen this claim.

This type of error on converted issues should not occur in the future.

Finding Status: Corrected.

Finding 2014-009:

Program: Department of Employment, Training and Rehabilitation
Workforce Investment Act (WIA) Cluster:
WIA Adult Programs, CFDA 17.258
WIA Youth Activities, CFDA 17.259
WIA Dislocated Workers Formula Grants, CFDA 17.278

Finding Summary: As noted in OMB Circular A-133, a pass-through entity is responsible for ensuring required audits are completed within nine months of the end of the subrecipient's audit period, a management decision is issued on each audit finding within six months after receipt of the subrecipient's audit report, and ensuring that the subrecipient takes timely and appropriate corrective action on all audit findings. A management decision is the evaluation of an audit finding and corrective action plan and the issuance of a written decision as to what corrective action is necessary.

The Nevada Department of Employment, Training and Rehabilitation did not issue a management decision for its sub-recipients' audit findings or ensure timely and appropriate corrective actions were taken.

As part of our audit procedures, we tested the two sub-recipients to verify that the Nevada Department of Employment, Training and Rehabilitation ensured that required audits were completed, issued management decisions on audit findings, and ensured corrective actions were taken on audit findings. We noted that one sub-recipient's audit report included three WIA Cluster audit findings and that the Nevada DETR did not issue a management decision or ensure the sub-recipient took timely and appropriate corrective action.

State's Response: DETR has hired staff that will be in charge of program and fiscal oversight only. The Fiscal Oversight Monitoring Guide has been drafted and it outlines the steps that will be taken to ensure compliance with A-133 audit reports. An Annual Audit Confirmation (AAC) form will be mailed to each LWIB 90 days prior to the recipient's years-end. This form will prompt the LWIBs to forward finalized copies of the Single Audits and DETR staff will issue a management decision and ensure the LWIB took timely and appropriate corrective action within the allowable six month period of time.

Finding Status: Corrected.

Finding 2014-010:

Program: Department of Employment, Training and Rehabilitation
Workforce Investment Act (WIA) Cluster:
WIA Adult Program, CFDA 17.258
WIA Youth Activities, CFDA 17.259
WIA Dislocated Workers, CFDA 17.278

Finding Summary: As noted in OMB Circular A-87 Cost Principles for State, Local, and Indian Tribal Governments, amounts charged to Federal programs must be for allowable costs. To be allowable under Federal awards, costs must be necessary and reasonable for the performance and administration of the Federal award, and be adequately documented.

As part of our testing over Allowable Costs/Cost Principles, we tested a sample of 25 transactions for conformance with the criteria contained in the "Basic Guidelines" section of OMB Circular A-87. For one of the transactions tested, it was determined that the amount charged to the WIA Cluster was unrelated to the program. In this instance, the WIA Cluster was charged for expenditures related to a different Federal program, Unemployment Insurance.

State's Response: The tested document was a travel claim for an individual in Employment Security Division Administration. Many travel claims are correctly divided amongst the different programs when the travel relates to the entire Division. In this instance, the travel was specific to an Unemployment Insurance conference and should have been directly charged to that grant. Both program and financial staff have been reminded that where a direct benefit is involved, the travel must be coded directly to that grant.

Finding Status: Corrected.

Finding 2014-011:

Program: Department of Employment, Training and Rehabilitation
Workforce Investment Act (WIA) Cluster:
WIA Adult Programs, CFDA 17.258
WIA Youth Activities, CFDA 17.259
WIA Dislocated Workers, CFDA 17.278

Finding Summary: The Federal Funding Accountability and Transparency Act (FFATA) requires that direct recipients (prime awardees) of certain Federal awards are required to report subaward information by the end of the month following the month in which the prime awardee obligates a subaward equal to, or greater than, $25,000. This requirement is effective for both mandatory and discretionary grants awarded by the Federal granting agency on or after October 1, 2010.

As part of our audit procedures, we tested six first-tier subawards funded under the Federal Assistance Identification Number (FAIN) AA-22111-13-55-A-32. The following reporting errors were noted:

- The information reported in the Funding Accountability and Transparency Subaward Reporting System (FSRS) for the key data element Subaward Number was incorrect for three of the six subawards tested.

- The information reported in FSRS for the key data element Subaward Obligation/Action Date was incorrect for four of the six subawards tested.
- The subaward data was reported in FSRS on October 9, 2013. However, as funds were obligated for two of the six subawards on April 1, 2013, the reporting was required to be completed on or before May 30, 2013.

State's Response: Nevada DETR provided copies to U.S. DOL of a revised FFATA to incorporate any omitted awards, etc. In addition, Nevada DETR provided another copy of the latest FFATA procedures to help ensure compliance in the future. This finding was recommended to be closed by the DOL Project Specialist in July 2015. However, during FY15, Nevada DETR was still in the process of reporting the required subawards.

Finding Status: Partially Corrected.

Finding 2014-012:

Program: Department of Employment, Training and Rehabilitation
Workforce Investment Act (WIA) Cluster:
WIA Adult Program, CFDA 17.258
WIA Youth Activities, CFDA 17.259
WIA Dislocated Worker Formula Grants, CFDA 17.278

Finding Summary: OMB Circular A-133 requires that reports submitted to the Federal awarding agency are presented in accordance with program requirements, include all activity of the reporting period, and data elements are supported by underlying records.

The Nevada Department of Employment, Training and Rehabilitation is required to submit a performance report, the ETA-9091 WIA Annual Report, for the WIA Cluster awards. The report is comprised of information from the WIA Standardized Record Data (WIASRD). The WIASRD records contain relevant data on participants' characteristics, activities and outcomes, and that data is included in the Tables in the ETA-9091 WIA Annual Report. The OMB Circular A-133 Compliance Supplement identifies WIASRD key line items that contain critical information, including wage record data for quarters prior to participation and quarters following exit.

Our audit procedures included testing information related to a sample of 40 participant cases to verify the accuracy of the underlying information for the key line items in WIASRD.

In one case, we noted employment earnings, specifically for quarters following exit, did not agree to the underlying records. The participant wage record data was $3,846 less than the underlying records due to in-state wage data being excluded.

In two cases, we noted employment earnings, specifically earnings for quarters prior to participation, did not agree to the underlying records. For one of the cases the participant wage record data was doubled and for the other case the amount reported was $20,032 greater than the underlying records.

State's Response: In the case of the participant wage record data was $3,846 less than the underlying records due to in-state wage data being excluded: This reporting bug has since been fixed. The out of state wages overwrote the existing state wages.

In the case of the wage which was doubled, the UI wage record was later corrected as this was a duplicate entry of the wages submitted by the employer. Once the wages are coming from the new state UI system, this issue will be detected and fixed automatically by the system.

In the case of the amount reported being $20,032 greater than the underlying record.: This record was entered by the client by the self-service system and therefore could have had the incorrect social security number which was later corrected by the client. It is possible as well that the out of state wages were later corrected. Neither of which is verifiable and no other cause could be found. The current social security number in the system has no Nevada wages and still reflects the lower amount in the WRIS wages received.

Finding Status: Corrected.

Finding 2014-013:

Program: Department of Employment, Training and Rehabilitation
Rehabilitation Services Vocational Rehabilitation Grants to States, CFDA 84.126

Finding Summary: The OMB Circular A-133 Compliance Supplement requires that the State Vocational Rehabilitation agency must determine whether an individual is eligible for services within a reasonable time, not to exceed 60 days, after an individual has submitted an application for services unless:

a. Exceptional and unforeseen circumstances beyond the control of the State agency preclude making an eligibility determination within 60 days and the State agency and the individual agree to a specific extension of time; or

b. The State agency is exploring an individual's abilities, capabilities and capacity to perform in work situations through trial work experiences in order to determine the eligibility of the individual or the existence of clear and convincing evidence that the individual is incapable of benefiting in terms of an employment outcome from services.

As part of our testing, we selected a sample of individuals to verify their eligibility for Vocational Rehabilitation services. For one of the 40 individuals selected for testing, the eligibility determination exceeded 60 days from the application submission, and neither of the criteria which allows for an extension of time, as noted above, was met.

State's Response: Nevada DETR management remains fully committed to ensuring that eligibility determinations occur within the required time frame as illustrated by the extensive training sessions that were provided to staff in the past. We will continue to remind staff that adherence to the mandated eligibility standards be complied with in all instances, and will provide training to staff on this issue again this year.

Per U.S. DOE RSA's request, Nevada DETR Rehabilitation Division's management submitted copies of the training agendas and sign-up sheets for the specific training dates for both the Southern and Northern offices on August 25, 2015.

Nevada DETR management is awaiting U.S. DOE RSA's acceptance of documentation provided on August 25, 2015.

During FY 2015, Nevada DETR was still in the process of implementing adequate controls to ensure that eligibility determinations were met with the required timeframe.

Finding Status: Not corrected.

Finding 2014-014:

Program:	Department of Employment, Training and Rehabilitation Rehabilitation Services Vocational Rehabilitation Grants to States, CFDA 84.126
Finding Summary:	The OMB Circular A-133 Compliance Supplement states that Rehabilitation Services expenditures from non-Federal sources under the State Plan for the previous fiscal year must not be less than the total of such expenditures for the fiscal year two years prior. As part of our testing, we reviewed Rehabilitation Services expenditures for fiscal years 2013 and 2012 and noted that for both years the amount of expenditures from non-Federal sources was less than that of fiscal years 2011 and 2010, respectively. For fiscal year 2013, expenditures from non-Federal sources were $1,300,761 less than the total such expenditures for fiscal year 2011. For fiscal year 2012, expenditures from non-Federal sources were $1,333,737 less than the total such expenditures for fiscal year 2010.
State's Response:	Nevada DETR's Bureau of Vocational Rehabilitation has since added a fourth Third Party Cooperative Arrangement (TPCA) in order to leverage unspent federal funds, and is in negotiations with 2 more governmental entities to create TPCAs. The Bureau applied for additional grant funds from the Fund for a Healthy Nevada. These are State grant funds, and therefore may be used as match. The Bureau received an increased grant award in the amount of $159,840, which is an increase of 55% over the previous state fiscal year. Lastly, the Bureau continues to leverage allowable Blind Business Enterprises of Nevada (BEN) expenditures as match. The Bureau continues to investigate and consider alternate funding sources that will allow it to better serve Nevadans with disabilities.
Finding Status:	Corrected.

Finding 2014-015:

Program:	Department of Employment, Training and Rehabilitation Social Security Disability Insurance, CFDA 96.001
Finding Summary:	The OMB Circular A-133 Compliance Supplement requires that the State Disability Determination Services (DDS) agency must provide procedures for performing medical license verifications to ensure only qualified providers perform consultative examinations (CE). Qualified

is defined as the provider being currently licensed in the State, having the training and experience to perform the type of examination to test the DDS request, and not being barred from participating in Medicare or Medicaid programs or other Federal or federally assisted programs.

Prior to using the services of any CE provider, the DDS must (1) check the Health and Human Services, Office of the Inspector General (HHS OIG) List of Excluded Individuals and Entities (LEIE) and (2) verify medical licenses, credentials, and certifications with state medical boards. In addition, the DDS must conduct periodic license checks of CE providers used by the DDS, including providers who perform CEs near and across the borders of neighboring states. The DDS is required to (1) review the HHS OIG LEIE for each CE provider at least annually, and (2) verify license renewals.

As part of our testing over the Social Security Disability Insurance program, we performed procedures for 14 CE providers to determine whether the Nevada Department of Employment, Training and Rehabilitation was performing license verifications and reviewing the HHS OIG LEIE as required. Of the 14 providers tested, ten did not have the required license verification procedures performed and the HHS OIG LEIE had not been reviewed for 13 providers.

State's Response: Nevada DETR Rehabilitation Division, Bureau of Disability Adjudication (BDA) did conduct and complete verification of all current medical and psychological CE vendors/providers as of 8/11/15. Each was checked for proper and current licensure, and checked against the exclusion list. Documentation of this verification is available upon request or by review at the BDA Carson City office. This process will be conducted annually going forward.

As stated previously, the Division continues with its provider agreement process, and currently has 55 medical and psychological providers for BDA with signed, validated provider agreements. Only these providers may be used for consultative examinations. All new providers have their licensure verified and checked against the exclusion list prior to executing a provider agreement. BDA's response to this finding is now fully executed.

During FY 2015, Nevada DETR was still in the process of implementing adequate controls to ensure compliance with this special test and provisions requirement.

Finding Status: Not Corrected.

Finding 2014-016:

Program:	Department of Transportation Highway Planning and Construction Cluster: Highway Planning and Construction, CFDA 20.205 ARRA – Highway Planning and Construction, CFDA 20.205A Recreational Trails Program, CFDA 20.219
Finding Summary:	The OMB Circular A-133 Compliance Supplement requires that non-Federal entities include in their construction contracts subject to the Davis-Bacon Act, a requirement that the contractor and subcontractors comply with the requirements of the Davis-Bacon Act, and the DOL regulations (29 CFR Part 5.5(a)(3)(ii)(A), "Labor Standards Provisions Applicable to Contracts Governing Federally Financed and Assisted Construction"). This includes a requirement for the contractor and subcontractors to submit to the non-Federal entity weekly, for each week in which any contract work is performed, a copy of the payroll and a statement of compliance (certified payrolls). Our testing of construction contracts included reviewing the bid documents and contracts for the Davis-Bacon provisions, and reviewing the payroll data received and monitored by Nevada Department of Transportation personnel for two prime contractors and their subcontractors. Although the certified weekly payrolls were received, we noted several instances where the payrolls were submitted more than one week after the end of the weekly payroll. For the payrolls that were submitted later than one week, there was no documentation available of communication with the contractors to support efforts to ensure future reports would be submitted timely.
State's Response:	The Department of Transportation is in the process of implementing the following corrective action: The new Transportation Policy was still under review at June 30, 2015. On August 4, 2015, NDOT Policy Memo 15-01 was adopted by the Department. The Certified Payroll and Compliance Manual was still under review at June 30, 2015. Subsequent to June 30, 2015 the Certified Payroll and Compliance Manual was finalized and distributed to NDOT personnel, Nevada contractors, and the Federal Highway Administration. The training on the Certified Payroll and Compliance Manual did commence in April as stated in our corrective action. In addition, the Department has continued to offer this training program. Prior to June 30, 2015, the Department had made the request for software enhancements. However as of June 30, 2015, the enhanced software had not yet been received from the vendor.

Finding Status: Not corrected.

Finding 2014-017:

Program: Department of Transportation
Highway Planning and Construction Cluster:
Highway Planning and Construction, CFDA 20.205
ARRA – Highway Planning and Construction, CFDA 20.205A
Recreational Trails Program, CFDA 20.219

Finding Summary: The OMB Circular A-133 Compliance Supplement requires that non-Federal entities must have a quality assurance program for construction projects on the National Highway System to ensure that materials and workmanship conform to approved plans and specifications. Verification sampling must be performed by qualified testing personnel employed by the State Department of Transportation, or by its designated agent, excluding the contractor (23 CFR sections 637.201, 637.205, and 637.207).

Our procedures included reviewing the Department's Acceptance Testing Frequency Report for each project, which serves to document the number of tests required, performed and the results of the tests, and the related documentation of test results to verify that tests were being performed in accordance with the quality assurance program. Three of 30 federally funded construction projects completed during the year were tested. One of the projects, 3397, required tests to be performed and additional independent assurance (IA) testing related to the initial tests. We noted that the IA testing for materials for the project were not performed as prescribed on the Required Minimum Number of Tests-IA column of the Acceptance Testing Frequency Report.

State's Response: New procedures have been implemented to ensure that all required tests have been performed in accordance with the Nevada Department of Transportation's Construction Manual Testing Frequencies for Independent Quality Assurance. However, such procedures were not fully functioning or fully implemented by June 30, 2015.

Work was completed on this audited contract, 3397, on December 23, 2010 which was prior to the Department implementing new procedures to ensure testing frequencies are met. The US DOT Single Point Audit for year ending June 30, 2013 resulted in similar findings to the above referenced audit finding which resulted in the Department developing and enforcing these new procedures.

In going forward the Department would like to request that additional coordination efforts be implemented during the selection of projects for audit to help ensure that an accurate sampling of projects under current processes are being utilized for determination of meeting necessary criteria.

Finding Status: Partially Corrected.

Finding 2014-018:

Program: Department of Transportation
Highway Planning and Construction Cluster:
Highway Planning and Construction, CFDA 20.205
ARRA – Highway Planning and Construction, CFDA 20.205A
Recreational Trails Program, CFDA 20.219

Finding Summary:

The Federal Funding Accountability and Transparency Act (FFATA) requires direct recipients (prime awardees) of certain Federal awards report subaward information by the end of the month following the month in which the prime awardee obligates a subaward equal to or greater than $25,000. This requirement is effective for both mandatory and discretionary grants awarded by the Federal granting agency on or after October 1, 2010.

As part of our audit procedures, it was noted that the required reporting for FFATA had not been performed for three of the six subawards associated with the Highway Planning and Construction Cluster. It was also noted that the required reporting for FFATA had not been performed in a timely manner for the remaining three subawards tested.

State's Response: Department staff has developed and implemented controls and procedures to ensure compliance with FFATA reporting requirements. Updated procedures include:
(1) Reprioritization and restructure of assignments to ensure appropriate proofing and timely reporting; (2) Revisions to the way data is queried from the federal Fiscal Management Information System (FMIS) as a result of communication with the Federal Highway Administration; and (3) the addition of other sources of data to cross-check and ensure all that all

required FFATA reports are entered timely into the Federal Funding Accountability and Transparency Act Subaward Reporting System (FSRS).

Finding Status: Corrected.

Finding 2014-019:

Program: Department of Administration
State Energy Program, CFDA 81.041
ARRA State Energy Program, CFDA 81.041A

Finding Summary: OMB Circular A-133 requires the State to prepare a Schedule of Expenditures of Federal Awards (SEFA) showing total Federal expenditures for the year; to report program income, as prescribed by the Federal awarding agency; and maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs. The U.S. Department of Energy issued SEP Program Notice 10-008B, Guidance For State Energy Program Grantees on Financing Programs, which provides that all program income, including interest earned, is subject to the terms and conditions of the original grant, and that federal funds used to capitalize a revolving loan fund maintain their federal character in perpetuity, and federal requirements apply at each revolution of the revolving loan funds.

The State has assigned the responsibility for accumulating the information to prepare the SEFA to the Controller's Office. The Controller's Office compiles this information from reports generated from the State's accounting system and information provided by the agencies that administer the various Federal award programs.

During our testing and reconciliation of the expenditure and program income amounts on the SEFA to the State's accounting system, we noted that expenditures and program income related to the State's revolving loan fund capitalized with SEP ARRA funds were not included on the SEFA.

State's Response: Single Audit Reporting is the Department's Budget Analyst responsibility for the Revolving Loan Program. At state fiscal year end it is required for ASD or the agency to prepare a Schedule of

Expenditure of Federal Awards. The report will display all federal expenditures and program income. Data used in the report will be generated from DAWN. Interest earned and principal received will be on line 8 (Program Income). Loans expended for the fiscal year will be on line 12 (all other expenditures). However, this corrective action was not implemented by June 30, 2015.

Finding Status: Not corrected.

Finding 2014-020

Program: Department of Education
Improving Teacher Quality, CFDA 84.367
Striving Readers, CFDA 84.371
School Improvement Grants Cluster:
School Improvement Grants, CFDA 84.377
ARRA – School Improvement Grants, CFDA 84.388A

Finding Summary: The Federal Funding Accountability and Transparency Act (FFATA) requires direct recipients (prime awardees) of certain federal awards to report subaward information by the end of the month following the month in which the prime awardee obligates a subaward equal to or greater than $25,000. This requirement is effective for both mandatory and discretionary grants awarded by the Federal granting agency on or after October 1, 2010.

As part of our testing, we planned to test the subaward data entered into the FFATA Subaward Reporting System (FSRS). It was noted that the required reporting for FFATA had not been performed for subawards and no evidence was available to support that efforts had been made to report such information.

State's Response: Through the actions of the 2015 Legislature, the Department now has a centralized Grants Management Unit, which has the responsibility for reporting all grants and allocations in the FSRS reporting website for the FFATA requirement; this group was organized as of July 2015. The Department was still in the process of implementing adequate controls over the FFATA requirement during FY15.

Finding Status: Not Corrected.

Finding 2014-021:

Program:	Department of Education Improving Teacher Quality, CFDA 84.367 Striving Readers, CFDA 84.371 School Improvement Grants Cluster: School Improvement Grants, CFDA 84.377 ARRA – School Improvement Grants, CFDA 84.388A
Finding Summary:	U.S. Department of the Treasury regulations at 31 CFR part 205 Subpart B indicate that the timing and amount of funds drawn must be as close as is administratively feasible to a State's actual cash outlay for direct program costs. We planned to test a sample of cash draws to ensure funds were requested as close as administratively feasible to the actual cash outlay. For all of the cash draws that we selected for testing, the Nevada Department of Education was unable to provide adequate support to identify the program costs that the cash draws were being prepared for. Therefore, we were unable to determine that funds were drawn as close as administratively feasible to the actual cash outlay.
State's Response:	The Department has changed its procedures to utilize the Single Audit Expense Transaction Detail report in DAWN, this report includes the cash draws to date by grant instead of by budget account. Use of the report provides a means for better accountability. During FY15, procedures were being implemented to ensure that all documentation for draws demonstrate that the funds requested are for immediate cash needs.
Finding Status:	Not Corrected.

Finding 2014-022:

Program:	Silver State Health Insurance Exchange State Planning and Establishment Grants for the Affordable Care Act (ACA)'s Exchanges, CFDA 93.525
Finding Summary:	The Federal Funding Accountability and Transparency Act (FFATA) requires direct recipients (prime awardees) of certain federal awards to report subaward information by the end of the month following the month in which the prime awardee obligates a subaward equal to or greater than $25,000. This requirement is effective for both mandatory

and discretionary grants awarded by the Federal granting agency on or after October 1, 2010.

As part of our audit procedures, it was noted that the required reporting for FFATA had not been performed for any of the five subawards associated with the State Planning and Establishment Grants for the Affordable Care Act (ACA)'s Exchanges Program.

State's Response: The Silver State Health Insurance Exchange has submitted FFATA reports for all obligations to sub awards since the award of Establishment Grant funding. Procedures have been put into place to ensure that all sub award information is reported by the end of the month following the month in which the prime awardee obligates a sub award equal to or greater than $25,000 as per FFATA reporting requirements.

Finding Status: Partially Corrected.

Finding 2014-023:

Program: Department of Health and Human Services, Division of Welfare and Supportive Services
Medicaid Cluster:
State Medicaid Fraud Control Units, CFDA 93.775
State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare, CFDA 93.777
Medical Assistance Program (Medicaid; Title XIX), CFDA 93.778

Finding Summary: The OMB Circular A-133 Compliance Supplement for the Medicaid Cluster provides that the State agency is required to determine eligibility in accordance with the eligibility requirements defined in the approved State plan.

As part of our audit procedures, we selected a sample of Medicaid recipients and reviewed their eligibility status. The total sample consisted of two separate populations.

The first population consisted of recipients whose case files had been reviewed as part of the State's quality control procedures. Of the ten case files reviewed, we noted one instance where, as a result of the quality control review, the recipient had been determined to be ineligible for Medicaid benefits. However, no action was taken as a result of the quality control review and the recipient continued to be eligible to receive Medicaid benefits.

The second population of our sample consisted of recipients who had been determined to be eligible by the State based on factors other than their Modified Adjusted Gross Income, i.e. non-MAGI determinations. Of the 30 non-MAGI determination case files reviewed, we noted one instance where, due to a data entry error in the NOMADS system, the recipient was incorrectly determined to be eligible for Medicaid benefits.

State's Response: As of June 30, 2015, the Division of Welfare and Supportive Services (DWSS) implemented a new process involving Internal Quality Assurance (QA) oversight regarding the correction of Quality Control (QC) error findings. To validate the process, a recent review of Medicaid cases for the past two months revealed QC identified incorrect eligibility on ten cases. All ten were corrected timely and have current correct eligibility due to the joint efforts of the QA team oversight and district office staff indicating the newly implemented process appears to be working. DWSS will continue to monitor and review QA oversight of error memos and will timely address any future concerns found.

In regards to the non-Magi data entry error noted, prior to our original response, DWSS addressed and took corrective measures to rectify the case ineligibility issue. DWSS also had changed work performance standards to include typographical errors to be reviewed during supervisory and internal corrective action reviews. DWSS believes this has corrected any future errors but will continue to review and address any inaccuracies as they may occur.

Finding Status: Partially Corrected.

Finding 2014-024:

Program: Department of Health and Human Services, Division of Welfare and Supportive Services
Low-Income Home Energy Assistance, CFDA 93.568
Child Care and Development Fund Cluster:
Child Care and Development Block Grant, CFDA 93.575
Child Care Mandatory and Matching Funds of the Child Care and Development Fund, CFDA 93.596

Finding Summary: The Federal Funding Accountability and Transparency Act (FFATA) requires direct recipients (prime awardees) of certain federal awards to report subaward information by the end of the month following the month in which the prime awardee obligates a subaward equal to or greater than $25,000. This requirement is effective for both mandatory and discretionary grants awarded by the Federal granting agency on or after October 1, 2010.

As part of our audit procedures, it was noted that the required reporting for FFATA had not been performed for any of the subawards associated with the Low-Income Home Energy Assistance Program and the Child Care and Development Fund Cluster.

State's Response: A new procedure was implemented and is in place for a supervisor to review all FFATA reports prior to submission through the FFATA FSRS. The Contract Manager in the Budget & Statistics Unit provides the draft FFATA report, along with backup, to the position's direct supervisor, the Administrative Services Officer 2 (ASO2). The ASO2 signs and dates the draft signifying it is okay to submit. Additionally, LIHEAP and CCDF FFATA reporting is in progress. The division anticipates reporting through the last grant award to be completed by September 23, 2015 for LIHEAP and the CCDF reporting for both FFY14 and FFY15 to be completed by October 2, 2015.

Finding Status: Partially corrected.

Finding 2014-025:

Program: Department of Health and Human Services, Division of Welfare and Supportive Services
Child Care and Development Fund Cluster:
Child Care and Development Block Grant, CFDA 93.575
Child Care Mandatory and Matching Funds of the Child Care and Development Fund, CFDA 93.596

Finding Summary: As noted in OMB Circular A-133, a pass-through entity is responsible for communicating certain Federal award information to each subrecipient, including the Catalog of Federal Domestic Assistance (CFDA) title and number, award name and number, and name of the Federal awarding agency, as well as ensuring an audit is completed within nine months of the end of a subrecipient's audit period, when required; issuing a management decision on audit findings within six months after receipt of a subrecipient's audit report; and ensuring that the subrecipients take timely and appropriate corrective action on all audit findings. Further, the pass-through entity is responsible for obtaining the DUNS number for each subgrantee.

As part of our audit procedures, we determined that the Nevada Division of Welfare and Supportive Services had awarded funds to two subrecipients. However, it was noted that subrecipient monitoring procedures had not been performed.

State's Response: DWSS received clarification and determined the two entities in question to be sub-recipients and not vendors. Sub-grants were prepared to be in effect July 1, 2015. In accordance, all parties were made aware of the required monitoring and audit requirements that will be performed.

Finding Status: Not corrected.

Finding 2014-026:

Program: Department of Health and Human Services, Division of Public and Behavioral Health
Block Grants for Community Mental Health Services, CFDA 93.958

Finding Summary: As noted in the OMB Circular A-133 Compliance Supplement, the State may not expend more than five percent of grant funds for administrative expenses with respect to the grant (42 USC 300x-5(b)).

During our audit, we planned to test that the State monitored the administrative costs and did not use more than five percent of the grant funds for administrative expenses. The Nevada Public and Behavioral Health Division passed grant funds to several other State agencies, and we found that the Division did not monitor the collective administrative expenses to ensure compliance with the earmarking requirement.

State's Response: Prior to June 30, 2015, the Division of Public and Behavioral Health revised it policies and procedures to ensure that allowable administrative costs did not exceed the five percent threshold.

Finding Status: Corrected.

Finding 2014-027:

Program: Department of Health and Human Services, Division of Public and Behavioral Health

Block Grants for Community Mental Health Services, CFDA 93.958

Finding Summary:	The OMB Circular A-133 Compliance Supplement requires that the State must provide for independent peer reviews that assess the quality, appropriateness, and efficacy of treatment services provided to individuals. At least five percent of the entities providing services in the State shall be reviewed annually. The entities reviewed shall be representative of the entities providing the services (42 USC 300x-53(a)). During our audit, we planned to test that the State provided for independent peer reviews for at least five percent of entities providing services in the State annually. In response to our request, the Division of Public and Behavioral Health was unable to provide support evidencing that the required reviews were performed.
State's Response:	Prior to June 30, 2015, the Division of Public and Behavioral Health revised it policies and procedures to ensure that peer reviews are completed on at least five percent of the entities providing treatment services on an annual basis.
Finding Status:	Corrected.

Finding 2014-028:

Program:	Department of Health and Human Services, Division of Public and Behavioral Health Block Grants for Community Mental Health Services, CFDA 93.958
Finding Summary:	The OMB Circular A-133 Compliance Supplement identifies two maintenance of effort requirements for this program: (1) the State shall, for each fiscal year, maintain aggregate State expenditures for community mental health centers at a level that is not less than the average level of such expenditures by the State for the two fiscal years preceding the fiscal year of the grant (42 USC 300x-4(b)), and (2) the State shall expend an amount not less than an amount equal to the amount expended in fiscal year 1994 for systems of integrated services for children with serious emotional disturbance (42 USC 300x-2(a)(1)(C)). The Division of Public and Behavioral Health has developed a "Maintenance of Effort Calculation" spreadsheet that calculates and compares the current year State expenditures for community mental

health centers to the average of the previous two years, and also tracks the State spending for services for children with serious emotional disturbance. During our audit procedures we noted that, although the spreadsheet appeared to have been maintained through fiscal year 2012, the data included for both fiscal year 2013 and fiscal year 2014 was not complete. The spreadsheet did not include amounts from the Division of Child and Family Services for either year. Given that the spreadsheet was not complete, we were unable to test if the requirements were met.

State's Response: Corrective action for these finding were not implemented prior to June 30, 2015. However, with technical assistance provided by the Substance Abuse and Mental Health Services Administration (SAMHSA), the Division's policies and procedures were revised in August 2015.

Finding Status: Partially corrected.

Finding 2014-029:

Program: Department of Health and Human Services, Division of Public and Behavioral Health
Block Grants for Prevention and Treatment of Substance Abuse, CFDA 93.959

Finding Summary: As noted in the OMB Circular A-133 Compliance Supplement, the State shall maintain aggregate State expenditures for authorized activities by the principal agency at a level that is not less than the average level of such expenditures maintained by the State for the two State fiscal years preceding the fiscal year for which the State is applying for the grant (42 USC 300x-30).

During our audit, we compared the amount of State expenditures related to the Prevention and Treatment of Substance Abuse Block Grant during fiscal year 2014 to the average State expenditures of the two prior years. We noted that fiscal year 2014 State expenditures totaled $9,939,004, while the average of the two preceding fiscal years was calculated to be $10,718,221. Therefore, the amount of fiscal year 2014 State expenditures was less than the required level of effort by $779,217.

State's Response: Corrective action for these finding were not implemented prior to June 30, 2015. However, with technical assistance provided by the Substance Abuse and Mental Health Services Administration

(SAMHSA), the Division's policies and procedures were revised in August 2015

Finding Status: Not Corrected

Finding 2014-030:

Program: Department of Health and Human Services, Division of Public and Behavioral Health
Block Grants for Prevention and Treatment of Substance Abuse, CFDA 93.959

Finding Summary: As noted in the OMB Circular A-133 Compliance Supplement, the State shall expend not less than 20 percent of the Substance Abuse Prevention and Treatment Block Grant (SABG) for primary prevention programs for individuals who do not require treatment of substance abuse.

During our audit, we tested the schedule used by Nevada Division of Public and Behavioral Health personnel to track and support compliance with this earmarking requirement for award number 3B08TI010039-13, which ended September 30, 2014. We noted that, as of June 30, 2014, 100 percent of the federal award funds had been expended, and the schedule supported that only 19.71 percent had been used for primary prevention programs. Therefore, it appears the amount used for preventive programs was approximately 0.29 percent less than the 20 percent earmarking requirement.

State's Response: Prior to June 30, 2015, the Division of Public and Behavioral Health revised it policies and procedures to ensure that costs for prevention programs accounted for at least 20 percent of the total SABG costs. Additionally, the Division expects to meet the prevention earmarking requirements for the SABG for the period ending September 30, 2015.

Finding Status: Corrected.

Finding 2014-031:

Program: Department of Health and Human Services, Division of Public and Behavioral Health
Special Supplemental Nutrition Program for Women, Infants, and Children (WIC), CFDA 10.557

National Bioterrorism Hospital Preparedness Program (HPP), CFDA 93.889
Block Grants for Community Mental Health Services, CFDA 93.958
Block Grants for Prevention and Treatment of Substance Abuse, CFDA 93.959

Finding Summary: The Federal Funding Accountability and Transparency Act (FFATA) requires direct recipients (prime awardees) of certain Federal awards to report subaward information by the end of the month following the month in which the prime awardee obligates a subaward equal to, or greater than, $25,000. This requirement is effective for both mandatory and discretionary grants awarded by the Federal granting agency on or after October 1, 2010.

As part of our testing, we planned to test the subaward data entered into the FFATA Subaward Reporting System (FSRS). It was noted that the required reporting for FFATA had not been performed for subawards and no evidence was available to support that efforts had been made to report such information.

State's Response: Prior to June 30, 2015, the Division of Public and Behavioral Health revised it policies and procedures to ensure full compliance with FFATA reporting requirements. However, the Division is still in the process of reporting the required subawards.

Finding Status: Not Corrected.

Finding 2014-032:

Program: Department of Health and Human Services, Division of Public and Behavioral Health
National Bioterrorism Hospital Preparedness Program (HPP), CFDA 93.889

Finding Summary: As noted in OMB Circular A-133, the pass-through entity is responsible for monitoring the subrecipient's use of Federal awards through reporting, site visits, regular contact, or other means to provide reasonable assurance that the subrecipient administers Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved.

The Nevada Division of Public and Behavioral Health received reimbursement requests and certifications from program subrecipients on a periodic basis to ensure subrecipients charged allowable costs and that subrecipients met the local match requirement.

During our audit procedures, we noted four subrecipients applicable to the program. During our review of subrecipient reimbursement requests and certifications, we noted one subrecipient was attempting to meet the match requirement with unallowable sources. The Nevada Division of Public and Behavioral Health did not monitor the requests and certifications to ensure matching contributions were met with allowable sources under the provisions of the grant agreement.

State's Response: Prior to June 30, 2015 the Division of Public and Behavioral Health provided information to staff and subrecipients to ensure that matching requirements are met with allowable costs per OMB Circular A-133 Compliance Supplement.

Finding Status: Corrected.

Finding 2014-033:

Program: Department of Health and Human Services, Division of Public and Behavioral Health
National Bioterrorism Hospital Preparedness Program (HPP), CFDA 93.889

Finding Summary: As noted in OMB Circular A-133, a pass-through entity is responsible for ensuring required audits are completed within nine months of the end of the subrecipient's audit period, a management decision is issued on each audit finding within six months after receipt of the subrecipient's audit report, and ensuring that the subrecipient takes timely and appropriate corrective action on all audit findings. A management decision is the evaluation of an audit finding and corrective action plan and the issuance of a written decision as to what corrective action is necessary.

As part of our audit procedures, we noted that the Nevada Division of Public and Behavioral Health had four subrecipients for this program, representing approximately 68% of total Federal expenditures. The Nevada Division of Public and Behavior Health did not ensure required subrecipient audits were completed, monitor audit reports for findings, or issue management decisions, if applicable, for any of the subrecipients.

State's Response: Prior to June 30, 2015, the Division of Public and Behavioral Health revised it policies and procedures to ensure that subrecipient audits are performed timely and that appropriate follow-up actions are taken according to OMB Circular A-133 Compliance Supplement. However, compliance with these new policies and procedures has not yet been met.

Finding Status: Not Corrected

Finding 2014-034:

Program: Department of Health and Human Services, Division of Public and Behavioral Health
National Bioterrorism Hospital Preparedness Program (HPP), CFDA 93.889

Finding Summary: The OMB Circular A-87 Cost Principles for State, Local, and Indian Tribal Governments compliance requirements state that factors affecting the allowability of costs include that costs must be necessary and reasonable for proper and efficient performance and administration of Federal awards. Also per the compliance requirements, a cost is allocable to a particular cost objective if the goods or services involved are chargeable or assignable to such cost objective in accordance with relative benefits received.

In addition, the OMB Circular A-133 Compliance Supplement for the National Bioterrorism Hospital Preparedness Program (HPP) states the program objective is to enable eligible entities to improve surge capacity and capability and enhance community and hospital preparedness for public health emergencies. The primary focus of the HPP is to build medical surge capability through associated planning, personnel, equipment, training and exercise capabilities at the State and local levels.

A. As part of our testing over Allowable Activities and Costs, we tested 25 transactions for conformance with the criteria in the OMB Circular A-87. We noted that one transaction was for a monthly State of Nevada Billing Claim for email, which included charges for a temporary employee that had ceased employment with HPP five months prior to the charge.

B. Also included in the sample of 25 transactions were three State of Nevada Billing Claims where costs were allocated to the Division per employee. Several Nevada Division of Public and Behavioral Health employees work on multiple activities or Federal programs, including HPP. It was noted that a percentage of the costs were allocated to HPP using the user's pre-determined percent (budgeted) of time spent on HPP activities, not on the actual percentage of time spent on HPP activities during the billing period. Therefore, the services charged to the grant were not in accordance with the relative benefits received.

C. As part of our testing over Allowable Activities and Costs, we reviewed transfers to other State agencies. We noted that transfers were made to another State agency to provide for attendance at immunization award ceremonies, including related travel costs, as well as costs for attendance at immunization health fairs and immunization meetings. These costs are not related to the objective of the program.

State's Response: Prior to June 30, 2015, the Division of Public and Behavioral Health enhanced it policies and procedures and provided additional staff training to ensure that only allowable costs are charged to federal program activities according to OMB Circular A-133 Compliance Supplement and OMB Circular A-87 Cost Principles for State, Local and Indian Tribal Governments.

Finding Status: Corrected.

Finding 2014-035:

Program: Department of Health and Human Services, Division of Public and Behavioral Health
National Bioterrorism Hospital Preparedness Program (HPP),
CFDA 93.889

Finding Summary: The OMB Circular A-87 Cost Principles for State, Local, and Indian Tribal Governments, compliance requirements state that where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semi-annually and will be signed by the employee or supervisory official having firsthand knowledge of the work performed by the employee. Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports that reflect an after-the-fact distribution of the actual activity, be prepared at least monthly, and must be signed by the employee. Budget estimates or other distribution percentages determined before the services are performed do not qualify as support for charges to Federal awards.

The Nevada Division of Public and Behavioral Health allocates salary and benefit charges to the Hospital Preparedness Program according to percentages assigned to the employee positions. The personnel activity reports (time cards) signed by employees are exception-only reports, and by including a notation of the percent of time worked on the Hospital Preparedness Program on the time cards, they effectively support the amount of salary and benefit costs that should have been charged to the program.

During our testing of payroll charges to this program, we examined 25 time cards for employees who work on multiple activities or Federal programs, including the Hospital Preparedness Program. It was noted that in two instances the time cards tested did not include any notations by the employees to support the amount of their time allocated to Federal awards. Because those time cards did not identify the Federal programs and time allocation on them, the time cards did not meet the standards for documentation.

State's Response: Prior to June 30, 2015, the Program Manager provided training to supervisors and staff to ensure the correct allocation of time is charged to each federal program. However, supervisors and staff are still not in compliance and additional training will be provided.

Finding Status: Not Corrected

Finding 2014-036:

Program: Department of Health and Human Services, Division of Public and Behavioral Health
National Bioterrorism Hospital Preparedness Program (HPP), CFDA 93.889

Finding Summary: As noted in OMB Circular A-133, recipients should use the standard financial reporting forms or such other forms as may be authorized by OMB (approval is indicated by an OMB paperwork control number on the form). Each recipient must report program outlays and program income on a cash or accrual basis, as prescribed by the Federal awarding agency.

As noted in the cooperative agreement for grant award #1U90TP000534-01, the Federal Financial Report (FFR) should only include those funds authorized and disbursed during the timeframe covered by the report.

During our audit procedures, we selected one of two FFRs submitted during the year for testing. It was noted that expenditures and indirect costs charged to the program after the reporting end date were included in the calculation of total expenditures (accrual basis). However, the cooperative agreement indicated a cash basis of accounting was required.

State's Response: According to the auditors, the cooperative agreement indicated a cash basis of accounting was required. However, subsequent to the issuance of the audit findings, the Division received confirmation from its federal liaison that the FFR could be based on the accrual basis of accounting.

Finding Status: Corrected.

Finding 2014-037:

Program: Department of Health and Human Services, Division of Public and Behavioral Health
National Bioterrorism Hospital Preparedness Program (HPP), CFDA 93.889

Finding Summary: The OMB Circular A-133 Compliance Supplement states that the State must maintain expenditures for health care preparedness at a level that is not less than the average level of such expenditures maintained by the State for the preceding two year period.

The Nevada Division of Public and Behavioral Health did not maintain proper documentation to monitor State expenditures for health care preparedness for the preceding two years. Therefore, we were unable to determine if the State was in compliance with this program requirement.

State's Response: Prior to June 30, 2015, the Division of Public and Behavioral Health provided training to its staff regarding its policies and procedures over maintenance of efforts requirements.

Finding Status: Corrected.

Finding 2014-038:

Program:	Department of Health and Human Services, Division of Child and Family Services Adoption Assistance – Title IV-E, CFDA 93.659
Finding Summary:	The OMB Circular A-133 Compliance Supplement provides that prospective adoptive parent(s) must satisfactorily have met a criminal records check, including a fingerprint-based check (42 USC 671(a)(20)(A)). Additionally, prospective adoptive parent(s) and any other adult living in the home who has resided in the provider home in the preceding five years must satisfactorily have met a child abuse and neglect registry check. As part of our testing over eligibility, we examined a sample of six Adoption Assistance cases to ensure that eligibility determinations were supported by required documentation. We noted one case file did not include documentation to support compliance with the background and abuse checks noted above. Therefore, we were unable to determine that the background and child abuse checks were performed.
State's Response:	The Division of Child and Family Services already has in place an Adoption Assistance Program Checklist that has been revised and implemented to ensure that, in cases where the adoptive parents are related to the child being adopted within the third degree of consanguinity, the court has issued an order waiving the investigation and report (NRS 127.120.2). Due to the case not being eligible for Title IV-E Adoption Subsidy payments, the eligibility will be corrected and the payments will be adjusted so that Title IV-E is not claimed.
Finding Status:	Corrected.

Finding 2014-039:

Program:	Department of Health and Human Services, Division of Child and Family Services Foster Care – Title IV-E, CFDA 93.658
Finding Summary:	The OMB Circular A-133 Compliance Supplement provides that funds may be expended for Foster Care maintenance payments on behalf of eligible children, in accordance with the Title IV-E agency's Foster Care maintenance payment rate schedule and in accordance with 45 CFR section 1356.21, to individuals serving as foster family homes, to

child-care institutions, or to public or private child-placement or child-care agencies.

As part of our testing over Foster Care maintenance payments, we tested 40 foster care providers who received maintenance payments during the year. We noted that four of those 40 foster care providers received at least one day of duplicate payments during the year (seven days in total). Therefore, these providers were paid twice for the same day of service.

State's Response: The Eligibility Unit will work with program and IT staff to determine the best solution to the correct this problem.

Finding Status: Not Corrected.

Finding 2014-040:

Program: Department of Health and Human Services, Division of Child and Family Services
Foster Care - Title IV-E, CFDA 93.658

Finding Summary: The OMB Circular A-133 Compliance Supplement provides that Title IV-E agencies establish payment rates for maintenance payments. The Title IV-E agency's plan must provide for periodic review of payment rates for maintenance payments at reasonable, specific, time-limited periods established by the Title IV-E agency to assure the rate's continuing appropriateness for the administration of the Title IV-E program (42 USC 671(a)(11)).

As part of our testing over maintenance payment rates, we noted there were no policies or procedures included in the State's IV-E plan to provide for the periodic review of maintenance payment rates at reasonable, specific, time-limited periods to assure the rate's continuing appropriateness.

State's Response: The Division of Child and Family Services has identified Tab 39 – Foster Care Maintenance Payments in the Nevada Title IV-E Plan (2009) that will be revised to address the need to review maintenance payments at a reasonable, specific, time-limited period to ensure the appropriateness of the rate. The rates on the Nevada Division of Child and Family Services website will be updated to reflect the new effective date of the rates after this review has been completed.

An amendment to the Title IV-E State Plan has been completed and is under review. Once the review is complete the amendment will be forwarded to Region IX for approval. The process has been implemented to ensure rates are reviewed during the even year of the biennium so changes can be included in the Biennial Budget/Legislative process.

Finding Status: Partially corrected.

Finding 2014-041:

Program: Department of Health and Human Services, Division of Child and Family Services
Foster Care – Title IV-E, CFDA 93.658
Adoption Assistance – Title IV-E, CFDA 93.659

Finding Summary: The OMB Circular A-133 Compliance Supplement 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.

We selected the quarter ended March 31, 2014 as part of our testing over the Nevada Division of Child and Family Services' cost allocation plan. During this testing, we examined the cost information and allocation statistics used in the report. However, we were unable to verify that the cost information was allocated using the appropriate allocation statistics in accordance with the approved cost allocation plan.

State's Response: The Division of Child and Family Services will revise procedures for completing the Cost Allocation Methodology that include the review of the documentation used to determine what the allocation statistics are during each quarter. In addition, the procedure will include a review of the results of processing cost allocation, identification of problems and what to do to resolve them.

Going forward, documentation of changes in processes and allocation methods will be retained and reviewed to ensure proper implementation of the approved cost allocation plan. New processes are also being reviewed to ensure they are working correctly.

Finding Status: Not corrected.

Finding 2014-042:

Program:	Department of Health and Human Services, Division of Child and Family Services Chafee Foster Care Independence Program, CFDA 93.674
Finding Summary:	The OMB Circular A-133 Compliance Supplement states: pass-through entities must establish reasonable procedures to ensure receipt of reports on subrecipients' cash balances and cash disbursements in sufficient time to enable the pass-through entities to submit complete and accurate cash transactions reports to the Federal awarding agency or pass-through entity. Pass-through entities must monitor cash drawdowns by their subrecipients to ensure that subrecipients conform substantially to the same standard of timing and amount as apply to the pass-through entity. Cash advances to a recipient organization shall be limited to the minimum amounts needed and be timed to be in accordance with the actual, immediate cash requirements of the recipient organization in carrying out the purpose of the approved program or project (2 CFR section 215.22). As part of our audit procedures, we examined a sample of 16 payments to subrecipients. In one instance, $45,000 was advanced for approximately six months of program costs. In another instance, $5,000 was advanced for approximately three months of program costs. In both instances, the time elapsing between the transfer of funds from the State and disbursement by the subrecipient was not minimized and did not appear to be for immediate cash requirements.
State's Response:	The Division of Child and Family Services will enhance procedures and controls to comply with the Monthly Financial Status and Request for Funds Report requirements identified in the Grants Management Unit's Technical Guidelines Section 200. Additionally, language within the Technical Guidelines will be expanded to clarify the precise situations in which subrecipients will be permitted to receive funding advances and the appropriate time frame for liquidating advances for immediate programmatic needs. The Grants and Project Analysts in the Grants Management Unit are required to read and initial an acknowledgment form stating that they agree to abide by all policies and processes outlined in the Technical Guidelines.
Finding Status:	Corrected.

Finding 2014-043:

Program:	Department of Health and Human Services, Division of Child and Family Services Chafee Foster Care Independence Program, CFDA 93.674
Finding Summary:	The OMB Circular A-133 Compliance Supplement states that where a funding period is specified, a non-Federal entity may charge to the award only costs resulting from obligations incurred during the funding period and any pre-award costs authorized by the Federal awarding agency. When an obligation occurs depends on the type of property or services that the obligation is for. If the obligation is for personal services by an employee of the State or subgrantee, the obligation is made when the services are performed (34 CFR section 76.707). As part of our audit procedures, we noted the State received funds that it was not entitled to. A payment was made to a subrecipient in December 2013 using Federal funds from the Federal fiscal year 2012 grant, which had a funding period end of September 30, 2013. This payment was an advance for services over the following six months and not related to services that occurred prior to September 30, 2013. Therefore, the obligation date was not within the funding period specified by the grant award.
State's Response:	The Grants Manual Technical Guideline #100 includes an instruction page entitled "Basic Accounting Requirements" which addresses the funding of subgrantees and the timing of obligation and liquidation. This section will be updated to reflect a clearer and more precise understanding that obligation and subsequent liquidation of funds must be done in accordance with accounting principles. Updates have been made to the GMU Technical Guidelines, as well as, the Assurances & Certifications that cover general accounting principles. Sub grantees are required to sign all Assurances & Certifications as part of accepting a new award. Additionally, the GPAs have been going through files and obtaining signed assurances from sub grantees that were missed during the initial award process.
Finding Status:	Corrected.

Finding 2014-044:

Program:	Department of Health and Human Services, Division of Child and Family Services Chafee Foster Care Independence Program, CFDA 93.674
Finding Summary:	The Federal Funding Accountability and Transparency Act (FFATA) requires direct recipients (prime awardees) of certain federal awards to report subaward information by the end of the month following the month in which the prime awardee obligates a subaward equal to or greater than $25,000. This requirement is effective for both mandatory and discretionary grants awarded by the Federal granting agency on or after October 1, 2010. As part of our audit procedures, we tested two of seven first-tier subawards exceeding $25,000 that were funded under the Federal Assistance Identification Number (FAIN) 1301NV1420. One of the subawards selected for testing had an obligation date of October 16, 2013. The obligation information was reported in the FFATA Subaward Reporting System (FSRS). However, the obligation information was not reported until December 16, 2013, which is after the required submission date of November 30, 2013. This subaward selected for testing also had two amendments exceeding $25,000. It was noted that the required reporting for FFATA had not been performed for these amendments. In addition, we noted that the required FFATA reporting had not been performed for the other subaward selected for testing and no evidence was available to support that efforts had been made to report such information.
State's Response:	The Division of Child and Family Services, Grants Management Unit (GMU) has added to the Operating Technical Guidelines, new Section #107: Federal Reporting – Federal Funding Accountability and Transparency Act (FFATA) and Federal Subaward Reporting System (FSRS). Within this new section of mandated actions by GMU staff, is outlined the Federal Reporting Process which includes the required time frames and amounts. This also includes the requirement for amendments to subrecipients that are equal to or exceed $25,000 to also be reported. Grants and Projects Analysts (GPAs) are required to read and initial an acknowledgment form stating that they agree to abide by all policies and processes outlined in the Technical Guidelines. The Division of Child and Family Services, Grants Management Unit Operating Technical Guidelines Section 400: Grants and Projects Analyst Duties and Processes will be reviewed and updated to include a section that outlines again the federal and internal reporting

requirements. GPAs are required to read and initial acknowledging that they have read and agree to abide by all policies and processes outlined in the Technical Guidelines.

Additionally, once the GPA has completed the required report in FSRS, they will update the internal "DCFS GMU FFATA Reporting Log". The two will be periodically reconciled as an additional means of ensuring required reports have been made.

Finding Status: Corrected.

Finding 2014-045:

Program: Department of Health and Human Services, Division of Child and Family Services
Chafee Foster Care Independence Program, CFDA 93.674

Finding Summary: As noted in OMB Circular A-133, a pass-through entity is responsible for advising subrecipients of requirements imposed on them by Federal laws, regulations, and the provisions of contracts or grant agreements as well as any supplemental requirements imposed by the pass-through entity.

As part of our testing over subrecipient monitoring, we tested a sample of subawards made during the year to two of the program's 14 subrecipients for communication of required information. We noted that one of the subawards did not include the attachment that indicated the additional requirements agreed to by the subrecipient in receiving funds pursuant to the subaward.

State's Response: The Division of Child and Family Services will enhance procedures and controls to comply with the Notice of Grant Award (NOGA) and Notice of Sub Grant Award (NOSA) Completion requirements identified in the Grants Management Unit's Technical Guidelines Section 105. GPAs are required to read and initial acknowledging that they have read and agree to abide by all policies and processes outlined in the Technical Guidelines.

The appropriate documentation has been sent to the subgrantee for signature and inclusion in their grant file. Grants Manual Technical Guideline #100 contains a section that requires assurances and certifications for specific subgrantees. A checklist will be developed that will acknowledge that all required file elements which include the

Assurances and Certification documents, reports, audits, etc. have been reviewed, updated and included in the file as appropriate.

Updates have been made to the GMU Technical Guidelines, as well as, the Assurances & Certifications. Additionally, the GPAs have been going through files and obtaining signed assurances from sub grantees that were missed during the initial award process.

Finding Status: Corrected.

Finding 2014-046:

Program: Department of Health and Human Services, Division of Child and Family Services
Chafee Foster Care Independence Program, CFDA 93.674

Finding Summary: As noted in OMB Circular A-133, a pass-through entity is responsible for ensuring required audits are completed within nine months of the end of the subrecipient's audit period, a management decision is issued on each audit finding within six months after receipt of the subrecipient's audit report, and ensuring that the subrecipient takes timely and appropriate corrective action on all audit findings. A management decision is the evaluation of an audit finding and corrective action plan and the issuance of a written decision as to what corrective action is necessary.

The Nevada Division of Child and Family Services has a policy to perform an on-site monitoring review of each subrecipient every two years, and at that time, the most recent audit reports are reviewed.

As part of our audit procedures, we selected three of 14 subrecipients to test. Of this sample, evidence of receipt and review of the audit report was present for two of the subrecipients. The third subrecipient selected for testing did not receive an on-site monitoring review during fiscal year 2014, and there was no documentation available to support that the Division of Child and Family Services ensured an audit was completed, monitored the audit report for findings, or issued management decisions, if applicable.

State's Response: The Division of Child and Family Services has enhanced procedures to ensure audit reports are reviewed for those subrecipients that are not required to have an on-site monitoring review during the fiscal year.

The Division of Child and Family Services, Grants Management Unit Operating Technical Guidelines Section 300: On-Site Reviews is currently being revised as GMU develops a new on-site review process. The new process requires a designated GPA, instead of an AA, to oversee all review scheduling, findings letters, and agency follow-up. The revised on-site review process also requires audit copies submitted by sub grantees to be stored on the server, as well as, their individual files.

The Division of Child and Family Services, Grants Management Unit Operating Technical Guidelines Section 400: Grants And Projects Analyst Duties and Processes will be reviewed and updated to include a section that outlines the requirement for GPAs to examine those subrecipients who will not be receiving an on-site review, ensuring that annual audits have been performed and corrective action items addressed.

A checklist has been developed and implemented. One of the tasks that the new AA will be given is making sure that checklists have been added to all sub grant files. GPAs will be responsible for maintaining the accuracy checklists and verifying their accuracy.

The following has been implemented. As an additional line of defense, the subject of on-site reviews will be included on monthly staff meeting agendas (which are signed by attendees) as a way to ensure and remind staff of the importance of checking on those subrecipients who may not be receiving an annual on-site review, ensuring the audit has been performed and examined.

Finally, the GMU manager will conduct spot checks of all subrecipient files to ensure the independent audits have been reviewed.

Finding Status: Corrected.

Sincerely,

Ronald L. Knecht

Ronald L. Knecht, MS, JD, PE (CA)
State Controller

RLK:es