Single Audit Report
June 30, 2018

State of Nevada

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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, 2018, and the related notes to the financial statements, which collectively comprise the State of Nevada'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 a major fund, represent 24.94 percent of the assets and deferred outflows of resources, 9.54 percent of net position, and 3.76 percent of the revenues of the business-type activities;

- the financial statements of the Nevada System of Higher Education, which is a discretely presented component unit, represent 97.03 percent of assets and deferred outflows of resources, 99.68 percent of net position, and 97.63 percent of 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 2.08 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 in the aggregate, represent 60.41 percent of the assets and deferred outflows of resources, 61.61 percent of the net position and 28.21 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 34.04 percent of the assets and deferred outflows of resources, 35.16 percent of the net position and 55.32 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, 2018, 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 Note 19 to the financial statements, the State of Nevada has adopted the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, which has resulted in a restatement of net position as of July 1, 2017. Our opinions are not modified with respect to this matter.

Correction of Errors
As discussed in Note 19 to the financial statements, the State of Nevada corrected an error in the General Fund Medicaid federal reimbursements and related expenditures recorded in fiscal year 2017, which resulted in a restatement of net position as of July 1, 2017. In addition, as discussed in Note 19 to the financial statements, the State of Nevada corrected an error in the Unemployment Compensation Fund for assessment revenue recorded in fiscal year 2017, which resulted in a restatement of net position as of July 1, 2017. Our opinions are not modified with respect to these matters.

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 5 through 15, the budgetary comparison information, the notes to required supplementary information-budgetary reporting, the postemployment benefits other than pensions (OPEB) information, the pension plan information, and the schedule of infrastructure condition and maintenance data, collectively presented on pages 92 through 98 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 Information
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State of Nevada's basic financial statements. The introductory section, combining statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the reports of the other auditors, the combining statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and the statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 7, 2019, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the State of Nevada's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the State of Nevada's internal control over financial reporting and compliance.

Eide Bailly LLP

Reno, Nevada
January 7, 2019

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, 2018. Readers should consider this information in conjunction with the additional information furnished in the letter of transmittal.

Highlights

Government-wide:

- Total assets and deferred outflows of resources of the State exceeded liabilities and deferred inflows of resources by $6.7 billion (reported as net position). Of this amount, $5.7 billion is net investment in capital assets and $3.4 billion is restricted for specific uses, neither of which are available to meet the State's general obligations, and a negative $2.4 billion is reported as an unrestricted deficit, which indicates no funds are available for discretionary purposes.
- The State's total net position decreased by $224.7 million or 3.2% over the prior year. Net position of governmental activities decreased by $754.7 million or 14.5%. Net position of business-type activities increased by $530.0 million or 30.7%. Due to the implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (OPEB), the State recorded $22.8 million in deferred outflows of resources and $825.0 million liability related to the prior year, for a net decrease of $802.2 million to beginning net position. Beginning net position of governmental activities decreased by $809.5 million, of which $786.7 million is a decrease due to the implementation of GASB Statement No. 75 and $22.8 million is a decrease to correct an error from 2017 for an understatement of Medicaid incurred but not reported claims expenditures and related federal reimbursement. Beginning net position of business-type activities decreased by $66.5 million, of which $15.5 million is a decrease due to implementation of GASB Statement No. 75 and a decrease of $51.0 million due to an overstatement of 2017 unemployment assessment receivables and revenues.

Fund-level:

- The State's governmental funds reported combined ending fund balances of $1,986.3 million, a decrease of $132.6 million from the prior year, before restatement. Of the ending fund balance, $494.0 million is nonspendable, $740.9 million is restricted, $991.9 million is committed and a negative $240.5 million is unassigned.
- The State's enterprise funds reported combined ending net position of $2,254.5 million, an increase of $529.9 million from the prior year, before restatement. Of the ending net position, $6.1 million is net investment in capital assets, $2,226.8 million is restricted, and $21.6 million is unrestricted.

Capital Assets and Long-term Debt:

- The State's capital assets, net of depreciation, increased by $163.2 million or 2.3%.
- The State's total bonds payable and certificates of participation payable decreased by $78.0 million or 2.6%.

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, a schedule of postemployment benefits other than pensions (OPEB) information and a schedule of infrastructure condition and maintenance data.

Other Supplementary Information:

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The State's overall financial position and operations for the fiscal years ended June 30, 2018 and 2017 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
	2018	2017	2018	2017	2018	2017	2018-2017
Assets							
Current and other assets	$ 4,722,494	$ 4,470,888	$ 3,173,635	$ 2,748,174	$ 7,896,129	$ 7,219,062	$ 677,067
Net capital assets	7,137,710	6,973,989	14,223	14,712	7,151,933	6,988,701	163,232
Total assets	11,860,204	11,444,877	3,187,858	2,762,886	15,048,062	14,207,763	840,299
Deferred outflows of resources	460,239	427,810	8,201	7,571	468,440	435,381	33,059
Liabilities							
Current liabilities	2,012,636	1,779,280	70,456	69,179	2,083,092	1,848,459	234,633
Long-term liabilities	5,632,170	4,704,329	866,682	973,101	6,498,852	5,677,430	821,422
Total liabilities	7,644,806	6,483,609	937,138	1,042,280	8,581,944	7,525,889	1,056,055
Deferred inflows of resources	221,644	180,372	4,246	3,517	225,890	183,889	42,001
Net position							
Net investment in capital assets	5,694,397	5,623,373	6,121	6,446	5,700,518	5,629,819	70,699
Restricted	1,208,340	1,165,363	2,226,783	1,704,681	3,435,123	2,870,044	565,079
Unrestricted (deficit)	(2,448,744)	(1,580,030)	21,771	13,533	(2,426,973)	(1,566,497)	(860,476)
Total net position	$ 4,453,993	$ 5,208,706	$ 2,254,675	$ 1,724,660	$ 6,708,668	$ 6,933,366	$ (224,698)

Net Position:

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The State reported net position of $6.7 billion at the end of 2018, compared with $6.9 billion at the end of the previous year.

The largest portion of the State's net position ($5.7 billion or 85.0%) 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 ($3.4 billion or 51.2%) 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 $2.4 billion or (36.2%) as compared to a $1.6 billion deficit in the prior year. The governmental activities and business-type activities components of the unrestricted net position deficit are discussed below.

The unrestricted net position deficit in governmental activities increased by $868.7 million; from a deficit of $1.6 billion to a deficit of $2.4 billion. Changes in governmental activities were a result of several factors, including an increase in the unrestricted fund balance of the General Fund of $142.9 million and an increase of $39.1 million in deferred inflows of resources for unrestricted and unavailable revenue recognized as revenue in the government-wide statement of net activities. In business-type activities the unrestricted net position increased by $8.2 million from a net position of $13.5 million to a net position of $21.8 million. The increase is primarily due to an increase in the unrestricted net position of the Housing Division fund in the amount of $14.0 million.

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

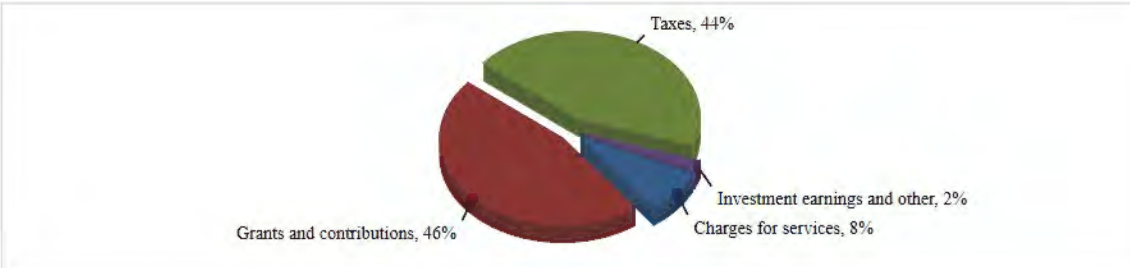
	Governmental Activities 2018	Governmental Activities 2017	Business-type Activities 2018	Business-type Activities 2017	Total 2018	Total 2017	Total Change 2018-2017
Revenue							
Program revenue							
Charges for services	$ 900,670	$ 902,110	$ 133,898	$ 123,222	$ 1,034,568	$ 1,025,332	$ 9,236
Operating grants and contributions	5,274,340	5,076,398	82,657	83,365	5,356,997	5,159,763	197,234
Capital grants and contributions	21,999	31,458	-	-	21,999	31,458	(9,459)
General revenues:							
Gaming taxes	868,923	896,571	-	-	868,923	896,571	(27,648)
Sales and use taxes	1,340,985	1,285,247	-	-	1,340,985	1,285,247	55,738
Modified business taxes	584,212	572,873	-	-	584,212	572,873	11,339
Insurance premium taxes	394,543	358,499	-	-	394,543	358,499	36,044
Lodging taxes	179,951	178,846	-	-	179,951	178,846	1,105
Cigarette taxes	160,665	180,677	-	-	160,665	180,677	(20,012)
Commerce taxes	205,013	198,322	-	-	205,013	198,322	6,691
Property and transfer taxes	277,987	247,939	-	-	277,987	247,939	30,048
Motor and special fuel taxes	316,780	299,426	-	-	316,780	299,426	17,354
Other taxes	635,151	680,739	653,150	624,242	1,288,301	1,304,981	(16,680)
Unrestricted investment earnings	10,864	2,645	-	-	10,864	2,645	8,219
Other general revenues	203,347	207,338	-	-	203,347	207,338	(3,991)
Total revenue	11,375,430	11,119,088	869,705	830,829	12,245,135	11,949,917	295,218
Expenses							
General government	289,383	351,831	-	-	289,383	351,831	(62,448)
Health services	4,142,999	3,957,042	-	-	4,142,999	3,957,042	185,957
Social services	1,700,745	1,545,446	-	-	1,700,745	1,545,446	155,299
Education - K-12 state support	1,612,584	1,478,773	-	-	1,612,584	1,478,773	133,811
Education - K-12 administrative	563,634	580,719	-	-	563,634	580,719	(17,085)
Education - higher education	717,073	570,398	-	-	717,073	570,398	146,675
Law, justice and public safety	729,018	750,614	-	-	729,018	750,614	(21,596)
Regulation of business	315,038	295,766	-	-	315,038	295,766	19,272
Transportation	851,333	841,046	-	-	851,333	841,046	10,287
Recreation and resource development	178,524	161,621	-	-	178,524	161,621	16,903
Interest on long-term debt	74,499	73,785	-	-	74,499	73,785	714
Unallocated depreciation	2,766	2,673	-	-	2,766	2,673	93
Unemployment insurance	-	-	297,531	313,306	297,531	313,306	(15,775)
Housing	-	-	23,582	19,316	23,582	19,316	4,266
Water loans	-	-	7,017	4,802	7,017	4,802	2,215
Workers' compensation and safety	-	-	39,276	30,011	39,276	30,011	9,265
Higher education tuition	-	-	11,293	23,383	11,293	23,383	(12,090)
Other	-	-	31,488	32,181	31,488	32,181	(693)
Total expenses	11,177,596	10,609,714	410,187	422,999	11,587,783	11,032,713	555,070
Change in net position before contributions to permanent funds, special items and transfers	197,834	509,374	459,518	407,830	657,352	917,204	(259,852)
Contributions to permanent funds	10,005	9,586	-	-	10,005	9,586	419
Special item - termination of project construction	(16,054)	-	-	-	(16,054)	-	(16,054)
Transfers	(137,005)	(146,901)	137,005	146,901	-	-	-
Change in net position	54,780	372,059	596,523	554,731	651,303	926,790	(275,487)
Net position - beginning of year	5,208,706	4,804,920	1,724,660	1,166,231	6,933,366	5,971,151	962,215
Net position restatement	(809,493)	31,727	(66,508)	3,698	(876,001)	35,425	(911,426)
Net position - beginning of year (as restated)	4,399,213	4,836,647	1,658,152	1,169,929	6,057,365	6,006,576	50,789
Net position - end of year	$ 4,453,993	$ 5,208,706	$ 2,254,675	$ 1,724,660	$ 6,708,668	$ 6,933,366	$ (224,698)

Changes in Net Position:

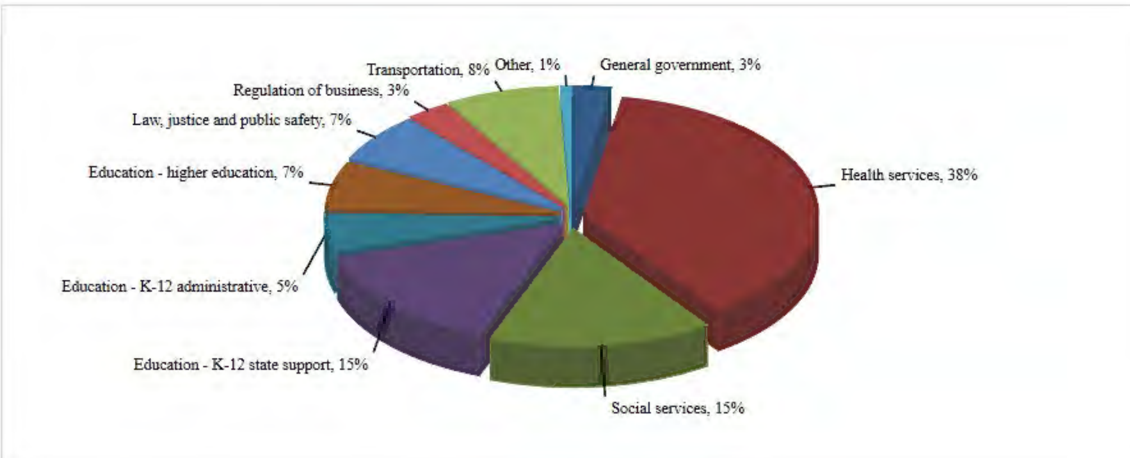
Total government-wide revenues increased by $295.2 million during the current year. The increase in revenues is a result of several factors, including increases of $197.2 million in federal funding, $55.7 million in sales and use taxes, $36.0 million in insurance premium taxes and $30.0 million in property and transfer taxes. Program revenues from charges for services increased by $9.2 million compared to the prior year.

Governmental activities – The current year net position increased by $54.8 million. Approximately 43.6% of the total revenue came from taxes, while 46.6% was in the form of grants and contributions (including federal aid). Charges for various goods and services provided 7.9% of the total revenues (see chart following). The State’s governmental activities expenses cover a range of services and the largest expenses were 37.3% for health services, 15.3% for social services, and 14.5% for state support of K-12 education (see chart following). In 2018, governmental activities expenses exceeded program revenues, resulting in the use of $4.9 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:



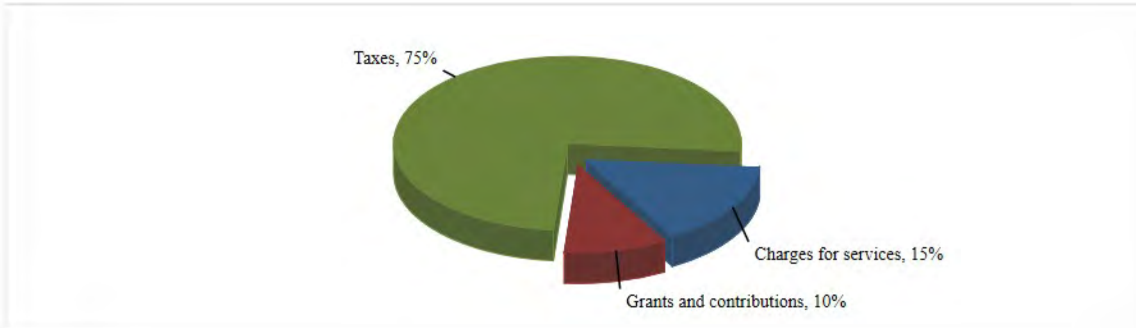
The following table depicts the total program revenues and expenses for each function of governmental activities:

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

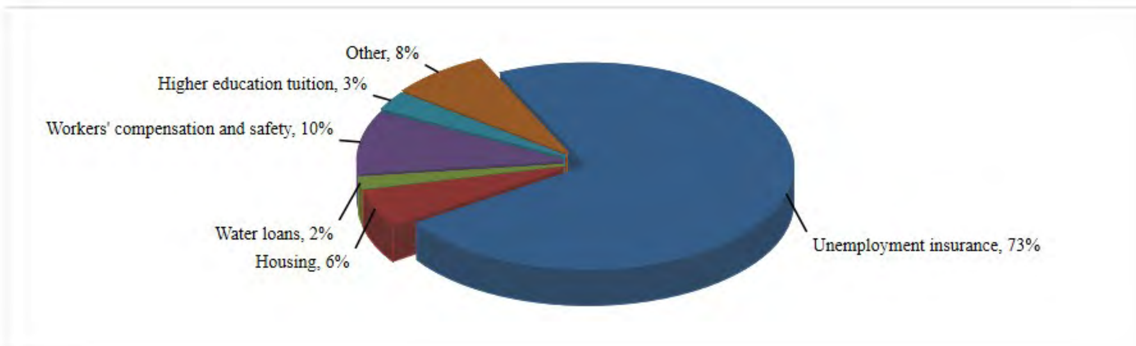
	Expenses	Revenues
General government	$ 289,383	$ 219,197
Health services	4,142,999	3,315,484
Social services	1,700,745	1,208,066
Education - K-12 state support	1,612,584	3,821
Education - K-12 administrative	563,634	319,259
Education - higher education	717,073	-
Law, justice and public safety	729,018	315,236
Regulation of business	315,038	269,389
Transportation	851,333	435,301
Recreation and resource development	178,524	110,081
Total	$ 11,100,331	$ 6,195,834

Business-type activities – The current year net position increased by $596.5 million. Approximately 75.1% of the total revenue came from taxes, while 9.5% was in the form of grants and contributions (including federal aid). Charges for various goods and services provided 15.4% of the total revenues (see chart following). The State's business-type activities expenses cover a range of services. The largest expenses were 72.5% for unemployment compensation (see chart following). In 2018, business-type activities expenses exceeded program revenues by $193.6 million. Of this amount, unemployment compensation was the largest, with net expenses of $265.4 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 insurance	$ 297,531	$ 32,166
Housing	23,582	32,742
Water loans	7,017	26,292
Workers' compensation and safety	39,276	57,186
Higher education tuition	11,293	35,921
Other	31,488	32,248
Total	$ 410,187	$ 216,555

The State's overall financial position improved over the past year. Current year operations resulted in a $54.8 million increase in the net position of the governmental activities and a $596.5 million increase in the net position of the business-type activities. 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 $65.1 million or 1.3% compared to an increase of $330.9 million or 7.2% in the prior fiscal year. In addition, operating grants and contributions for governmental activities increased $197.9 million primarily due to Medicaid receipts.

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 $2.0 billion, a decrease of $132.6 million from the prior year. Of these total ending fund balances, $494.0 million or 24.9% is nonspendable, either due to its form or legal constraints, and $740.9 million or 37.3% is restricted for specific programs by external constraints, constitutional provisions, or contractual obligations. An additional $991.9 million or 49.9% of total fund balance has been committed to specific purposes. Committed amounts cannot be used for any other purpose unless approved by the Legislature. NRS 353.288 provides for the Account to Stabilize the Operation of the State Government (Stabilization Account) in the State General Fund. Additions to the stabilization arrangement are triggered at the end of a fiscal year if the General Fund unrestricted fund balance (budgetary basis) exceeds 7% of General Fund operating appropriations. Forty percent of the excess is deposited to the Stabilization Account, and is classified on the balance sheet as committed for fiscal emergency. Additionally, commencing with the fiscal year that begins on July 1, 2017, 1% of the total anticipated revenue for the fiscal year in which the transfer will be made, as projected by the Economic Forum for that fiscal year, will also be deposited to the Stabilization Account. Expenditures may occur if actual revenues for the biennium fall short by 5% or more from anticipated revenues, if the Legislature and Governor declare that a fiscal emergency exists, or if the Legislature allocates it to be used for any other purpose. The balance in the Stabilization Account committed for fiscal emergency at June 30, 2018 is $235.7 million. The remaining negative $240.5 million or (12.1%) 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 $547.7 million compared to $556.7 million in the prior fiscal year. The fund balance decreased by $9.0 million or 1.6% over the previous year. The negative unassigned fund balance of $240.5 million is primarily due to an accrual for Medicaid expenditures and for unearned gaming 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, 2018 and 2017 (expressed in thousands). Other financing sources are not included.

General Fund Revenues *(expressed in thousands)*

	2018		2017		Increase (Decrease)	
	Amount	Percent	Amount	Percent	Amount	Percent
Gaming taxes, fees, licenses	$ 849,965	8.8 %	$ 884,599	9.5 %	$ (34,634)	(3.9)%
Sales taxes	1,337,930	13.9 %	1,282,745	13.7 %	55,185	4.3 %
Modified business taxes	581,844	6.1 %	575,233	6.2 %	6,611	1.1 %
Insurance premium taxes	394,263	4.1 %	358,482	3.8 %	35,781	10.0 %
Lodging taxes	179,951	1.9 %	178,846	1.9 %	1,105	0.6 %
Cigarette taxes	160,665	1.7 %	180,677	1.9 %	(20,012)	(11.1)%
Commerce taxes	201,927	2.1 %	197,827	2.1 %	4,100	2.1 %
Property and transfer taxes	106,921	1.1 %	87,446	0.9 %	19,475	22.3 %
Motor and special fuel taxes	2,255	0.0 %	2,220	0.0 %	35	1.6 %
Other taxes	406,907	4.2 %	320,521	3.4 %	86,386	27.0 %
Intergovernmental	4,867,647	50.7 %	4,727,482	50.6 %	140,165	3.0 %
Licenses, fees and permits	383,914	4.0 %	359,687	3.8 %	24,227	6.7 %
Sales and charges for services	67,368	0.7 %	71,813	0.8 %	(4,445)	(6.2)%
Interest and investment income	9,593	0.1 %	2,820	0.0 %	6,773	240.2 %
Settlement income	1,151	0.0 %	-	0.0 %	1,151	0.0 %
Other	57,840	0.6 %	116,252	1.2 %	(58,412)	(50.2)%
Total revenues	$ 9,610,141	100.0 %	$ 9,346,650	100.0 %	$ 263,491	2.8 %

The total General Fund revenues increased $263.5 million or 2.8%. The largest increases in revenue sources were $140.2 million or 3.0% in intergovernmental revenues, $86.4 million or 27.0% in other taxes, $55.2 million or 4.3% in sales taxes and $35.8 million or 10.0% in insurance premium taxes. The increase in intergovernmental revenues is primarily due to an increase of $163.5 million in receipts for Medicaid over the prior year. Decreases in revenue sources were primarily due to $58.4 million of other revenue, of which $48 million represents a refund of the Home Means Nevada grant, $34.6 million or 3.9% in gaming taxes, fees and licenses and a decrease in cigarette tax of $20.0 million over the prior year.

The following schedule presents a summary of expenditures by function of the General Fund for the fiscal years ended June 30, 2018 and 2017 (expressed in thousands). Other financing uses are not included.

General Fund Expenditures *(expressed in thousands)*

	2018		2017		Increase (Decrease)	
	Amount	Percent	Amount	Percent	Amount	Percent
General government	$ 177,106	1.8 %	$ 139,990	1.5 %	$ 37,116	26.5 %
Health services	4,132,487	42.6 %	3,948,218	43.0 %	184,269	4.7 %
Social services	1,592,241	16.4 %	1,545,419	16.8 %	46,822	3.0 %
Education - K-12 state support	1,612,584	16.6 %	1,478,773	16.1 %	133,811	9.0 %
Education - K-12 administrative	562,281	5.8 %	588,991	6.4 %	(26,710)	(4.5)%
Education - higher education	645,297	6.7 %	583,819	6.4 %	61,478	10.5 %
Law, justice and public safety	530,498	5.5 %	498,523	5.4 %	31,975	6.4 %
Regulation of business	292,614	3.0 %	274,436	3.0 %	18,178	6.6 %
Recreation and resource development	146,621	1.5 %	130,315	1.4 %	16,306	12.5 %
Debt service	3,718	0.0 %	3,502	0.0 %	216	6.2 %
Total expenditures	$ 9,695,447	100.0 %	$ 9,191,986	100.0 %	$ 503,461	5.5 %

The total General Fund expenditures increased 5.5%. The largest increases in expenditures were $184.3 million or 4.7% in health services expenditures due to expansion of the Medicaid program, $133.8 million or 9.0% in education - K-12 state support, $61.5 million or 10.5% in higher education expenditures, and $46.8 million or 3.0% in social services expenditures. The largest decrease was $26.7 million or 4.5% in education - K-12 administrative expenditures.

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 by $18.0 million or 3.3% during the current fiscal year compared to an increase of $17.3 million or 3.3% in the prior year. Total revenues increased by $79.3 million. This was primarily due to increases in motor vehicle government services tax of $22.2 million, federal reimbursements of $11.9 million, local government reimbursements of $18.4 million and vehicle registration fees of $5.0 million. Expenditures increased by $52.3 million or 4.6% over the prior year. This was primarily due to an increase in current expenditures for transportation projects of $37.5 million and an increase in personnel costs of $6.5 million. Expenditures increased as spending for four major road construction projects, Project NEON, USA Parkway, the Boulder City Bypass and bus lanes for Las Vegas Blvd, increased. Other financing sources and uses decreased by $62.4 million or 33.2% over the prior year, primarily due to a decrease of $50.3 million in bonds issued for transportation projects.

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 increased by $1.7 million during the current fiscal year, which is a 1.9% increase from the prior year. This increase was primarily due to bonds issued of $6.0 million.

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 $9.9 million during the current fiscal year, which is a 2.8% increase from the prior year. This increase was due to revenues from land sales and court fines.

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 $2,236.6 million, the net position of the nonmajor enterprise funds is $18.0 million and the total combined net position of all enterprise funds is $2,254.5 million. The combined net position of all enterprise funds increased by $529.9 million in 2018, of which $15.5 million is a decrease to beginning net position due to the implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, $51.0 million is a decrease to beginning net position due to an overstatement of unemployment assessment receivables and revenue in fiscal year 2017, and $596.4 million is the current year increase in net position, for an ending net position of $2,254.5 million. The major enterprise funds are discussed below:

The *Housing Division Fund* was created for the purpose of making available additional funds to assist private enterprise and governmental agencies in providing safe and sanitary housing facilities and provides low interest loans for first-time home buyers with low or moderate incomes. The net position increased by $8.6 million or 4.2%, of which $.7 million is a decrease to beginning net position due to the implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Posteemployment Benefits*

Other Than Pensions, resulting in an ending net position of $215.1 million. Revenues from interest on loans increased by 32.8% reflecting Nevada's improved housing market. Operating expenses increased by $2.3 million, and operating revenues increased by $2.8 million.

The *Unemployment Compensation Fund* accounts for the payment of unemployment compensation benefits to unemployed State citizens. The net position increased by $487.6 million during the current fiscal year, of which $51.0 million is a decrease to beginning net position due to an overstatement of unemployment assessment receivables and revenues in the prior year, resulting in an ending net position of $1,485.6 million. The increase in net position is primarily due to revenues exceeding expenses by $387.3 million and a transfer of $155.4 million from the Unemployment Compensation Bond Fund for special bond contributions assessed on employers for payment of principal and interest on Unemployment Compensation Bonds. During fiscal year 2018, $297.3 million of unemployment compensation benefits was paid to unemployed State citizens compared to $310.0 million paid in fiscal year 2017, representing a 4.1% 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 $17.1 million during the current fiscal year, of which $.2 million is a decrease to beginning net position due to the implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, for a final net position of $432.8 million, which is a 4.1% 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 twentieth enrollment period during the fiscal year with 767 new enrollments. The net position increased $25.3 million, for an ending net position of $103.1 million, a 32.5% increase over last year, primarily due to a decrease in claims expenses.

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 2018, total internal service fund net position decreased by $11.0 million, of which $21.4 million is a decrease to beginning net position due to the implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, for a final net position of $2.4 million. The three largest funds are:

The *Self-Insurance Fund* accounts for group health, life and disability insurance for State employees and retirees and certain other public employees. Net position increased by $2.1 million, of which $1.3 million is a decrease to beginning net position due to the implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, for a final net position of $76.2 million. The remaining increase is considered a normal fluctuation in insurance premium income and in claims expense.

The *Information Services Fund* accounts for design, maintenance and operation of the State's central computer facility, radio communication and telecommunication systems. Net position decreased by $4.8 million, of which $9.4 million is a decrease to beginning net position due to the implementation of GASB 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, for a final net position deficit of $14.5 million. The increase in net position from current activity of $4.7 million is considered a normal fluctuation in services and expenses of the fund.

The *Insurance Premiums Fund* accounts for general, civil (tort), auto and property casualty liabilities of State agencies. The net position deficit decreased by $3.9 million or (8.0)% during the current year, of which $.4 million is a decrease to beginning net position deficit due to implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, resulting in an ending net position deficit of $45.0 million. The remaining deficit decrease of $4.4 million is primarily due to a decrease in insurance claims and expenses of 26.5% in the current year.

ANALYSIS OF GENERAL FUND BUDGET VARIATIONS

The General Fund budgetary revenues and other financing sources were $678.8 million or 5.6% 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 $850.8 million. Some of the differences originate because the original budget consists only of those budgets subject to legislative approval through the General Appropriations Act and the Authorizations Bill. The non-executive budgets, not subject to legislative approval, only require approval by the Budget Division and if approved after July 1, are considered to be revisions. Increases due to the nonexecutive budgets approved after July 1 and increased estimated receipts were approximately $850.8 million.

CAPITAL ASSETS AND LONG-TERM DEBT ADMINISTRATION

Capital Assets:

The State's capital assets for governmental and business-type activities as of June 30, 2018 amount to $8.5 billion, net of accumulated depreciation of $1.4 billion, leaving a net book value of $7.1 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 elected infrastructure assets. Under this alternative method, referred to as the modified approach, the State expenses certain maintenance and preservation costs and does not report depreciation expense on infrastructure. Utilization of this approach requires the State to: 1) commit to maintaining and preserving affected assets at or above a condition level established by the State; 2) maintain an inventory of the assets and perform periodic condition assessments to ensure that the condition level is being maintained; and 3) make annual estimates of the amounts that must be expended to maintain and preserve assets at the predetermined condition levels. To monitor the condition of the roadways the State uses the International Roughness Index (IRI). The State has set a policy that it will maintain a certain percentage of each category of its roadways with an IRI of less than 95 and will also maintain its bridges so that not more than 10% are structurally deficient or functionally obsolete. The following table shows the State's policy and the condition level of the roadways and bridges:

Condition Level of the Roadways

	Percentage of roadways with an IRI of less than 95 Category				
	I	II	III	IV	V
State Policy-minimum percentage	70%	65%	60%	40%	10%
Actual results of 2017 condition assessment	90%	85%	90%	61%	25%
Actual results of 2016 condition assessment	91%	88%	92%	66%	30%
Actual results of 2015 condition assessment	87%	82%	85%	45%	13%

Condition Level of the Bridges

	Percentage of substandard bridges		
	2017	2016	2015
State Policy-minimum percentage	10%	10%	10%
Actual results condition assessment	1%	2%	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 2018 by $33.3 million. Even though actual spending for maintenance and reservation 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 2018 (expressed in millions):

	Expended by June 30, 2018	Total budget
DMV East Sahara Complex	$ 21.2	$ 25.0
Northern Nevada Veterans' Home	16.5	19.8
Southern Nevada Veterans' Cemetery Expansion	13.2	13.4
Washoe County Armory Maintenance Shop	6.9	8.9
Secretary of State Online Business Portal	6.6	16.0
Northern Nevada Correctional Center - Electrical	6.1	9.9
Access Nevada Modernization Software	5.9	10.0
Northern Nevada Correctional Center - ADA	2.1	11.3
DMV - South Reno Complex	1.3	42.0
National Guard Readiness Center	1.3	37.1

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

Long-term Debt Administration:

As of year-end, the State had $2.9 billion in bonds and certificates of participation outstanding, compared to $3.0 billion last year, a decrease of $78.0 million or 2.6% during the current fiscal year. This decrease was due primarily to the payment of principal on debt and refunding of general obligation bonds and certificates of participation.

The most current bond ratings from Fitch Investor Service was AA+, Moody's was Aa2, and Standard and Poor's was AA+. 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 2018 fiscal year and draws on previously authorized Housing bonds were (expressed in thousands):

General Obligation Capital Improvement Bonds	11/07/2017A	$ 85,635
General Obligation Natural Resources and Refunding Bonds	11/07/2017B	5,890
General Obligation Open Space, Parks, Natural Resources and Refunding Bonds	11/07/2017C	7,940
General Obligation Municipal Bond Bank	11/07/2017D	6,000
General Obligation Safe Drinking Water Revolving Fund Matching Bonds	11/07/2017E	6,215
General Obligation Water Pollution Control Revolving Fund Matching Bonds	11/07/2017F	3,760
Highway Improvement Revenue Bonds MVFT 2018	06/05/2018	125,905
Housing Multi-Unit Boulder Pines II	05/26/2016	7,951
Housing Multi-Unit Vintage at the Crossings	09/08/2016	15,034
Housing Multi-Unit Rose Garden Townhouses	11/17/2016	74
Housing Multi-Unit Baltimore Cleveland	02/03/2017	1,805
Housing Multi-Unit Madison Palms	06/23/2017	2,070
Housing Multi-Unit Steamboat by Vintage	09/26/2017	6,122
Housing Multi-Unit Rose Garden Senior	10/11/2017	5,823
Housing Multi-Unit Sierra Pines	12/15/2017	3,486
Housing Multi-Unit Summit Club	02/09/2018	90,000
Housing Multi-Unit Tenaya Senior	04/18/2018	2,626
Housing Multi-Unit Sky Mountain	06/01/2018	1,603

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, 2018 (Expressed in Thousands)

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	Component Units
Assets				
Cash and pooled investments	$ 2,114,613	$ 1,447,437	$ 3,562,050	$ 291,760
Investments	334,826	493,296	828,122	1,423,793
Internal balances	(44)	44	-	-
Due from component unit	40,640	-	40,640	-
Due from primary government	-	-	-	148,013
Accounts receivable	113,901	5,139	119,040	25,874
Taxes/assessments receivable	1,312,949	203,427	1,516,376	-
Intergovernmental receivables	611,506	917	612,423	77,646
Accrued interest and dividends	8,678	18,271	26,949	77
Contracts receivable	-	40,772	40,772	-
Mortgages receivable	-	352,278	352,278	-
Notes/loans receivable	106,727	430,822	537,549	8,968
Capital lease receivable	48,500	-	48,500	-
Other receivables	-	-	-	90,959
Inventory	23,692	1,449	25,141	7,791
Prepaid expenses	3,752	336	4,088	27,412
Restricted assets:				
Cash	2,750	-	2,750	164,088
Investments	-	179,432	179,432	12,275
Other assets	4	15	19	99,927
Capital assets:				
Land, infrastructure and construction in progress	5,764,291	568	5,764,859	291,881
Other capital assets, net	1,373,420	13,655	1,387,075	2,022,881
Total assets	11,860,205	3,187,858	15,048,063	4,693,345
Deferred Outflows of Resources				
Deferred charge on refunding	60,077	659	60,736	14,411
Pension contributions	376,875	7,078	383,953	65,700
OPEB contributions	23,287	464	23,751	15,768
Total deferred outflows of resources	460,239	8,201	468,440	95,879
Liabilities				
Accounts payable	1,299,421	56,672	1,356,093	55,327
Accrued payroll and related liabilities	53,006	977	53,983	89,739
Intergovernmental payables	201,323	72	201,395	-
Interest payable	17,697	3,387	21,084	14,616
Due to component units	93,984	1	93,985	-
Due to primary government	-	-	-	40,640
Contracts/retentions payable	104,987	-	104,987	-
Unearned revenues	158,174	9,336	167,510	66,489
Other liabilities	84,044	11	84,055	67,381
Long-term liabilities:				
Portion due or payable within one year:				
Reserve for losses	88,952	-	88,952	-
Obligations under capital leases	3,621	-	3,621	1,561
Compensated absences	70,713	1,336	72,049	35,310
Benefits payable	-	17,509	17,509	-
Bonds payable	191,952	41,572	233,524	45,159
Certificates of participation payable	3,373	-	3,373	-
Pollution remediation obligations	660	-	660	-
Portion due or payable after one year:				
Federal advances	-	-	-	7,236
Reserve for losses	43,922	-	43,922	-
Obligations under capital leases	14,870	-	14,870	49,328
Net pension obligation	2,208,472	43,061	2,251,533	389,093

Statement of Net Position

June 30, 2018 (Expressed in Thousands)

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	Component Units
Net OPEB liability	783,854	15,623	799,477	491,460
Compensated absences	29,955	545	30,500	15,972
Benefits payable	-	200,283	200,283	-
Bonds payable	2,054,432	546,753	2,601,185	761,026
Certificates of participation payable	78,102	-	78,102	-
Due to component unit	54,028	-	54,028	-
Unearned revenue	-	-	-	46,128
Pollution remediation obligations	5,265	-	5,265	-
Total liabilities	7,644,807	937,138	8,581,945	2,176,465
Deferred Inflows of Resources				
Pension related amounts	171,948	3,274	175,222	29,648
OPEB related amounts	48,788	972	49,760	30,589
Taxes	86	-	86	-
Fines and forfeitures	822	-	822	-
Lease revenue	-	-	-	6,722
Split-interest agreements	-	-	-	5,319
Total deferred inflows of resources	221,644	4,246	225,890	72,278
Net Position				
Net investment in capital assets	5,694,397	6,121	5,700,518	1,638,881
Restricted for:				
Unemployment compensation	-	1,485,617	1,485,617	-
Tuition contract benefits	-	103,009	103,009	-
Security of outstanding obligations	-	187,905	187,905	-
Workers' compensation	-	17,476	17,476	-
Capital projects	6,062	-	6,062	175,377
Debt service	26,168	-	26,168	35,317
Education - K to 12	2,323	-	2,323	1,445
Transportation	374,628	-	374,628	-
Recreation and resource development	41,663	432,774	474,437	-
Law, justice and public safety	46,709	-	46,709	-
Health services	316,887	-	316,887	-
Social services	969	-	969	-
Regulation of business	31,955	2	31,957	-
Scholarships	-	-	-	543,790
Loans	-	-	-	6,991
Research and development	-	-	-	10,731
Other purposes	246	-	246	8,298
Funds held as permanent investments:				
Nonexpendable	360,709	-	360,709	402,277
Expendable	21	-	21	-
Unrestricted (deficit)	(2,448,744)	21,771	(2,426,973)	(282,626)
Total net position	$ 4,453,993	$ 2,254,675	$ 6,708,668	$ 2,540,481

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

Statement of Activities

For the Year Ended June 30, 2018 (Expressed in Thousands)

		Program Revenues			Net (Expenses) Revenues and Changes in Net Position			
					Primary Government			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Component Units
Function/Programs								
Primary Government								
Governmental activities:								
General government	$ 289,383	$ 212,509	$ 6,688	$ -	$ (70,186)	$ -	$ (70,186)	$ -
Health services	4,142,999	183,740	3,131,744	-	(827,515)	-	(827,515)	-
Social services	1,700,745	49,653	1,158,413	-	(492,679)	-	(492,679)	-
Education - K-12 state support	1,612,584	-	3,821	-	(1,608,763)	-	(1,608,763)	-
Education - K-12 administrative	563,634	2,717	316,542	-	(244,375)	-	(244,375)	-
Education - higher education	717,073	-	-	-	(717,073)	-	(717,073)	-
Law, justice and public safety	729,018	263,957	47,046	4,233	(413,782)	-	(413,782)	-
Regulation of business	315,038	91,563	177,826	-	(45,649)	-	(45,649)	-
Transportation	851,333	44,720	381,766	8,815	(416,032)	-	(416,032)	-
Recreation and resource development	178,524	51,811	49,320	8,950	(68,443)	-	(68,443)	-
Interest on long-term debt	74,499	-	1,175	-	(73,324)	-	(73,324)	-
Unallocated depreciation	2,766	-	-	-	(2,766)	-	(2,766)	-
Total governmental activities	11,177,596	900,670	5,274,341	21,998	(4,980,587)	-	(4,980,587)	-
Business-type activities:								
Unemployment insurance	297,532	3,442	28,724	-	-	(265,366)	(265,366)	-
Housing	23,582	22,252	10,490	-	-	9,160	9,160	-
Water loans	7,017	9,581	16,711	-	-	19,275	19,275	-
Workers' compensation and safety	39,276	54,130	3,056	-	-	17,910	17,910	-
Higher education tuition	11,293	13,934	21,987	-	-	24,628	24,628	-
Other	31,487	30,559	1,689	-	-	761	761	-
Total business-type activities	410,187	133,898	82,657	-	-	(193,632)	(193,632)	-
Total primary government	$ 11,587,783	$ 1,034,568	$ 5,356,998	$ 21,998	(4,980,587)	(193,632)	(5,174,219)	-
Total component units	$ 1,957,652	$ 767,921	$ 511,810	$ 1,837	-	-	-	(676,084)

General Revenues:				
Taxes:				
Gaming taxes	868,923	-	868,923	-
Sales and use taxes	1,192,282	-	1,192,282	-
Modified business taxes	584,212	-	584,212	-
Insurance premium taxes	394,543	-	394,543	-
Cigarette taxes	160,665	-	160,665	-
Commerce taxes	205,013	-	205,013	-
Property and transfer taxes	120,488	-	120,488	-
Motor and special fuel taxes	2,255	-	2,255	-
Other taxes	421,887	457	422,344	-
Restricted for unemployment compensation:				
Other taxes	-	652,693	652,693	-
Restricted for educational purposes:				
Sales and use taxes	148,703	-	148,703	-
Lodging taxes	179,951	-	179,951	-
Restricted for debt service purposes:				
Property and transfer taxes	157,499	-	157,499	-
Motor and special fuel taxes	74,524	-	74,524	-
Other	5,165	-	5,165	-
Restricted for recreation and resources development:				
Other taxes	25,279	-	25,279	-
Other	1,911	-	1,911	-
Restricted for health services purposes:				
Other taxes	86,906	-	86,906	-
Restricted for social services purposes:				
Other taxes	13,561	-	13,561	-
Restricted for transportation purposes:				
Motor and special fuel taxes	240,001	-	240,001	-
Other taxes	83,176	-	83,176	-
Restricted for regulation of business:				
Other taxes	4,342	-	4,342	-
Settlement income	44,953	-	44,953	-
Unrestricted investment earnings	10,864	-	10,864	98,100
Gain on sale of assets	-	-	-	537
Other general revenues	151,318	-	151,318	59
Contributions to permanent funds	10,005	-	10,005	9,982
Payments from State of Nevada	-	-	-	705,961
Special item - termination of project construction	(16,054)	-	(16,054)	-
Transfers	(137,005)	137,005	-	-
Total general revenues, contributions, payments, special items and transfers	5,035,367	790,155	5,825,522	814,639
Change in net position	54,780	596,523	651,303	138,555
Net position - beginning	5,208,706	1,724,660	6,933,366	2,903,950
Net position restatement	(809,493)	(66,508)	(876,001)	(502,024)
Net position - beginning (as restated)	4,399,213	1,658,152	6,057,365	2,401,926
Net position - ending	$ 4,453,993	$ 2,254,675	$ 6,708,668	$ 2,540,481

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

Balance Sheet
Governmental Funds

June 30, 2018

	General Fund	State Highway	Municipal Bond Bank	Permanent School Fund	Other Governmental Funds	Total Governmental Funds
Assets						
Cash and pooled investments:						
Cash with treasurer	$ 858,674,879	$ 504,245,823	$ 3,953	$ 16,950,522	$ 552,347,772	$ 1,932,222,949
Cash in custody of other officials	4,814,163	190,624	-	950,595	92,374	6,047,756
Investments	13,692,928	-	-	319,542,450	1,590,384	334,825,762
Receivables:						
Accounts receivable	65,762,134	17,855,125	-	660	21,767,757	105,385,676
Taxes receivable	1,265,625,775	46,569,315	-	-	753,491	1,312,948,581
Intergovernmental receivables	531,339,922	66,118,629	-	1,198,914	5,802,497	604,459,962
Accrued interest and dividends	7,246,699	-	1,192,125	231,428	8,028	8,678,280
Notes/loans receivable	15,146,716	-	91,510,000	-	-	106,656,716
Capital lease receivable	-	-	-	-	48,500,000	48,500,000
Due from other funds	35,594,920	10,111,086	580	117,771	35,390,981	81,215,338
Due from fiduciary funds	68,129	-	-	-	1,252,525	1,320,654
Due from component units	112,313	-	-	39,388,102	188,140	39,688,555
Inventory	6,483,286	16,652,304	-	-	329,544	23,465,134
Advances to other funds	4,058,907	3,684,946	-	-	301,272	8,045,125
Restricted cash	2,749,688	-	-	-	-	2,749,688
Prepaid items	2,572,955	628,042	-	-	4,443	3,205,440
Total assets	$ 2,813,943,414	$ 666,055,894	$ 92,706,658	$ 378,380,442	$ 668,329,208	$ 4,619,415,616
Liabilities						
Accounts payable and accruals:						
Accounts payable	$ 645,387,906	$ 8,906,412	$ -	$ 2,114	$ 8,588,661	$ 662,885,093
Accrued payroll and related liabilities	36,577,729	13,146,260	-	-	1,924,602	51,648,591
Intergovernmental payables	182,691,788	17,567,294	-	-	998,133	201,257,215
Contracts/retentions payable	311,657	82,035,939	-	-	22,639,197	104,986,793
Due to other funds	29,124,493	4,522,703	4,338	17,058,123	39,867,500	90,577,157
Due to fiduciary funds	627,652,069	200,307	-	-	16,101	627,868,477
Due to component units	31,876,638	284,236	-	-	61,816,101	93,976,975
Unearned revenues	156,346,807	82,664	-	-	1,695,095	158,124,566
Other liabilities	78,367,682	2,113,066	-	622,690	2,940,543	84,043,981
Total liabilities	1,788,336,769	128,858,881	4,338	17,682,927	140,485,933	2,075,368,848
Deferred Inflows of Resources						
Unavailable revenue:						
Taxes	145,616,540	237,270	-	-	370,414	146,224,224
Intergovernmental	296,792,712	-	-	-	-	296,792,712
Licenses, fees and permits	1,162,817	2,071,018	-	-	107	3,233,942
Sales and charges for services	12,436,125	383,346	-	-	6,830	12,826,301
Settlement income	-	-	-	-	19,556,818	19,556,818
Lease principal payments	-	-	-	-	48,500,000	48,500,000
Interest	1,285,963	630,515	154,678	17,688	690,905	2,779,749
Other	19,659,163	6,590,306	-	660	648,089	26,898,218
Taxes	85,983	-	-	-	-	85,983
Fines and forfeitures	821,760	-	-	-	-	821,760
Total deferred inflows of resources	477,861,063	9,912,455	154,678	18,348	69,773,163	557,719,707
Fund Balances						
Nonspendable	27,620,812	17,280,346	88,085,000	360,679,167	363,987	494,029,312
Restricted	77,802,740	478,494,732	-	-	184,608,647	740,906,119
Committed	682,809,628	31,509,480	4,462,642	-	273,097,478	991,879,228
Unassigned	(240,487,598)	-	-	-	-	(240,487,598)
Total fund balances	547,745,582	527,284,558	92,547,642	360,679,167	458,070,112	1,986,327,061
Total liabilities, deferred inflows of resources and fund balances	$ 2,813,943,414	$ 666,055,894	$ 92,706,658	$ 378,380,442	$ 668,329,208	$ 4,619,415,616

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

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

June 30, 2018

Total fund balances - governmental funds		$ 1,986,327,061
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	$ 168,172,504	
Construction in progress	119,255,433	
Infrastructure assets	4,696,637,803	
Rights-of-way	770,929,564	
Buildings	1,809,593,049	
Improvements other than buildings	146,921,274	
Furniture and equipment	399,943,846	
Software costs	278,781,097	
Accumulated depreciation/amortization	(1,286,024,323)	
Total capital assets		7,104,210,247
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.		556,811,964
Intergovernmental receivable not providing current resources.		198,103
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.		2,309,010
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.		60,076,938
Deferred outflow of resources related to pensions are not reported in the governmental funds		367,535,516
Deferred outflow of resources related to other post-employment benefits are not reported in the governmental funds		22,653,442
Deferred inflow of resources related to pensions are not reported in the governmental funds.		(167,741,452)
Deferred inflow of resources related to other post-employment benefits are not reported in the governmental funds.		(47,460,859)
Certain liabilities for settlement agreements are not due and payable in the current period and therefore are not reported in the funds.		(550,002)
Amounts due to component unit for bonds authorized to be issued are not reported in the funds as they are not due and payable.		(54,028,000)
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	(2,153,773,517)	
Net OPEB liability	(762,533,846)	
Bonds payable	(2,242,674,225)	
Accrued interest on bonds	(17,697,316)	
Certificates of participation	(81,474,660)	
Capital leases	(14,981,144)	
Compensated absences	(97,289,641)	
Pollution remediation liability	(5,925,000)	
Total long-term liabilities		(5,376,349,349)
Net position of governmental activities		$ 4,453,992,619

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, 2018

	General Fund	State Highway	Municipal Bond Bank	Permanent School Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues						
Gaming taxes, fees, licenses	$ 849,964,671	$ -	$ -	$ -	$ 13,332,524	$ 863,297,195
Sales taxes	1,337,929,739	-	-	-	-	1,337,929,739
Modified business taxes	581,843,729	-	-	-	-	581,843,729
Insurance premium taxes	394,262,749	-	-	-	-	394,262,749
Lodging taxes	179,950,633	-	-	-	-	179,950,633
Cigarette taxes	160,664,759	-	-	-	-	160,664,759
Commerce taxes	201,926,513	-	-	-	-	201,926,513
Property and transfer taxes	106,921,489	-	-	-	171,065,052	277,986,541
Motor and special fuel taxes	2,255,065	240,000,854	-	-	74,524,218	316,780,137
Other taxes	406,907,220	118,174,844	-	-	90,089,885	615,171,949
Intergovernmental	4,867,646,977	410,826,270	-	-	96,042,436	5,374,515,683
Licenses, fees and permits	383,913,526	229,429,703	-	-	21,021,798	634,365,027
Sales and charges for services	67,367,989	19,010,052	-	-	20,711,431	107,089,472
Interest and investment income	9,593,312	4,944,643	3,433,567	16,450,057	3,628,276	38,049,855
Settlement income	1,150,502	-	-	-	42,081,347	43,231,849
Land sales	-	-	-	5,992,581	-	5,992,581
Other	57,839,526	21,153,434	-	4,013,950	10,441,751	93,448,661
Total revenues	9,610,138,399	1,043,539,800	3,433,567	26,456,588	542,938,718	11,226,507,072
Expenditures						
Current:						
General government	177,106,108	-	-	-	35,123,313	212,229,421
Health services	4,132,486,516	-	-	-	81,937	4,132,568,453
Social services	1,592,240,589	-	-	-	88,613,261	1,680,853,850
Education - K-12 state support	1,612,584,169	-	-	-	-	1,612,584,169
Education - K-12 administrative	562,281,022	-	-	-	-	562,281,022
Education - higher education	645,297,136	-	-	-	17,748,314	663,045,450
Law, justice and public safety	530,498,018	191,794,190	-	-	32,701,997	754,994,205
Regulation of business	292,614,454	-	-	-	20,378,983	312,993,437
Transportation	-	994,227,380	-	-	-	994,227,380
Recreation and resource development	146,621,117	-	-	-	32,474,072	179,095,189
Capital outlay	-	-	-	-	69,036,787	69,036,787
Debt service:						
Principal	2,727,197	-	-	-	164,682,000	167,409,197
Interest, fiscal charges	849,375	-	-	-	96,938,144	97,787,519
Debt issuance costs	141,108	725,098	-	-	814,073	1,680,279
Total expenditures	9,695,446,809	1,186,746,668	-	-	558,592,881	11,440,786,358
Excess (deficiency) of revenues over (under) expenditures	(85,308,410)	(143,206,868)	3,433,567	26,456,588	(15,654,163)	(214,279,286)
Other Financing Sources (Uses)						
Bonds issued	4,450,000	125,905,000	6,000,000	-	88,665,000	225,020,000
Refunding bonds issued	3,490,000	-	-	-	-	3,490,000
Premium on bonds issued	948,535	9,824,990	-	-	6,799,635	17,573,160
Payment to refunded bond agent	(3,996,073)	-	-	-	-	(3,996,073)
Sale of capital assets	616,902	-	-	-	11,321	628,223
Transfers in	109,529,490	4,811,934	-	-	82,543,884	196,885,308
Transfers out	(15,863,924)	(15,331,175)	(7,663,585)	(16,558,638)	(279,669,674)	(335,086,996)
Total other financing sources (uses)	99,174,930	125,210,749	(1,663,585)	(16,558,638)	(101,649,834)	104,513,622
Net change in fund balances	13,866,520	(17,996,119)	1,769,982	9,897,950	(117,303,997)	(109,765,664)
Fund balances, July 1	556,686,951	545,280,677	90,777,660	350,781,217	575,374,109	2,118,900,614
Fund balance restatement	(22,807,889)	-	-	-	-	(22,807,889)
Fund balances, July 1 (as restated)	533,879,062	545,280,677	90,777,660	350,781,217	575,374,109	2,096,092,725
Fund balances, June 30	$ 547,745,582	$ 527,284,558	$ 92,547,642	$ 360,679,167	$ 458,070,112	$ 1,986,327,061

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

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

For the Fiscal Year Ended June 30, 2018

Net Change in Fund Balances - Total Governmental Funds		$ (109,765,664)
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	$ 243,229,789	
Depreciation expense	(80,736,502)	
Excess of capital outlay over depreciation expense		162,493,287
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	(225,020,000)	
Refunding bonds issued	(3,490,000)	
Premiums on debt issued	(17,573,160)	
Total bond proceeds		(246,083,160)
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	160,003,675	
Certficates of participation retirement	4,165,000	
Payments to the bond refunding agent	3,996,073	
Capital lease payments	2,382,207	
Total long-term debt repayment		170,546,955
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.		10,340,079
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		136,511,209
In the statement of activities, the gain or loss on the sale of assets is reported, whereas in the governmental funds, only the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the asset sold.		(1,420,499)
Amortization of deferred loss on early retirement of debt is reported as an expense for the statement of activities.		(10,402,340)
Amortization of premiums on bonds and certificates of participation is reported as a reduction of interest expense for the statement of activities.		36,474,497
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	(17,464,386)	
Other post-employment benefit costs, net	(22,067,745)	
Accrued interest payable	(56,304)	
Compensated absences	(3,916,021)	
Long term due to component unit	(54,028,000)	
Settlement agreement liability	7,017,789	
Pollution remediation liability	(3,400,000)	
Total additional expenditures		(93,914,667)
Net change in net position - governmental activities		$ 54,779,697

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

Statement of Net Position
Proprietary Funds

June 30, 2018

	Enterprise Funds						
	Housing Division	Unemployment Compensation	Water Projects Loans	Higher Education Tuition Trust	Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
Assets							
Current assets:							
Cash and pooled investments:							
Cash with treasurer	$ 1,722,034	$ -	$ 74,476,619	$ 5,428,152	$ 68,558,925	$ 150,185,730	$ 176,342,299
Cash in custody of other officials	8,867,486	1,288,081,093	-	104,682	198,501	1,297,251,762	-
Investments	50,570,700	-	-	274,695,628	-	325,266,328	-
Receivables:							
Accounts receivable	-	-	-	-	5,134,235	5,134,235	3,414,594
Assessments receivable	-	203,427,361	-	-	-	203,427,361	-
Intergovernmental receivables	-	-	342,101	-	574,655	916,756	6,848,101
Contracts receivable	-	-	-	9,233,936	-	9,233,936	-
Mortgages receivable	33,330,544	-	-	-	-	33,330,544	-
Accrued interest and dividends	13,192,010	-	4,706,438	372,605	-	18,271,053	-
Notes/loans receivable	-	-	32,549,290	-	-	32,549,290	5,000
Due from other funds	107,142	-	529,236	38,878	1,629,692	2,304,948	10,463,684
Due from fiduciary funds	-	-	-	-	5,071	5,071	3,780,217
Due from component units	-	-	-	-	-	-	951,272
Inventory	-	-	-	-	1,449,263	1,449,263	226,823
Prepaid items	-	-	-	-	336,211	336,211	546,704
Restricted assets:							
Investments	87,800,094	-	-	-	-	87,800,094	-
Total current assets	195,590,010	1,491,508,454	112,603,684	289,873,881	77,886,553	2,167,462,582	202,578,694
Noncurrent assets:							
Investments	168,029,767	-	-	-	-	168,029,767	-
Receivables:							
Contracts receivable	-	-	-	31,537,836	-	31,537,836	-
Mortgages receivable	318,947,547	-	-	-	-	318,947,547	-
Notes/loans receivable	22,159,358	-	376,113,392	-	-	398,272,750	65,000
Restricted assets:							
Investments	91,631,757	-	-	-	-	91,631,757	-
Other assets	-	-	-	-	15,000	15,000	3,761
Capital assets:							
Land	-	-	-	-	567,812	567,812	1,032,737
Buildings	-	-	-	-	1,406,840	1,406,840	20,392,485
Improvements other than buildings	-	-	-	-	5,638,507	5,638,507	3,839,621
Furniture and equipment	798,555	-	11,820	173,374	15,809,685	16,793,434	63,358,379
Software costs	-	-	-	-	-	-	16,134,510
Construction in progress	-	-	-	-	-	-	8,262,730
Less accumulated depreciation/amortization	(620,302)	-	(11,820)	(116,668)	(9,435,061)	(10,183,851)	(79,520,897)
Total noncurrent assets	600,946,682	-	376,113,392	31,594,542	14,002,783	1,022,657,399	33,568,326
Total assets	796,536,692	1,491,508,454	488,717,076	321,468,423	91,889,336	3,190,119,981	236,147,020
Deferred Outflows of Resources							
Deferred charge on refunding	-	-	431,986	-	227,471	659,457	-
Pension contributions	441,049	-	100,650	55,017	6,481,051	7,077,767	9,338,996
OPEB contributions	22,642	-	6,673	3,625	431,183	464,123	633,389
Total deferred outflows of resources	463,691	-	539,309	58,642	7,139,705	8,201,347	9,972,385

(continued)

	Enterprise Funds						
	Housing Division	Unemployment Compensation	Water Projects Loans	Higher Education Tuition Trust	Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
Liabilities							
Current liabilities:							
Accounts payable and accruals:							
Accounts payable	$ 49,222,359	$ 5,654,054	$ 76,871	$ 111,106	$ 1,552,823	$ 56,617,213	$ 5,681,235
Accrued payroll and related liabilities	43,781	-	14,958	7,066	911,451	977,256	1,357,640
Interest payable	2,463,178	-	858,550	-	65,766	3,387,494	-
Intergovernmental payables	-	-	836	-	71,426	72,262	65,774
Bank overdraft	-	-	-	-	-	-	2,419,159
Due to other funds	72,673	237,266	250,237	43,250	1,632,828	2,236,254	1,170,561
Due to fiduciary funds	-	-	-	-	54,639	54,639	16,308
Due to component units	-	-	-	968	-	968	6,972
Unearned revenues	-	-	-	-	9,335,725	9,335,725	48,946
Other liabilities	-	-	-	-	11,450	11,450	-
Short-term portion of long-term liabilities:							
Reserve for losses	-	-	-	-	-	-	88,951,585
Compensated absences	63,047	-	27,721	11,371	1,233,804	1,335,943	2,228,081
Benefits payable	-	-	-	17,509,034	-	17,509,034	-
Bonds payable	29,384,973	-	11,847,963	-	339,114	41,572,050	513,323
Obligations under capital leases	-	-	-	-	-	-	1,040,057
Total current liabilities	81,250,011	5,891,320	13,077,136	17,682,795	15,209,026	133,110,288	103,499,641
Noncurrent liabilities:							
Advances from other funds	-	-	-	-	165,360	165,360	7,879,765
Reserve for losses	-	-	-	-	-	-	43,922,343
Net pension obligation	3,071,137	-	616,175	334,217	39,039,448	43,060,977	54,698,197
Net OPEB liability	762,107	-	224,638	122,013	14,514,107	15,622,865	21,320,253
Compensated absences	28,237	-	11,401	6,423	498,904	544,965	1,150,269
Benefits payable	-	-	-	200,282,612	-	200,282,612	-
Bonds payable	496,498,035	-	42,492,049	-	7,762,899	546,752,983	3,196,280
Obligations under capital leases	-	-	-	-	-	-	2,469,228
Total noncurrent liabilities	500,359,516	-	43,344,263	200,745,265	61,980,718	806,429,762	134,636,335
Total liabilities	581,609,527	5,891,320	56,421,399	218,428,060	77,189,744	939,540,050	238,135,976
Deferred Inflows of Resources							
Pension related amounts	233,522	-	46,852	25,413	2,968,473	3,274,260	4,206,456
OPEB related amounts	47,434	-	13,981	7,594	903,374	972,383	1,326,993
Total deferred inflows of resources	280,956	-	60,833	33,007	3,871,847	4,246,643	5,533,449
Net Position							
Net investment in capital assets	178,253	-	-	56,706	5,885,770	6,120,729	26,345,029
Restricted for:							
Unemployment compensation	-	1,485,617,134	-	-	-	1,485,617,134	-
Tuition contract benefits	-	-	-	103,009,292	-	103,009,292	-
Security of outstanding obligations	187,905,109	-	-	-	-	187,905,109	-
Workers' compensation	-	-	-	-	17,476,083	17,476,083	-
Revolving loans	-	-	432,774,153	-	-	432,774,153	-
Regulation of business	-	-	-	-	2,000	2,000	-
Unrestricted (deficit)	27,026,538	-	-	-	(5,396,403)	21,630,135	(23,895,049)
Total net position	$ 215,109,900	$ 1,485,617,134	$ 432,774,153	$ 103,065,998	$ 17,967,450	$ 2,254,534,635	$ 2,449,980

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.	140,970
Net position of business-type activities	$ 2,254,675,605

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

Statement of Revenues, Expenditures and Changes in Fund Net Position
Proprietary Funds

For the Fiscal Year Ended June 30, 2018

	Enterprise Funds						
	Housing Division	Unemployment Compensation	Water Projects Loans	Higher Education Tuition Trust	Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
Operating Revenues							
Net premium income	$ -	$ -	$ -	$ -	$ -	$ -	$ 386,403,711
Sales	-	-	-	13,829,852	6,688,768	20,518,620	2,465,414
Assessments	-	652,693,029	-	-	457,069	653,150,098	-
Charges for services	-	-	304,990	104,300	13,863,843	14,273,133	55,771,101
Rental income	-	-	-	-	141,200	141,200	19,337,068
Interest income on loans/notes	13,287,689	-	9,276,049	-	-	22,563,738	-
Federal government	-	3,923,082	15,395,912	-	-	19,318,994	-
Licenses, fees and permits	-	-	-	-	49,844,497	49,844,497	-
Fines	-	-	-	-	3,700,431	3,700,431	-
Other	8,964,132	3,441,530	-	-	583,458	12,989,120	1,425,730
Total operating revenues	22,251,821	660,057,641	24,976,951	13,934,152	75,279,266	796,499,831	465,403,024
Operating Expenses							
Salaries and benefits	1,486,305	-	204,451	388,880	38,293,553	40,373,189	37,297,961
Operating	1,277,030	-	5,172,244	643,043	13,198,335	20,290,652	42,536,488
Claims and benefits expense	-	297,280,201	-	10,243,682	5,801,858	313,325,741	239,519,988
Interest on bonds payable	15,619,163	-	1,439,311	-	-	17,058,474	-
Materials or supplies used	-	-	-	-	2,776,330	2,776,330	604,831
Servicers' fees	19,539	-	-	-	-	19,539	-
Depreciation	36,255	-	-	16,698	764,550	817,503	5,442,271
Bond issuance costs	650,750	-	201,892	-	-	852,642	-
Insurance premiums	-	-	-	-	-	-	131,438,220
Total operating expenses	19,089,042	297,280,201	7,017,898	11,292,303	60,834,626	395,514,070	456,839,759
Operating Income	3,162,779	362,777,440	17,959,053	2,641,849	14,444,640	400,985,761	8,563,265
Nonoperating Revenues (Expenses)							
Interest and investment income	4,990,028	24,800,574	1,315,310	21,987,460	466,289	53,559,661	596,822
Interest expense	-	-	-	-	(310,214)	(310,214)	(62,735)
Bond issuance costs	-	-	-	-	(59,568)	(59,568)	-
Federal grant revenue	5,499,786	-	-	-	4,278,791	9,778,577	-
Federal grant expense	(4,273,874)	-	-	-	-	(4,273,874)	-
Gain (loss) on disposal of assets	-	-	-	-	7,782	7,782	127,467
Arbitrage rebate	-	(251,258)	-	-	-	(251,258)	-
Total nonoperating revenues (expenses)	6,215,940	24,549,316	1,315,310	21,987,460	4,383,080	58,451,106	661,554
Income before transfers	9,378,719	387,326,756	19,274,363	24,629,309	18,827,720	459,436,867	9,224,819
Transfers							
Transfers in	-	155,428,322	374	683,784	95,358	156,207,838	1,863,598
Transfers out	-	(4,188,917)	(1,984,897)	-	(13,029,324)	(19,203,138)	(666,610)
Change in net position	9,378,719	538,566,161	17,289,840	25,313,093	5,893,754	596,441,567	10,421,807
Net position, July 1	206,484,749	998,017,349	415,709,400	77,752,905	26,636,740		13,440,161
Net position restatement	(753,568)	(50,966,376)	(225,087)	-	(14,563,044)		(21,411,988)
Net position, July 1 (as restated)	205,731,181	947,050,973	415,484,313	77,752,905	12,073,696		(7,971,827)
Net position, June 30	$ 215,109,900	$ 1,485,617,134	$ 432,774,153	$ 103,065,998	$ 17,967,450		$ 2,449,980

Adjustment for the net effect of the current year activity between the internal service funds and the enterprise funds.	81,730
Change in net position of business-type activities	$ 596,523,297

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, 2018

	Enterprise Funds						
	Major 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	$ -	$ 644,917,879	$ 304,990	$ 16,359,728	$ 69,220,972	$ 730,803,569	$ 54,981,869
Receipts for interfund services provided	386,128	1,378,182	-	1,434	3,414,140	5,179,884	395,831,342
Receipts from component units	-	-	-	-	-	-	16,396,737
Receipts of principal on loans/notes	108,705,956	-	-	-	-	108,705,956	5,000
Receipts of interest on loans/notes	18,610,338	-	-	-	-	18,610,338	-
Receipts from Federal governemnt	-	3,923,082	15,700,451	-	-	19,623,533	-
Payments to suppliers, other governments and beneficiaries	(8,308,596)	(297,562,679)	(5,021,168)	(6,659,620)	(15,320,275)	(332,872,338)	(396,994,351)
Payments to employees	(1,278,090)	-	(415,317)	(207,895)	(36,995,983)	(38,897,285)	(39,434,736)
Payments for interfund services	(701,670)	-	(127,441)	(180,879)	(6,204,036)	(7,214,026)	(20,069,467)
Payments to component units	-	-	-	(7,316,545)	(23,353)	(7,339,898)	(264,598)
Purchase of loans and notes	(49,288,436)	-	-	-	-	(49,288,436)	-
Net cash provided by (used for) operating activities	68,125,630	352,656,464	10,441,515	1,996,223	14,091,465	447,311,297	10,451,796
Cash flows from noncapital financing activities							
Grant receipts	5,499,786	-	-	-	5,276,018	10,775,804	-
Proceeds from sale of bonds	136,594,623	-	10,820,493	-	-	147,415,116	-
Transfers and advances from other funds	-	155,944,059	274	683,784	95,957	156,724,074	1,374,160
Principal paid on noncapital debt	(125,127,294)	(128,045,000)	(9,380,000)	-	-	(262,552,294)	-
Interest paid on noncapital debt	(15,345,799)	(3,549,941)	(1,938,877)	-	-	(20,834,617)	-
Transfers and advances to other funds	-	(4,142,844)	(1,979,726)	10,165	(13,126,193)	(19,238,598)	(666,610)
Payments to other governments and organizations	(3,047,962)	(1,326,547)	-	-	-	(4,374,509)	-
Bond issuance costs	-	-	(201,892)	-	-	(201,892)	-
Net cash provided by (used for) noncapital financing activities	(1,426,646)	18,879,727	(2,679,728)	693,949	(7,754,218)	7,713,084	707,550
Cash flows from capital and related financing activities							
Proceeds from capital debt	-	-	-	-	3,001,854	3,001,854	-
Proceeds from sale of capital assets	-	-	-	-	7,782	7,782	220,410
Purchase of capital assets	-	-	-	-	(327,983)	(327,983)	(3,882,770)
Principal paid on capital debt	-	-	-	-	(243,000)	(243,000)	(1,839,409)
Interest paid on capital debt	-	-	-	-	(348,139)	(348,139)	(62,735)
Payments on construction projects	-	-	-	-	(50,516)	(50,516)	-
Payments on refunding bonds	-	-	-	-	(2,885,000)	(2,885,000)	-
Bond Issuance costs	-	-	-	-	(59,568)	(59,568)	-
Net cash provided by (used for) capital and related financing activities	-	-	-	-	(904,570)	(904,570)	(5,564,504)
Cash flows from investing activities							
Proceeds from sale of investments	366,742,604	-	-	-	-	366,742,604	-
Receipts of principal on loans/notes	-	-	28,193,350	-	-	28,193,350	-
Purchase of investments	(429,209,472)	-	-	(23,774,613)	-	(452,984,085)	-
Purchase of loans and notes	-	-	(64,890,515)	-	-	(64,890,515)	-
Interest, dividends and gains (losses)	5,337,233	29,532,319	9,987,259	21,897,557	297,916	67,052,284	274,125
Net cash provided by (used for) investing activities	(57,129,635)	29,532,319	(26,709,906)	(1,877,056)	297,916	(55,886,362)	274,125
Net increase (decreases) in cash	9,569,349	401,068,510	(18,948,119)	813,116	5,730,593	398,233,449	5,868,967
Cash and cash equivalents, July 1	1,020,171	887,012,583	93,424,738	4,719,718	63,026,833	1,049,204,043	170,473,332
Cash and cash equivalents, June 30	$ 10,589,520	$ 1,288,081,093	$ 74,476,619	$ 5,532,834	$ 68,757,426	$ 1,447,437,492	$ 176,342,299

(continued)

	Enterprise Funds						
	Major 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)	$ 3,162,779	$ 362,777,440	$ 17,959,053	$ 2,641,849	$ 14,444,640	$ 400,985,761	$ 8,563,265
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities							
Depreciation	36,255	-	-	16,698	764,550	817,503	5,442,271
Interest on loans	-	-	(9,276,049)	-	-	(9,276,049)	-
Interest on bonds payable	15,619,163	-	1,439,311	-	-	17,058,474	-
Debt issuance costs	-	-	201,892	-	-	201,892	-
Decrease (increase) in loans and notes receivable	66,813,294	-	-	-	-	66,813,294	5,000
Decrease (increase) in accrued interest and receivables	(19,575,367)	(9,838,498)	304,539	2,427,010	(1,934,241)	(28,616,557)	861,320
Decrease (increase) in inventory, deferred charges, other assets	-	-	-	-	(19,650)	(19,650)	(429,198)
Decrease (increase) in deferred outflow of resources	27,406	-	17,255	(11,565)	(412,889)	(379,793)	(459,357)
Increase (decrease) in accounts payable, accruals, other liabilities	1,861,291	(282,478)	25,518	(3,274,534)	460,903	(1,209,300)	(1,970,185)
Increase (decrease) in unearned revenues	-	-	-	-	(709,913)	(709,913)	(38,724)
Increase (decrease) in net pension liability	308,782	-	(216,753)	63,483	1,135,214	1,290,726	(1,739,713)
Increase (decrease) in net OPEB liability	(24,440)	-	(7,204)	122,013	(465,459)	(375,090)	(683,728)
Increase (decrease) in deferred inflows of resources	(103,533)	-	(6,047)	11,269	828,310	729,999	900,845
Total adjustments	64,962,851	(10,120,976)	(7,517,538)	(645,626)	(353,175)	46,325,536	1,888,531
Net cash provided by (used for) operating activities	$ 68,125,630	$ 352,656,464	$ 10,441,515	$ 1,996,223	$ 14,091,465	$ 447,311,297	$ 10,451,796
Noncash investing, capital and financing activities							
Gain (loss) on disposal of assets	$ -	$ -	$ -	$ -	$ (7,782)	$ (7,782)	$ 6,174
Capital assets leased	-	-	-	-	-	-	4,300,176

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

Statement of Fiduciary Net Position
Fiduciary Funds

June 30, 2018

	Pension and Other Employee Benefits Trust Funds	Investment Trust Funds	Private purpose trust funds	Agency Funds
Assets				
Cash and pooled investments:				
Cash with treasurer	$ 2,304,641	$ -	$ 8,841,958	$ 127,085,200
Cash in custody of other officials	211,654,048	2,892,549	19,961,164	52,396,908
Investments:				
Investments	1,602,029	1,688,836,893	23,702,031,429	244,017,393
Fixed income securities	11,952,924,311	-	-	-
Marketable equity securiteis	17,381,484,784	-	-	-
International securities	7,930,065,599	-	-	-
Real estate	1,808,733,104	-	-	-
Alternative investments	1,963,430,139	-	-	-
Collateral on loaned securities	293,807,533	-	-	-
Receivables:				
Taxes receivable	-	-	-	77,975,808
Intergovernmental receivables	131,351,401	-	91,181	40,620
Accrued interest and dividends	143,615,647	7,478,383	1,305,368	-
Other receivables	5,863	-	-	87,846
Contributions receivables	-	-	18,013,242	-
Trades pending settlement	264,926,803	-	1,182,386	-
Due from other funds	162,397	-	161,112	627,615,917
Due from fiduciary funds	35,527,821	-	-	16,245,249
Due from component units	1,286,771	-	-	-
Other assets	3,396,862	-	-	-
Furniture and equipment	44,964,024	-	48,222	-
Less accumulated depreciation/amortization	(40,441,532)	-	(48,222)	-
Total assets	42,130,802,245	1,699,207,825	23,751,587,840	1,145,464,941
Liabilities				
Accounts payable and accruals:				
Accounts payable	16,204,618	71,085	3,764,910	-
Accrued payroll and related liabilities	-	-	-	29,583
Intergovernmental payables	-	75,370	23,191	725,620,653
Redemptions payable	-	-	6,213,649	-
Trades pending settlement	254,582,783	2,848,233	10,857,246	-
Bank overdraft	-	-	873,000	-
Obligations under securities lending	293,807,533	-	-	-
Due to other funds	3,780,217	6,991	1,318,734	-
Due to fiduciary funds	61,115	-	83,913	51,628,042
Other liabilities:				
Deposits	-	-	-	361,932,206
Other liabilities	-	22,373	-	6,254,457
Total liabilities	568,436,266	3,024,052	23,134,643	1,145,464,941
Net Position				
Restricted for:				
Pension benefits	41,560,768,652	-	-	-
OPEB benefits	1,597,327	-	-	-
Pool participants	-	1,696,183,773	-	-
Individuals	-	-	23,728,453,197	-
Total net position	$ 41,562,365,979	$ 1,696,183,773	$ 23,728,453,197	$ -

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

Statement of Changes in Fiduciary Net Position
Fiduciary Funds

For the Fiscal Year Ended June 30, 2018

	Pension and Other Employee Benefits Trust Funds	Investment Trust Funds	Private purpose trust funds
Additions			
Contributions:			
Employer	$ 975,865,481	$ -	$ -
Plan members	930,323,606	-	-
Participants	-	-	8,804,104,665
Repayment and purchase of service	73,639,232	-	-
Total contributions	1,979,828,319	-	8,804,104,665
Investment income:			
Net increase (decrease) in fair value of investments	2,367,561,879	23,165,727	995,021,860
Interest, dividends	843,625,938	12,692,476	553,431,529
Securities lending	6,232,609	-	-
Other	117,458,561	-	-
	3,334,878,987	35,858,203	1,548,453,389
Less investment expense:			
Other	(50,757,942)	(63,841)	-
Net investment income	3,284,121,045	35,794,362	1,548,453,389
Other:			
Investment from local governments	-	1,908,623,502	-
Reinvestment from interest income	-	14,655,590	-
Other	2,381,124	164	-
Total other	2,381,124	1,923,279,256	-
Total additions	5,266,330,488	1,959,073,618	10,352,558,054
Deductions			
Principal redeemed	-	1,617,575,993	7,144,644,598
Benefit payments	2,465,840,859	-	25,726,424
Refunds	31,366,228	-	-
Contribution distributions	515,342	8,466,166	-
Dividends to investors	-	658,375	-
Administrative expense	13,115,201	400,069	36,115,244
Total deductions	2,510,837,630	1,627,100,603	7,206,486,266
Change in net position	2,755,492,858	331,973,015	3,146,071,788
Net position, July 1	38,806,873,121	1,364,210,758	20,582,381,409
Net position, June 30	$ 41,562,365,979	$ 1,696,183,773	$ 23,728,453,197

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

Combining Statement of Net Position
Discretely Presented Component Units

June 30, 2018

	Major Component Units		Nonmajor Component Unit	
	Colorado River Commission	Nevada System of Higher Education	Nevada Capital Investment Corporation	Total
Assets				
Cash and pooled investments	$ 17,510,990	$ 274,249,000	$ -	$ 291,759,990
Investments	-	1,382,973,000	40,820,079	1,423,793,079
Due from primary government	159,487	147,853,428	-	148,012,915
Accounts receivable	611,130	25,262,572	-	25,873,702
Intergovernmental receivables	-	77,646,000	-	77,646,000
Accrued interest and dividends	63,759	-	13,000	76,759
Notes/loans receivable	-	8,968,000	-	8,968,000
Other receivables	-	90,959,000	-	90,959,000
Inventory	-	7,791,000	-	7,791,000
Prepaid expenses	27,411,659	-	-	27,411,659
Restricted assets:				
Cash	5,438,164	158,650,000	-	164,088,164
Investments	-	12,275,000	-	12,275,000
Other assets	-	99,927,000	-	99,927,000
Capital assets:				
Land, infrastructure and construction in progress	-	291,881,000	-	291,881,000
Other capital assets, net	49,079,355	1,973,802,000	-	2,022,881,355
Total assets	100,274,544	4,552,237,000	40,833,079	4,693,344,623
Deferred Outflows of Resources				
Deferred charge on refunding	-	14,411,000	-	14,411,000
Pension contributions	985,074	64,715,000	-	65,700,074
OPEB contributions	67,183	15,701,000	-	15,768,183
Total deferred outflows of resources	1,052,257	94,827,000	-	95,879,257
Liabilities				
Accounts payable	2,283,374	53,042,596	-	55,325,970
Accrued payroll and related liabilities	142,860	89,596,000	-	89,738,860
Interest payable	266,911	14,349,000	-	14,615,911
Due to primary government	5,321	1,246,404	39,388,102	40,639,827
Unearned revenues	3,203,489	63,286,000	-	66,489,489
Other liabilities	5,439,095	61,942,000	-	67,381,095
Long-term liabilities:				
Portion due or payable within one year:				
Obligations under capital leases	-	1,561,000	-	1,561,000
Compensated absences	241,695	35,068,000	-	35,309,695
Bonds payable	730,000	44,429,000	-	45,159,000
Portion due or payable after one year:				
Federal advances	-	7,236,000	-	7,236,000
Obligations under capital leases	-	49,328,000	-	49,328,000
Net pension obligation	5,867,314	383,226,000	-	389,093,314
Net OPEB liability	2,261,443	489,199,000	-	491,460,443
Compensated absences	166,670	15,805,000	-	15,971,670
Bonds payable	27,330,128	733,696,000	-	761,026,128
Unearned revenue	46,128,055	-	-	46,128,055
Total liabilities	94,066,355	2,043,010,000	39,388,102	2,176,464,457
Deferred Inflows of Resources				
Lease revenue	-	6,722,000	-	6,722,000
Split-interest agreements	-	5,319,000	-	5,319,000
Pension related amounts	446,138	29,202,000	-	29,648,138
OPEB related amounts	140,754	30,448,000	-	30,588,754
Total deferred inflows of resources	586,892	71,691,000	-	72,277,892
Net Position				
Net investment in capital assets	49,079,355	1,589,802,000	-	1,638,881,355
Restricted for:				
Capital projects	-	175,377,000	-	175,377,000
Debt service	-	35,317,000	-	35,317,000
Scholarships	-	543,790,000	-	543,790,000
Loans	-	6,991,000	-	6,991,000
Education - K to 12	-	-	1,444,977	1,444,977
Research and development	10,731,129	-	-	10,731,129
Other purposes	-	8,298,000	-	8,298,000
Funds held as permanent investments:				
Nonexpendable	-	402,277,000	-	402,277,000
Unrestricted (deficit)	(53,136,930)	(229,489,000)	-	(282,625,930)
Total net position	$ 6,673,554	$ 2,532,363,000	$ 1,444,977	$ 2,540,481,531

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, 2018

	Major Component Units		Nonmajor Component Unit	
	Colorado River Commission	Nevada System of Higher Education	Nevada Capital Investment Corporation	Total
Expenses	$ 45,234,793	$ 1,911,088,000	$ 1,327,994	$ 1,957,650,787
Program revenue:				
Charges for services	45,835,001	722,086,000	-	767,921,001
Operating grants and contributions	-	511,810,000	-	511,810,000
Capital grants and contributions	-	1,837,000	-	1,837,000
Total program revenue	45,835,001	1,235,733,000	-	1,281,568,001
General revenues:				
Unrestricted investment earnings	463,139	94,221,000	3,416,132	98,100,271
Gain on sale of assets	-	537,000	-	537,000
Other general revenues	58,577	-	-	58,577
Contributions to permanent funds	-	9,982,000	-	9,982,000
Payments from State of Nevada	-	705,961,000	-	705,961,000
Total general revenues, contributions and payments	521,716	810,701,000	3,416,132	814,638,848
Change in net position	1,121,924	135,346,000	2,088,138	138,556,062
Net position, July 1	7,822,113	2,896,771,000	(643,161)	2,903,949,952
Net position restatement	(2,270,483)	(499,754,000)	-	(502,024,483)
Net position, July 1 (as restated)	5,551,630	2,397,017,000	(643,161)	2,401,925,469
Net position, June 30	$ 6,673,554	$ 2,532,363,000	$ 1,444,977	$ 2,540,481,531

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.

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

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

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

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

Public Employees' Retirement System
Carson City, NV
Legislators' Retirement System
Carson City, NV
Judicial Retirement System
Carson City, NV
Retirement Benefits Investment Fund
Carson City, NV
Nevada System of Higher Education
Reno, NV
Colorado River Commission
Las Vegas, NV
Nevada Capital Investment Corporation
Carson City, NV

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

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.

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

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

Investment Trust Funds - report resources received from local governments that are either pooled in an external investment portfolio for the benefit of all participants or separated into subaccounts of identified investments allocated to specific 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 14, interest revenue and charges for services. Fines and permit revenues are not susceptible to accrual because they are generally not measurable until received in cash.

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

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

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

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

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

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.

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

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

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

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

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

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

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

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

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

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

Stabilization Arrangement – NRS 353.288 provides for the Account to Stabilize the Operation of the State Government (Stabilization Account) in the State General Fund. Additions to the stabilization arrangement are triggered at the end of a fiscal year if the General Fund unrestricted fund balance (budgetary basis) exceeds 7% of General Fund operating appropriations. Forty percent of the excess is deposited to the Stabilization Account, and is classified on the balance sheet as committed for fiscal emergency. Additionally, commencing with the fiscal year that begins on July 1, 2017, 1% of the total anticipated revenue for the fiscal year in which the transfer will be made as projected by the Economic Forum for that fiscal year, will also be deposited to the Stabilization Account. Expenditures may occur if actual revenues for the biennium fall short by 5% or more from anticipated revenues, if the Legislature and Governor declare that a fiscal emergency exists or if the Legislature allocates it to be used for any other purpose. The balance in the Stabilization Account committed for fiscal emergency at June 30, 2018 is $235,744,635.

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

Postemployment Benefits Other than Pensions (OPEB) – For purposes of measuring the State's net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the State's OPEB plan and additions to/deductions from the OPEB plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Plan assets are reported at fair value.

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 $35,330,474 were made in the 2018 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. NRS 356 directs the Office of the State Treasurer to deposit funds into any state, or national bank, credit union or savings and loan association covered by 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. Cash and cash equivalents of the primary government, private purpose trust, pension and other employee benefit trust, and investment trust funds consists of deposits in money market funds, which are not federally insured, and cash in the bank. As of June 30, 2018, deposits in money market funds totaled $167,367,975, and cash in bank was $42,268,243 of which $10,701,121 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, 2018 NSHE's deposits in money market funds totaled $212,471,000 and cash in bank was $4,512,000. 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, 2018 (expressed in thousands):

		Maturities in Years			
	Fair Value	Less Than 1	1-5	6-10	More Than 10
U.S. Treasury securities	$ 1,084,191	$ 412,016	$ 461,479	$ 170,880	$ 39,816
Negotiable certificate of deposit	640,189	615,153	25,036	-	-
U.S. agancies	12,911,854	718,134	7,798,942	2,283,134	2,111,644
Mutual funds	6,089	6,089	-	-	-
Repurchase agreements	193,000	193,000	-	-	-
Asset backed corporate securities	60,845	672	53,763	447	5,963
Corporate bonds and notes	577,437	184,369	374,705	10,484	7,879
Commercial paper	657,379	657,379	-	-	-
Fixed income securities	71	71	-	-	-
Investment agreements	93,392	-	93,380	-	12
Other short-term investments	428,173	428,173	-	-	-
Collateralized mortgage obligations	29,955	-	-	-	29,955
Other investments	(6,768)	997	8,179	-	(15,944)
Total	$ 16,675,807	$ 3,216,053	$ 8,815,484	$ 2,464,945	$ 2,179,325

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 security portfolios held by Vanguard, USAA, Upromise, Putnam and Wealthfront have various maturities from 31 days to 13.3 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, 2018 (expressed in thousands):

Less than 1 year	$ 219,270
1 to 5 years	155,624
6 to 10 years	121,602
Total	$ 496,496

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, 2018 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):

	Quality Rating						
	AAA	AA	A	BBB	BB	B	Unrated
Negotiable certificate of deposit	$ -	$ 3,262	$ 66,706	$ -	$ -	$ -	$ 575,187
U.S. agencies	21,358	848,994	-	-	-	-	12,062,416
Mutual funds	1,896	-	-	-	-	-	23,239,694
Repurchase agreements	-	-	-	-	-	-	193,000
Asset backed corporate securities	15,938	31,867	739	889	1,098	163	19,330
Corporate bonds and notes	9,608	146,665	360,060	40,553	2,309	-	71,811
Commercial paper	-	-	443,463	-	-	-	213,917
Fixed income	-	-	-	-	-	-	71
Investment agreements	-	93,380	-	12	-	-	93,392
Other short-term investments	128,359	97	136,316	-	-	-	837,059
Collateralized mortgage obligations	18,752	11,203	-	-	-	-	29,955
Other Investments	-	4,412	4,763	-	-	-	664,876
Total	$ 195,911	$ 1,139,880	$ 1,012,047	$ 41,454	$ 3,407	$ 163	$ 38,000,708

*Component Unit*s – 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, 2018 is as follows (at fair value, expressed in thousands):

	Unrated
Mutual funds publicly traded	$ 491,187
Partnerships	51,534
Endowment cash/cash equivalents	976
Trust(s)	4,313
Private commingled funds	295,414
	843,424
Less: GBC Foundation Endowments	(6,958)
Total	$ 836,466

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. At June 30, 2018, no individual investment exceeded 5% of the total portfolio of the Primary Government.

At June 30, 2018, 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	$ 41,987	15.29%

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, 2018, the Housing Division's investments in Fannie Mae and Ginnie Mae are 2.55% and 20.80% 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, 2018 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.

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, 2018. The following table summarizes the pension and investment trust funds' exposure to foreign currency risk in U.S. dollars as of June 30, 2018 (expressed in thousands):

	Currency by Investment and Fair Value				
	Equity	**Private Equity**	**Pending Transactions**	**Cash**	**Total**
Australian Dollar	$ 513,452	$ -	$ -	$ 101	$ 513,553
British Pound Sterling	1,325,394	-	200	711	1,326,305
Danish Krone	122,376	-	-	2	122,378
Euro	2,374,528	218,200	(300)	(160)	2,592,268
Hong Kong Dollar	246,017	-	-	418	246,435
Israeli Shekel	23,658	-	-	101	23,759
Japanese Yen	1,780,498	-	-	4,209	1,784,707
New Zealand Dollar	15,675	-	-	101	15,776
Norwegian Krone	54,586	-	-	1	54,587
Singapore Dollar	94,338	-	-	105	94,443
Swedish Krona	190,098	-	-	2	190,100
Swiss Franc	573,421	-	-	1	573,422
Total	$ 7,314,041	$ 218,200	$ (100)	$ 5,592	$ 7,537,733

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, Putnam for America Plan, and Wealthfront College Savings Plan which all state that there are certain inherent risks involved when investing in international securities through mutual funds that are not present with investments in domestic securities, such as foreign currency exchange rate fluctuations, adverse political and economic developments and possible prevention or delay of currency exchange due to foreign governmental laws or restrictions. The investments held in Putnam for America Plan consist of the portfolios managed and sponsored by Putnam Investment Management, Putnam Mutual Funds, and non-Putnam Mutual Funds. Both mutual funds pose no foreign currency risk. The following table summarizes foreign currency risk for the GAA portfolios in U.S. dollars as of June 30, 2018 (expressed in thousands):

	Currency at Fair Value
Australian Dollar	$ 1
Euro	(15)
Japanese Yen	(58)
New Taiwan Dollar	15
Swedish Krona	1
Swiss Franc	2
Total	$ (54)

Component Unit - The NSHE does not directly invest in foreign currency investments and is therefore not subject to foreign currency risk. However, it has $176,330,000 in mutual funds in both the operating and endowment pools that are primarily invested in international equities at June 30, 2018.

Fair Value of Investments: The State uses the market approach to determine the fair value of its investments. The State categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are valued using quoted prices for identical securities in markets that are not active; Level 3 inputs are significant unobservable inputs. The following table summarizes the fair value measurements of the primary government as of June 30 , 2018 (expressed in thousands):

		Fair Value Measurements Using		
	Fair Value	**Level 1 Inputs**	**Level 2 Inputs**	**Level 3 Inputs**
Investments by fair value level				
Debt securities				
U.S. Treasury securities	$ 651,187	$ 650,885	$ 302	$ -
Negotiable certificates of deposit	435,081	-	435,081	-
U.S. agencies	686,826	31,694	655,132	-
Mutual funds	204,704	204,704	-	-
Asset backed corporate securities	31,689	-	31,689	-
Corporate bonds & notes	360,723	20,188	340,535	-
Commercial paper	487,842	-	487,842	-
Repurchase agreements	93,000	-	93,000	-
Other short-term investments	25,054	25,054	-	-
Collateralized mortgage obligations	141,496	96,633	44,863	-
Federal National Mortgage Association	8,712	5,901	2,811	-
Other investments	140,326	132,910	7,416	-
Total investments by fair value level	$ 3,266,640	$ 1,167,969	$ 2,098,671	$ -

C. Securities Lending

Primary Government and Investment Trust Funds - NRS 355.135 authorizes the State Treasurer to lend securities from the investment portfolio of the State if collateral received from the borrower is at least 102% of fair value of the underlying securities and the value of the securities borrowed is determined on a daily basis. There were no securities on loan at June 30, 2018 (excluding PERS).

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

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

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, 2018 is $4,750,382,722. Collateral received for outstanding securities lending arrangements consisted of cash in the amount of $293,807,533 and non-cash in the amount of $4,576,201,763. The cash collateral is reported on the Statement of Fiduciary Net Position as an asset with a related liability. At June 30, 2018, PERS has collateral consisting of cash and securities issued by the U.S. Government, its agencies or instrumentalities, in excess of the fair value of investments held by brokers/dealers under a securities lending agreement.

D. 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 November 2015 respectively. The primary government has no exposure to derivatives as of June 30, 2018.

Private Purpose Trust Fund – Certain investments in the Nevada College Savings Plan are managed by Putnam Investment Management through Putnam sponsored portfolios (the Portfolios) and mutual funds. The Portfolios use six types of derivatives: options, futures contracts, forward currency contracts, total return swap contracts, interest rate swap contracts, and credit default contracts. Currently, there is no written investment policy with regard to derivatives for the Portfolios. All six 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, 2018, and changes in fair value for the year then ended are summarized in the following table (expressed in thousands):

	Contracts/Notional Amounts	Fair Value	Change in Fair Value
Purchased Currency Option Contracts, gross	$ 3,052	$ 1	$ (16)
Forward Currency Contracts, net	$ 60,276	(48)	(39)
CC Interest Rate Swap Contracts, gross	$ 6,778	(10)	(7)
OTC Total Return Swap Contracts, gross	$ 17,666	(325)	(105)
OTC Credit Default Contracts, gross	$ 6,244	116	133
CC Credit Default Contracts, gross	$ 12,771	15	(51)
Futures Contracts, gross	-	(259)	(321)
Written Currency Option Contracts, gross	$ -	-	6
Total		$ (510)	$ (400)

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

The Portfolios use futures contracts to manage interest rate risk, gain exposure to interest rates, manage prepayment risk, equitize cash, and manage exposure to market risk. The potential risk is that the change in value of futures contracts may not correspond to the change in value of the managed instruments. In addition, losses may arise from changes in the value of the underlying instruments if there is an illiquid secondary market for the contracts, if interest or exchange rates move unexpectedly, or if the counterparty to the contract is unable to perform. Futures contracts are valued at the quoted daily settlement prices established by the exchange on which they trade. Risks may exceed amounts recognized on the Statement of Fiduciary Net Position. The Portfolios and the broker agree to exchange an amount of cash equal to the daily fluctuation in the value of the futures contract. Such receipts or payments are known as "variation margin."

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

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

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

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

Derivative instruments held by the Portfolios were not individually rated by a ratings agency for the reporting period. As of June 30, 2018, OTC derivative counterparties had ratings that were either greater than or equivalent to long-term ratings of A3 and short-term ratings of P-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, 2018 (expressed in thousands):

	Maturities in Years				
	Less than 1	1-5	6-10	Greater than 10	Total
Purchased Currency Options	$ 1	$ -	$ -	$ -	$ 1
Forward Currency Contracts	(48)	-	-	-	(48)
CC Interest Rate Swap Contracts	-	(4)	-	(6)	(10)
OTC Total Return Swap Contracts	(325)	-	-	-	(325)
OTC Credit Default Contracts	-	-	-	116	116
CC Credit Default Contracts	-	15	-	-	15
Futures Contracts	(259)	-	-	-	(259)
Total	$ (631)	$ 11	$ -	$ 110	$ (510)

Forward currency contracts are subject to foreign currency risk. The following table provides information about the forward currency contracts as of June 30, 2018 (expressed in thousands):

	Fair Value
Australian Dollar	$ (267)
Brazilian Real	(3)
British Pound	(20)
Canadian Dollar	4
Chinese Yuan	(11)
Danish Krone	(1)
Euro	(5)
Japanese Yen	5
New Taiwan Dollar	3
New Zealand Dollar	140
Norwegian Krone	8
Russian Ruble	(1)
Singapore Dollar	(3)
South African Rand	(5)
Swedish Krona	111
Swiss Franc	(3)
Total	$ (48)

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 Governmental Funds			
	General Fund	Municipal Bond Bank	Permanent School Fund	Total
As shown on financial statements:				
Intergovernmental receivables	$ 531,340	$ -	$ 1,199	$ 532,539
Notes/loans receivable	15,147	91,510	-	106,657
Due from component units	112	-	39,388	39,500
Total	$ 546,599	$ 91,510	$ 40,587	$ 678,696

	Major Governmental Funds			
	General Fund	Municipal Bond Bank	Permanent School Fund	Total
Classified:				
Current portion:	$ 480,750	$ 3,425	$ 1,199	$ 485,374
Noncurrent portion:				
Intergovernmental receivables	51,343	-	-	51,343
Notes/loans receivable	14,506	88,085	-	102,591
Due from component units	-	-	39,388	39,388
Total noncurrent portion	65,849	88,085	39,388	193,322
Total	$ 546,599	$ 91,510	$ 40,587	$ 678,696

Not included in the receivable balances are amounts considered to be uncollectible. In the governmental funds, uncollectible taxes receivable are estimated at $22.4 million, and uncollectible accounts receivable are estimated at $158.4 million. The proprietary funds have $43.2 million in uncollectible accounts receivable of which $7.8 million are from uninsured employers' fines and penalties, and $13.0 million are from unemployment contributions and benefit overpayments.

Note 5. Interfund Transactions

A. Interfund Advances

A summary of interfund advances at June 30, 2018, follows (expressed in thousands):

	Advances From			
	General Fund	State Highway	Nonmajor Governmental	Total
Advances To				
Nonmajor enterprise	$ 165	$ -	$ -	$ 165
Internal Service Funds	3,894	3,685	301	7,880
Total other funds	$ 4,059	$ 3,685	$ 301	$ 8,045

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

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, 2018, is shown below (expressed in thousands):

	Due To					
	Major Governmental Funds					
	General Fund	State Highway	Municipal Bond Bank	Permanent School Fund	Nonmajor Governmental	Total Governmental
Due From						
Major Governmental Funds:						
General	$ -	$ 6,190	$ 1	$ 118	$ 12,899	$ 19,208
State Highway	2,013	-	-	-	241	2,254
Municipal Bond Bank	4	-	-	-	-	4
Permanent School Fund	17,058	-	-	-	-	17,058
Nonmajor governmental	14,154	3,627	-	-	21,858	39,639
Total Governmental	33,229	9,817	1	118	34,998	78,163
Major Enterprise Funds:						
Housing Division	70	-	-	-	-	70
Unemployment Comp	-	-	-	-	237	237
Water Projects Loans	250	-	-	-	-	250
Higher Ed Tuition Trust	42	-	-	-	-	42
Nonmajor enterprise	1,527	4	-	-	-	1,531
Total Enterprise	1,889	4	-	-	237	2,130
Internal Service	477	290	-	-	155	922
Total other funds	$ 35,595	$ 10,111	$ 1	$ 118	$ 35,390	$ 81,215
Fiduciary	$ 68	$ -	$ -	$ -	$ 1,253	$ 1,321
Component Units:						
Colorado River Commission	$ 1	$ -	$ -	$ -	$ -	$ 1
Nevada System of Higher Education	112	-	-	-	188	300
Nevada Capital Investment Corporation	-	-	-	39,388	-	39,388
Total Component Units	$ 113	$ -	$ -	$ 39,388	$ 188	$ 39,689

	Due To								
	Major Enterprise Funds								
	Housing Division	Unemployment Compensation	Water Projects Loans	Higher Education Tuition Trust	Nonmajor Enterprise	Total Enterprise	Internal Service	Total Other Funds	Fiduciary
Due From									
Major Governmental Funds:									
General	$ 107	$ -	$ 529	$ 39	$ 1,566	$ 2,241	$ 7,675	$ 29,124	$ 627,652
State Highway	-	-	-	-	2	2	2,267	4,523	200
Municipal Bond Bank	-	-	-	-	-	-	-	4	-
Permanent School Fund	-	-	-	-	-	-	-	17,058	-
Nonmajor governmental	-	-	-	-	18	18	211	39,868	16
Total Governmental	107	-	529	39	1,586	2,261	10,153	90,577	627,868
Major Enterprise Funds:									
Housing Division	-	-	-	-	-	-	3	73	-
Unemployment Comp	-	-	-	-	-	-	-	237	-
Water Projects Loans	-	-	-	-	-	-	1	251	-
Higher Ed Tuition Trust	-	-	-	-	-	-	1	43	-
Nonmajor enterprise	-	-	-	-	21	21	82	1,634	55
Total Enterprise	-	-	-	-	21	21	87	2,238	55
Internal Service	-	-	-	-	23	23	225	1,170	16
Total other funds	$ 107	$ -	$ 529	$ 39	$ 1,630	$ 2,305	$ 10,465	$ 93,985	$ 627,939
Fiduciary	$ -	$ -	$ -	$ -	$ 5	$ 5	$ 3,780	$ 5,106	$ 51,773
Component Units:									
Colorado River Commission	$ -	$ -	$ -	$ -	$ -	$ -	$ 4	$ 5	$ -
Nevada System of Higher Education	-	-	-	-	-	-	947	1,247	1,287
Nevada Capital Investment Corporation	-	-	-	-	-	-	-	39,388	-
Total Component Units	$ -	$ -	$ -	$ -	$ -	$ -	$ 951	$ 40,640	$ 1,287

	Due To		
	Component Units		
	Colorado River Commission	Nevada System of Higher Education	Total Component Units
Due From			
Primary Government:			
Governmental Activities for long term receivable	$ -	$ 54,028	$ 54,028
Major Governmental Funds:			
General	160	31,717	31,877
State Highway	-	284	284
Nonmajor governmental	-	61,816	61,816
Total Governmental	160	93,817	93,977
Major Enterprise Funds:			
Higher Ed Tuition Trust	-	1	1
Total Enterprise	-	1	1
Internal Service	-	7	7
Total	$ 160	$ 147,853	$ 148,013

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

C. Transfers From/Transfers To Other Funds

A summary of transfers between funds for the year ended June 30, 2018, is shown below (expressed in thousands):

	Transfers Out/To					
	Major Governmental Funds					
	General Fund	State Highway	Municipal Bond Bank	Permanent School Fund	Nonmajor Governmental	Total Governmental
Transfers In/From						
Major Governmental Funds:						
General	$ -	$ 12,154	$ 4	$ 16,559	$ 65,811	$ 94,528
State Highway	1,191	-	-	-	3,621	4,812
Nonmajor governmental	12,927	2,293	7,659	-	54,809	77,688
Total Governmental	14,118	14,447	7,663	16,559	124,241	177,028
Major Enterprise Funds:						
Unemployment Comp	-	-	-	-	155,428	155,428
Higher Ed Tuition Trust	684	-	-	-	-	684
Nonmajor enterprise	83	-	-	-	-	83
Total Enterprise	767	-	-	-	155,428	156,195
Internal Service	979	885	-	-	-	1,864
Total other funds	$ 15,864	$ 15,332	$ 7,663	$ 16,559	$ 279,669	$ 335,087

	Transfers Out/To						
	Major Enterprise Funds						
	Housing Division	Unemployment Compensation	Water Projects Loans	Nonmajor Enterprise Funds	Total Enterprise	Internal Service	Total Other Funds
Transfers In/From							
Major Governmental Funds:							
General	$ -	$ -	$ 1,985	$ 13,017	$ 15,002	$ -	$ 109,530
State Highway	-	-	-	-	-	-	4,812
Nonmajor governmental	-	4,189	-	-	4,189	687	82,544
Total Governmental	-	4,189	1,985	13,017	19,191	687	196,886
Major Enterprise Funds:							
Unemployment Comp	-	-	-	-	-	-	155,428
Higher Ed Tuition Trust	-	-	-	-	-	-	684
Nonmajor enterprise	-	-	-	12	12	-	95
Total Enterprise	-	-	-	12	12	-	156,207
Internal Service	-	-	-	-	-	-	1,864
Total other funds	$ -	$ 4,189	$ 1,985	$ 13,029	$ 19,203	$ 687	$ 354,957

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.

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, 2018 are as follows (expressed in thousands):

	Primary Government		
	Governmental Activities	Business-Type Activities	Component Units
Restricted:			
Cash	$ 2,750	$ -	$ 164,088
Investments	-	179,432	12,275
Total	$ 2,750	$ 179,432	$ 176,363
Restricted for:			
Debt service	$ -	$ 179,432	$ 1,003
Capital projects	-	-	158,650
Regulation of business	2,750	-	-
Other purposes	-	-	16,710
Total	$ 2,750	$ 179,432	$ 176,363

Note 7. Capital Assets

Capital asset activity of the primary government for the year ended June 30, 2018, was as follows (expressed in thousands):

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated				
Land	$ 154,101	$ 15,104	$ -	$ 169,205
Construction in progress	130,009	63,559	(66,050)	127,518
Infrastructure	4,622,007	74,631	-	4,696,638
Rights-of-way	705,358	65,572	-	770,930
Total capital assets, not being depreciated	5,611,475	218,866	(66,050)	5,764,291
Capital assets, being depreciated/amortized				
Buildings	1,791,201	42,340	(3,555)	1,829,986
Improvements other than buildings	131,536	19,225	-	150,761
Furniture and equipment	446,716	32,414	(15,829)	463,301
Software costs	292,067	4,584	(1,735)	294,916
Total capital assets, being depreciated/amortized	2,661,520	98,563	(21,119)	2,738,964
Less accumulated depreciation/amortization for:				
Buildings	(678,393)	(45,394)	3,100	(720,687)
Improvements other than buildings	(93,261)	(3,255)	-	(96,516)
Furniture and equipment	(358,623)	(25,042)	15,446	(368,219)
Software costs	(168,729)	(12,488)	1,095	(180,122)
Total accumulated depreciation/amortization	(1,299,006)	(86,179)	19,641	(1,365,544)
Total capital assets, being depreciated/amortized, net	1,362,514	12,384	(1,478)	1,373,420
Governmental activities capital assets, net	$ 6,973,989	$ 231,250	$ (67,528)	$ 7,137,711

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities:				
Capital assets, not being depreciated				
Land	$ 568	$ -	$ -	$ 568
Construction in progress	-	-	-	-
Total capital assets, not being depreciated	568	-	-	568
Capital assets, being depreciated				
Buildings	3,389	-	(1,982)	1,407
Improvements other than buildings	3,656	-	1,982	5,638
Furniture and equipment	16,778	328	(312)	16,794
Total capital assets, being depreciated	23,823	328	(312)	23,839
Less accumulated depreciation for:				
Buildings	(3,088)	(54)	1,982	(1,160)
Improvements other than buildings	(647)	(76)	(1,982)	(2,705)
Furniture and equipment	(5,944)	(687)	312	(6,319)
Total accumulated depreciation	(9,679)	(817)	312	(10,184)
Total capital assets, being depreciated, net	14,144	(489)	-	13,655
Business-type activities capital assets, net	$ 14,712	$ (489)	$ -	$ 14,223

Included in the table above are three Department of Corrections facilities that have been closed. These assets are idle, with a carrying value of $9.0 million.

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

Governmental activities:		
General government	$	4,849
Education, support services		827
Health services		874
Law, justice, public safety		35,233
Recreation, resource development		5,931
Social services		15,608
Transportation		12,032
Regulation of business		2,617
Unallocated		2,766
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		5,442
Total depreciation/amortization expense - governmental activities	$	86,179
Business-type activities:		
Enterprise	$	817
Total depreciation/amortization expense - business-type activities	$	817

Capital asset activity of the Nevada System of Higher Education for the year ended June 30, 2018, 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	$ 93,735	$ 96,071	$ (73,914)	$ 115,892
Land	152,585	10,788	(211)	163,162
Land improvements	288	-	-	288
Intangibles	642	-	-	642
Collections	11,775	167	(45)	11,897
Total capital assets, not being depreciated	259,025	107,026	(74,170)	291,881
Capital assets, being depreciated				
Buildings	2,732,730	94,543	-	2,827,273
Land and improvements	156,076	6,017	-	162,093
Machinery and equipment	373,742	26,479	(14,159)	386,062
Intangibles	44,680	1,829	-	46,509
Library books and media	122,217	1,778	(1,256)	122,739
Total capital assets, being depreciated	3,429,445	130,646	(15,415)	3,544,676
Less accumulated depreciation for:				
Buildings	(941,291)	(69,267)	(188)	(1,010,746)
Land and improvements	(107,313)	(6,182)	-	(113,495)
Machinery and equipment	(282,194)	(24,328)	12,443	(294,079)
Intangibles	(29,925)	(4,581)	-	(34,506)
Library books and media	(116,905)	(2,399)	1,256	(118,048)
Total accumulated depreciation	(1,477,628)	(106,757)	13,511	(1,570,874)
Total capital assets being depreciated, net	1,951,817	23,889	(1,904)	1,973,802
Nevada System of Higher Education activity capital assets, net	$ 2,210,842	$ 130,915	$ (76,074)	$ 2,265,683

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 was completed in fiscal year 2016. At the end of the lease, title to the buildings transfers to the NSHE. Construction was financed by Lease Revenue Certificates of Participation Series 2013 at 4.0-5.0% interest.

Proceeds from the certificates of participation were used to pay the capitalized interest during the construction period, and NSHE began making capital lease principal and interest payments starting in fiscal year 2017.

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

Year Ending June 30	Governmental Activities
2019	$ 3,381
2020	3,383
2021	3,383
2022	3,381
2023	3,380
2024-2043	67,641
Total future minimum lease revenues	$ 84,549

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, 2018 (expressed in thousands):

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation bonds	$ 1,284,172	$ 102,605	$ (117,347)	$ 1,269,430	$ 117,658
Special obligation bonds	706,165	125,905	(46,985)	785,085	39,790
Subtotal	1,990,337	228,510	(164,332)	2,054,515	157,448
Issuance premiums (discounts)	210,383	17,573	(36,087)	191,869	34,504
Total bonds payable	2,200,720	246,083	(200,419)	2,246,384	191,952
Certificates of participation	84,994	-	(4,165)	80,829	3,042
Issuance premiums (discounts)	1,048	-	(402)	646	331
Total certificates of participation	86,042	-	(4,567)	81,475	3,373
Other Governmental long-term activities:					
Obligations under capital leases	17,363	4,300	(3,173)	18,490	3,621
Compensated absences obligations	96,620	89,595	(85,547)	100,668	70,713
Pollution remediation obligations	2,525	3,500	(100)	5,925	660
Total other governmental long-term activities	116,508	97,395	(88,820)	125,083	74,994
Governmental activities long-term obligations	$ 2,403,270	$ 343,478	$ (293,806)	$ 2,452,942	$ 270,319
Business-type activities:					
Bonds payable:					
General obligation bonds	$ 60,103	$ 12,835	$ (12,508)	$ 60,430	$ 11,467
Special obligation bonds	641,830	136,594	(252,933)	525,491	29,370
Subtotal	701,933	149,429	(265,441)	585,921	40,837
Issuance premiums (discounts)	5,502	987	(4,085)	2,404	735
Total bonds payable	707,435	150,416	(269,526)	588,325	41,572
Compensated absences obligations	1,722	1,757	(1,598)	1,881	1,336
Arbitrage rebate liability	1,075	-	(1,075)	-	-
Tuition benefits payable	221,099	10,989	(14,296)	217,792	17,509
Business-type activities long-term obligations	$ 931,331	$ 163,162	$ (286,495)	$ 807,998	$ 60,417

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

General obligation bonds and special obligation bonds of the primary government outstanding at June 30, 2018 are comprised of the following (expressed in thousands):

	Interest Rates	Original Amount	Principal Outstanding
Governmental activities:			
General obligation bonds:			
Subject to Constitutional Debt Limitation	1.754-6.17%	$ 1,792,465	$ 1,025,895
Exempt from Constitutional Debt Limitation	2.0-6.0%	646,883	243,535
Special obligation bonds:			
Exempt from Constitutional Debt Limitation- Highway Improvement Revenue Bonds	3.0-5.0%	999,895	785,085
Subtotal		3,439,243	2,054,515
Issuance premiums (discounts)		342,623	191,869
Governmental activities bonds payable		3,781,866	2,246,384
Business-type activities:			
General obligation bonds:			
Exempt from Constitutional Debt Limitation	1.75-5.5%	106,207	60,430
Special obligation bonds:			
Housing Bonds	*.50-6.95%	903,374	525,491
Subtotal		1,009,581	585,921
Issuance premiums (discounts)		8,563	2,404
Business-type activities bonds payable		1,018,144	588,325
Total bonds payable		$ 4,800,010	$ 2,834,709

*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, 2018, of the primary government are summarized in the table following (expressed in thousands):

Year Ending June 30	Governmental Activities Principal	Governmental Activities Interest	Business-Type Activities Principal	Business-Type Activities Interest
2019	$ 157,448	$ 93,169	$ 40,837	$ 16,668
2020	157,081	85,828	15,299	15,945
2021	162,503	77,767	17,235	15,296
2022	153,983	69,828	10,563	14,753
2023	150,479	62,107	10,059	14,263
2024-2028	704,066	199,634	48,808	65,445
2029-2033	379,845	73,614	72,667	55,745
2034-2038	189,110	12,452	117,909	37,171
2039-2043	-	-	90,348	23,932
2044-2048	-	-	11,854	18,213
2049-2053	-	-	60,342	7,619
2054-2058	-	-	90,000	4,013
Total	$ 2,054,515	$ 674,399	$ 585,921	$ 289,063

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, 2018, the debt limitation and its unused portion are computed as follows (expressed in thousands):

Debt limitation (2% of total assessed valuation)	$ 2,467,971
Less: Bonds and leases payable as of June 30, 2018, subject to limitation	(1,025,895)
Remaining debt capacity	$ 1,442,076

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. Eleven projects were funded through the Nevada Municipal Bond Bank as of June 30, 2018, and total outstanding loans to local governments amounted to $91,510,000.

E. Refunded Debt and Redemptions

During the fiscal year 2018, the State of Nevada refunded $6,700,000 in general obligation, limited tax, bonds related to open space, parks and natural resources by issuing refunding bonds with a total par amount of $6,350,000 at a $717,221 premium. Proceeds from refunding bonds and certificates were used to refund certain outstanding State debt to realize debt service savings. The refunding decreased the aggregate debt service payments by $1,718,252 with an economic or present value gain of $1,171,571. The reacquisition price exceeded the carrying amount of the old debt causing a deferred accounting loss of $238,876. 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):

	Refunding Amount	Refunded Amount	Cash Flow Gain (Loss)	Present Value Gain
Issue Description:				
General obligation bonds:				
Natural Resources and Refunding Bonds Series 2016D	$ 2,936	$ 2,885	$ 1,201	$ 714
Open Space, Parks, and Natural Resources and Refunding Bonds Series 2017C	3,996	3,815	517	458
Total	$ 6,932	$ 6,700	$ 1,718	$ 1,172

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, 2018 is $13,191,405.

F. Capital Leases

The State has entered into various agreements for the lease of vehicles and improvement of buildings. Assets of the primary government acquired under such leases at June 30, 2018 include vehicles and building improvements of $32,082,927 with accumulated depreciation of $8,290,036.

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, 2018 follow (expressed in thousands):

Year Ending June 30	Governmental Activities
2019	$ 4,382
2020	4,210
2021	4,177
2022	2,982
2023	1,901
2024-2028	3,325
Total minimum lease payments	20,977
Less: amount representing interest	(2,487)
Obligations under capital leases	$ 18,490

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. Meanwhile, the NRPC entered into a Ground Lease with respect to the real property on which the Project is located.

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

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.

The following schedule presents future certificates of participation payments as of June 30, 2018 (expressed in thousands):

Year Ending June 30	Principal	Interest
2019	$ 3,042	$ 3,722
2020	3,239	3,597
2021	3,376	3,463
2022	3,517	3,313
2023	3,683	3,148
2024-2028	20,267	13,012
2029-2033	17,500	8,497
2034-2038	11,560	5,351
2039-2043	14,645	2,268
Total	$ 80,829	$ 46,371

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	$ 217,792
Net position available	320,858
Net position as a percentage of tuition benefits obligation	147.32 %

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

	Universities	Community Colleges
2019-20	4.00%	4.00%
2020-21	4.00%	4.00%
2021-22 and later	4.75%	4.00%

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, 2018, and changes for the fiscal year then ended are presented in Section A of this note.

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, 2018 there are five series of Industrial Revenue Bonds and three series of Charter School Bonds outstanding, with an aggregate principal amount payable of $374,648,296.

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, 2018, the outstanding balance of Highway Improvement Revenue and Refunding bonds is $785,085,000. The total of principal and interest remaining on the bonds is $1,104,547,735 payable through December 2037. Upon completion of eligible projects, federal aid of $343,436,484 is expected to be received in fiscal year 2019. For the current year, principal and interest paid was $78,480,375 and total motor vehicle fuel and special fuel tax revenues were $305,780,701.

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, 2018, the outstanding balance of Lease Revenue Certificates of Participation is $80,829,000. The total of principal and interest remaining on the certificates is $127,199,263 payable through June 2043. In fiscal year 2018, principal and interest of $6,699,207 was paid. Building rent of $7,000,000 is expected to be collected in fiscal year 2019, which will be used to pay the fiscal year 2019 debt service principal and interest of $6,764,298.

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. During fiscal year 2018 the outstanding balance of the bonds was paid off. In fiscal year 2018, principal and interest of $131,246,125 was paid.

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

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

As of June 30, 2018, the outstanding balance of single-family and multi-unit bonds is $525,883,008. The total of principal and interest remaining on the bonds is $804,645,888 payable through June 2055. In fiscal year 2018, principal and interest of $122,081,559 was paid. As of June 30, 2018, $179,943,769 was held by the trustee for the benefit of the single-family bondholders. The amount of payments received for mortgage loans in fiscal year 2018 is $11,467,328. Fifty million is expected to be collected in fiscal year 2019, which, along with assets held by the trustee, will be used to pay the fiscal year 2019 debt service principal and interest of $43,885,134.

L. Pollution Remediation Obligation

Currently there are five sites in Nevada in various stages of pollution cleanup associated with contaminated soil and groundwater. The pollution remediation liabilities associated with these sites were measured using the expected cash flow technique. Liability estimates are subject to change due to price increases or reductions, technology, or changes in applicable laws or regulations governing the remediation efforts. The State does not anticipate recovering reimbursements from the parties who caused the pollution. As of June 30, 2018 the liability, by component, is as follows (expressed in thousands):

Post remediation and site closure	$ 325
Site assessment	100
Site remediation	5,500
Total pollution remediation obligation	$ 5,925

M. Component Unit Obligations

Nevada System of Higher Education (NSHE) – Bonds, notes, capital leases and compensated absences payable by NSHE at June 30, 2018 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	$ 622,715	$ 168,132	$ (57,290)	$ 733,557	$ 41,166
Issuance premiums (discounts)	39,300	8,469	(3,201)	44,568	3,263
Total bonds payable	662,015	176,601	(60,491)	778,125	44,429
Obligations under capital leases	51,224	70	(1,326)	49,968	1,333
Compensated absences obligations	49,837	39,870	(39,154)	50,553	35,068
Total	$ 763,076	$ 216,541	$ (100,971)	878,646	80,830
Discretely presented component units of the NSHE:					
Compensated absences				320	-
Capital leases				921	228
Total				$ 879,887	$ 81,058

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, 2018 (expressed in thousands):

Year Ending June 30	Principal	Interest
2019	$ 44,429	$ 32,983
2020	44,366	30,970
2021	42,435	28,834
2022	42,580	26,511
2023	41,937	24,977
2024-2028	154,463	102,075
2029-2033	151,807	69,464
2034-2038	123,480	38,968
2039-2043	75,987	19,303
2044-2048	55,952	4,937
2049-thereafter	689	-
Total	$ 778,125	$ 379,022

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
2019	$ 3,711
2020	3,729
2021	3,577
2022	3,518
2023	3,516
2024-2028	15,543
Thereafter	50,734
Total minimum lease payments	84,328
Less: amount representing interest	(34,360)
Obligations under capital leases	$ 49,968

Colorado River Commission (CRC) – Bonds and compensated absences payable by CRC at June 30, 2018, 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	$ 34,180	$ -	$ (5,970)	$ 28,210	$ 730
Issuance premiums (discounts)	(156)	-	6	(150)	-
Total bonds payable	34,024	-	(5,964)	28,060	730
Compensated absences obligations	320	269	(181)	408	242
Total	$ 34,344	$ 269	$ (6,145)	$ 28,468	$ 972

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
2019	$ 730	$ 1,062
2020	740	1,050
2021	755	1,034
2022	770	1,015
2023	800	994
2024-2028	4,340	4,572
2029-2033	5,190	3,702
2034-2038	6,355	2,510
2039-2043	6,960	1,098
2044	1,570	33
Total	$ 28,210	$ 17,070

Note 10. Pensions

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

The aggregate pension related amounts for the primary government consist of a net pension liability of $2,251,532,691, deferred outflows of resources of $383,952,279, deferred inflows of resources of $175,222,168, pension expenditures of $171,269,733 and pension expense of $5,544,775. 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 public employer in the State may elect to have its regular and police/fire employees covered by PERS. The cost to administer the plan is financed through the contributions and investment earnings of the plan. PERS issues a publicly available financial report that includes financial statements and the required supplementary information for the System. That report may be obtained on the PERS website at www.nvpers.org.

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

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

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

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

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

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

PERS' basic funding policy provides for periodic contributions 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. Although PERS receives an actuarial valuation on an annual basis indicating the contribution rates required to fund the System on an actuarial reserve basis, contributions actually made are in accordance with the required rates established by the Nevada Legislature. These statutory rates are increased/decreased pursuant to NRS 286.421 and 286.450.

Required contribution rates for employers and for active plan members, as a percentage of covered payroll, for the fiscal year ended June 30, 2018 were as follows:

	Statutory Rate Employer	Statutory Rate Employees
Regular employees:		
Employer-per plan	28.00 %	N/A
Employee/employer plan (matching rate)	14.50 %	14.50 %
Police and Fire employees:		
Employer-pay plan	40.50 %	N/A
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, 2018 were $151,491,716.

Pension Liabilities, Pension Expenditure/Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2018, the State reported a liability of $2,233,666,424, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, 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, 2017, the State's proportion was 16.79%, a decrease of .54% from its proportion measured at June 30, 2016.

For the year ended June 30, 2018, the State recognized pension expenditure of $167,359,379 and pension expense of $5,544,775. At June 30, 2018, 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	$ -	$ (146,574)
Changes of assumption	148,182	-
Net difference between projected and actual earnings on pension plan investments	14,503	-
Changes in proportionate share of contributions	61,360	(25,845)
State contributions subsequent to the measurement date	153,271	-
Total	$ 377,316	$ (172,419)

Deferred outflows of resources of $153,270,625 for contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019.

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:	
2019	$ 49,004
2020	(42,907)
2021	(1,910)
2022	62,597
2023	53,903
Thereafter	(69,061)

Actuarial Assumptions – The State's net pension liability was measured as of June 30, 2017, 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:	2.75%
Payroll growth:	5.00%, including inflation
Investment rate of return:	7.50%
Productivity pay increase:	0.50%
Projected salary increases:	Regular: 4.25% to 9.15%, depending on service
	Police/Fire: 4.55% to 13.9%, depending on service
	Rates include inflation and productivity increases
Consumer price index:	2.75%
Other assumptions:	Same as those used in the June 30, 2017 funding actuarial valuation

Mortality rates were based on the Headcount-Weighted RP-2014 Healthy Annuitant Table projected to 2020 with Scale MP-2016, set forward one year for spouses and beneficiaries. For ages less than 50, mortality rates are based on the Headcount-Weighted RP-2014 Employee Mortality Tables. Those mortality rates are adjusted by the ratio of the mortality rate for healthy annuitants at age 50 to the mortality rate for employees at age 50. The mortality rates are then projected to 2020 with Scale MP-2016. Mortality rates for disabled members were based on the Headcount-Weighted RP-2014 Disabled Retiree Table, set forward four years. Mortality rates for pre-retirement members were based on the Headcount-Weighted RP-2014 Employee Table, projected to 2020 with Scale MP-2016.

Actuarial assumptions used in the June 30, 2017 valuation were based on an experience study for the period from July 1, 2012, through June 30, 2016.

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, 2017, 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 7.5% as of June 30, 2017. The projection of cash flows used to determine the discount rate assumed plan contributions will be made in amounts consistent with statutory provisions and recognizing the plan's current funding policy and cost-sharing mechanism between employers and members. For this purpose, all contributions that are intended to fund benefits for all plan members and their beneficiaries are included, except that projected contributions that are intended to fund the service costs for future plan members and their beneficiaries are not included. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2017.

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, 2017 calculated using the discount rate of 7.5%, 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 (6.5%) or 1-percentage-point higher (8.5%) than the current rate (expressed in thousands):

	1% Decrease in Discount Rate (6.5%)	Discount Rate (7.5%)	1% Increase in Discount Rate (8.5%)
Net pension liability	$ 3,376,848	$ 2,233,666	$ 1,284,376

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, 2018, the State reported payables to the defined benefit pension plan of $24,098,619 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.

At June 30, 2017, the LRS pension plan membership consisted of:

Retirees and beneficiaries currently receiving benefits	75
Inactive vested members	17
Inactive non-vested members	25
Active members	31
Total	148

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 post-retirement benefit increases based on their effective date of membership. For members with an effective date of membership before January 1, 2010, the lesser of: (a) 2% per year following the third anniversary of the commencement of benefits, 3% per year following the sixth anniversary, 3.5% per year following the ninth anniversary, 4% per year following the twelfth anniversary and 5% per year following the fourteenth anniversary, or (b) the average percentage increase in the Consumer Price Index (or other Board approved index) for the three preceding years. In any event, a member's benefit must be increased by the percentages in (a) if it has not been increased at a rate greater than or equal to the average of the Consumer Price Index (CPI) (All items) (or other Board approved index) for the period between retirement and the date of increase. For members with an effective date of membership on or after January 1, 2010, and prior to July 1, 2015, same as above, except the increases in (a) above do not exceed 4% per year. For members with an effective date of membership on or after July 1, 2015, 2% per year following the third through fifth anniversaries of the commencement of benefits; 2.5% per year following the sixth through eighth anniversaries. On succeeding anniversaries, the annual increase shall be the lesser of 3% or the CPI for the preceding calendar year. For future retirees, those hired prior to 2010 are assumed to reach the cap after 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 employee contribution of 15% of compensation is paid by the employee only when the Legislature is in session, as required by statute. The Legislature holds sessions every two years. Prior to 1985, the employee contributions were matched by the employer. The 1985 Legislators' Retirement Act includes NRS 218C.390(2) which states, "The Director of the Legislative Counsel Bureau shall pay to the Board from the Legislative Fund an amount as the contribution of the State of Nevada as employer which is actuarially determined to be sufficient to provide the System with enough money to pay all benefits for which the System will be liable." The Legislature appropriated $209,668 for fiscal years 2017 and 2018, 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 2017, of which $104,834 (half) was recognized as employer contributions in the fiscal year 2017, and the other half recognized as employer contributions in fiscal year 2018.

State contributions recognized as part of pension expense for the fiscal year ended June 30, 2018 were $104,834.

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

Pension Liabilities, Pension Expenditure, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2018, the State reported a net pension liability of $530,693. The net pension liability was measured as of June 30, 2017, 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, 2018, the State recognized pension expenditure of $66,168. At June 30, 2018, 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
Changes of assumptions	$ 3	$ -
Net difference between projected and actual earnings on pension plan investments	20	-
Differences between expected and actual experience	-	(2)
State contributionss subsequent to the measurement date	105	-
Total	$ 128	$ (2)

Deferred outflows of resources of $104,835 for contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019.

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		
2019	$	(29)
2020		63
2021		24
2022		(37)
2023		-
Thereafter		-

The following table presents the changes in the net pension liability for LRS for the year ended June 30, 2017 (expressed in thousands):

		2017
Total pension liability		
Service cost	$	29
Interest		398
Difference between expected and actual experience		(82)
Changes of assumptions		125
Benefit payments, including refunds		(482)
Net change in total pension liability		(12)
Total pension liability - beginning		5,187
Total pension liability - ending (a)	$	5,175
Plan fiduciary net position		
Contributions - employer	$	105
Contributions - employee		20
Net investment income		526
Benefit payments, including refunds		(481)
Administration expenses		(68)
Other		69
Net change in plan fiduciary net position		171
Plan fiduciary net position - beginning		4,474
Plan fiduciary net position - ending (b)	$	4,645
Net pension liability - beginning	$	713
Net pension liability - ending (a) - (b)	$	530
Plan fiduciary net position as a percentage of total pension liability		90%
Covred payroll		N/A
Net pension liability as a percentage of covered payroll		N/A

Actuarial Assumptions – The State's net pension liability was measured as of June 30, 2017, 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:	2.75%
Investment rate of return:	7.50%
Projected salary increases:	2.75%
Consumer price index:	2.75%
Other assumptions:	Same as those used in the June 30, 2017 funding actuarial valuation

Mortality rates were based on the Headcount-Weighted RP-2014 Mortality Tables, projected to 2020 with Scale MP-2016, set forward one year for spouses and beneficiaries.

Actuarial assumptions used in the June 30, 2017 valuation were based on the results of the actuarial experience study for the period July 1, 2012, through June 30, 2016.

Investment Policy – The Retirement Board evaluates and establishes the investment portfolio target asset allocations and the expected real rates of return (expected returns, net of investment expenses and inflation) for each asset class. The Board reviews these asset allocations and capital market expectations annually. The System's target asset allocations and current long-term expected real rates of return for each asset class included in the fund's investment portfolio as of June 30, 2017, are included in the following table:

Asset Class	Target Allocation	Long-term 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 7.5% as of June 30, 2017. 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 7.5%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5%) or 1-percentage-point higher (8.5%) than the current rate (expressed in thousands):

	1% Decrease in Discount Rate (6.5%)	Discount Rate (7.5%)	1% Increase in Discount Rate (8.5%)
Net pension liability	$ 978	$ 531	$ 147

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, 2018, 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.

At June 30, 2017, the JRS pension plan membership consisted of:

Retirees and beneficiaries currently receiving benefits	76
Inactive vested members	2
Active members	113
Total	191

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

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

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

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

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

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

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

Member and Employer Contributions –The participating employers submit the percentage of compensation determined by the actuary to pay the normal costs and administrative expenses. Also, the participating employers pay to the JRS an amount on the 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 State's annual actuarially determined contribution to fund the System at June 30, 2018 was $5,585,449 and the actual contribution made was $4,788,927.

Pension Liability, Pension Expenditure, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2018, the State reported a liability of $17,335,574 for its net pension liability for the JRS pension plan.

The net pension liability was measured as of June 30, 2017, 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, 2018, the State recognized pension expenditure of $3,844,186. At June 30, 2018, 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	$ 1,236	$ (2,801)
Change of assumptions	55	-
Net difference between projected and actual earnings on pension plan investments	361	-
Changes in proportion and differences between State contributions and proportionate share of contributions	68	-
State contributions subsequent to the measurement date	4,789	-
Total	$ 6,509	$ (2,801)

Deferred outflows of resources of $4,788,927 for contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019.

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:	
2019	$ (109)
2020	68
2021	(39)
2022	(675)
2023	-
Thereafter	-

The following table presents the changes in the net pension liability for JRS for the year ended June 30, 2017 (expressed in thousands):

	2017
Total pension liability	
Service cost	$ 3,718
Interest	9,994
Differences between expected and actual experience	1,123
Changes of assumptions	78
Benefit payments, including refunds	(5,524)
Other	419
Net change in total pension liability	9,808
Total pension liability - beginning	123,753
Total pension liability - ending (a)	$ 133,561
Plan fiduciary net position	
Contributions - employer	$ 5,786
Employee purchase of service	255
Net investment income	12,556
Benefit payments, including refunds	(5,524)
Administrative expenses	(95)
Other	419
Net change in plan fiduciary net position	13,397
Plan fiduciary net position - beginning	101,102
Plan fiduciary net position - ending (b)	$ 114,499
Net pension liability - beginning	$ 22,651
Net pension liability - ending (a) - (b)	$ 19,062
Plan fiduciary net position as a percentage of total pension liability	86%
Covered payroll (measurement as of end of fiscal year)	$ 20,995
Net pension liability as a percentage of covered payroll	91%

Actuarial Assumptions – The State's net pension liability was measured as of June 30, 2017, 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:	2.75%
Investment rate of return:	7.50%
Projected salary increases:	3.00% to 8.00%, varying by service
Consumer Price Index:	2.75%
Other assumptions:	Same as those used in the June 30, 2017 funding actuarial valuation

Mortality rates were based on Headcount-Weighted RP-2014 Healthy Annuitant Mortality Tables, projected to 2020 with Scale MP-2016, set forward one year for spouses and beneficiaries. For ages less than 50, mortality rates are based on the Headcount-Weighted RP-2014 Employee Mortality Tables. Those mortality rates are adjusted by the ratio of the mortality rate for members at age 50 to the mortality.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of the actuarial experience study for the period July 1, 2012, through June 30, 2016.

Investment Policy – The Retirement Board evaluates and establishes the investment portfolio target asset allocations and the expected real rates of return (expected returns, net of investment expenses and inflation) for each asset class. The Board reviews these asset allocations and capital market expectations annually. The System's target asset allocations and current long-term expected real rates of return for each asset class included in the fund's investment portfolio as of June 30, 2017, are included in the following table:

Asset Class	Target Allocation	Long-term 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 7.5% as of June 30, 2017. The projection of cash flows used to determine the discount rate assumed that contributions will be made monthly at the current contribution rate and the payment to amortize the unfunded actuarial liability is assumed to be paid at the end of the year for State and monthly for non-state agencies. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension 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 7.5%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5%) or 1-percentage-point higher (8.5%) than the current rate (expressed in thousands):

	1% Decrease in Discount Rate (6.5%)	Discount Rate (7.5%)	1% Increase in Discount Rate (8.5%)
Net pension liability	$ 31,327	$ 17,336	$ 5,479

Pension plan fiduciary net position – Detailed information about the pension plan's fiduciary net position is available in the separately issued JRS report.

Payables to the pension plan – At June 30, 2018, the State reported payables to the defined benefit pension plan of $371,095 for legally required employer contributions not yet remitted to JRS.

Note 11. Postemployment Benefits Other than Pensions (OPEB)

For purposes of measuring the State's net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the State's OPEB plan and additions to/deductions from the OPEB plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Plan assets are reported at fair value.

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

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

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

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

State service is defined as employment with any Nevada State agency, the Nevada System of Higher Education and any State Board or Commission. Participating local government entity is defined as a county, school district, municipal corporation, political subdivision, public corporation or other local governmental agency that has an agreement in effect with PEBP to obtain group insurance.

Contributions – The State Retirees' Health and Welfare Benefits Fund (Retirees' Fund) was established in 2007 by the Nevada Legislature as an irrevocable trust fund to account for the financial assets designated to offset the portion of current and future costs of health and welfare benefits paid on behalf of state retirees (NRS 287.0436). The money in the Retirees' Fund belongs to the officers, employees and retirees of the State of Nevada in aggregate; neither the State nor the governing body of any county, school district, municipal corporation, political subdivision, public corporation or other local governmental agency of the State, nor any single officer, employee or retiree of any such entity has any right to the money in the Retirees' Fund.

The authority for establishing an assessment to pay for a portion of the cost of premiums or contributions for the program is in statute. According to NRS 287.046 the Office of Finance shall establish an assessment that is to be used to pay for a portion of the cost of premiums or contributions for the Program for persons who were initially hired before January 1, 2012, and have retired with state service. The money assessed must be deposited into the Retirees' Fund and must be based upon an amount approved by the Legislature each session to pay for a portion of the current and future health and welfare benefits for persons who retired before January 1, 1994, or for persons who retire on or after January 1, 1994, as adjusted by the years of service subsidy rates. The required contribution rate for employers (the retired employees group insurance rate), as a percentage of covered-employee payroll, for the fiscal year ended June 30, 2017 was 2.36%. State contributions recognized as part of OPEB expense for the current fiscal year ended June 30, 2018 were $23,751,000.

OPEB Liabilities, OPEB Expenditure/Expense, Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB - At June 30, 2018, the State reported a liability of $799,476,966, for its proportionate share of the collective net OPEB liability. The collective net OPEB liability was measured as of July 1, 2017, and the total OPEB liability used to calculate the collective net OPEB liability was determined by an actuarial valuation as of January 1, 2018. The State's proportion of the collective net OPEB liability was based on the State's share of contributions in the OPEB plan relative to the total contributions of all participating OPEB employers and members. At June 30, 2018, the State's proportion was 61.43%.

For the year ended June 30, 2018, the State recognized OPEB expenditure of $45,300,973 and OPEB expense of $2,194,734. At June 30, 2018, the State reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources (expressed in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	$ -	$ 49,698
Net Differences between projected and actual investment earnings on OPEB plan investments	-	62
State contributions subsequent to the measurement date	23,751	-
Total	$ 23,751	$ 49,760

Of the total amount reported as deferred outflows of resources related to OPEB, $23,750,953 resulting from State contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ended June 30, 2019.

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

Year Ended June 30:	
2019	$ (13,163)
2020	(13,163)
2021	(13,163)
2022	(10,270)
2023	-
Thereafter	-

Actuarial assumptions – The total OPEB liability was determined by an actuarial valuation as of January 1, 2018, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation:	2.75%
Salary increases:	0.50% productivity pay increase, 2.73% average promotional and merit salary increase
Investment rate of return:	3.58% based on a 20-Year Municipal Bond Index
Healthcare cost trend rates:	7.50% initially, decreasing to a 4.50% long-term trend rate after eight years

Regular mortality rates were based on the RP-2000 Combined Healthy Mortality projected to 2014 with Scale AA, set back one year for females. Police/Fire mortality rates were based on the RP-2000 Combined Healthy Mortality projected to 2014 with Scale AA, set forward one year. Disabled mortality rates were based on the RP-2000 Disabled Retiree Mortality projected to 2014 with Scale AA, set forward three years.

The actuarial assumptions used in the June 30, 2018 valuation were based upon certain demographic and other actuarial assumptions as recommended by the actuary Aon, in conjunction with the State and guidance from the GASB statement.

Discount rate – The discount rate used to measure the total OPEB liability was 3.58%, which is consistent with a 20-Year Municipal Bond Index. The Bond Buyer General Obligation 20-Bond Municipal Bond Index is used for the determination of the discount rate. The assets in the trust as of June 30, 2017 are less than the expected benefit payments in the first year; therefore, the crossover period is assumed to be in the first year, which provides additional support for continuing the discount rate at the 20-Year Municipal Bond Index rate.

Sensitivity of the State's proportionate share of the collective net OPEB liability to changes in the discount rate – The following presents the State's proportionate share of the collective net OPEB liability, as well as what the State's proportionate share of the collective net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate (expressed in thousands):

	1% Decrease	Discount Rate	1% Increase
State's proportionate share of the collective net OPEB liability	$ 885,027	$ 799,477	$ 725,362

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

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
State's proportionate share of the collective net OPEB liability	$ 748,234	$ 799,477	$ 859,904

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

Payables to the OPEB plan – At June 30, 2018, the State reported payables to the defined benefit OPEB plan of $161,888 for statutorily required employer contributions which had been assessed on employee salaries but not yet remitted to the Retirees' Fund.

Note 12. Risk Management

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

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

	Self-Insurance	Insurance Premiums
Balance June 30, 2016	$ 63,014	$ 63,717
Claims and changes in estimates	228,478	15,866
Claim payments	(222,823)	(13,858)
Balance June 30, 2017	68,669	65,725
Claims and changes in estimates	227,863	11,657
Claim payments	(224,849)	(16,191)
Balance June 30, 2018	$ 71,683	$ 61,191
Due Within One Year	$ 71,683	$ 17,268

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, 2018. 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 $48,826,249 as of June 30, 2018 were determined using standard actuarial techniques as estimates for the case, reserves, incurred but not reported losses and allocated loss adjustment expenses under the plan as of June 30, 2018.

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, 2018, incurred but not reported claims liability for general, civil and auto liability insurance is based upon standard actuarial techniques, which take into account financial data, loss experience of other self-insurance programs and the insurance industry, the development of known claims, estimates of the cost of reported claims, incurred but not reported claims, and allocated loss adjustment expenses. The incurred but not reported claims liability for property casualty insurance is based upon the estimated cost to replace damaged property. The liability for estimated losses from reported and unreported claims in excess of the amounts paid for the workers' compensation policies is determined using standard actuarial techniques, which take into account claims history and loss development factors for similar entities. Incurred but not reported claims liabilities are included in the reserve for losses.

The State is contingently liable for the cost of post retirement heart, lung and cancer disease benefits payable under the Nevada Occupational Disease Act. Any fireman or police officer that satisfies the two-year employment period under this act is eligible for coverage under Workers' Compensation for heart and lung disease. Any fireman that satisfies the five-year employment period under this act is eligible for coverage under Workers' Compensation for cancer disease. A range of estimated losses from $5,496,500 to $19,523,100 for heart disease, $6,221,020 for lung disease and $6,173,200 for cancer disease have been determined using standard actuarial techniques. Due to the high degree of uncertainty surrounding this coverage, no accrual for these losses is reflected in the financial statements.

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

At June 30, 2018 total liabilities and deferred inflows of resources exceeded total assets and deferred outflows of resources by $44,950,388. The Fund is liable for approximately $45,000,000 as of June 30, 2018 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 13. Fund Balances and Net Position

A. Net Position-Restricted by Enabling Legislation

The government-wide statement of net position reports $3,496,437,422 of net position-restricted for the primary government, of which $134,174,935 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, 2018, is shown below (expressed in thousands):

	Major Governmental Funds					
	General Fund	State Highway	Municipal Bond Bank	Permanent School Fund	Nonmajor Governmental Funds	Total Governmental
Fund balances:						
Nonspendable:						
Long term notes/loans receivable	$ 14,506	$ -	$ 88,085	$ -	$ -	$ 102,591
Inventory	6,483	16,652	-	-	330	23,465
Advances	4,059	-	-	-	-	4,059
Prepaid items	2,573	628	-	-	4	3,205
Permanent fund principal	-	-	-	360,679	30	360,709
Restricted for:						
Administration	69	-	-	-	8,077	8,146
Agriculture	423	-	-	-	-	423
Business and industry	8,564	-	-	-	27,133	35,697
Capital projects	-	-	-	-	83,911	83,911
Conservation and natural resources	32,693	-	-	-	5,209	37,902
Corrections	12	-	-	-	13,001	13,013
Debt service	-	-	-	-	26,168	26,168
Economic development	3,995	-	-	-	-	3,995
Education K-12	1,823	-	-	-	-	1,823
Elected officials	1,913	-	-	-	-	1,913
Gaming control	9,603	-	-	-	-	9,603
Health and human services	3,072	-	-	-	17,135	20,207
Motor vehicles	-	48,728	-	-	-	48,728
Other purposes	-	-	-	-	3,975	3,975
Public safety	130	8,493	-	-	-	8,623
Transportation	-	421,274	-	-	-	421,274
Veteran's services	1,274	-	-	-	-	1,274
Wildlife	14,232	-	-	-	-	14,232
Committed to:						
Administration	5,955	-	-	-	-	5,955
Agriculture	5,638	-	-	-	976	6,614
Business and Industry	35,252	-	-	-	4,205	39,457
Capital projects	-	-	-	-	24,737	24,737
Conservation and natural resources	87,847	-	-	-	8,003	95,850
Corrections	7,979	-	-	-	-	7,979
Debt service	-	-	4,463	-	140,410	144,873
Economic development	17,682	-	-	-	6,686	24,368
Education K-12	40,494	-	-	-	-	40,494
Elected Officials	38,338	-	-	-	3,035	41,373
Employment and training	4,181	-	-	-	-	4,181
Fiscal emergency	235,745	-	-	-	-	235,745
Gaming control	1,230	-	-	-	-	1,230
Health and human services	78,923	-	-	-	1,041	79,964
Judicial	6,982	-	-	-	-	6,982
Legislative	51,368	-	-	-	-	51,368
Military	310	-	-	-	-	310
Motor vehicles	2,398	-	-	-	-	2,398
Other purposes	6,152	-	-	-	-	6,152
Public safety	14,565	1,900	-	-	-	16,465
Silver state health insurance	15,141	-	-	-	-	15,141
Social services	-	-	-	-	30,506	30,506
Tobacco setlement program	-	-	-	-	53,498	53,498
Taxation	2,805	-	-	-	-	2,805
Transportation	-	29,609	-	-	-	29,609
Veteran's services	5,732	-	-	-	-	5,732
Wildlife	18,093	-	-	-	-	18,093
Unassigned:	(240,488)	-	-	-	-	(240,488)
Total fund balances	$ 547,746	$ 527,284	$ 92,548	$ 360,679	$ 458,070	$ 1,986,327

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 a decrease in net position of $1,153,790 for the year ended June 30, 2018, resulting in a negative net position of $7,173,231 at June 30, 2018.

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 $105,917 for the year ended June 30, 2018, resulting in a negative net position of $1,256,568 at June 30, 2018.

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 $421,971 for the year ended June 30, 2018, resulting in a negative net position of $6,691,136 at June 30, 2018.

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 $177,673 for the year ended June 30, 2018, resulting in a negative net position of $1,076,135 at June 30, 2018.

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 $4,395,722 for the year ended June 30, 2018, resulting in a negative net position of $44,950,388 at June 30, 2018.

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 $675,368 for the year ended June 30, 2018, resulting in a negative net position of $3,829,613 at June 30, 2018.

Personnel – The Personnel Fund accounts for the costs of administering the State personnel system. The fund recorded an increase in net position of $228,972 for the year ended June 30, 2018, resulting in a negative net position of $8,322,489 at June 30, 2018.

Purchasing – The Purchasing Fund provides purchasing services to State agencies and other governmental units. The fund recorded an increase in net position of $186,205 for the year ended June 30, 2018, resulting in a negative net position of $2,377,639 at June 30, 2018.

Information Services – The Information Services Fund accounts for designing, programming, and maintaining data processing software and also operating the State's central computer facility, radio communication and telecommunication systems. The fund recorded an increase in net position of $4,662,838 for the year ended June 30, 2018, resulting in a negative net position of $14,539,036 at June 30, 2018.

Note 14. Principal Tax Revenues

The principal taxing authorities for the State of Nevada are the Nevada Tax Commission and the Nevada Gaming Commission.

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

Sales and Use Taxes are imposed at a minimum rate of 6.85%, with county and local option up to an additional 1.30%, on all taxable sales and taxable items of use. The State receives tax revenue of 2% of total sales with the balance distributed to local governmental entities and school districts.

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

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

Motor Vehicle Fuel Tax is levied at 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.

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

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

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

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

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

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

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

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

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

Note 15. Works of Art and Historical Treasures

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

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

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

Note 16. Tax Abatements

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

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

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

A company that intends to locate or expand a business in certain areas of Economic Development may apply to GOED for a partial abatement of one or more of the taxes imposed on new or expanded business. Certain areas of Economic Development are defined in NRS 274.310 as a historically underutilized business zone, a redevelopment area created pursuant to Chapter 279 of NRS, an area eligible for a community development block grant pursuant to 24 Code of Federal Regulations (CFR) Part 570, or an enterprise community established pursuant to 24 CFR Part 597. Applicants must agree to continue in operation in the State for at least 5 years, and is effective through June 30, 2032. Additionally, businesses looking to start or expand in certain areas of Economic Development must meet either one of the two following requirements to apply for an abatement:

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

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

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

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

Modified Business Tax Abatement (NRS 363B.120) – The current excise tax imposed on each employer is at the rate of 1.475% on taxable wages over $50,000 in a quarter. A business may qualify for a partial abatement of up to 50% of the amount of the business tax due during the first four years of operations. For a new company, the abatement of the modified business tax applies to the number of new employees stated in its application. For an expanding business, the abatement does not apply to existing employees of the business, but does apply to the number of new employees directly related to the expansion.

Personal Property Tax Abatement (NRS 361.0687) – The abatement can be up to 50% of the tax due, or 75% in certain areas of Economic Development, for not less than 1 year and up to 10 years beginning from when the abatement becomes effective. The applicant must apply for abatement not more than one year before the business begins to develop for expansion or operation in Nevada. The personal property tax abatement applies only to the same list of machinery and equipment eligible for the local sales and use tax abatement allowed under NRS 374.357 or 374.358. Property tax rates vary by taxing district within Nevada. This is effective through June 30, 2018 .

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

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

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

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

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

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

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

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

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

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

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

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

The State's tax abatement programs as of June 30, 2018, on an accrual basis, are summarized in the following table (expressed in thousands):

	Taxes Abated			
Abatement Program	**Modified Business Tax**	**Property Tax**	**Gaming Tax**	**Total**
Businesses	$ 1,582	$ 1,224	$ -	$ 2,806
Capital Investment $3.5B	3,583	-	-	3,583
Renewable Energy	-	1,031	-	1,031
Green Building	-	3,659	-	3,659
Transferable Tax Credits	-	-	73,832	73,832
Total	$ 5,165	$ 5,914	$ 73,832	$ 84,911

A receivable of $13,710, associated with Renewable Energy Tax Incentive, is due from Elko County per NRS 361.483, at June 30, 2018.

Note 17. Commitments and Contingencies

A. Primary Government

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

Several of the actions pending against the State are based upon the State's (or its agents') alleged negligence in which the State must be named as a party defendant. However, there is a statutory limit to the State's liability of $50,000 per cause of action through October 1, 2007 and $75,000 per cause of action through October 1, 2011 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 a defendant on several lawsuits associated with the Little Valley fire, which occurred in October 2016. The State intends to defend these lawsuits vigorously. The outcome of the lawsuits is not presently determinable, and as the amount is neither probable nor capable of reasonable estimation, the accompanying financial statements do not include a liability for any potential loss.

The State is a defendant associated with a medical malpractice class action lawsuit. A jury has awarded $250,000 to a representative plaintiff in this matter. Although a class has been certified, the Court has not determined how many persons are in the class. Accordingly, the potential exposure cannot yet be determined. Moreover, the potential judgment will be subject to post-trial motions and appeals. As a result, it is possible that the existing judgment will be reduced or eliminated. The outcome of the lawsuit is not presently determinable, and as the amount is neither probable nor capable of reasonable estimation, the accompanying financial statements do not include a liability for any potential loss.

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, 2018 amounted to $47.5 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, 2018 (expressed in thousands):

For the Year Ending June 30	Amount
2019	$ 43,833
2020	36,513
2021	30,401
2022	24,934
2023	20,137
2024-2028	37,363
2029-2033	5,562
2034-2038	6,499
2039-2043	5,176
2044-2048	88
Total	$ 210,506

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, 2018, the State is unable to estimate the amount, if any, of expenditures that may be disallowed, although the State expects such amounts, if any, to be immaterial.

Nonexchange Financial Guarantees – The 1997 Nevada Legislature added NRS 387.513 through 387.528, allowing school districts to enter into guarantee agreements with the State Treasurer whereby 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, 2018 were $212.5 million which includes accrued interest of $1.3 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, 2018, encumbered expenditures in governmental funds were as follows (expressed in thousands):

	Amount
General Fund	$ 5,449
State Highway	5,202
Nonmajor governmental funds	128
Total	$ 10,779

Construction Commitments – As of June 30, 2018, the Nevada Department of Transportation had total contractual commitments of approximately $219.0 million for construction of various highway projects. Other major non-highway construction commitments for the primary government's budgeted capital projects funds total $63.4 million.

B. Discretely Presented Component Units

Nevada System of Higher Education (NSHE) – As of June 30, 2018, 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 adversely affect the net position, changes in net position or cash flows of NSHE.

The NSHE and the State of Nevada are defendants in various lawsuits, collectively referred to as the Little Valley Fire Cases. The cases relate to a prescribed burn conducted by the Nevada Division of Forestry in October 2016 on land partially owned by the University of Nevada at Reno. Embers from the fire escaped and burned 23 structures. A jury verdict in August 2018 finding liability on behalf of the Nevada Division of Forestry, but no liability on behalf of NSHE/UNR. However, oral arguments occurred in November 2018 before the Nevada Supreme Court and the case is not yet final.

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, 2018.

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, 2018 is $154.5 million. These costs will be financed by State appropriations, private donations, available resources and/or long-term borrowings.

Colorado River Commission (CRC) - The CRC may from time to time be a party in various litigation matters. It is management's opinion, based upon advice from legal counsel, that the risk of financial losses to 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.

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, 2018, the NCIC has fulfilled $43.8 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 18. Subsequent Events

A. Primary Government

Bonds – On November 1, 2018, the State issued $57,100,000 in General Obligation (Limited Tax) Capital Improvement, Historic Preservation and Refunding Bonds. The Series 2018A Bonds were issued to finance various capital improvement projects, including (i) construction of a new Department of Motor Vehicles Service Center, (ii)construction of a new Engineering Building at the University of Nevada, Reno, (iii) to award financial assistance to pay the actual expenses of preserving or protecting historical buildings to be used to develop a network of cultural centers and activities, and (iv) to pay cost of issuance of the 2018A Bonds. On November 1, 2018, the State issued $2,500,000 in General Obligation (Limited Tax) Natural Resources Tahoe Bonds. The Series 2018B Bonds were issued as an investment of funds in the Consolidated Bond Interest and Redemption Fund.

Litigation Settlement – On December 28, 2018, the State, along with other states and the District of Columbia, announced a $575 million settlement with Wells Fargo Bank N.A. to resolve claims that the bank violated state consumer protection laws. Under the terms of the agreement, the State of Nevada will receive $13.4 million. Additionally, Wells Fargo will create a consumer redress review program and implement other restitution efforts.

B. New Accounting Pronouncements

In November 2016, the GASB issued Statement No. 83, Certain Asset Retirement Obligations, which addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability. GASB 83 is effective for fiscal years beginning after June 15, 2018. The anticipated impact of this pronouncement is uncertain at this time.

In January 2017, the GASB issued Statement No. 84, Fiduciary Activities, which improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The Statement establishes criteria for identifying fiduciary activities or all state and local governments. GASB 84 is effective for fiscal years beginning after December 15, 2018. The anticipated impact of this pronouncement is uncertain at this time.

In June 2017, the GASB issued Statement No. 87, Leases, which addresses information needs of financial statement users by improving accounting and financial reporting for leases by governments. GASB 87 is effective for fiscal years beginning after December 15, 2019. The anticipated impact of this pronouncement is uncertain at this time.

In April 2018, the GASB issued Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements. The primary objective of this Statement is to improve the information that is disclosed in government financial statements related to debt, including direct borrowings and direct placements. It will also clarify which liabilities government entities should include when disclosing information related to debt. This Statement will be effective for reporting periods beginning after June 15, 2018 and the impact is uncertain at this time.

In June 2018, the GASB issued Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period. The objectives of this Statement are to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify account for interest cost incurred before the end of a construction period. The Statement is effective for reporting periods beginning after December 15, 2019. The anticipated impact of this pronouncement is uncertain at this time.

In August 2018, the GASB issued Statement No. 90, Majority Equity Interests-An Amendment to GASB Statements No. 14 and No. 61. The primary objectives are to improve the consistency and comparability of reporting government's majority equity interest in legally separate organization and to improve the relevance of financial statement information for certain component units. GASB 90 is effective for fiscal years beginning after December 15, 2018. The anticipated impact of this pronouncement is uncertain at this time.

Note 19. Accounting Changes and Restatements

A. Primary Government

The State implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* in the current year. This statement requires governments calculate and report the cost, obligations, deferred outflows of resources, and deferred inflows of resources associated with other postemployment benefits in their financial statements, including additional note disclosures and required supplementary information. Accordingly, beginning net position was restated to retroactively report the beginning net OPEB liability and deferred outflows of resources related to contributions made after the measurement date.

In addition, prior period adjustments were made to correct an error in the General Fund for an understatement of the Medicaid incurred but not reported claims expenditures and the related federal reimbursement in fiscal year 2017, and to correct an error in the Unemployment Compensation Fund for an overstatement of unemployment assessment receivables and revenues in fiscal year 2017.

The following table shows the changes to the beginning net position as of July 1, 2017 for the primary government (expressed in thousands):

	Governmental Activities	Business-type Activities
Net position at June 30, 2017 as previously reported	$ 5,208,706	$ 1,724,660
Net OPEB liability at June 30, 2016	(808,992)	(15,998)
Deferred outflows of resources related to contributions made during the year ended June 30, 2017	22,306	456
Unemployment assessments	-	(50,966)
Medicaid IBNR	(65,268)	-
Medicaid federal reimbursement	42,460	-
Net position at July 1, 2017 as restated	$ 4,399,212	$ 1,658,152

The following table shows the changes to the beginning fund balance/net position as of July 1, 2017 for the following major and nonmajor funds (expressed in thousands):

	Major Governmental Fund	Major Enterprise Funds				
	General Fund	Housing Division	Unemployment Compensation	Water Projects Loans	Nonmajor Enterprise Funds	Internal Service Funds
Fund balance/net position at June 30, 2017 as previously reported	$ 556,687	$ 206,485	$ 998,017	$ 415,709	$ 26,637	$ 13,440
Net OPEB liability at June 30, 2016	-	(787)	-	(232)	(14,980)	(22,004)
Deferred outflows of resources related to contributions made during the year ended June 30, 2017	-	33	-	7	417	592
Unemployment assessments	-	-	(50,966)	-	-	-
Medicaid IBNR	(65,268)	-	-	-	-	-
Medicaid federal reimbursement	42,460	-	-	-	-	-
Fund balance/net position at July 1, 2017 as restated	$ 533,879	$ 205,731	$ 947,051	$ 415,484	$ 12,074	$ (7,972)

B. Discretely Presented Component Units

The Colorado River Commission and the Nevada System of Higher Education implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension*s in the current year. This statement requires governments calculate and report the cost, obligations, deferred outflows of resources, and deferred inflows of resources associated with other postemployment benefits in their financial statements, including additional note disclosures and required supplementary information. Accordingly, beginning net position was restated to retroactively report the beginning net OPEB liability and deferred outflows of resources related to contributions made after the measurement date.

The Nevada System of Higher Education's system related organizations restated beginning net position for a change in accounting policy.

The following table shows the changes to the beginning net position as of July 1, 2017 for the discretely presented component units (expressed in thousands):

	Colorado River Commission	Nevada System of Higher Education
Net position at June 30, 2017 as previously reported	$ 7,822	$ 2,896,771
Net OPEB liability at June 30, 2016	(2,334)	(504,888)
Deferred outflows of resources related to contributions made during the year ended June 30, 2017	64	13,709
Change in accounting policy for system related organizations	-	(8,575)
Net position at July 1, 2017 as restated	$ 5,552	$ 2,397,017

For the Fiscal Year Ended June 30, 2018

	General Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget
Sources of Financial Resources				
Fund balances, July 1	$ 1,014,986,786	$ 1,014,986,786	$ 1,014,986,786	$ -
Revenues:				
Sales taxes	1,199,966,000	1,199,966,000	1,189,226,502	(10,739,498)
Gaming taxes, fees, licenses	907,275,951	898,899,923	847,679,389	(51,220,534)
Intergovernmental	4,022,117,023	4,664,530,357	4,158,822,198	(505,708,159)
Other taxes	2,018,217,312	2,018,936,945	2,175,202,854	156,265,909
Sales, charges for services	283,068,464	301,324,396	256,330,551	(44,993,845)
Licenses, fees and permits	705,973,174	752,594,217	749,683,032	(2,911,185)
Interest	13,356,316	16,010,595	16,771,297	760,702
Other	368,514,870	395,848,719	326,141,422	(69,707,297)
Other financing sources:				
Proceeds from sale of bonds	-	4,750,000	4,751,354	1,354
Transfers	733,630,813	852,669,375	701,001,921	(151,667,454)
Reversions from other funds	-	-	1,118,129	1,118,129
Total sources of financial resources	11,267,106,709	12,120,517,313	11,441,715,435	(678,801,878)
Uses of Financial Resources				
Expenditures and encumbrances:				
Elected officals	177,144,067	186,447,029	134,690,445	51,756,584
Legislative and judicial	156,758,513	161,668,337	102,057,348	59,610,989
Finance and administration	126,483,074	136,057,592	112,434,627	23,622,965
Education - K to 12	2,423,340,750	2,560,329,600	2,379,253,641	181,075,959
Education - higher education	938,042,989	966,056,601	953,709,879	12,346,722
Human services	5,564,915,438	6,066,797,885	5,541,870,084	524,927,801
Commerce and industry	430,916,768	445,302,485	319,107,452	126,195,033
Public safety	471,576,390	530,309,490	448,499,877	81,809,613
Motor Vehicles	-	-	-	-
Infrastructure	376,821,305	457,900,327	207,906,027	249,994,300
Special purpose agencies	86,503,923	91,798,137	59,941,677	31,856,460
Other financing uses:				
Transfers to other funds	34,038,697	34,648,501	34,648,501	-
Reversions to other funds	-	-	1,049,475	(1,049,475)
Projected reversions	(50,000,000)	(50,000,000)	-	(50,000,000)
Total uses of financial resources	10,736,541,914	11,587,315,984	10,295,169,033	1,292,146,951
Fund balances, June 30	$ 530,564,795	$ 533,201,329	$ 1,146,546,402	$ 613,345,073

[redacted]

(continued)

State Highway				Municipal Bond Bank			
Original Budget	Final Budget	Actual	Variance with Final Budget	Original Budget	Final Budget	Actual	Variance with Final Budget
$ 528,473,009	$ 528,473,009	$ 528,473,009	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
345,812,086	398,393,140	383,089,953	(15,303,187)	-	-	-	-
387,074,068	434,019,752	432,699,916	(1,319,836)	-	-	-	-
20,019,256	20,929,042	20,916,496	(12,546)	-	-	-	-
225,182,549	231,293,126	229,891,641	(1,401,485)	-	-	-	-
1,511,818	5,804,968	7,929,408	2,124,440	3,358,780	3,473,634	3,473,585	(49)
42,511,554	45,998,398	50,951,540	4,953,142	4,190,000	4,190,000	4,190,000	-
180,000,000	136,000,000	135,004,892	(995,108)	-	-	-	-
10,157,989	16,093,514	16,058,159	(35,355)	-	-	-	-
-	-	-	-	-	-	-	-
1,740,742,329	1,817,004,949	1,805,015,014	(11,989,935)	7,548,780	7,663,634	7,663,585	(49)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
95,854,281	97,863,975	85,138,946	12,725,029	-	-	-	-
150,511,726	165,908,084	126,775,489	39,132,595	-	-	-	-
1,116,229,750	1,279,774,565	997,576,235	282,198,330	-	-	-	-
-	-	-	-	-	-	-	-
84,067,271	84,067,271	84,067,271	-	7,548,780	7,663,634	7,663,585	49
-	-	-	-	-	-	-	-
(60,378,816)	(125,378,816)	-	(125,378,816)	-	-	-	-
1,386,284,212	1,502,235,079	1,293,557,941	208,677,138	7,548,780	7,663,634	7,663,585	49
$ 354,458,117	$ 314,769,870	$ 511,457,073	$ 196,687,203	$ -	$ -	$ -	$ -

Budgetary Reporting

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

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

Generally Accepted Accounting Principles (GAAP) require that the final legal budget be reflected in the "final budget" column. Therefore, updated revenue estimates available for appropriations as of August 16th are reported instead of the amounts disclosed in the original budget. The August 16, 2018 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, 2018 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, 2018	$ 1,146,546	$ 511,457	$ -
***Adjustments*:**			
Basis differences:			
Petty cash or outside bank accounts	5,080	191	-
Investments not recorded on the budgetary basis	753	-	-
Loans not recorded on the budgetary basis	-	-	91,510
Accrual of certain other receivables	356,896	6,583	1,038
Inventory	5,954	17,280	-
Advances to other funds	4,347	3,792	-
Accrual of certain accounts payable and other liabilities	(551,268)	(6,647)	-
Unearned revenues	(133,586)	-	-
Deferred inflows - unavailable	(298,075)	(6,126)	-
Encumbrances	5,449	5,202	-
Other	(10,330)	(4,447)	-
Perspective differences:			
Special revenue fund reclassified to General Fund for GAAP purposes	15,980	-	-
Fund balances (GAAP basis) June 30, 2018	$ 547,746	$ 527,285	$ 92,548

Total fund balance on the budgetary basis in the General Fund at June 30, 2018, 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)	$ 1,146,546
Restricted funds	(728,729)
Unrestricted fund balance (budgetary basis)	$ 417,817

Pension Plan Information

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, 2017 (expressed in thousands):

	2017	2016	2015	2014
State's proportion of the net pension liability	16.8 %	16.3 %	16.4 %	16.6 %
State's proportionate share of the net pension liability	$ 2,233,666	$ 2,187,213	$ 1,879,626	$ 1,730,601
State's covered payroll	$ 984,131	$ 906,687	$ 874,098	$ 872,316
State's proportionate share of the net pension liability as a percentage of its covered payroll	227 %	241 %	215 %	198 %
Plan fiduciary net position as a percentage of the total pension liability	74 %	72 %	75 %	76 %

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

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

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Statutorily required contributions	$ 153,762	$ 151,492	$ 190,528	$ 176,579	$ 174,712	$ 162,484	$ 163,219	$ 160,959	$ 164,630	$ 153,768
Contributions in relation to the statutorily required contribution	$ 153,762	$ 151,492	$ 190,528	$ 176,579	$ 174,712	$ 162,484	$ 163,219	$ 160,959	$ 164,630	$ 153,768
Covered payroll	$ 997,840	$ 984,131	$ 906,687	$ 874,098	$ 872,316	$ 855,179	$ 859,047	$ 946,818	$ 968,412	$ 961,050
Contributions as a percentage of covered payroll	15 %	15 %	21 %	20 %	20 %	19 %	19 %	17 %	17 %	16 %

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

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, 2017 (expressed in thousands):

	2017	2016	2015	2014
Total pension liability				
Service cost	$ 29	$ 31	$ 39	$ 37
Interest	398	414	426	428
Differences between expected and actual experience	(82)	(145)	(109)	-
Changes of assumptions	125	-	-	-
Benefit payments, including refunds	(482)	(503)	(497)	(494)
Net change in total pension liability	(12)	(203)	(141)	(29)
Total pension liability - beginning	5,187	5,390	5,531	5,560
Total pension liability - ending (a)	$ 5,175	$ 5,187	$ 5,390	$ 5,531
Plan fiduciary net position				
Contributions - employer	$ 105	$ 156	$ 156	$ 213
Contributions - employee	20	23	23	27
Net investment income	526	62	179	804
Benefit payments, including refunds	(481)	(503)	(497)	(494)
Administrative expense	(68)	(65)	(85)	(46)
Other	69	66	86	46
Net change in plan fiduciary net position	171	(261)	(138)	550
Plan fiduciary net position - beginning	4,474	4,735	4,873	4,323
Plan fiduciary net position - ending (b)	$ 4,645	$ 4,474	$ 4,735	$ 4,873
Net pension liability - beginning	$ 713	$ 655	$ 658	$ 1,237
Net pension liability - ending (a) - (b)	$ 530	$ 713	$ 655	$ 658
Plan fiduciary net position as a percentage of total pension liability	90 %	86 %	88 %	88 %
Covered payroll	N/A	N/A	N/A	N/A
Net pension liability as a percentage of covered payroll	N/A	N/A	N/A	N/A

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

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

	2018	2017	2016	2015
Statutorily required contribtutions	$ -	$ 210	$ -	$ 312
Contributions in relation to the statutorily required contribution	$ -	$ 210	$ -	$ 312
Contribution (deficiency) excess	$ -	$ -	$ -	$ -
Covered Payroll	N/A	N/A	N/A	N/A
Contributions as a percentage of covered payroll	N/A	N/A	N/A	N/A

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

C. Agent Multiple-employer Plan

The following schedule presents the changes in the net pension liability for the Judicial Retirement System for the year ended June 30, 2017 (expressed in thousands):

	2017	2016	2015	2014
Total pension liability				
Service cost	$ 3,718	$ 3,828	$ 3,593	$ 3,411
Interest	9,993	9,677	8,876	8,367
Differences between expected and actual experience	1,123	(4,211)	1,250	(2,666)
Change of assumptions	79	-	-	-
Benefit payments, including refunds	(5,524)	(5,351)	(4,896)	(4,295)
Other	419	-	2,357	990
Net change in total pension liability	9,808	3,943	11,180	5,807
Total pension liability - beginning	123,753	119,810	108,630	102,823
Total pension liability - ending (a)	$ 133,561	$ 123,753	$ 119,810	$ 108,630
Plan fiduciary net position				
Contributions - employer	$ 5,786	$ 5,773	$ 6,155	$ 6,002
Contributions - employee	255	269	96	-
Net investment income	12,556	1,556	3,206	14,252
Benefit payments, including refunds	(5,524)	(5,351)	(4,896)	(4,295)
Administrative expense	(95)	(90)	(86)	(83)
Other	419	-	2,357	990
Net change in plan fiduciary net position	13,397	2,157	6,832	16,866
Plan fiduciary net position - beginning	101,102	98,945	92,113	75,247
Plan fiduciary net position - ending (b)	$ 114,499	$ 101,102	$ 98,945	$ 92,113
Net pension liability - beginning	$ 22,651	$ 20,865	$ 16,517	$ 27,576
Net pension liability - ending (a) - (b)	$ 19,062	$ 22,651	$ 20,865	$ 16,517
Plan fiduciary net position as a percentage of total pension liability	86 %	82 %	83 %	85 %
Covered payroll (measurement as of end of fiscal year)	$ 20,995	$ 20,154	$ 19,930	$ 18,934
Net pension liability as a percentage of covered payroll	91 %	112 %	105 %	87 %

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

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

	2018	2017	2016	2015
Actuarially determined contribution	$ 5,585	$ 5,138	$ 5,443	$ 5,266
Contributions in relation to the actuarially determined contribution	$ 4,789	$ 5,262	$ 5,227	$ 5,535
Contribution (deficiency) excess	$ (796)	$ 124	$ (216)	$ 269
Covered payroll	$ 17,583	$ 18,195	$ 17,425	$ 17,132
Contributions as a percentage of covered payroll	27 %	29 %	30 %	32 %

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

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

Postemployment Benefits Other Than Pensions (OPEB)

The following schedule presents the State's (primary government's) proportionate share of the collective net OPEB liability at June 30, 2017 (expressed in thousands):

	2017
State's proportion of the collective net OPEB liability	61.4 %
State's proportionate share of the collective net OPEB liability	$ 799,477
State's covered-employee payroll	$ 990,429
State's proportionate share of the collective net OPEB liability as a percentage of its covered-employee payroll	80.7 %
Plan fiduciary net position as a percentage of the total OPEB liability	0.11 %

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

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

	2018
Contractually required contribution	$ 23,755
Contributions in relation to the contractually required contribution	$ 23,751
Contribution deficiency	$ (4)
State's covered-employee payroll	$ 1,010,862
Contributions as a percentage of covered-employee payroll	2.35 %

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

Schedule of Infrastructure Condition and Maintenance Data

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

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

Condition Level of the Roadways

Percentage of roadways with an IRI of less than 95

	Category				
	I	**II**	**III**	**IV**	**V**
State Policy-minimum percentage	70%	65%	60%	40%	10%
Actual results of 2017 condition assessment	90%	85%	90%	61%	25%
Actual results of 2016 condition assessment	91%	88%	92%	66%	30%
Actual results of 2015 condition assessment	87%	82%	85%	45%	13%

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 table shows the State's policy and condition level of the bridges.

Condition Level of the Bridges

Percentage of substandard bridges

	2017	**2016**	**2015**
State Policy-maximum percentage	10%	10%	10%
Actual results condition assessment	1%	2%	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)

	2018	**2017**	**2016**	**2015**	**2014**
Estimated	$ 286,153	$ 171,755	$ 306,532	$ 386,093	$ 433,338
Actual	252,859	157,670	295,244	329,677	360,510

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, 2018, 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 January 7, 2019. Our report includes a reference to other auditors who audited the financial statements of the Nevada System of Higher Education, a discretely presented component unit; 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 – Special Revenue 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 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.

Our consideration of internal control over financial reporting 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. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as findings 2018-A and 2018-B to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We considered the deficiency described in the accompanying schedule of findings and questioned costs as finding 2018-C to be a significant deficiency.

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 response to the findings identified in our audit is 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 it.

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
January 7, 2019

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

Legislative Auditor
Legislative Counsel Bureau
Capitol Complex
Carson City, Nevada

Report on Compliance for Each Major Federal Program
We have audited the State of Nevada's (the State's) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the State's major federal programs for the year ended June 30, 2018. 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 $576,439,736 in federal awards that are not included in the State's schedule of expenditures of federal awards for the year ended June 30, 2018. 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 Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Management's Responsibility
Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility
Our responsibility is to express an opinion on the compliance for each of the State's major federal programs based on our audit of the types of compliance requirements referred to above. 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 the audit requirements of the Uniform Guidance. Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the 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 adverse, qualified, and unmodified opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the State's compliance.

Basis for Adverse Opinion on Crime Victim Assistance
As described 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
2018-006	16.575	Crime Victim Assistance	Cash Management
2018-007	16.575	Crime Victim Assistance	Cash Management
2018-009	16.575	Crime Victim Assistance	Procurement, Suspension and Debarment
2018-010	16.575	Crime Victim Assistance	Procurement, Suspension and Debarment
2018-013	16.575	Crime Victim Assistance	Reporting
2018-014	16.575	Crime Victim Assistance	Subrecipient Monitoring
2018-015	16.575	Crime Victim Assistance	Special Tests and Provisions

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

Adverse Opinion on Crime Victim Assistance
In our opinion, because of the significance of the noncompliance of the matter discussed in the Basis for Adverse Opinion paragraph, the State did not comply, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Crime Victim Assistance program for the year ended June 30, 2018.

Basis for Qualified Opinion on Special Supplemental Nutrition Program for Women, Infants and Children (WIC), National Guard Military Operations and Maintenance (O&M) Projects, WIOA Cluster, Title I Grants to Local Educational Agencies, Special Education Cluster, Rehabilitation Services Vocational Rehabilitation Grants to States, Immunization Cooperative Agreements, Child Support Enforcement, Foster Care Title IV-E, Adoption Assistance, Medicaid Cluster, and Block Grants for Prevention and Treatment of Substance Abuse
As described 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
2018-003	10.557	Special Supplemental Nutrition Program for Women, Infants and Children (WIC)	Procurement, Suspension and Debarment
2018-004	10.557	Special Supplemental Nutrition Program for Women, Infants and Children (WIC)	Subrecipient Monitoring
2018-005	12.401	National Guard Military Operations and Maintenance (O&M) Projects	Procurement, Suspension and Debarment

Finding #	CFDA #	Program (or Cluster) Name	Compliance Requirement
2018-018	17.258/17.259/ 17.278	WIOA Cluster	Procurement, Suspension and Debarment
2018-020	84.010/84.027/ 84.173	Title I Grants to Local Educational Agencies/Special Education Cluster	Allowable Costs/Cost Principles
2018-021	84.010/84.027/ 84.173	Title I Grants to Local Educational Agencies/Special Education Cluster	Cash Management
2018-024	84.126	Rehabilitation Services Vocational Rehabilitation Grants to States	Procurement, Suspension and Debarment
2018-025	84.126	Rehabilitation Services Vocational Rehabilitation Grants to States	Procurement, Suspension and Debarment
2018-030	93.268/93.959	Immunization Cooperative Agreements/Block Grants for Prevention and Treatment of Substance Abuse	Procurement, Suspension and Debarment
2018-031	93.268	Immunization Cooperative Agreements	Subrecipient Monitoring
2018-035	93.563	Child Support Enforcement	Procurement, Suspension and Debarment
2018-040	93.658/93.659	Foster Care Title IV-E/Adoption Assistance	Procurement, Suspension and Debarment
2018-041	93.658/93.659	Foster Care Title IV-E/Adoption Assistance	Subrecipient Monitoring
2018-046	93.775/93.777/ 93.778	Medicaid Cluster	Reporting
2018-049	93.959	Block Grants for Prevention and Treatment of Substance Abuse	Subrecipient Monitoring

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

Qualified Opinion on Special Supplemental Nutrition Program for Women, Infants and Children (WIC), National Guard Military Operations and Maintenance (O&M) Projects, WIOA Cluster, Title I Grants to Local Educational Agencies, Special Education Cluster, Rehabilitation Services Vocational Rehabilitation Grants to States, Immunization Cooperative Agreements, Child Support Enforcement, Foster Care Title IV-E, Adoption Assistance, Medicaid Cluster, and Block Grants for Prevention and Treatment of Substance Abuse

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 Special Supplemental Nutrition Program for Women, Infants and Children (WIC), National Guard Military Operations and Maintenance (O&M) Projects, WIOA Cluster, Title I Grants to Local Educational Agencies, Special Education Cluster, Rehabilitation Services Vocational Rehabilitation Grants to States, Immunization Cooperative Agreements, Child Support Enforcement, Foster Care Title IV-E, Adoption Assistance, Medicaid Cluster, and Block Grants for Prevention and Treatment of Substance Abuse for the year ended June 30, 2018.

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, 2018.

Other Matters
The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as Findings 2018-008 and 2018-038. Our opinion on each 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 and corrective action plan. 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 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 the Uniform Guidance, 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 internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses and significant deficiencies may exist that have not been 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as Findings 2018-001, 2018-003 through 2018-007, 2018-009 through 2018-2016, 2018-018 through 2018-025, 2018-027 through 2018-036, 2018-038, 2018-040 through 2018-042, 2018-044 through 2018-046, and 2018-049 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 2018-002, 2018-008, 2018-017, 2018-026, 2018-037, 2018-039, 2018-043, 2018-047, and 2018-048 to be significant deficiencies.

The State's response to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs and corrective action plan. 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance
We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Nevada as of and for the year ended June 30, 2018, and have issued our report thereon dated January 7, 2019, 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 the Uniform Guidance and is not a required part of the 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 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Eide Bailly LLP

Reno, Nevada
March 13, 2019

STATE OF NEVADA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018

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				
Outdoor Recreation_Acquisition, Development and Planning	15.916	FFY 2010	$ 19,252	$ -
Outdoor Recreation_Acquisition, Development and Planning	15.916	FFY 2012	114,939	114,939
Outdoor Recreation_Acquisition, Development and Planning	15.916	FFY 2013	21,500	-
Outdoor Recreation_Acquisition, Development and Planning	15.916	FFY 2015	38,039	9,741
Outdoor Recreation_Acquisition, Development and Planning	15.916	FFY 2016 LWCF	367,305	225,000
Outdoor Recreation_Acquisition, Development and Planning	15.916	FFY 2017 LWCF	54,669	-
			615,704	**349,680**
Total Research and Development CLUSTER			**615,704**	**349,680**
Total Department of the Interior			**615,704**	**349,680**
Department of Justice				
Research and Development CLUSTER				
National Institute of Justice Research, Evaluation, and Development Project Grants	16.560	2016-CK-BX-0007-0875-DPS	164,234	-
Total Research and Development CLUSTER			**164,234**	**-**
Total Department of Justice			**164,234**	**-**
Environmental Protection Agency				
Research and Development CLUSTER				
Surveys, Studies, Investigations Demonstrations and Special Purpose Activities Relating to the Clean Air Act	66.034	99T08101	15,079	-
Regional Wetland Program Development Grants	66.461	99T65201	37,785	37,785
Total Research and Development CLUSTER			**52,864**	**37,785**
Total Environmental Protection Agency			**52,864**	**37,785**
Department of Health and Human Services				
Research and Development CLUSTER				
Food and Drug Administration_Research	93.103	1U18FD005892-01	359,540	130,980
Food and Drug Administration_Research	93.103	1U18FD006183-01	235,273	-
Food and Drug Administration_Research	93.103	4U18FD004436-04	599	-
Food and Drug Administration_Research	93.103	5R13FD005541-03	642	-
Food and Drug Administration_Research	93.103	5U18FD004436-03	2,911	-
Food and Drug Administration_Research	93.103	5U18FD004436-05	19,448	-
			618,413	**130,980**

STATE OF NEVADA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018

Federal Grantor / Pass-Through Grantor Program Title	CFDA Number	Award or Pass-Through Number	Expenditures	Payments to Subrecipients
Primary Care Services_Resource Coordination and Development	93.130	5 U68HP11441-10-00	$ 41,060	$ -
Primary Care Services_Resource Coordination and Development	93.130	6 U68HP11441-09-02	135,207	-
			176,267	**-**
Injury Prevention and Control Research and State and Community Based Programs	93.136	5 NUF2CE002430-04-00	254,624	199,252
Injury Prevention and Control Research and State and Community Based Programs	93.136	5 NUF2CE002430-05-00	87,484	50,648
Injury Prevention and Control Research and State and Community Based Programs	93.136	6 NU17CE002737-01-01	148,098	97,060
Injury Prevention and Control Research and State and Community Based Programs	93.136	6 NU17CE002737-02-04	494,528	75,805
Injury Prevention and Control Research and State and Community Based Programs	93.136	6 NU17CE924856-01-03	34,822	21,588
Injury Prevention and Control Research and State and Community Based Programs	93.136	6 NU17CE924856-02-01	63,226	31,236
Injury Prevention and Control Research and State and Community Based Programs	93.136	6 NU17CE924901-01-01	99,850	43,763
			1,182,632	**519,352**
Total Research and Development CLUSTER			**1,977,312**	**650,332**
Total Department of Health and Human Services			**1,977,312**	**650,332**
Grand Total Research and Development CLUSTER			**2,810,114**	**1,037,797**
Department of Agriculture				
Child Nutrition CLUSTER				
School Breakfast Program	10.553	7NV300AG3	14,270,562	14,222,812
School Breakfast Program	10.553	7NV300AG3 /201818N109947	28,407,402	28,269,328
			42,677,964	**42,492,140**
National School Lunch Program	10.555	7NV300AG3	35,194,902	35,116,760
National School Lunch Program	10.555	7NV300AG3/201818N109947	72,909,379	72,679,141
National School Lunch Program	10.555	National School Lunch Program Commodities	12,874,377	12,874,377
			120,978,658	**120,670,278**
Special Milk Program for Children	10.556	7NV300AG3	25,752	25,752
Special Milk Program for Children	10.556	7NV300AG3/201818N109947	34,777	34,777
			60,529	**60,529**
Summer Food Service Program for Children	10.559	7NV300AG3	1,786,088	1,761,735
Summer Food Service Program for Children	10.559	7NV300AG3/201818N109947	108,355	77,509
Summer Food Service Program for Children	10.559	Summer Food Service Program Commodities	1,896	1,896
			1,896,339	**1,841,140**
Total Child Nutrition CLUSTER			**165,613,490**	**165,064,087**

STATE OF NEVADA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018

Federal Grantor / Pass-Through Grantor Program Title	CFDA Number	Award or Pass- Through Number	Expenditures	Payments to Subrecipients
Food Distribution CLUSTER				
Commodity Supplemental Food Program	10.565	7NV810AG1	$ 209,175	$ 192,222
Commodity Supplemental Food Program	10.565	7NV810AG1/201818Y800547	344,249	248,131
Commodity Supplemental Food Program	10.565	Commodity Supplemental Food Program Commodities	1,704,733	1,704,733
			2,258,157	**2,145,086**
Emergency Food Assistance Program (Administrative Costs)	10.568	7NV810AG8	249,596	142,619
Emergency Food Assistance Program (Administrative Costs)	10.568	7NV810AG8/201818Y810547	224,037	210,280
			473,633	**352,899**
Emergency Food Assistance Program (Food Commodities)	10.569	Emergency Food Assistance Commodities	5,359,124	5,359,124
Total Food Distribution CLUSTER			**8,090,914**	**7,857,109**
Forest Service Schools and Roads CLUSTER				
Schools and Roads_Grants to States	10.665	Schools and Roads Grants to States	3,430,753	3,430,753
Total Forest Service Schools and Roads CLUSTER			**3,430,753**	**3,430,753**
SNAP CLUSTER				
Supplemental Nutrition Assistance Program (SNAP)	10.551	SNAP	618,295,983	-
State Administrative Matching Grants for Supplemental Nutrition Assistance Program	10.561	7NV4004NV 201717S802647	5,605	-
State Administrative Matching Grants for Supplemental Nutrition Assistance Program	10.561	7NV4004NV 201818S803647	8,253	-
State Administrative Matching Grants for Supplemental Nutrition Assistance Program	10.561	7NV400NV4 201717S251447	6,156,874	706,728
State Administrative Matching Grants for Supplemental Nutrition Assistance Program	10.561	7NV400NV4 201717S252047	1,708	-
State Administrative Matching Grants for Supplemental Nutrition Assistance Program	10.561	7NV400NV4 201818S251447	20,332,486	741,034
State Administrative Matching Grants for Supplemental Nutrition Assistance Program	10.561	7NV400NV4 201818S252047	33,682	-
State Administrative Matching Grants for Supplemental Nutrition Assistance Program	10.561	7NV430NV4 201717Q750347	162,784	-
State Administrative Matching Grants for Supplemental Nutrition Assistance Program	10.561	7NV430NV4 201818Q750347	572,400	-
State Administrative Matching Grants for Supplemental Nutrition Assistance Program	10.561	7NV430NV5 201616Q390347	504,255	496,743
State Administrative Matching Grants for Supplemental Nutrition Assistance Program	10.561	7NV430NV5 201717Q390347	2,092,075	1,818,210

STATE OF NEVADA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018

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	7NV430NV5 201818Q390347	$ 6,210	$ 291,421
State Administrative Matching Grants for Supplemental Nutrition Assistance Program	10.561	FOODNUTRITION SNAP BONUS	1,762,096	-
			31,638,428	**4,054,136**
Total SNAP CLUSTER			**649,934,411**	**4,054,136**
Plant and Animal Disease, Pest Control, and Animal Care	10.025	04-8576-0836-CA	89,802	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	16-8532-0016-CA	86,166	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	16-8532-0526-CA	827	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	16-8532-1449-CA	20,185	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	16-8532-1691-CA	14,342	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	16-8532-1844-CA	12,120	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	16-8532-1849-CA	4,620	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	16-8532-1943-CA	14,768	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP17PPQFO000C322	8,304	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP17PPQFO000C326	23,934	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP17PPQFO000C327	3,491	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP17PPQFO000C328	173	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP17PPQFO000C333	-	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP17PPQFO000C334	13	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP17PPQFO000C335	214	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP17PPQFO000C336	1,229	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP17PPQFO000C337	36,485	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP17PPQFO000C338	11,820	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP17PPQFO000C339	8,619	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP17PPQFO000C346	13,892	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP17PPQFO000C394	231	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP17VSSPRS00C119	43,732	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP17VSSPRS00C120	17,495	-
			412,462	**-**
Wildlife Services (Animal Damage Control)	10.028	16-7440-1197-CA	806	-
Federal-State Marketing Improvement Program	10.156	14-FSMIP-NV-0009	28,840	28,840
Market Protection and Promotion	10.163	12-25-A-5433	8,977	-

STATE OF NEVADA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018

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	14-SCBGP-NV-0032	$ 87,821	$ 75,458
Specialty Crop Block Grant Program - Farm Bill	10.170	15SCBGNV0036	42,072	29,989
Specialty Crop Block Grant Program - Farm Bill	10.170	16SCBGPNV0019	61,003	56,604
Specialty Crop Block Grant Program - Farm Bill	10.170	AM170100XXXXG038	14,718	14,718
			205,614	**176,769**
Organic Certification Cost Share Programs	10.171	15-NOCCS-NV-0031	16,323	-
Homeland Security_Agricultural	10.304	2016-37620-25851	11,892	-
Supplemental Nutrition Assistance Program (SNAP) Employment and Training (E&T) Data and Technical Assistance Grants	10.537	8NV400001 201717S807321	106,926	-
Professional Standards for School Nutrition Employees	10.547	8NV310150	4,613	1,181
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	201717W100347	7,384,986	6,137,693
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	201717W100647	7,573,915	-
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	201818W100347	9,507,274	7,005,315
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	201818W100647	19,937,443	-
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	7NV700NV1-20165347	247,527	247,527
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	7NV700NV1-20175347	315,788	314,336
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	WIC Program Income	7,733	7,321
			44,974,666	**13,712,192**
Child and Adult Care Food Program	10.558	7NV300AG3	184,817	184,817
Child and Adult Care Food Program	10.558	7NV300AG3 201616N202047	3,618,415	3,586,250
Child and Adult Care Food Program	10.558	7NV300AG3/201818N109947	8,644,862	8,571,194
Child and Adult Care Food Program	10.558	7NV300AG3/201818N202047	395,622	395,622
Child and Adult Care Food Program	10.558	7NV300AG4	55,087	55,087
Child and Adult Care Food Program	10.558	7NV300AG4/201818N105047	89,361	89,361
Child and Adult Care Food Program	10.558	Child & Adult Food Care Program Commodities	122,478	122,478
			13,110,642	**13,004,809**
State Administrative Expenses for Child Nutrition	10.560	201717N253347	512,530	3,092
State Administrative Expenses for Child Nutrition	10.560	7NV300AG2/201818N253347	1,188,668	-
			1,701,198	**3,092**

STATE OF NEVADA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018

Federal Grantor / Pass-Through Grantor Program Title	CFDA Number	Award or Pass-Through Number	Expenditures	Payments to Subrecipients
Food Distribution Program on Indian Reservations	10.567	7NV400AG4	$ 304,506	$ -
Food Distribution Program on Indian Reservations	10.567	7NV430AG4/201818Q520647	137,019	-
Food Distribution Program on Indian Reservations	10.567	7NV430AG4/201818Q520847	1,777	-
Food Distribution Program on Indian Reservations	10.567	Food Distribution Prgrm on Indian Res. Commodities	350,300	350,300
			793,602	**350,300**
WIC Farmers' Market Nutrition Program (FMNP)	10.572	7NV810NV7-201717Y860447	11,555	8,300
WIC Farmers' Market Nutrition Program (FMNP)	10.572	7NV810NV7-201717Y860747	104,575	104,575
WIC Farmers' Market Nutrition Program (FMNP)	10.572	7NV810NV7-201818Y860447	15,766	5,760
WIC Farmers' Market Nutrition Program (FMNP)	10.572	7NV810NV7-201818Y860747	71,994	71,994
			203,890	**190,629**
Team Nutrition Grants	10.574	8NV300014/201616N350330	59,667	25,639
Senior Farmers Market Nutrition Program	10.576	7NV810AG2/201717Y8313	44,257	44,257
Senior Farmers Market Nutrition Program	10.576	7NV810AG2/201717Y831447	3,523	-
Senior Farmers Market Nutrition Program	10.576	7NV810AG2/201818Y831347	50,000	50,000
Senior Farmers Market Nutrition Program	10.576	7NV810AG2/201818Y831447	8,973	-
			106,753	**94,257**
WIC Grants to States (WGS)	10.578	7NV700NV6-20142147	1,088,109	29,399
Child Nutrition Discretionary Grants Limited Availability	10.579	7NV300AG5	296	-
Child Nutrition Discretionary Grants Limited Availability	10.579	7NV300AG7 201616N810347	102,915	87,691
Child Nutrition Discretionary Grants Limited Availability	10.579	7NV300AG7/177NVAG7N8103	133,445	106,850
Child Nutrition Discretionary Grants Limited Availability	10.579	7NV310NV8-2017L347	397,502	-
Child Nutrition Discretionary Grants Limited Availability	10.579	7NV310NV8-2018L347	8,631	-
Child Nutrition Discretionary Grants Limited Availability	10.579	8NV310153-2016L330	1,260	-
Child Nutrition Discretionary Grants Limited Availability	10.579	8NV310154/201611L180330	31,804	5,167
Child Nutrition Discretionary Grants Limited Availability	10.579	8NV310156-2017L330	108,540	-
Child Nutrition Discretionary Grants Limited Availability	10.579	8NV310157-2018L330	101,362	-
Child Nutrition Discretionary Grants Limited Availability	10.579	8NV350000-20153313	18,624	2,572
			904,379	**202,280**
Fresh Fruit and Vegetable Program	10.582	201717L160347	925,936	880,593
Fresh Fruit and Vegetable Program	10.582	7NV310AG1/201818L160347	1,836,043	1,747,525
			2,761,979	**2,628,118**
Cooperative Forestry Assistance	10.664	13-DG-11046000-608	616,655	97,474
Cooperative Forestry Assistance	10.664	14-DG-11046000-611	126,388	29,561
Cooperative Forestry Assistance	10.664	14-DG-11046000-614	139,792	-

STATE OF NEVADA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018

Federal Grantor / Pass-Through Grantor Program Title	CFDA Number	Award or Pass- Through Number	Expenditures	Payments to Subrecipients
Cooperative Forestry Assistance	10.664	15-DG-11046000-611	$ 625,116	$ 30,055
Cooperative Forestry Assistance	10.664	15-DG-11046000-612	59,234	-
Cooperative Forestry Assistance	10.664	15-DG-11046000-616	14,633	-
Cooperative Forestry Assistance	10.664	16-DG-11046000-606	426,764	88,934
Cooperative Forestry Assistance	10.664	16-DG-11046000-609	46,712	-
Cooperative Forestry Assistance	10.664	16-DG-11046000-613	161,401	-
Cooperative Forestry Assistance	10.664	17-DG-11046000-611	254,610	10,072
Cooperative Forestry Assistance	10.664	17-DG-11046000-618	7,677	-
			2,478,982	**256,096**
Forest Legacy Program	10.676	14-DG-11046000-601	784	-
Forest Legacy Program	10.676	15-DG-11046000-608	17,344	-
Forest Legacy Program	10.676	16-DG-11046000-601	2,251	-
Forest Legacy Program	10.676	17-DG-11046000-600	1,815	-
			22,194	**-**
Forest Health Protection	10.680	13-DG-11046000-609	15,622	-
Forest Health Protection	10.680	14-DG-11046000-606	1,535	1,535
Forest Health Protection	10.680	14-DG-11046000-613	16,403	-
Forest Health Protection	10.680	15-DG-11046000-604	9,463	-
Forest Health Protection	10.680	15-DG-11046000-606	47,577	40,916
Forest Health Protection	10.680	16-DG-11046000-603	12,091	-
Forest Health Protection	10.680	16-DG-11046000-610	24,226	8,102
Forest Health Protection	10.680	17-DG-11046000-601	10,692	9,126
Forest Health Protection	10.680	17-DG-11046000-614	10,734	-
Forest Health Protection	10.680	17-DG-11046000-616	20,496	-
			168,839	**59,679**
Rural Energy for America Program	10.868	33-013-699149870	16,232	-
Environmental Quality Incentives Program	10.912	68-9327-14-10	21,634	-
Environmental Quality Incentives Program	10.912	68-9327-17-004	17,413	17,413
			39,047	**17,413**
Total Department of Agriculture			**896,296,200**	**211,186,778**
Department of Commerce				
State and Local Implementation Grant Program	11.549	32-10-S13032	161,726	-
State and Local Implementation Grant Program	11.549	32-10-S18032	40,236	-
			201,962	**-**
Total Department of Commerce			**201,962**	**-**

STATE OF NEVADA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018

Federal Grantor / Pass-Through Grantor Program Title	CFDA Number	Award or Pass- Through Number	Expenditures	Payments to Subrecipients
Department of Defense				
Procurement Technical Assistance for Business Firms	12.002	SP4800-16-2-1624	$ 47,322	$ -
Procurement Technical Assistance for Business Firms	12.002	SP4800-17-2-1724	497,644	-
			544,966	**-**
State Memorandum of Agreement Program for the Reimbursement of Technical Services	12.113	W912DY-14-2-230	414,277	-
Military Construction, National Guard	12.400	W9124X-15-2-2001	2,334,270	-
Military Construction, National Guard	12.400	W9124X-16-2-2001	1,238,389	-
			3,572,659	**-**
National Guard Military Operations and Maintenance (O&M) Projects	12.401	W9124X-10-2-1001	424,575	-
National Guard Military Operations and Maintenance (O&M) Projects	12.401	W9124X-10-2-1002	3,775	-
National Guard Military Operations and Maintenance (O&M) Projects	12.401	W9124X-15-2-1001	354,369	-
National Guard Military Operations and Maintenance (O&M) Projects	12.401	W9124X-15-2-1002	9,346	-
National Guard Military Operations and Maintenance (O&M) Projects	12.401	W9124X-16-2-1001	6,594,861	-
National Guard Military Operations and Maintenance (O&M) Projects	12.401	W9124X-16-2-1002	397,225	-
National Guard Military Operations and Maintenance (O&M) Projects	12.401	W9124X-16-2-1003	1,404,802	-
National Guard Military Operations and Maintenance (O&M) Projects	12.401	W9124X-16-2-1004	255,002	-
National Guard Military Operations and Maintenance (O&M) Projects	12.401	W9124X-16-2-1005	994,816	-
National Guard Military Operations and Maintenance (O&M) Projects	12.401	W9124X-16-2-1010	99,138	-
National Guard Military Operations and Maintenance (O&M) Projects	12.401	W9124X-16-2-1011	107,537	-
National Guard Military Operations and Maintenance (O&M) Projects	12.401	W9124X-16-2-1014	84,228	-
National Guard Military Operations and Maintenance (O&M) Projects	12.401	W9124X-16-2-1021	996,238	-
National Guard Military Operations and Maintenance (O&M) Projects	12.401	W9124X-16-2-1023	418,717	-
National Guard Military Operations and Maintenance (O&M) Projects	12.401	W9124X-16-2-1024	1,595,507	-
National Guard Military Operations and Maintenance (O&M) Projects	12.401	W9124X-16-2-1040	246,218	-
			13,986,354	**-**
Total Department of Defense			**18,518,256**	**-**
Department of Housing and Urban Development				
Community Development Block Grants/State's Program	14.228	B-08-MN-32-0001	374,962	374,962
Community Development Block Grants/State's Program	14.228	B-11-DN-32-0001	1,389	374
Community Development Block Grants/State's Program	14.228	B-15-DC-32-0001	154,500	154,500
Community Development Block Grants/State's Program	14.228	B-16-DC-32-0001	849,178	833,011
Community Development Block Grants/State's Program	14.228	B-17-DC-32-0001	463,119	297,842
			1,843,148	**1,660,689**

STATE OF NEVADA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018

Federal Grantor / Pass-Through Grantor Program Title	CFDA Number	Award or Pass-Through Number	Expenditures	Payments to Subrecipients
Emergency Solutions Grants Program	14.231	E-17-DC-32-0001	$ 253,058	$ 228,914
Emergency Solutions Grants Program	14.231	E16-DC-32-0001	202,220	202,220
			455,278	**431,134**
Home Investment Partnerships Program	14.239	M11-SG320100	200,000	200,000
Home Investment Partnerships Program	14.239	M12-SG320100	369,612	244,158
Home Investment Partnerships Program	14.239	M13-SG320100	590,451	430,912
Home Investment Partnerships Program	14.239	M14-SG320100	938,713	938,713
Home Investment Partnerships Program	14.239	M15-SG320100	506,626	506,626
Home Investment Partnerships Program	14.239	M16-SG320100	1,261,506	1,261,506
Home Investment Partnerships Program	14.239	M17-SG320100	283,845	283,845
			4,150,753	**3,865,760**
Housing Opportunities for Persons with AIDS	14.241	NVH16F999	63,147	59,094
Housing Opportunities for Persons with AIDS	14.241	NVH17-F999	255,539	255,539
			318,686	**314,633**
Continuum of Care Program	14.267	NV0005L9T001609	981,868	-
Continuum of Care Program	14.267	NV0005L9T001710	288,193	-
Continuum of Care Program	14.267	NV0018L9T011609	175,109	171,914
Continuum of Care Program	14.267	NV0023L9T021507	33,092	33,092
Continuum of Care Program	14.267	NV0023L9T021608	68,586	68,586
Continuum of Care Program	14.267	NV0032L9T011608	45,916	45,001
Continuum of Care Program	14.267	NV0060L9T001503	103,991	-
Continuum of Care Program	14.267	NV0060L9T001604	304,721	-
Continuum of Care Program	14.267	NV0075L9T001602	83,894	-
			2,085,370	**318,593**
Housing Trust Fund	14.275	F16-SG320100	470,203	462,800
Total Department of Housing and Urban Development			**9,323,438**	**7,053,609**
Department of the Interior				
Fish and Wildlife CLUSTER				
Sport Fish Restoration	15.605	F13AF01043	266,447	-
Sport Fish Restoration	15.605	F14AF00494	30,667	-
Sport Fish Restoration	15.605	F14AF01085	2,904	-
Sport Fish Restoration	15.605	F15AF00465	700,000	-
Sport Fish Restoration	15.605	F16AF00928	363,049	-
Sport Fish Restoration	15.605	F17AF00003	71,642	-

STATE OF NEVADA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018

Federal Grantor / Pass-Through Grantor Program Title	CFDA Number	Award or Pass-Through Number	Expenditures	Payments to Subrecipients
Sport Fish Restoration	15.605	F17AF00333	$ 43,200	$ -
Sport Fish Restoration	15.605	F17AF00337	1,898,486	-
Sport Fish Restoration	15.605	F17AF00338	1,684,976	-
Sport Fish Restoration	15.605	F17AF00339	333,122	-
Sport Fish Restoration	15.605	F17AF00340	113,176	-
Sport Fish Restoration	15.605	F17AF00341	253,870	-
Sport Fish Restoration	15.605	F17AF00363	23,220	-
			5,784,759	**-**
Wildlife Restoration and Basic Hunter Education	15.611	F15AF00393	1,811,137	-
Wildlife Restoration and Basic Hunter Education	15.611	F16AF00008	16,043	-
Wildlife Restoration and Basic Hunter Education	15.611	F17AF00330	253,786	-
Wildlife Restoration and Basic Hunter Education	15.611	F17AF00331	1,150,680	-
Wildlife Restoration and Basic Hunter Education	15.611	F17AF00332	279,080	-
Wildlife Restoration and Basic Hunter Education	15.611	F17AF00333	820,797	-
Wildlife Restoration and Basic Hunter Education	15.611	F17AF00341	1,199,307	-
Wildlife Restoration and Basic Hunter Education	15.611	F17AF00342	617,255	-
Wildlife Restoration and Basic Hunter Education	15.611	F17AF00360	142,665	-
Wildlife Restoration and Basic Hunter Education	15.611	F17AF00363	42,149	-
Wildlife Restoration and Basic Hunter Education	15.611	F17AF00389	855,986	-
Wildlife Restoration and Basic Hunter Education	15.611	F17AF00482	4,704,598	-
Wildlife Restoration and Basic Hunter Education	15.611	F17AF00570	420,945	-
Wildlife Restoration and Basic Hunter Education	15.611	F17AF00623	10,040	-
Wildlife Restoration and Basic Hunter Education	15.611	F18AF00106	3,000	-
			12,327,468	**-**
Total Fish and Wildlife CLUSTER			**18,112,227**	**-**
Cultural Resource Management	15.224	L16AC00011	47,897	-
Cultural Resource Management	15.224	L17AC00033	14,172	-
			62,069	**-**
Distribution of Receipts to State and Local Governments	15.227	OIL AND GAS LEASE DISTRIBUTION	106,593	106,593
Distribution of Receipts to State and Local Governments	15.227	TAYLOR GRAZING	319,343	319,343
			425,936	**425,936**
National Fire Plan - Wildland Urban Interface Community Fire Assistance	15.228	L14AC00100	7,500	-
Wild Horse and Burro Resource Management	15.229	L12AC20363	1,197,531	-

STATE OF NEVADA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018

Federal Grantor / Pass-Through Grantor Program Title	CFDA Number	Award or Pass-Through Number	Expenditures	Payments to Subrecipients
Fish, Wildlife and Plant Conservation Resource Management	15.231	L10AC20164	$ 16,085	$ -
Fish, Wildlife and Plant Conservation Resource Management	15.231	L11AC20202	10,737	-
Fish, Wildlife and Plant Conservation Resource Management	15.231	L15AC00070	915,114	-
Fish, Wildlife and Plant Conservation Resource Management	15.231	L15AC00076	146,342	-
Fish, Wildlife and Plant Conservation Resource Management	15.231	L15AC00077	74,685	-
Fish, Wildlife and Plant Conservation Resource Management	15.231	L15AC00078	54,265	-
			1,217,228	**-**
Forests and Woodlands Resource Management	15.233	L15AC00102	25,696	-
Southern Nevada Public Land Management Act	15.235	L12AC20360	32,216	-
Southern Nevada Public Land Management Act	15.235	L16AC00040	3,181	-
Southern Nevada Public Land Management Act	15.235	L17AC00066	1,401	-
			36,798	**-**
Environmental Quality and Protection Resource Management	15.236	L16AC00066	20,268	-
Minerals Leasing Act	15.437	MINERAL LEASES	3,714,350	3,714,350
Water Reclamation and Reuse Program	15.504	R14AP00015	52,735	-
Providing Water to At-Risk Natural Desert Terminal Lakes	15.508	2010-0059-301	63,073	-
Providing Water to At-Risk Natural Desert Terminal Lakes	15.508	R13AP20030	296,648	-
Providing Water to At-Risk Natural Desert Terminal Lakes	15.508	R15AP00035	83,525	-
			443,246	**-**
Fish and Wildlife Coordination Act	15.517	R17AP000025	52,396	-
Lower Colorado River Multi-Species Conservation Program	15.538	R14AC00106	179,819	-
Fish and Wildlife Management Assistance	15.608	F13AC00274	41,133	-
Fish and Wildlife Management Assistance	15.608	F14AC00418	148,704	-
Fish and Wildlife Management Assistance	15.608	F15AC00758	5,000	-
Fish and Wildlife Management Assistance	15.608	F16AC00733	9,726	-
Fish and Wildlife Management Assistance	15.608	F16AP00866	166,825	-
Fish and Wildlife Management Assistance	15.608	F17AP00916	147,485	-
Fish and Wildlife Management Assistance	15.608	F18AC00084	3,017	-
			521,890	**-**
Cooperative Endangered Species Conservation Fund	15.615	F15AP00052	14,999	-
Cooperative Endangered Species Conservation Fund	15.615	F17AP00372	37,937	-
Cooperative Endangered Species Conservation Fund	15.615	F17AP00373	124,125	-
Cooperative Endangered Species Conservation Fund	15.615	F17AP00374	26,210	-

STATE OF NEVADA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018

Federal Grantor / Pass-Through Grantor Program Title	CFDA Number	Award or Pass-Through Number	Expenditures	Payments to Subrecipients
Cooperative Endangered Species Conservation Fund	15.615	F17AP00375	$ 26,933	$ -
Cooperative Endangered Species Conservation Fund	15.615	F17AP00376	21,204	-
			251,408	**-**
Hunter Education and Safety Program	15.626	F17AF00389	71,804	-
State Wildlife Grants	15.634	F15AF00797	11,718	-
State Wildlife Grants	15.634	F16AF01224	9,065	-
State Wildlife Grants	15.634	F17AF00334	178,725	-
State Wildlife Grants	15.634	F17AF00363	5,564	-
State Wildlife Grants	15.634	F17AF00573	474,622	-
			679,694	**-**
Tribal Wildlife Grants	15.639	F16AP00382	17,142	-
Endangered Species Conservation - Recovery Implementation Funds	15.657	F17AP00637	29,454	-
Endangered Species Conservation - Recovery Implementation Funds	15.657	F17AP00985	3,811	-
			33,265	**-**
Historic Preservation Fund Grants-In-Aid	15.904	P16AF00005	77,729	77,729
Historic Preservation Fund Grants-In-Aid	15.904	P17AF00019	536,608	981
Historic Preservation Fund Grants-In-Aid	15.904	P18AF00028	117,561	-
			731,898	**78,710**
Natural Resource Stewardship	15.944	P14AC01675	69,218	-
Natural Resource Stewardship	15.944	P17AC01700	54,483	-
			123,701	**-**
Water Use and Data Research	15.981	G17AC00323	13,268	-
Total Department of the Interior			**27,991,869**	**4,218,996**
Department of Justice				
Sexual Assault Services Formula Program	16.017	2016-KF-AX-0034	195,453	194,547
Sexual Assault Services Formula Program	16.017	2017-KF-AX-0022	282,065	264,222
			477,518	**458,769**
Enhanced Training and Services to End Violence and Abuse of Women Later In Life	16.528	2016-EW-AX-K008	124,954	34,820
Juvenile Justice and Delinquency Prevention_Allocation to States	16.540	2015-JF-FX-0050	115,604	4,274
Juvenile Justice and Delinquency Prevention_Allocation to States	16.540	2016-JF-FX-0060	170,405	126,477
Juvenile Justice and Delinquency Prevention_Allocation to States	16.540	2017-JF-FX-0048	152,187	143,909
			438,196	**274,660**
National Criminal History Improvement Program (NCHIP)	16.554	2017-RU-BX-K024	113,635	-

STATE OF NEVADA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018

Federal Grantor / Pass-Through Grantor Program Title	CFDA Number	Award or Pass- Through Number	Expenditures	Payments to Subrecipients
Crime Victim Assistance	16.575	2015-VA-GX-0024	$ 4,464,317	$ 4,462,417
Crime Victim Assistance	16.575	2016-VA-GX-0076	14,728,954	13,982,110
Crime Victim Assistance	16.575	2017-VA-GX-0085	198,298	165,216
			19,391,569	**18,609,743**
Crime Victim Compensation	16.576	2017-VC-GX-0079	691,000	-
Crime Victim Assistance/Discretionary Grants	16.582	2015-VF-GX-0023	72,034	8,181
Violence Against Women Formula Grants	16.588	2016-WF-AX-0033	79,480	67,800
Violence Against Women Formula Grants	16.588	2017-WF-AX-0026	1,581,288	1,414,352
			1,660,768	**1,482,152**
Rural Domestic Violence, Dating Violence, Sexual Assault, and Stalking Assistance Program	16.589	2016-WR-AX-0046	168,629	39,191
Residential Substance Abuse Treatment for State Prisoners	16.593	2014-RT-BX-0034	33,780	-
Special Data Collections and Statistical Studies	16.734	2015-R2-CX-K043	985,031	-
PREA Program: Demonstration Projects to Establish Zero Tolerance" Cultures for Sexual Assault in Correctional Facilities"	16.735	2014-JF-FX-0144	11,879	-
PREA Program: Demonstration Projects to Establish Zero Tolerance" Cultures for Sexual Assault in Correctional Facilities"	16.735	2015-RP-BX-0014	90,966	-
			102,845	**-**
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2014-MU-BX-0003	108,414	3,244
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2015-MU-BX-1065	400,847	153,275
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2016-MU-BX-0543	982,233	881,443
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2017-MU-BX-0157	45,050	-
			1,536,544	**1,037,962**
DNA Backlog Reduction Program	16.741	2016-DN-BX-K011	118,300	-
Paul Coverdell Forensic Sciences Improvement Grant Program	16.742	2016-CD-BX-0006	44,926	38,103
Paul Coverdell Forensic Sciences Improvement Grant Program	16.742	2017-CD-BX-0028	49,317	47,039
			94,243	**85,142**
Support for Adam Walsh Act Implementation Grant Program	16.750	2014-AW-BX-0039	9,833	-
Support for Adam Walsh Act Implementation Grant Program	16.750	2014-AW-BX-0048	65,141	-
Support for Adam Walsh Act Implementation Grant Program	16.750	2015-AW-BX-0030	41,694	-
Support for Adam Walsh Act Implementation Grant Program	16.750	2017-AW-BX-0035	27,900	-
			144,568	**-**

STATE OF NEVADA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018

Federal Grantor / Pass-Through Grantor Program Title	CFDA Number	Award or Pass-Through Number	Expenditures	Payments to Subrecipients
Edward Byrne Memorial Competitive Grant Program	16.751	2017-XT-BX-0007	$ 13,448	$ -
Edward Byrne Memorial Competitive Grant Program	16.751	2018-DG-BX-0001	1,000,000	1,000,000
			1,013,448	**1,000,000**
Second Chance Act Prisoner Reentry Initiative	16.812	2016-CZ-BX-0015	1,084,045	-
NICS Act Record Improvement Program	16.813	2016-NS-BX-K001	165,175	-
NICS Act Record Improvement Program	16.813	2017-NS-BX-K007	144,751	-
			309,926	**-**
John R. Justice Prosecutors and Defenders Incentive Act	16.816	2017-RJ-BX-0036	35,078	-
National Sexual Assault Kit Initiative	16.833	2015-AK-BX-K005	424,860	353,548
National Sexual Assault Kit Initiative	16.833	2016-AK-BX-K004	212,575	189,324
National Sexual Assault Kit Initiative	16.833	2017-AK-BX-0017	26,999	-
			664,434	**542,872**
Equitable Sharing Program	16.922	DOT EQUITABLE DISTRIBUTION EXP	145,936	8,805
Equitable Sharing Program	16.922	DPS FEDERAL FORFEITURES	457,925	-
			603,861	**8,805**
Total Department of Justice			**29,864,406**	**23,582,297**
Department of Labor				
Employment Service CLUSTER				
Employment Service/Wagner-Peyser Funded Activities	17.207	ES-27509-15-55-A-32	221,697	-
Employment Service/Wagner-Peyser Funded Activities	17.207	ES-29430-16-55-A-32	1,577,914	-
Employment Service/Wagner-Peyser Funded Activities	17.207	ES-31005-17-55-A-32	5,129,519	-
			6,929,130	**-**
Disabled Veterans' Outreach Program (DVOP)	17.801	DV-30032-17-55-5-32	818,778	-
Disabled Veterans' Outreach Program (DVOP)	17.801	DV-31431-18-55-5-32	1,273,488	-
			2,092,266	**-**
Total Employment Service CLUSTER			**9,021,396**	**-**
WIOA CLUSTER				
WIOA Adult Program	17.258	AA-28335-16-55-A-32	1,615,916	1,139,484
WIOA Adult Program	17.258	AA-30799-17-55-A-32	8,119,427	7,560,532
			9,735,343	**8,700,016**
WIOA Youth Activities	17.259	AA-28335-16-55-A-32	5,308,747	4,668,136
WIOA Youth Activities	17.259	AA-30799-17-55-A-32	5,429,781	4,700,971
			10,738,528	**9,369,107**

STATE OF NEVADA
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FOR THE YEAR ENDED JUNE 30, 2018

Federal Grantor / Pass-Through Grantor Program Title	CFDA Number	Award or Pass-Through Number	Expenditures	Payments to Subrecipients
WIOA Dislocated Worker Formula Grants	17.278	AA-26798-15-55-A-32	$ 2,161,949	$ -
WIOA Dislocated Worker Formula Grants	17.278	AA-28335-16-55-A-32	7,978,198	6,806,980
WIOA Dislocated Worker Formula Grants	17.278	AA-30799-17-55-A-32	2,207,791	1,954,071
			12,347,938	**8,761,051**
Total WIOA CLUSTER			**32,821,809**	**26,830,174**
Labor Force Statistics	17.002	LM-28188-17-75-J-32	211,522	-
Labor Force Statistics	17.002	LM-30537-18-75-J-32	535,022	-
			746,544	**-**
Compensation and Working Conditions	17.005	OS-28231-17-75-J-32	15,672	-
Compensation and Working Conditions	17.005	OS-30580-18-75-J-32	58,853	-
			74,525	**-**
Unemployment Insurance	17.225	UI Trust Fund	298,491,774	-
Unemployment Insurance	17.225	UI-29860-17-55-A-32	6,459,316	-
Unemployment Insurance	17.225	UI-29915-17-55-A-32	8,716	-
Unemployment Insurance	17.225	UI-30236-17-60-A-32	1,103,794	-
Unemployment Insurance	17.225	UI-31310-18-55-A-32	19,601,677	-
Unemployment Insurance	17.225	UI-31357-18-55-A-32	27,783	-
Unemployment Insurance	17.225	UI-31521-18-60-A-32	1,377,983	-
			327,071,043	**-**
Senior Community Service Employment Program	17.235	AD-30419-17-55-A-32	412,060	399,958
Trade Adjustment Assistance	17.245	TA-28068-16-55-A-32	56,060	-
Work Opportunity Tax Credit Program (WOTC)	17.271	ES-29430-16-55-A-32	37,980	-
Work Opportunity Tax Credit Program (WOTC)	17.271	WT-31557-18-55-A-32	5,145	-
			43,125	**-**
Temporary Labor Certification for Foreign Workers	17.273	FL-30843-17-55-A-32	73,630	-
Temporary Labor Certification for Foreign Workers	17.273	FL-31657-18-55-A-32	10,787	-
			84,417	**-**
Workforce Investment Act (WIA) National Emergency	17.277	DW-29791-16-60-A 32	83,482	-
WIA/WIOA Dislocated Worker National Reserve Technical Assistance and Training	17.281	MI-27260-15-60-A-32	156,846	-
Apprenticeship USA Grants	17.285	AP-29167-16-55-A-32	90,614	-
Apprenticeship USA Grants	17.285	AP-30083-16-60-A-32	180,266	-
			270,880	**-**
Occupational Safety and Health_State Program	17.503	SP-35013-SP8	1,457,900	-

STATE OF NEVADA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018

Federal Grantor / Pass-Through Grantor Program Title	CFDA Number	Award or Pass- Through Number	Expenditures	Payments to Subrecipients
Consultation Agreements	17.504	CS-28931-CS7	$ 129,815	$ -
Consultation Agreements	17.504	CS-30029-CS8	625,200	-
			755,015	**-**
Mine Health and Safety Grants	17.600	MS-05058-18-55-R-32	366,124	-
Mine Health and Safety Grants	17.600	MS-30936-17-55-R-32	5,227	-
			371,351	**-**
Total Department of Labor			**373,426,453**	**27,230,132**
Department of Transportation				
Federal Transit CLUSTER				
Bus and Bus Facilities Formula Program	20.526	NV-2017-017-24-00	85,175	67,520
Bus and Bus Facilities Formula Program	20.526	NV-34-0002	78,643	78,643
Bus and Bus Facilities Formula Program	20.526	NV-34-0006	261,139	207,274
			424,957	**353,437**
Total Federal Transit CLUSTER			**424,957**	**353,437**
Highway Planning and Construction CLUSTER				
Highway Planning and Construction	20.205	20205	372,700,259	77,473,834
Recreational Trails Program	20.219	NRTP-012	65,186	65,186
Recreational Trails Program	20.219	NRTP-013	125,800	8,560
Recreational Trails Program	20.219	NRTP-014	261,821	261,821
Recreational Trails Program	20.219	NRTP-015	426,157	426,157
Recreational Trails Program	20.219	NRTP-016	381,077	281,077
Recreational Trails Program	20.219	NRTP017	265,580	246,068
			1,525,621	**1,288,869**
Total Highway Planning and Construction CLUSTER			**374,225,880**	**78,762,703**
Highway Safety CLUSTER				
State and Community Highway Safety	20.600	20600	1,884,539	843,035
State and Community Highway Safety	20.600	NHTSA 402 FY14	164,788	162,474
			2,049,327	**1,005,509**
National Priority Safety Programs	20.616	20616	1,162,641	692,827
National Priority Safety Programs	20.616	MAP21 405B OP	99,127	-
National Priority Safety Programs	20.616	MAP21 405C DATA	574,987	409,681
National Priority Safety Programs	20.616	MAP21 405D IMPAIRED	301,167	196,905
National Priority Safety Programs	20.616	MAP21 405F MOTORCYCLE	36,543	-
			2,174,465	**1,299,413**
Total Highway Safety CLUSTER			**4,223,792**	**2,304,922**

STATE OF NEVADA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018

Federal Grantor / Pass-Through Grantor Program Title	CFDA Number	Award or Pass-Through Number	Expenditures	Payments to Subrecipients
Transit Services Programs CLUSTER				
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	NV-2017-016-04-00	$ 66,547	$ 66,547
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	NV-2017-016-06-00	70,752	70,752
			137,299	**137,299**
Total Transit Services Programs CLUSTER			**137,299**	**137,299**
Airport Improvement Program	20.106	3-32-0000-010-2017	102,853	-
Airport Improvement Program	20.106	AIRPORT IMPROVEMENT PROGRAM-3	9,750	-
Airport Improvement Program	20.106	AIRPORT IMPROVEMENT PROGRAM-4	5,200	-
			117,803	**-**
National Motor Carrier Safety	20.218	FM-MCG-0307-16-01-00	437,497	-
National Motor Carrier Safety	20.218	FM-MCG-0340-17	1,476,917	-
National Motor Carrier Safety	20.218	FM-MNE-0245-16-01-00	15,775	-
			1,930,189	**-**
Performance and Registration Information Systems Management	20.231	FM-PZG-0061-15-01-00	32,024	-
Commercial Vehicle Information Systems and Networks	20.237	FM-CVN-0094-15-01-00	21,545	-
Commercial Vehicle Information Systems and Networks	20.237	FM-MHP-0285-17	187,328	-
			208,873	**-**
Fuel Tax Evasion_Intergovernmental Enforcement Effort	20.240	FTE1601	15,289	-
Federal Transit_Metropolitan Planning Grants	20.505	NV-80-0017	30	-
Formula Grants for Other Than Urbanized Areas	20.509	NV-18-X025	4,186	-
Formula Grants for Other Than Urbanized Areas	20.509	NV-18-X031	2,062	2,062
Formula Grants for Other Than Urbanized Areas	20.509	NV-18-X032	74,892	76,487
Formula Grants for Other Than Urbanized Areas	20.509	NV-18-X035	500,574	415,001
Formula Grants for Other Than Urbanized Areas	20.509	NV-18-X038	137,377	104,821
Formula Grants for Other Than Urbanized Areas	20.509	NV-18-X039	237,942	121,583
Formula Grants for Other Than Urbanized Areas	20.509	NV-18-X040	4,762,436	2,777,346
Formula Grants for Other Than Urbanized Areas	20.509	NV-2017-017-01-00	269,722	186,931
Formula Grants for Other Than Urbanized Areas	20.509	NV-2017-017-02-00	317,022	208,315
Formula Grants for Other Than Urbanized Areas	20.509	NV-2017-017-03-00	463,895	278,271
Formula Grants for Other Than Urbanized Areas	20.509	NV-2017-017-04-00	31,142	28,833
Formula Grants for Other Than Urbanized Areas	20.509	NV-2017-017-05-00	19,580	11,005
Formula Grants for Other Than Urbanized Areas	20.509	NV-2017-017-06-00	198,415	131,672
Formula Grants for Other Than Urbanized Areas	20.509	NV-2017-017-07-00	44,897	30,413
Formula Grants for Other Than Urbanized Areas	20.509	NV-2017-017-08-00	86,158	50,834
Formula Grants for Other Than Urbanized Areas	20.509	NV-2017-017-10-00	48,760	45,873

STATE OF NEVADA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018

Federal Grantor / Pass-Through Grantor Program Title	CFDA Number	Award or Pass- Through Number	Expenditures	Payments to Subrecipients
Formula Grants for Other Than Urbanized Areas	20.509	NV-2017-017-11-00	$ 98,326	$ 40,437
Formula Grants for Other Than Urbanized Areas	20.509	NV-2017-017-12-00	220,050	137,506
Formula Grants for Other Than Urbanized Areas	20.509	NV-2017-017-13-00	1,174,643	671,532
Formula Grants for Other Than Urbanized Areas	20.509	NV-2017-017-14-00	2,135,191	1,394,909
Formula Grants for Other Than Urbanized Areas	20.509	NV-2017-017-15-00	1,243,079	837,966
Formula Grants for Other Than Urbanized Areas	20.509	NV-2017-017-16-00	7,461	5,122
Formula Grants for Other Than Urbanized Areas	20.509	NV-2017-017-17-00	90,901	52,589
Formula Grants for Other Than Urbanized Areas	20.509	NV-2017-017-27-00	31,313	29,681
Formula Grants for Other Than Urbanized Areas	20.509	NV-2017-017-28-00	261,869	-
Formula Grants for Other Than Urbanized Areas	20.509	NV-2017-017-29-00	7,531	7,531
			12,469,424	**7,646,720**
National Highway Traffic Safety Administration (NHTSA) Discretionary Safety Grants	20.614	DTNH2217H00149	117,152	-
Pipeline Safety	20.700	69A3801730026PSBG	667,996	-
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703	HM-HMP-0550-16-01-00	258,265	207,169
State Damage Prevention Program Grants	20.720	DTPH5616GSDP07	960	-
PHMSA Pipeline Safety Program One Call Grant	20.721	69A3801740015PSOC	60,000	-
Total Department of Transportation			**394,889,933**	**89,412,250**
Department of Treasury				
National Foreclosure Mitigation Counseling Program	21.000	PL113-235X1350	3,905	3,691
National Foreclosure Mitigation Counseling Program	21.000	PL113-76X1350	4,827	4,512
National Foreclosure Mitigation Counseling Program	21.000	PL114-113X1350	80,558	76,117
			89,290	**84,320**
Equitable Sharing	21.016	US TREASURY FORFEITURE GAMING	153,881	-
Total Department of Treasury			**243,171**	**84,320**
National Aeronautics and Space Administration				
Aeronautics	43.002	NNX15AV03A	109,305	109,305
Total National Aeronautics and Space Administration			**109,305**	**109,305**

STATE OF NEVADA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018

Federal Grantor / Pass-Through Grantor Program Title	CFDA Number	Award or Pass- Through Number	Expenditures	Payments to Subrecipients
National Foundation on the Arts and the Humanities				
Promotion of the Arts_Partnership Agreements	45.025	17-6100-2047	$ 660,816	$ 329,615
Promotion of the Humanities_Federal/State Partnership	45.129	2017-27	4,500	-
Institute of Museum and Library Services	45.301	MA-31-16-0323-16	406	-
Grants to States	45.310	LS-00-16-0029-16	654,974	177,209
Grants to States	45.310	LS-00-17-0029-17	1,108,501	377,982
			1,763,475	**555,191**
Total National Foundation on the Arts and the Humanities			**2,429,197**	**884,806**
Small Business Administration				
STATE TRADE AND EXPORT PROMOTION PILOT GRANT PROGRAM	59.061	SBAHQ-16-IT-0050	61,730	47,777
STATE TRADE AND EXPORT PROMOTION PILOT GRANT PROGRAM	59.061	SBAHQ-17-IT-0025	26,882	26,882
			88,612	**74,659**
Total Small Business Administration			**88,612**	**74,659**
Department of Veterans Affairs				
VA Grants for Adaptive Sports Programs for Disabled Veterans and Disabled Members of the Armed Forces	64.034	2018-ASG-55	4,999	345
Veterans Transportation Program	64.035	702-2017-HRTG-004	52,659	52,659
Veterans Transportation Program	64.035	742-2016-HRTG-004	56,092	56,092
			108,751	**108,751**
State Cemetery Grants	64.203	NV-10-14	1,480,764	-
Total Department of Veterans Affairs			**1,594,514**	**109,096**
Environmental Protection Agency				
Clean Water State Revolving Fund Cluster CLUSTER				
Capitalization Grants for Clean Water State Revolving Funds	66.458	CS-32000116-0	43,558	-
Capitalization Grants for Clean Water State Revolving Funds	66.458	CS-32000117	6,474,000	-
			6,517,558	**-**
Total Clean Water State Revolving Fund Cluster CLUSTER			**6,517,558**	**-**
Drinking Water State Revolving Fund Cluster CLUSTER				
Capitalization Grants for Drinking Water State Revolving Funds	66.468	FS-99996016-0	3,686,622	133,685
Capitalization Grants for Drinking Water State Revolving Funds	66.468	FS-99996017-0	5,173,523	-
			8,860,145	**133,685**
Total Drinking Water State Revolving Fund Cluster CLUSTER			**8,860,145**	**133,685**

STATE OF NEVADA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018

Federal Grantor / Pass-Through Grantor Program Title	CFDA Number	Award or Pass-Through Number	Expenditures	Payments to Subrecipients
State Indoor Radon Grants	66.032	96963517	$ 92,122	$ 90,197
State Indoor Radon Grants	66.032	K1-96963518-0	179,587	172,422
			271,709	**262,619**
State Clean Diesel Grant Program	66.040	99T62001	10,003	-
State Clean Diesel Grant Program	66.040	DS-99T26301	174,969	-
			184,972	**-**
Multipurpose Grants to States and Tribes	66.204	AA-99T60401	89,084	-
Water Pollution Control_State and Interstate Program Support	66.419	I-00T20616	108,063	242
Water Pollution Control_State and Interstate Program Support	66.419	I-00T20617	102,738	-
Water Pollution Control_State and Interstate Program Support	66.419	I-00T20618	3,847	-
Water Pollution Control_State and Interstate Program Support	66.419	I-97933616	687,374	81,792
Water Pollution Control_State and Interstate Program Support	66.419	I-97933716	83,896	-
Water Pollution Control_State and Interstate Program Support	66.419	I-98972813	66,713	14,307
			1,052,631	**96,341**
State Public Water System Supervision	66.432	F-00910516	761,866	96,152
State Underground Water Source Protection	66.433	G-00945615	77,000	-
Water Quality Management Planning	66.454	C6-97965915	15,234	15,234
Water Quality Management Planning	66.454	C6-97965917	16,010	15,989
Water Quality Management Planning	66.454	C697965918	61,116	1,116
			92,360	**32,339**
Nonpoint Source Implementation Grants	66.460	C9-97908114	191,215	53,136
Nonpoint Source Implementation Grants	66.460	C9-97908115	375,547	170,682
Nonpoint Source Implementation Grants	66.460	C9-97908116	131,051	101,575
Nonpoint Source Implementation Grants	66.460	C9-97908117	614,170	111,834
Nonpoint Source Implementation Grants	66.460	C9-97908118	22,230	12,894
			1,334,213	**450,121**
Performance Partnership Grants	66.605	BG-00T87017-0	396,620	10,189
Performance Partnership Grants	66.605	BG-97958818	1,438,469	-
			1,835,089	**10,189**
Environmental Information Exchange Network Grant Program and Related Assistance	66.608	OS-83566001	131,123	-
Environmental Information Exchange Network Grant Program and Related Assistance	66.608	OS-83586001	12,725	-
Environmental Information Exchange Network Grant Program and Related Assistance	66.608	OS-83653001-0	122,775	-

Federal Grantor / Pass-Through Grantor Program Title	CFDA Number	Award or Pass- Through Number	Expenditures	Payments to Subrecipients
Environmental Information Exchange Network Grant Program and Related Assistance	66.608	OS-83921901-0	$ 15,629	$ -
			282,252	**-**
Superfund State, Political Subdivision, and Indian Tribe Site_Specific Cooperative Agreements	66.802	V-99T28801	223,857	-
Superfund State, Political Subdivision, and Indian Tribe Site_Specific Cooperative Agreements	66.802	V-99T41401	118,589	-
			342,446	**-**
Underground Storage Tank Prevention, Detection and Compliance Program	66.804	L-99T10501-0	355,823	-
Leaking Underground Storage Tank Trust Fund Program	66.805	LS-99T10401-0	485,936	-
State and Tribal Response Program Grants	66.817	RP-99T41601	707,195	-
Total Environmental Protection Agency			**23,250,279**	**1,081,446**
Department of Energy				
State Energy Program	81.041	DE-EE0006992	255,902	64,373
ARRA - State Energy Program	81.041A	DE-EE-0000084	807,957	-
			1,063,859	**64,373**
Weatherization Assistance for Low-Income Persons	81.042	DE-EE0007934	839,953	734,795
Office of Environmental Waste Processing	81.104	DE-EM0004215	2,321,914	-
Office of Environmental Waste Processing	81.104	DE-NA0003294	629,915	-
Office of Environmental Waste Processing	81.104	DE-NA0003295	581,977	-
Office of Environmental Waste Processing	81.104	DE-NA0003296	748,115	707,160
			4,281,921	**707,160**
Total Department of Energy			**6,185,733**	**1,506,328**
Department of Education				
Special Education CLUSTER				
Special Education_Grants to States	84.027	H027A150043	2,060,673	2,060,673
Special Education_Grants to States	84.027	H027A160043	33,844,112	31,857,549
Special Education_Grants to States	84.027	H027A170043	46,549,538	46,512,941
			82,454,323	**80,431,163**
Special Education_Preschool Grants	84.173	H173A150046	75,120	52,075
Special Education_Preschool Grants	84.173	H173A160046	834,181	791,738
Special Education_Preschool Grants	84.173	H173A170046	1,280,068	1,285,349
			2,189,369	**2,129,162**
Total Special Education CLUSTER			**84,643,692**	**82,560,325**

STATE OF NEVADA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018

Federal Grantor / Pass-Through Grantor Program Title	CFDA Number	Award or Pass- Through Number	Expenditures	Payments to Subrecipients
Adult Education_State Grant Program	84.002	V002A150029	$ 79,621	$ 79,621
Adult Education_State Grant Program	84.002	V002A160029	3,738,723	3,685,875
Adult Education_State Grant Program	84.002	V002A170029	2,767,193	2,235,974
			6,585,537	**6,001,470**
Title I Grants to Local Educational Agencies	84.010	S010A150028	6,214,420	5,956,204
Title I Grants to Local Educational Agencies	84.010	S010A160028	49,060,882	48,796,926
Title I Grants to Local Educational Agencies	84.010	S010A170028	69,083,576	68,791,875
			124,358,878	**123,545,005**
Migrant Education_State Grant Program	84.011	S011A150028	50,369	50,369
Migrant Education_State Grant Program	84.011	S011A160028	158,789	66,070
Migrant Education_State Grant Program	84.011	S011A170028	53,052	39,523
			262,210	**155,962**
Title I Program for Neglected and Delinquent Children	84.013	S013A150028	36,601	33,953
Title I Program for Neglected and Delinquent Children	84.013	S013A160028	405,447	380,453
Title I Program for Neglected and Delinquent Children	84.013	S013A170028	142,432	69,302
			584,480	**483,708**
Career and Technical Education_Basic Grants to States	84.048	V048A150028	350,714	292,853
Career and Technical Education_Basic Grants to States	84.048	V048A160028	3,685,213	3,380,196
Career and Technical Education_Basic Grants to States	84.048	V048A170028	5,179,348	4,365,589
			9,215,275	**8,038,638**
Rehabilitation Services Vocational Rehabilitation Grants to States	84.126	H126A170041	4,294,194	-
Rehabilitation Services Vocational Rehabilitation Grants to States	84.126	H126A180041	13,564,389	-
Rehabilitation Services Vocational Rehabilitation Grants to States	84.126	PROGRAM INCOME SSAST17	56,849	-
Rehabilitation Services Vocational Rehabilitation Grants to States	84.126	PROGRAM INCOME SSAST18	887,911	-
			18,803,343	**-**
Migrant Education_Coordination Program	84.144	S144F150028	40,650	-
Migrant Education_Coordination Program	84.144	S144F160028	56,000	-
Migrant Education_Coordination Program	84.144	S144F170028	8,491	8,491
Migrant Education_Coordination Program	84.144	S144G150076	6,480	6,480
			111,621	**14,971**
Rehabilitation Services_Independent Living Services for Older Individuals Who are Blind	84.177	H177B170028	67,319	-
Rehabilitation Services_Independent Living Services for Older Individuals Who are Blind	84.177	H177B180028	179,726	-
			247,045	**-**

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
Special Education-Grants for Infants and Families	84.181	H181A160019	$ 1,134,603	$ 29,217
Special Education-Grants for Infants and Families	84.181	H181A170019	2,838,910	77,726
			3,973,513	**106,943**
Safe and Drug-Free Schools and Communities_National Programs	84.184	S184F140007	911,410	871,785
Safe and Drug-Free Schools and Communities_National Programs	84.184	S184Q140011	111,275	38,514
			1,022,685	**910,299**
Supported Employment Services for Individuals with Severe Disabilities	84.187	H187A160042	24,249	-
Supported Employment Services for Individuals with Severe Disabilities	84.187	H187A170042	79,936	-
Supported Employment Services for Individuals with Severe Disabilities	84.187	H187B180042	33,521	-
			137,706	**-**
Education of Homeless Children and Youth	84.196	S196A160029	333,767	229,847
Education of Homeless Children and Youth	84.196	S196A170029	357,373	296,002
			691,140	**525,849**
Charter Schools	84.282	U282A150016	2,103,267	1,848,596
Twenty-First Century Community Learning Centers	84.287	S287C120028	1,131,296	1,124,447
Twenty-First Century Community Learning Centers	84.287	S287C150028	2,071,267	1,886,156
Twenty-First Century Community Learning Centers	84.287	S287C160028	2,859,891	2,551,737
Twenty-First Century Community Learning Centers	84.287	S287C170028	34,283	-
			6,096,737	**5,562,340**
Indian Education -- Special Programs for Indian Children	84.299	S299A170030	95,477	44,708
Special Education - State Personnel Development	84.323	H323A150012	1,188,311	983,241
Special Education-Personnel Development to Improve Services and Results for Children with Disabilities	84.325	H325A120003	19,271	-
Advanced Placement Program	84.330	S330B160018	5,580	5,580
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	P334S120028	3,112,137	2,586,953
Rural Education	84.358	S358B170028	83,371	83,371
English Language Acquisition Grants	84.365	S365A150028	324,071	174,705
English Language Acquisition Grants	84.365	S365A160028	2,514,886	2,451,296
English Language Acquisition Grants	84.365	S365A170028	2,333,277	2,219,414
			5,172,234	**4,845,415**

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Federal Grantor / Pass-Through Grantor Program Title	CFDA Number	Award or Pass-Through Number	Expenditures	Payments to Subrecipients
Mathematics and Science Partnerships	84.366	S366B150029	$ 1,118,292	$ 1,117,372
Mathematics and Science Partnerships	84.366	S366B160029	700,251	672,975
			1,818,543	**1,790,347**
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84.367	S367A150027	2,438,278	2,393,976
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84.367	S367A160027	7,698,509	7,396,318
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84.367	S367A170027	1,980,971	1,980,971
			12,117,758	**11,771,265**
Grants for State Assessments and Related Activities	84.369	S369A160029	1,199,653	-
Grants for State Assessments and Related Activities	84.369	S369A170029	3,160,159	-
			4,359,812	**-**
Striving Readers	84.371	S371C110026	5,488	-
Statewide Data Systems	84.372	R372A120020-14	31,591	-
School Improvement Grants	84.377	S377A130029	1,415,316	1,367,151
School Improvement Grants	84.377	S377A140029	911,352	783,591
School Improvement Grants	84.377	S377A150029	741,220	724,488
			3,067,888	**2,875,230**
Preschool Development Grants	84.419	S419A150004-15A	11,405,445	10,460,573
Student Support and Academic Enrichment Program	84.424	S424A170029	349,547	263,789
Total Department of Education			**301,669,582**	**265,464,578**
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	16AANVT3SS	208,226	208,226
Special Programs for the Aging_Title III, Part B_Grants for Supportive Services and Senior Centers	93.044	17AANVT3SS	1,628,670	1,408,021
Special Programs for the Aging_Title III, Part B_Grants for Supportive Services and Senior Centers	93.044	18AANVT3SS	331,477	-
			2,168,373	**1,616,247**
Special Programs for the Aging_Title III, Part C_Nutrition Services	93.045	17AANVT3CM	1,649,230	1,401,097
Special Programs for the Aging_Title III, Part C_Nutrition Services	93.045	17AANVT3HD	2,821,355	2,821,355
Special Programs for the Aging_Title III, Part C_Nutrition Services	93.045	18AANVT3CM	899,289	8,218
Special Programs for the Aging_Title III, Part C_Nutrition Services	93.045	18AANVT3HD	181,162	181,162
			5,551,036	**4,411,832**

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Federal Grantor / Pass-Through Grantor Program Title	CFDA Number	Award or Pass-Through Number	Expenditures	Payments to Subrecipients
Nutrition Services Incentive Program	93.053	16AANVNSIP	$ 251,961	$ 251,961
Nutrition Services Incentive Program	93.053	17AANVNSIP	662,163	662,163
Nutrition Services Incentive Program	93.053	18AANVNSIP	449,384	449,384
Nutrition Services Incentive Program	93.053	Nutrition Services Incentive Program Commodities	73,385	73,385
			1,436,893	**1,436,893**
Total Aging CLUSTER			**9,156,302**	**7,464,972**
CCDF CLUSTER				
Child Care and Development Block Grant	93.575	90YE0190-01-00 2016G99WRGB	67,778	12,540
Child Care and Development Block Grant	93.575	G1701NVCCDF 2017G996005	21,120,809	18,395,733
Child Care and Development Block Grant	93.575	G1801NVCCDF 2018G996005	5,506,669	3,050,718
			26,695,256	**21,458,991**
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	G1701NVCCDF 2017G999004	806,621	806,621
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	G1701NVCCDF 2017G999005	9,430,588	9,430,588
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	G1701NVCCDF 2017G99WRGG	288,966	288,966
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	G1801NVCCDF 2018G999004	2,193,359	2,193,359
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	G1801NVCCDF 2018G999005	12,293,414	12,292,130
			25,012,948	**25,011,664**
Total CCDF CLUSTER			**51,708,204**	**46,470,655**
Maternal, Infant and Early Childhood Home Visiting CLUSTER				
Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Program	93.505	6X02MC28233-01-00	9,424	9,424
Maternal, Infant and Early Childhood Home Visiting Grant Program	93.870	1 X10MC29489-01-00	1,262,164	991,380
Maternal, Infant and Early Childhood Home Visiting Grant Program	93.870	X10MC31155	1,058,101	824,896
			2,320,265	**1,816,276**
Total Maternal, Infant and Early Childhood Home Visiting CLUSTER			**2,329,689**	**1,825,700**
Medicaid CLUSTER				
State Medicaid Fraud Control Units	93.775	1701NV5050	382,506	-
State Medicaid Fraud Control Units	93.775	1801NV5050	1,095,614	-
			1,478,120	**-**
State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare	93.777	05-1805NVIMPACT	29,703	-
State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare	93.777	1705NV5000	525,869	38,588

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Federal Grantor / Pass-Through Grantor Program Title	CFDA Number	Award or Pass-Through Number	Expenditures	Payments to Subrecipients
State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare	93.777	1705NV5002	$ 38,434	$ -
State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare	93.777	1805NV5000	1,408,843	77,175
State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare	93.777	1805NV5002	125,094	-
			2,127,943	**115,763**
Medical Assistance Program	93.778	05-1505NVBIPP	832,421	-
Medical Assistance Program	93.778	05-1705NV5ADM	14,976,873	-
Medical Assistance Program	93.778	1705NVIMPL	62,050	-
Medical Assistance Program	93.778	1805NV5ADM	120,072,106	-
Medical Assistance Program	93.778	1805NV5MAP	2,859,091,394	-
Medical Assistance Program	93.778	1805NVIMPL	2,453,459	-
Medical Assistance Program	93.778	1805NVINCT	4,402,674	-
			3,001,890,977	**-**
Total Medicaid CLUSTER			**3,005,497,040**	**115,763**
TANF CLUSTER				
Temporary Assistance for Needy Families	93.558	1701NVTANF 2017G996115	31,650,379	1,699,725
Temporary Assistance for Needy Families	93.558	1801NVTANF 2018G996115	3,066,831	113,856
Temporary Assistance for Needy Families	93.558	G-1701NVTAN3 2017G9915TC	4,647,226	-
			39,364,436	**1,813,581**
Total TANF CLUSTER			**39,364,436**	**1,813,581**
Special Programs for the Aging_Title VII, Chapter 3_Programs for Prevention of Elder Abuse, Neglect, and Exploitation	93.041	17AANVT7EA	15,188	2,292
Special Programs for the Aging_Title VII, Chapter 3_Programs for Prevention of Elder Abuse, Neglect, and Exploitation	93.041	18AANVT7EA	17,639	-
			32,827	**2,292**
Special Programs for the Aging_Title VII, Chapter 2_Long Term Care Ombudsman Services for Older Individuals	93.042	15AANVT7OM	11,816	11,816
Special Programs for the Aging_Title VII, Chapter 2_Long Term Care Ombudsman Services for Older Individuals	93.042	16AANVT7OM	31,917	30,281
Special Programs for the Aging_Title VII, Chapter 2_Long Term Care Ombudsman Services for Older Individuals	93.042	17AANVT7OM	71,195	-
Special Programs for the Aging_Title VII, Chapter 2_Long Term Care Ombudsman Services for Older Individuals	93.042	18AANVT7OM	60,788	-
			175,716	**42,097**
Special Programs for the Aging_Title III, Part D_Disease Prevention and Health Promotion Services	93.043	17AANVT3PH	230,615	230,615
Special Programs for the Aging_Title IV_and Title II_Discretionary Projects	93.048	90MP0209-03	251,617	-

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Federal Grantor / Pass-Through Grantor Program Title	CFDA Number	Award or Pass-Through Number	Expenditures	Payments to Subrecipients
Special Programs for the Aging_Title IV_and Title II_Discretionary Projects	93.048	90MPPG0047-01-00	$ 18,052	$ -
			269,669	**-**
Alzheimer's Disease Demonstration Grants to States	93.051	90DS2011-01	66,091	55,487
Alzheimer's Disease Demonstration Grants to States	93.051	90DS2022-01	138,040	103,189
			204,131	**158,676**
National Family Caregiver Support	93.052	17AANVT3FC	1,074,305	1,073,035
National Family Caregiver Support	93.052	18AANVT3FC	22,156	22,156
			1,096,461	**1,095,191**
Public Health Emergency Preparedness	93.069	1 NU90TP921824-01-00	151,284	143,249
Public Health Emergency Preparedness	93.069	1 NU90TP921907-01	5,355,187	3,567,514
Public Health Emergency Preparedness	93.069	5 NU90TP000534-05-00	1,561,281	1,506,400
Public Health Emergency Preparedness	93.069	6 NU90TP000534-05-02	179,095	171,522
			7,246,847	**5,388,685**
Medicare Enrollment Assistance Program	93.071	14AANVMAAA	10,251	-
Medicare Enrollment Assistance Program	93.071	14AANVMADR	14,537	10,078
Medicare Enrollment Assistance Program	93.071	14AANVMSHI	65,006	36,196
Medicare Enrollment Assistance Program	93.071	1701NVMIAA	33,659	-
Medicare Enrollment Assistance Program	93.071	1701NVMIDR	16,916	-
Medicare Enrollment Assistance Program	93.071	1701NVMISH	47,211	19,451
			187,580	**65,725**
Lifespan Respite Care Program	93.072	90LI0016-03	99,272	69,444
Lifespan Respite Care Program	93.072	90LRLI0008-01-00	27,844	-
			127,116	**69,444**
Cooperative Agreements to Promote Adolescent Health through School-Based HIV/STD Prevention and School-Based Surveillance	93.079	5 NU87PS004194-05	57,932	-
Enhance the Safety of Children Affected by Parental Methamphetamine or Other Substance Abuse	93.087	90CU0060-05-00	279,881	275,848
Guardianship Assistance RECOVERY	93.090	G-1701NVGARD	109,045	109,045
Guardianship Assistance RECOVERY	93.090	G-1801NVGARD	161,996	161,996
			271,041	**271,041**
Affordable Care Act (ACA) Personal Responsibility Education Program	93.092	1501NVPREP	178,446	161,696
Affordable Care Act (ACA) Personal Responsibility Education Program	93.092	1601NVPREP	210,527	148,313
			388,973	**310,009**

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Federal Grantor / Pass-Through Grantor Program Title	CFDA Number	Award or Pass- Through Number	Expenditures	Payments to Subrecipients
Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)	93.104	5U79SM062474-02	$ 1,785,298	$ -
Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)	93.104	5U79SM062474-03	2,271,650	-
			4,056,948	**-**
Maternal and Child Health Federal Consolidated Programs	93.110	2 H18MC00032-25-00	14,961	-
Maternal and Child Health Federal Consolidated Programs	93.110	6 H18MC00032-24-02	458	-
			15,419	**-**
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	6 NU52PS004681-03-03	409,464	355,564
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	6 NU52PS004681-04-05	218,016	168,089
			627,480	**523,653**
Emergency Medical Services for Children	93.127	2 H33MC06694-13-01	6,520	-
Emergency Medical Services for Children	93.127	6 H33MC06694-12-01	37,081	-
			43,601	**-**
Projects for Assistance in Transition from Homelessness (PATH)	93.150	2X06SM016029-16	232,927	224,801
Projects for Assistance in Transition from Homelessness (PATH)	93.150	2X06SM016029-17	385,094	356,231
			618,021	**581,032**
Family Planning_Services	93.217	4 FPHPA096280-02-04	175,953	-
Abstinence Education Program	93.235	1601NVAEGP	342,436	174,588
Abstinence Education Program	93.235	1701NVAEGP	358,386	150,771
			700,822	**325,359**
Substance Abuse and Mental Health Services_Projects of Regional and National Significance	93.243	1H79SM062445-01	281,537	274,325
Substance Abuse and Mental Health Services_Projects of Regional and National Significance	93.243	1H79SM063346-01	109,789	72,083
Substance Abuse and Mental Health Services_Projects of Regional and National Significance	93.243	5H79SM062101	2,143,705	1,283,149
Substance Abuse and Mental Health Services_Projects of Regional and National Significance	93.243	5H79TI025345-02	5,727	-
Substance Abuse and Mental Health Services_Projects of Regional and National Significance	93.243	5H79TI025345-03	89,316	70,259
Substance Abuse and Mental Health Services_Projects of Regional and National Significance	93.243	5H79TI026028-02	47,942	-
Substance Abuse and Mental Health Services_Projects of Regional and National Significance	93.243	5U79SM063388	2,235,282	2,078,542
Substance Abuse and Mental Health Services_Projects of Regional and National Significance	93.243	5U79SP020156-04	987,698	883,684

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Substance Abuse and Mental Health Services_Projects of Regional and National Significance	93.243	5U79SP020156-05	$ 1,224,335	$ 829,742
			7,125,331	**5,491,784**
Universal Newborn Hearing Screening	93.251	6 H61MC25010-06-02	169,314	44,404
Universal Newborn Hearing Screening	93.251	6 H61MC25010-07-02	43,399	-
			212,713	**44,404**
Immunization Cooperative Agreements	93.268	1H23IP000943-01	86,044	86,044
Immunization Cooperative Agreements	93.268	6 NH23IP000727-05-02	1,286,368	771,052
Immunization Cooperative Agreements	93.268	6 NH23IP000727-05-03	295	-
Immunization Cooperative Agreements	93.268	DIRECT ASSISTANCE	33,138,614	-
			34,511,321	**857,096**
Adult Viral Hepatitis Prevention and Control	93.270	6 NU51PS005120-01-03	76,283	31,269
Adult Viral Hepatitis Prevention and Control	93.270	6 NU51PS005120-02-05	59,892	23,385
			136,175	**54,654**
Centers for Disease Control and Prevention_Investigations and Technical Assistance	93.283	6 NU50OE000097-03-02	167,128	2,258
National State Based Tobacco Control Programs	93.305	5 NU58DP006009-04-00	117,356	23,228
National State Based Tobacco Control Programs	93.305	6 NU58DP006009-03-01	689,438	448,162
			806,794	**471,390**
Early Hearing Detection and Intervention Information System (EHDI-IS) Surveillance Program	93.314	1NUR3DD000086-01-00	129,395	-
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	6 NU50CK000419-03-04	810,386	781,065
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	6 NU50CK000419-03-05	4,327	4,327
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	6 NU50CK000419-04-03	617,189	343,235
			1,431,902	**1,128,627**
State Health Insurance Assistance Program	93.324	90SAPG0046-01	265,065	-
State Health Insurance Assistance Program	93.324	90SAPG0046-02-00	85,245	-
			350,310	**-**
Behavioral Risk Factor Surveillance System	93.336	5 NU58DP006028-04	45,298	-
Behavioral Risk Factor Surveillance System	93.336	6 NU58DP006028-03-01	119,671	-
			164,969	**-**
Independent Living State Grants	93.369	17G1NVILSG	142,904	47,161
Independent Living State Grants	93.369	1801NVILSG	131,560	96,099
			274,464	**143,260**

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Federal Grantor / Pass-Through Grantor Program Title	CFDA Number	Award or Pass-Through Number	Expenditures	Payments to Subrecipients
State Grant for Assistive Tech	93.464	1601NVSGAT	$ 154,725	$ 148,939
State Grant for Assistive Tech	93.464	1701NVSGAT	296,241	224,416
			450,966	**373,355**
ACA Nationwide Program for National and State Background Checks for Direct Patient Access Employees of Long Term Care Facilities and Providers	93.506	1A1CMS330886-01-07	99,670	-
Affordable Care Act (ACA) Grants to States for Health Insurance Premium Review	93.511	4 PRPPR140072-01-02	10,216	-
Affordable Care Act (ACA) Grants to States for Health Insurance Premium Review	93.511	6 PRPPR120027-01-01	413,114	-
			423,330	**-**
Building and Strengthening Epidemiology, Laboratory and Health Information Systems	93.521	5 NU50CK000419-04-00	339,599	181,053
Building and Strengthening Epidemiology, Laboratory and Health Information Systems	93.521	6 NU50CK000419-03-01	114,180	99,017
			453,779	**280,070**
State Planning and Establishment Grants for the Affordable Care Act (ACA)'s Exchanges	93.525	HBEIE140192-01-16	2,184,757	369,148
Prevention and Public Health Fund (Affrodable Care Act) - Capacity Building Assistance to Strengthen Public Immunization Infrastructure and Performance	93.539	5 NH23IP000727-05-00	1,886,131	817,918
Promoting Safe and Stable Families	93.556	G-1601NVFPSS	508,769	508,769
Promoting Safe and Stable Families	93.556	G-1611NVFPCV	71,197	49,716
Promoting Safe and Stable Families	93.556	G-1701NVFPSS	2,079,415	1,904,221
Promoting Safe and Stable Families	93.556	G-1711NVFPCV	56,903	56,903
			2,716,284	**2,519,609**
Child Support Enforcement	93.563	1304NV4005 2013G9913CJ	2,018,955	1,916,817
Child Support Enforcement	93.563	1404NV4005 2016G9916CJ	1,004,460	339,163
Child Support Enforcement	93.563	1704NVCSES 2017G9917CS	5,143,252	1,906,721
Child Support Enforcement	93.563	1804NVCSES 2018G9918CS	26,214,120	15,873,999
Child Support Enforcement	93.563	PROGRAM INCOME	8,312,405	7,349,762
			42,693,192	**27,386,462**
Low-Income Home Energy Assistance	93.568	G-1701NVLIE4 2017G992626	6,379	-
Low-Income Home Energy Assistance	93.568	G-17B1NVLIEA 2017G992201	4,074,152	310,322
Low-Income Home Energy Assistance	93.568	G-18B1NVLIEA 2018G992201	10,128,684	252,069
			14,209,215	**562,391**
Community Services Block Grant	93.569	G-17B1NVCOSR	1,952,258	1,868,659
Community Services Block Grant	93.569	G-18B1NVCOSR	1,489,836	1,424,922
			3,442,094	**3,293,581**

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Federal Grantor / Pass-Through Grantor Program Title	CFDA Number	Award or Pass-Through Number	Expenditures	Payments to Subrecipients
State Court Improvement Program	93.586	G-1601NVSCID	$ 37,214	$ -
State Court Improvement Program	93.586	G-1601NVSCIP	37,209	-
State Court Improvement Program	93.586	G-1601NVSCIT	35,653	-
State Court Improvement Program	93.586	G-1701NVSCID	57,948	-
State Court Improvement Program	93.586	G-1701NVSCIP	71,608	-
State Court Improvement Program	93.586	G-1701NVSCIT	83,726	-
			323,358	**-**
Community-Based Child Abuse Prevention Grants	93.590	G-1701NVFRPG	164,497	137,399
Grants to States for Access and Visitation Programs	93.597	1601NVSAVP 2016G9916AV	14,610	-
Grants to States for Access and Visitation Programs	93.597	1701NVSAVP 2017G9917AV	80,148	-
			94,758	**-**
Chafee Education and Training Vouchers Program (ETV)	93.599	G-1601NVCETV	144,353	144,353
Chafee Education and Training Vouchers Program (ETV)	93.599	G-1701NVCETV	279,132	279,132
			423,485	**423,485**
Head Start	93.600	09CD4012-02-00	35,427	-
Head Start	93.600	09CD4012-03-00	11,205	-
			46,632	**-**
Adoption Incentive Payments	93.603	G-1501NVAIPP	644,667	576,884
Adoption Incentive Payments	93.603	G-1601NVAIPP	360,493	324,160
			1,005,160	**901,044**
Developmental Disabilities Basic Support and Advocacy Grants	93.630	1601NVBSDD	192,084	90,276
Developmental Disabilities Basic Support and Advocacy Grants	93.630	1701NVBSDD	379,553	107,072
			571,637	**197,348**
Children's Justice Grants to States	93.643	G-1601NVCJA1	84,579	-
Children's Justice Grants to States	93.643	G-1701NVCJA1	41,977	12,000
			126,556	**12,000**
Child Welfare Services_State Grants	93.645	G-1701NVCWSS	2,208,032	248,019
Foster Care_Title IV-E	93.658	1701NVFOST	14,555,743	13,047,175
Foster Care_Title IV-E	93.658	G-1801NVFOST	36,841,932	30,890,716
			51,397,675	**43,937,891**
Adoption Assistance	93.659	1701NVADPT	17,104,651	16,409,510
Adoption Assistance	93.659	G-1601NVADPT	82,864	82,864
Adoption Assistance	93.659	G-1801NVADPT	22,807,392	19,245,654
			39,994,907	**35,738,028**

STATE OF NEVADA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018

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-1701NVSOSR	$ 7,699,573	$ 3,277,234
Social Services Block Grant	93.667	G-1801NVSOSR	7,216,787	3,339,673
			14,916,360	**6,616,907**
Child Abuse and Neglect State Grants	93.669	G-1501NVCA01	161,942	45,399
Child Abuse and Neglect State Grants	93.669	G-1601NVCA01	63,860	435
Child Abuse and Neglect State Grants	93.669	G-1701NVCA01	39,432	-
			265,234	**45,834**
Family Violence Prevention and Services/Grants for Battered Women's Shelters_Grants to States and Indian Tribes	93.671	G-1601NVFVPS	406,262	403,932
Family Violence Prevention and Services/Grants for Battered Women's Shelters_Grants to States and Indian Tribes	93.671	G-1701NVFVPS	840,948	805,824
			1,247,210	**1,209,756**
Chafee Foster Care Independence Program	93.674	G-1601NVCILP	318,436	318,436
Chafee Foster Care Independence Program	93.674	G-1701NVCILP	1,254,519	1,254,519
Chafee Foster Care Independence Program	93.674	G-1801NVCILP	53,459	-
			1,626,414	**1,572,955**
Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance - financed in part by PPHF-2012	93.733	1H23IP000989-01	310,133	229,580
Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance - financed in part by PPHF-2012	93.733	1NH23IP922566-01-00	117,247	4,070
Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance - financed in part by PPHF-2012	93.733	6NU38IP000873-01-01	81,876	-
			509,256	**233,650**
State Public Health Approaches for Ensuring Quitline Capacity - Funded in part by 2012 Prevention and Public Health Funds (PPHF-2012)	93.735	6 NU58DP005327-03-03	11,758	10,000
State Public Health Approaches for Ensuring Quitline Capacity - Funded in part by 2012 Prevention and Public Health Funds (PPHF-2012)	93.735	6 NU58DP005327-04-02	95,370	78,118
			107,128	**88,118**
PPHF-2012: Health Care Surveillance/Health Statistics-Surveillance Program Announcement: Behavioral Risk Factor Surveillance System Financed by PPHF	93.745	5 NU58DP006028-03-00	56,787	-
Elder Abuse Prevention Interventions Program	93.747	90EJSG0011-01	5,856	-
Elder Abuse Prevention Interventions Program	93.747	90EJSG0011-02	194,795	-
			200,651	**-**

Federal Grantor / Pass-Through Grantor Program Title	CFDA Number	Award or Pass-Through Number	Expenditures	Payments to Subrecipients
State Public Health Actions to Prevent and Control Diabetes, Heart Disease, Obesity and Associated Risk Factors and Promote School Health	93.757	6 NU58DP004820-04-02	$ 47,842	$ -
State Public Health Actions to Prevent and Control Diabetes, Heart Disease, Obesity and Associated Risk Factors and Promote School Health	93.757	6 NU58DP004820-05-01	463,919	306,431
			511,761	**306,431**
Preventive Health and Health Services Block Grant funded solely with Prevention and Public Health Funds (PPHF)	93.758	1 NB01OT009079-01-00	202,954	110,667
Preventive Health and Health Services Block Grant funded solely with Prevention and Public Health Funds (PPHF)	93.758	6 NB01OT009158-01-01	370,376	107,211
			573,330	**217,878**
Alzheimer's Disease Initiative	93.763	90ALGG0011-01	266,512	213,374
Children's Health Insurance Program	93.767	1705NV0301	337,474	-
Children's Health Insurance Program	93.767	1705NV5021	365,314	-
Children's Health Insurance Program	93.767	1805NV5021	75,991,589	-
Children's Health Insurance Program	93.767	1Z0CMS331530-02-00	353,116	261,961
			77,047,493	**261,961**
Opioid STR	93.788	1H79TI080265-01	3,071,374	1,424,900
Opioid STR	93.788	5H79TI080265-02	158,264	-
			3,229,638	**1,424,900**
Money Follows the Person Rebalancing Demonstration	93.791	1LICMS330822-01-02	1,309,859	34,491
State Survey Certification of Health Care Providers and Suppliers (Title XIX) Medicaid	93.796	1805NV5001	1,295,821	-
Organized Approaches to Increase Colorectal Cancer Screening	93.800	5 NU58DP006090-03-00	895,614	490,845
Domestic Ebola Supplement to the Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.815	3 NU50CK000419-01-04	549,701	335,029
Ebola Preparedness & Response	93.817	U3REP150510-01-01	203,906	202,952
National Bioterrorism Hospital Preparedness Program	93.889	1 NU90TP921907-01	1,413,817	1,027,353
National Bioterrorism Hospital Preparedness Program	93.889	5 NU90TP000534-05-00	322,725	314,720
			1,736,542	**1,342,073**
Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations	93.898	6 NU58DP006306-01-04	3,343,600	2,196,930
HIV Care Formula Grants	93.917	1 X08HA31244-01-00	555,742	521,189
HIV Care Formula Grants	93.917	6 X07HA00001-28-01	222,373	120,462
HIV Care Formula Grants	93.917	6X07HA00001-27-04	8,886,073	147,040
			9,664,188	**788,691**

STATE OF NEVADA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018

Federal Grantor / Pass-Through Grantor Program Title	CFDA Number	Award or Pass- Through Number	Expenditures	Payments to Subrecipients
HIV Prevention Activities_Health Department Based	93.940	1 NU62PS924579-01-00	$ 684,918	$ 388,621
HIV Prevention Activities_Health Department Based	93.940	6 NU62PS003654-05-08	1,569,642	1,338,400
			2,254,560	**1,727,021**
Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	93.944	6 NU62PS004024-05-04	295,787	140,753
Assistance Programs for Chronic Disease Prevention and Control	93.945	5 NU58DP004820-04-00	46,873	46,873
Assistance Programs for Chronic Disease Prevention and Control	93.945	6 NU58DP004820-05-01	437,045	24,573
			483,918	**71,446**
Cooperative Agreements to Support State-Based Safe Motherhood and Infant Health Initiative Programs	93.946	5 U01DP006241-03	1,501	858
Cooperative Agreements to Support State-Based Safe Motherhood and Infant Health Initiative Programs	93.946	5U01DP006241-02	141,984	93,318
			143,485	**94,176**
Block Grants for Community Mental Health Services	93.958	3B09SM010039-16S2	1,692,283	1,366,337
Block Grants for Community Mental Health Services	93.958	3B09SM010039-17S3	2,692,482	984,696
			4,384,765	**2,351,033**
Block Grants for Prevention and Treatment of Substance Abuse	93.959	2B08TI010039-16	6,948,794	6,292,296
Block Grants for Prevention and Treatment of Substance Abuse	93.959	2B08TI010039-17	10,376,660	8,376,706
			17,325,454	**14,669,002**
Preventive Health Services_Sexually Transmitted Diseases Control Grants	93.977	6 NH25PS004376-04-02	645,311	570,956
Preventive Health Services_Sexually Transmitted Diseases Control Grants	93.977	6 NH25PS004376-05-03	274,796	223,498
			920,107	**794,454**
Maternal and Child Health Services Block Grant to the States	93.994	6 B04MC29352-01-05	905,870	477,114
Maternal and Child Health Services Block Grant to the States	93.994	6 B04MC30626-01-04	1,231,913	449,391
			2,137,783	**926,505**
Assisted Outpatient Treatment	93.997	1H79SM063542-01	154,708	-
Assisted Outpatient Treatment	93.997	5H79SM063542-02	394,302	-
			549,010	**-**
Total Department of Health and Human Services			**3,483,141,195**	**230,778,724**
Corporation for National & Community Service				
AmeriCorps Recovery	94.006	16AFHNV00100002	14,773	-
Total Corporation for National & Community Service			**14,773**	**-**

STATE OF NEVADA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018

Federal Grantor / Pass-Through Grantor Program Title	CFDA Number	Award or Pass-Through Number	Expenditures	Payments to Subrecipients
Social Security Administration				
Disability Insurance/SSI CLUSTER				
Social Security_Disability Insurance	96.001	04-1704NVDI00	$ 4,330,488	$ -
Social Security_Disability Insurance	96.001	04-1804NVDI00	11,805,554	-
			16,136,042	**-**
Total Disability Insurance/SSI CLUSTER			**16,136,042**	**-**
Total Social Security Administration			**16,136,042**	**-**
Department of Homeland Security				
Urban Area Security Initiative Non-Profit	97.008	EMW-2016-UA-00027-S01	127,600	127,600
Boating Safety Financial Assistance	97.012	3317FAS170132	396,594	-
Boating Safety Financial Assistance	97.012	3318FAS180132	634,618	-
			1,031,212	**-**
Community Assistance Program_State Support Services Element (CAP-SSSE)	97.023	EMF-2016-GR-1004	81,560	-
Community Assistance Program_State Support Services Element (CAP-SSSE)	97.023	EMF-2017-GR-1004	20,518	-
			102,078	**-**
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	PA-09-NV-4202	16,771	-
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	PA-09-NV-4303	738,611	614,544
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	PA-09-NV-4307	778,747	686,645
			1,534,129	**1,301,189**
Hazard Mitigation Grant	97.039	FEMA-4202-DR-NV	42,945	42,443
Hazard Mitigation Grant	97.039	FEMA-4303-DR-NV	18,116	-
Hazard Mitigation Grant	97.039	FEMA-4307-DR-NV	501	-
			61,562	**42,443**
National Dam Safety Program	97.041	EMF-2016-GR-00003-S01	18,390	-
National Dam Safety Program	97.041	EMF-2017-GR-00002-S01	65,569	-
National Dam Safety Program	97.041	EMW-2015-GR-00083-S01	37,500	-
			121,459	**-**
Emergency Management Performance Grants	97.042	EMF-2016-EP-00007-S01	2,116,403	146,179
Emergency Management Performance Grants	97.042	EMF-2017-EP-00001-S01	1,908,010	1,665,207
Emergency Management Performance Grants	97.042	EMW-2015-EP-00002-S01	144,475	17,469
			4,168,888	**1,828,855**
State Fire Training Systems Grants	97.043	EMW-2017-GR-00034	17,139	-

STATE OF NEVADA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018

Federal Grantor / Pass-Through Grantor Program Title	CFDA Number	Award or Pass-Through Number	Expenditures	Payments to Subrecipients
Cooperating Technical Partners	97.045	EMF-2016-CA-00004-S01	$ 20,609	$ -
Cooperating Technical Partners	97.045	EMF-2016-CA-00006-S01	51,795	-
Cooperating Technical Partners	97.045	EMF-2017-CA-00008-S01	68,958	-
Cooperating Technical Partners	97.045	EMW-2015-CA-00162-S01	55,301	-
			196,663	**-**
Pre-Disaster Mitigation	97.047	EMF-2015-PC-0001	124,382	100,869
Pre-Disaster Mitigation	97.047	EMF-2016-PC-0004	54,815	36,847
Pre-Disaster Mitigation	97.047	EMF-2017-PC-0009	1,461	1,461
Pre-Disaster Mitigation	97.047	PDMC-09-NV-2010	29,658	-
			210,316	**139,177**
Homeland Security Grant Program	97.067	EMW-2015-SS-00025-S01	2,478,926	1,840,740
Homeland Security Grant Program	97.067	EMW-2016-SS-00120-S01	2,882,776	1,936,757
Homeland Security Grant Program	97.067	EMW-2017-SS-00006-S01	902,718	850,169
			6,264,420	**4,627,666**
Homeland Security Biowatch Program	97.091	2013-OH-091-000030-05	886,636	878,138
Total Department of Homeland Security			**14,722,102**	**8,945,068**
Total Federal Financial Assistance			**$ 5,602,907,136**	**$ 872,760,189**

Note 1 - Basis of Presentation and Summary of Significant Accounting Policies

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the State of Nevada (the State) under programs of the federal government for the year ended June 30, 2018. The information is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the State, it is not intended to and does not present the net position, fund balance, or cash flows of the State.

Expenditures reported in the Schedule are reported on the modified accrual basis of accounting, except for subrecipient expenditures, which are recorded on the cash basis. The State received federal awards directly from federal agencies.

The Schedule is used as a managerial tool by the State Controller's Office, primarily to monitor compliance with the Cash Management Improvement Act. As such, the Schedule separately identifies the expenditures for each federal program at the grant award level.

The State has not elected to use the 10% de minimis cost rate.

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

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

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

Note 2 - Unemployment Insurance Program (17.225)

The expenditures reported on the Schedule include both federal funds and state funds, as required. The state funds represent the amounts expended from the Unemployment Trust Fund to pay benefits under the federally approved state unemployment law. The following identifies the state and federal portions of the expenditures reported:

State Benefits	$ 294,571,036
Federal Benefits	3,920,738
Federal Funds - Grants	28,579,269
Total Reported	$ 327,071,043

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 $27,274,861.

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 Auditor's Results

FINANCIAL STATEMENTS

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	Yes
Significant deficiencies identified not considered to be material weaknesses?	Yes
Noncompliance material to financial statements noted?	No

FEDERAL AWARDS

Internal control over major program:	
Material weaknesses identified?	Yes
Significant deficiencies identified not considered to be material weaknesses?	Yes

Type of auditor's report issued on compliance for major programs:

Unmodified for all major federal programs except for Crime Victim Assistance, which was an adverse opinion and the following, which were qualified opinions:

- Special Supplemental Nutrition Program for Women, Infants and Children (WIC)
- National Guard Military Operations and Maintenance (O&M) Projects
- WIOA Cluster
- Title I Grants to Local Educational Agencies
- Special Education Cluster
- Rehabilitation Services Vocational Rehabilitation Grants to States
- Immunization Cooperative Agreements
- Child Support Enforcement
- Foster Care Title IV-E
- Adoption Assistance
- Medicaid Cluster
- Block Grants for Prevention and Treatment of Substance Abuse

Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516?	Yes

Identification of major programs:

Name of Federal Program	CFDA Number
U.S. Department of Agriculture:	
Child Nutrition Cluster:	
School Breakfast Program	10.553
National School Lunch Program	10.555
Special Milk Program for Children	10.556
Summer Food Service Program for Children	10.559
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557
U.S. Department of Defense:	
National Guard Military Operations and Maintenance (O&M) Projects	12.401
U.S. Department of Justice:	
Crime Victim Assistance	16.575
U.S. Department of Labor:	
Unemployment Insurance	17.225
WIOA Cluster:	
WIOA Adult Program	17.258
WIOA Youth Activities	17.259
WIOA Dislocated Worker Formula Grants	17.278
U.S. Department of Education:	
Title I Grants to Local Educational Agencies	84.010
Special Education Cluster:	
Special Education Grants to States	84.027
Special Education Preschool Grants	84.173
Rehabilitation Services Vocational Rehabilitation Grants to States	84.126
U.S. Department of Health and Human Services:	
Immunization Cooperative Agreements	93.268
TANF Cluster:	
Temporary Assistance for Needy Families (TANF)	93.558
Child Support Enforcement	93.563
Foster Care Title IV-E	93.658
Adoption Assistance	93.659
Children’s Health Insurance Program (CHIP)	93.767
Medicaid Cluster:	
State Medicaid Fraud Control Units	93.775
State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare	93.777
Medical Assistance Program	93.778
Block Grants for Prevention and Treatment of Substance Abuse	93.959

Dollar threshold used to distinguish between type A and type B programs:	$16,808,721
Auditee qualified as low-risk auditee:	No

B. Findings – Financial Statement Audit

2018-A Prior Period Adjustment of Unemployment Revenues
Material Weakness

Criteria: Management is responsible for establishing and maintaining an effective system of internal control over financial reporting. Properly reporting revenues is a key component of effective internal control over financial reporting.

Condition: A prior period adjustment of $50,966,376 was required to correct certain 2017 revenues, which were inadvertently recorded twice in 2017.

Cause: Internal controls in place in 2017, did not ensure that revenues were reported accurately.

Effect: In 2017, revenues in the Unemployment Compensation Fund were overstated by $50,966,376.

Recommendation: We recommend the State of Nevada enhance internal controls to ensure revenues are reported accurately.

Views of Responsible Officials: Management agrees with this finding.

2018-B Prior Period Adjustment of Medicaid Federal Reimbursements and Expenditures Material Weakness

Criteria: Management is responsible for establishing and maintaining an effective system of internal control over financial reporting. Properly reporting Medicaid expenditures and the related Medicaid federal reimbursements is a key component of effective internal control over financial reporting.

Condition: A prior period adjustment of $22,807,889 was required to correct 2017 Medicaid expenditures in the amount of $65,268,331 and Medicaid federal reimbursements in the amount of $42,460,442, both of which were miscalculated and therefore understated in the 2017 financial statements.

Cause: The internal controls in place in 2017 did not ensure that Medicaid expenditures and the related Medicaid federal reimbursements were properly calculated and reported.

Effect: At June 30, 2017, fund balance in the General Fund was overstated by $22,807,889.

Recommendation: We recommend the State of Nevada enhance internal controls to ensure Medicaid expenditures and the related Medicaid federal reimbursements are calculated and reported accurately.

Views of Responsible Officials: Management agrees with this finding.

2018-C Highway Fund – Revenue and Unavailable Revenue
Significant Deficiency

Criteria: Management is responsible for establishing and maintaining an effective system of internal control over financial reporting. Properly recording revenue and unavailable revenue (deferred inflows of resources) is a key component of effective internal control over financial reporting.

Condition: During our testing over revenue and unavailable revenue, we noted that a portion of a year-end journal entry was duplicated. An adjusting journal entry was required to correct the duplicated journal entry in the Highway Fund.

Cause: The internal controls in place over revenue recognition did not ensure the post-June 30th amounts recorded for revenue and unavailable revenue were correct.

Effect: Prior to the adjusting journal entry, revenue was understated by $1,835,468 and unavailable revenue was overstated by $1,835,468.

Recommendation: We recommend the State of Nevada enhance internal controls over revenue recognition to ensure post-June 30th amounts recorded for revenue and unavailable revenue are correct.

Views of Responsible Officials: Management agrees with this finding.

C. Findings and Questioned Costs – Major Federal Award Programs

2018-001: 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

Cash Management
Material Weakness in Internal Control over Compliance

Grant Award Number: Affects grant awards 7NV300AG3 and 7NV300AG3/201818N109947 included under the CFDA 10.553 and 10.555 on the Schedule of Expenditures of Federal Awards.

Criteria: The U.S. Department of the Treasury (Treasury) regulations at 31 CFR part 205, which define the Cash Management Improvement Act of 1990, as amended (Pub. L. No. 101-453; 31 USC 6501 et seq.), require State recipients to enter into Treasury-State Agreements that prescribe specific methods (funding techniques) for drawing Federal funds of selected large programs. The terms of the Treasury-State Agreement (the Agreement) specify that the National School Lunch Program use the average clearance funding technique, which requires that funds are requested and deposited in accordance with the clearance time specified in Exhibit II of the Agreement, which is four days.

Condition: Federal funds were not drawn using the required funding technique and in accordance with the average clearance time specified in the Agreement.

Cause: The Nevada Department of Agriculture (the Department) did not have internal controls to ensure that funds were drawn using the required funding technique and in accordance with the clearance time specified in the Agreement.

Effect: Incorrect amounts of Federal funds may be received and an interest liability could result.

Questioned Costs: None

Context/Sampling: A nonstatistical sample of eight Federal cash draws out of 29 was selected for testing. Seven of the eight Federal cash draws selected for testing were not drawn using the average clearance funding technique as the clearance times ranged from 22 to 82 days.

Repeat Finding from Prior Year: Yes - prior year finding 2017-002.

Recommendation: We recommend the Department implement internal controls to ensure funds are drawn using the required funding technique and clearance time specified in the Agreement.

Views of Responsible Officials:	The Nevada Department of Agriculture agrees with this finding.

2018-002: 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

Subrecipient Monitoring
Significant Deficiency in Internal Control over Compliance

Grant Award Number: Affects grant award 7NV300AG3 included under CFDA 10.559 on the Schedule of Expenditures of Federal Awards.

Criteria: Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) requires pass-through entities ensure the award's CFDA number is identified to the subrecipient at the time of disbursement.

Condition: The award's CFDA number was not always identified to the subrecipient at the time of disbursement.

Cause: The Nevada Department of Agriculture (the Department) did not have adequate internal controls to ensure the award's CFDA number was always identified to the subrecipient at the time of disbursement.

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

Questioned Costs: None

Context/Sampling: A nonstatistical sample of 60 payments to subrecipients out of a population of 1,013 was selected for testing, of which four payments tested did not identify the award's CFDA number at the time of disbursement.

Repeat Finding from Prior Year: Yes - prior year finding 2017-003.

Recommendation: We recommend the Department enhance internal controls to ensure the award's CFDA number is always identified to the subrecipient at the time of disbursement.

Views of Responsible Officials: The Nevada Department of Agriculture agrees with this finding.

2018-003: U.S. Department of Agriculture
Special Supplemental Nutrition Program for Women, Infants, and Children (WIC), CFDA 10.557

Procurement, Suspension, and Debarment
Material Weakness in Internal Control over Compliance and Material Noncompliance

Grant Award Number: Affects all grant awards included under CFDA 10.557 on the Schedule of Expenditures of Federal Awards.

Criteria: Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) requires contracts contain the applicable provisions described in Appendix II to Part 200 for contracts under Federal awards.

The *OMB Compliance Supplement* states that Non-Federal entities are prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred. Non-Federal entities may verify that a party is not suspended or debarred by checking the *Excluded Parties List System*, collecting a certification from the entity, or adding a clause or condition to the covered transaction vehicle.

Condition: Certain applicable provisions described in Appendix II to Part 200 were not included in contracts as required. Suspension and debarment verification procedures were not always performed prior to entering into covered transactions.

Cause: The Nevada Division of Public and Behavioral Health (the Division) did not have adequate internal controls to ensure contracts under Federal awards contained all of the applicable provisions and to ensure suspension and debarment verification procedures were always performed prior to entering into all covered transactions.

Effect: Contractors may not be aware of required terms and conditions and payments could be made to recipients who were suspended or debarred.

Questioned Costs: None

Context/Sampling: A nonstatistical sample of 70 procurement transactions out of 3,177 was selected for testing, including 13 contracts subject to Appendix II to Part 200. Nine of the contracts were missing certain applicable provisions and no suspension and debarment verification procedures were performed for four of the nine recipients.

Repeat Finding from Prior Year: Yes - prior year finding 2017-006.

Recommendation:	We recommend the Division enhance internal controls to ensure all contracts under Federal awards contain the applicable provisions and ensure suspension and debarment verification procedures are performed prior to entering into all covered transactions.
Views of Responsible Officials:	The Nevada Division of Public and Behavioral Health agrees with this finding.

2018-004: 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 and Material Noncompliance

Grant Award Number: Affects all grant awards included under CFDA 10.557 on the Schedule of Expenditures of Federal Awards.

Criteria: Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) requires that:

A. Pass-through entities ensure that every subaward includes certain information at the time of the subaward.

B. Pass-through entities evaluate each subrecipient's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring.

C. Pass-through entities verify every subrecipient is audited as required by Uniform Guidance, issue management decisions for audit findings, as applicable, and ensure the subrecipient takes timely corrective action on all audit findings, as applicable.

Condition:

A. Subawards did not include certain information required by Uniform Guidance.

B. An evaluation of each subrecipient's risk of noncompliance for purposes of determining the appropriate subrecipient monitoring was not performed.

C. The Nevada Division of Public and Behavioral Health (the Division) did not verify that subrecipients were audited as required by Uniform Guidance, review audit reports for audit findings, issue management decisions, as applicable, and ensure the subrecipient took timely corrective action on all audit findings, as applicable.

Cause: The Division did not have internal controls in place to ensure compliance with subrecipient monitoring requirements.

Effect: Noncompliance at the subrecipient level may occur and not be detected by the Division.

Questioned Costs: Undetermined

Context/Sampling:	A. A non-statistical sample of five subawards out of a population of 31 was selected for testing. None of the subawards contained all the required information. B. No sampling was used; an evaluation of each subrecipient's risk of non-compliance was not performed. C. A non-statistical sample of five subrecipients out of a population of 18 was selected for testing. The Division did not verify that any of the subrecipients were audited as required by Uniform Guidance, review audit reports for audit findings, issue management decisions, as applicable, nor ensure subrecipients took timely corrective action on all audit findings, as applicable.
Repeat Finding from Prior Year:	Yes - prior audit finding 2017-008.
Recommendation:	We recommend the Division enhance internal controls to ensure compliance with subrecipient monitoring requirements.
Views of Responsible Officials:	The Nevada Division of Public and Behavioral Health agrees with this finding.

2018-005: U.S. Department of Defense
National Guard Military Operations and Maintenance (O&M) Projects, CFDA 12.401

Procurement, Suspension, and Debarment
Material Weakness in Internal Control over Compliance and Material Noncompliance

Grant Award Number: Affects all grant awards included under CFDA 12.401 on the Schedule of Expenditures of Federal Awards.

Criteria: Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) requires contracts contain the applicable provisions described in Appendix II to Part 200 for contracts under Federal awards.

The *OMB Compliance Supplement* states that Non-Federal entities are prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred. Non-Federal entities may verify that a party is not suspended or debarred by checking the *Excluded Parties List System*, collecting a certification from the entity, or adding a clause or condition to the covered transaction.

Condition: Certain applicable provisions described in Appendix II to Part 200 were not included in contracts as required. Suspension and debarment verification procedures were not always performed prior to entering into covered transactions.

Cause: The Nevada Office of the Military (the Office) did not have adequate internal controls to ensure contracts under Federal awards contained all of the applicable provisions and to ensure suspension and debarment verification procedures were always performed prior to entering into all covered transactions.

Effect: Contractors may not be aware of required terms and conditions and payments could be made to recipients who were suspended or debarred.

Questioned Costs: None

Context/Sampling: A nonstatistical sample of 63 procurement transactions out of 8,023 was selected for testing, including 13 contracts subject to Appendix II to Part 200. Six of the contracts were missing certain applicable provisions and no suspension and debarment verification procedures were performed for two of the 13 recipients.

Repeat Finding from Prior Year: Yes – prior year finding 2017-009.

Recommendation: We recommend the Office enhance internal controls to ensure all contracts under Federal awards contain the applicable provisions and ensure suspension and debarment verification procedures are always performed prior to entering into all covered transactions.

Views of Responsible Officials: The Nevada Office of the Military agrees with this finding.

2018-006: U.S. Department of Justice
Crime Victim Assistance, CFDA 16.575

Cash Management
Material Weakness in Internal Control over Compliance and Material Noncompliance

Grant Award Number:	Affects all grant awards included under CFDA 16.575 on the Schedule of Expenditures of Federal Awards.
Criteria:	The *OMB Compliance Supplement* requires that non-Federal entities receiving Federal awards establish and maintain internal controls designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements. The *DOJ Grants and Financial Guide* allows for advance funding for a maximum of ten days (immediate cash needs). To ensure compliance with cash management, a reconciliation of immediate cash needs should be performed.
Condition:	A reconciliation of immediate cash needs was performed; however, records were not maintained to support the pending transactions included in the determination of immediate cash needs.
Cause:	The Nevada Division of Child and Family Services (the Division) did not have adequate internal controls to support the pending cash transactions included in the determination of immediate cash needs.
Effect:	Federal cash on hand could be maintained longer than the permissible ten days.
Questioned Costs:	None
Context/Sampling:	A nonstatistical sample of 15 out of 75 cash draws was selected for testing. None of the cash draws included adequate support for the pending transactions included in the determination of immediate cash needs.
Repeat Finding from Prior Year:	No
Recommendation:	We recommend the Division enhance internal controls to include adequate support for the pending transactions included in the determination of immediate cash needs.
Views of Responsible Officials:	The Nevada Division of Child and Family Services agrees with this finding.

2018-007: U.S. Department of Justice
Crime Victim Assistance, CFDA 16.575

Cash Management
Material Weakness in Internal Control over Compliance and Material Noncompliance

Grant Award Number: Affects all grant awards included under CFDA 16.575 on the Schedule of Expenditures of Federal Awards.

Criteria: The *grant awards* for Crime Victim Assistance require the State of Nevada to follow the rules and procedures in the *DOJ Grants and Financial Guide*. The *DOJ Grants and Financial Guide* allows for advance funding for a maximum of ten days (immediate cash needs).

Condition: Federal funds drawn included amounts for pending transactions that were not liquidated within ten days.

Cause: The Nevada Division of Child and Family Services (the Division) did not have adequate internal controls to ensure pending transactions included in the amount drawn for immediate cash needs were liquidated within ten days.

Effect: Federal cash on hand was maintained for longer than the permissible ten days and could result in an interest liability.

Questioned Costs: None

Context/Sampling: A nonstatistical sample of 15 out of 75 cash draws was selected for testing. Two of the cash draws were not fully liquidated within ten days. Cash on hand of $490,599 was maintained for longer than ten days; however, $396,726 of that amount was returned to the Federal agency within approximately two months. The remaining funds were expended within approximately two months of being drawn.

Repeat Finding from Prior Year: No

Recommendation: We recommend the Division enhance internal controls to ensure pending transactions included in the cash drawn for immediate cash needs are liquidated within ten days.

Views of Responsible Officials: The Nevada Division of Child and Family Services agrees with this finding.

2018-008: U.S. Department of Justice
Crime Victim Assistance, CFDA 16.575

Eligibility
Significant Deficiency in Internal Control over Compliance

Grant Award Number:	Affects all grant awards included under CFDA 16.575 on the Schedule of Expenditures of Federal Awards.
Criteria:	Crime Victim Assistance *Program Guidelines* requires subrecipients to be a public or nonprofit organization and provide services to crime victims to be eligible to receive program funds.
Condition:	A subgrant was issued to an organization that did not provide services to crime victims.
Cause:	The Nevada Division of Child and Family Services (the Division) did not have adequate internal controls in place to ensure subgrants were awarded to only eligible subrecipients.
Effect:	Amounts were paid to an ineligible recipient.
Questioned Costs:	$181,123
Context/Sampling:	A nonstatistical sample of 25 subrecipients out of 51 was selected for testing. One subrecipient was not eligible.
Repeat Finding from Prior Year:	No
Recommendation:	We recommend the Division enhance internal controls to ensure subgrants are awarded to only eligible subrecipients.
Views of Responsible Officials:	The Nevada Division of Child and Family Services agrees with this finding.

2018-009: U.S. Department of Justice
Crime Victim Assistance, CFDA 16.575

Procurement, Suspension, and Debarment
Material Weakness in Internal Control over Compliance and Material Noncompliance

Grant Award Number: Affects all grant awards included under CFDA 16.575 on the Schedule of Expenditures of Federal Awards.

Criteria: Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) requires States to follow the same policies and procedures for procuring property and services under a Federal award as it does when procuring property and services with non-Federal funds.

The *State Administrative Manual* (SAM) describes various procedures over the procurement process in relation to vendors and the subgranting process in relation to subrecipients.

Condition: Subgrants were inappropriately used to procure services from vendors rather than following the contracting procedures described in SAM for vendors.

Cause: The Nevada Division of Child and Family Services (the Division) did not have adequate internal controls in place to ensure that appropriate vendor procurement procedures were followed.

Effect: Vendors and contracts were not subject to the procurement procedures described in the SAM.

Questioned Costs: $231,058

Context/Sampling: A nonstatistical sample of 25 subgrants out of 51 was selected for testing. Two of the subgrants selected should have been subject to vendor procurement procedures.

Repeat Finding from Prior Year: No

Recommendation: We recommend the Division enhance internal controls to ensure that appropriate vendor procurement procedures are followed.

Views of Responsible Officials: The Nevada Division of Child and Family Services agrees with this finding.

2018-010: U.S. Department of Justice
Crime Victim Assistance, CFDA 16.575

Procurement, Suspension, and Debarment
Material Weakness in Internal Control over Compliance and Material Noncompliance

Grant Award Number: Affects all grant awards included under CFDA 16.575 on the Schedule of Expenditures of Federal Awards.

Criteria: Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) requires contracts contain the applicable provisions described in Appendix II to Part 200 for contracts under Federal awards.

The *OMB Compliance Supplement* states that Non-Federal entities are prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred. Non-Federal entities may verify that a party is not suspended or debarred by checking the *Excluded Parties List System*, collecting a certification from the entity, or adding a clause or condition to the covered transaction vehicle.

Condition: Certain applicable provisions described in Appendix II to Part 200 were not included in contracts as required. Suspension and debarment verification procedures were not always performed prior to entering into covered transactions.

Cause: The Nevada Division of Child and Family Services (the Division) did not have adequate internal controls to ensure contracts under Federal awards contained all of the applicable provisions and to ensure suspension and debarment verification procedures were always performed prior to entering into all covered transactions.

Effect: Contractors may not be aware of required terms and conditions and payments could be made to recipients who were suspended or debarred.

Questioned Costs: None

Context/Sampling: A nonstatistical sample of 32 procurement transactions out of 141 was selected for testing, including six contracts subject to Appendix II to Part 200. Three of the contracts were missing certain applicable provisions and no suspension and debarment verification procedures were performed for one of the six recipients.

Repeat Finding from Prior Year: No

Recommendation: We recommend the Division enhance internal controls to ensure all contracts under Federal awards contain the applicable provisions and ensure suspension and debarment verification procedures are always performed prior to entering into all covered transactions.

Views of Responsible Officials: The Nevada Division of Child and Family Services agrees with this finding.

2018-011: U.S. Department of Justice
Crime Victim Assistance, CFDA 16.575

Reporting
Material Weakness in Internal Control over Compliance

Grant Award Number: Affects all grant awards included under CFDA 16.575 on the Schedule of Expenditures of Federal Awards.

Criteria: The *OMB Compliance Supplement* requires that reports submitted to the Federal awarding agency include all activity of the reporting period, are supported by underlying accounting information and are presented in accordance with program requirements.

Condition: Amounts reported on the *Federal Financial Report* (SF-425) were not supported by the underlying accounting information or calculated in accordance with program requirements.

Cause: The Nevada Division of Child and Family Services (the Division) did not have adequate internal controls to ensure SF-425 reports were reported accurately and in accordance with program requirements.

Effect: Inaccurate information was reported to the federal awarding agency.

Questioned Costs: None

Context/Sampling: A nonstatistical sample of three SF-425 reports out of 12 was selected for testing. Line 10i (total recipient share required) was calculated incorrectly in all three reports. Line 10j (recipient share of expenditures) was not supported by the underlying accounting information in one report. A summary of the errors is as follows:

Grant 2015-VA-GX-0024 – December 31, 2017 SF-425:
Line 10i was overstated by $1,457,606

Grant 2016-VA-GX-0076 – March 31, 2018 SF-425:
Line 10i was overstated by $1,665,119
Line 10j was overstated by $300

Grant 2017-VA-GX-0085 – March 31, 2018 SF-425:
Line 10i was understated by $4,215,475

Repeat Finding from Prior Year: No

Recommendation: We recommend the Division enhance internal controls to ensure SF-425 reports are reported accurately and in accordance with program requirements.

Views of Responsible Officials: The Nevada Division of Child and Family Services agrees with this finding.

2018-012: U.S. Department of Justice
Crime Victim Assistance, CFDA 16.575

Reporting
Material Weakness in Internal Control over Compliance

Grant Award Number: Affects all grant awards included under CFDA 16.575 on the Schedule of Expenditures of Federal Awards.

Criteria: The *OMB Compliance Supplement* requires that reports submitted to the Federal awarding agency include all activity of the reporting period, are supported by underlying accounting information and are presented in accordance with program requirements.

Crime Victim Assistance *Program Guidelines* require state grantees to submit, within 90 days of making the subaward, *Subgrant Award Reports* for each subrecipient.

Condition: *Subgrant Award Reports* (SAR) were not filed timely and an item reported on a SAR was not supported by the underlying accounting information.

Cause: The Nevada Division of Child and Family Services (the Division) did not have adequate internal controls to ensure SARs were reported accurately and timely.

Effect: Late and inaccurate information was reported to the federal awarding agency.

Questioned Costs: None

Context/Sampling: A nonstatistical sample of eight subrecipients out of 51 was selected for testing. Ten SARs were tested in relation to the eight subrecipients. Six of the SARs were not filed timely. The late filing dates ranged from 91 to 320 days after the subaward date. One of the SARs reported an inaccurate project period.

Repeat Finding from Prior Year: No

Recommendation: We recommend the Division enhance internal controls to ensure SARs are reported accurately and timely.

Views of Responsible Officials: The Nevada Division of Child and Family Services agrees with this finding.

2018-013: U.S. Department of Justice
Crime Victim Assistance, CFDA 16.575

Reporting
Material Weakness in Internal Control over Compliance and Material Noncompliance

Grant Award Number:	Affects all grant awards included under CFDA 16.575 on the Schedule of Expenditures of Federal Awards.
Criteria:	Crime Victim Assistance *Program Guidelines* require state grantees, who opt to use a portion of the grant for administrative costs, to report their administrative and training costs in an *Annual State Performance Report*.
Condition:	Administrative and training costs were not reported.
Cause:	The Nevada Division of Child and Family Services (the Division) did not know of the requirement.
Effect:	The *Annual State Performance Report* was not complete.
Questioned Costs:	None
Context/Sampling:	No sampling was used as we examined the *Annual State Performance Report*.
Repeat Finding from Prior Year:	No
Recommendation:	We recommend the Division amend past reports to include the required information and report administrative and training costs in future *Annual State Performance Reports*.
Views of Responsible Officials:	The Nevada Division of Child and Family Services agrees with this finding.

2018-014: U.S. Department of Justice
Crime Victim Assistance, CFDA 16.575

Subrecipient Monitoring
Material Weakness in Internal Control over Compliance and Material Noncompliance

Grant Award Number: Affects all grant awards included under CFDA 16.575 on the Schedule of Expenditures of Federal Awards.

Criteria: Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) requires that:

A. Pass-through entities ensure that every subaward includes certain information at the time of the subaward.

B. Pass-through entities evaluate each subrecipient's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring. In addition, the subrecipient monitoring must ensure that the subaward is used for authorized purposes.

C. Pass-through entities verify every subrecipient is audited as required by Uniform Guidance, issue management decisions for audit findings, as applicable, and ensure the subrecipient takes timely corrective action on all audit findings, as applicable.

Condition:

A. Subawards did not include certain information required by Uniform Guidance.

B. An evaluation of each subrecipient's risk of noncompliance for purposes of determining the appropriate subrecipient monitoring was not performed. In addition, monitoring was not performed in accordance with established policies to ensure that the subaward was used for authorized purposes.

C. The Nevada Division of Child and Family Services (the Division) did not verify that subrecipients were audited as required by Uniform Guidance, review audit reports for audit findings, issue management decisions, as applicable, and ensure the subrecipient took timely corrective action on all audit findings, as applicable.

Cause: The Division did not have internal controls to ensure compliance with subrecipient monitoring requirements.

Effect: Noncompliance at the subrecipient level may occur and not be detected by the Division.

Questioned Costs: Undetermined

Context/Sampling:

A. A nonstatistical sample of 24 subawards out of a population of 51 was selected for testing. None of the subawards contained all the required information.

B. A nonstatistical sample of 24 subrecipients out of a population of 51 was selected for testing. Risk assessment was not performed for one of the subrecipients. Three of the subrecipients were not monitored in accordance with risk assessment policies. In addition, three other subrecipients were only partially monitored and the financial information that is normally reviewed, was not.

C. A nonstatistical sample of 24 subrecipients out of a population of 51 was selected for testing. The Division did not verify that three of the subrecipients were audited as required by Uniform Guidance, review audit reports for audit findings, issue management decisions, as applicable, nor ensure subrecipients took timely corrective action on all audit findings, as applicable.

Repeat Finding from Prior Year: No

Recommendation: We recommend the Division implement internal controls to ensure compliance with subrecipient monitoring requirements.

Views of Responsible Officials: The Nevada Division of Child and Family Services agrees with this finding.

2018-015: U.S. Department of Justice
Crime Victim Assistance, CFDA 16.575

Special Tests and Provisions
Material Weakness in Internal Control over Compliance and Material Noncompliance

Grant Award Number:	Affects all grant awards included under CFDA 16.575 on the Schedule of Expenditures of Federal Awards.
Criteria:	The *Final Program Guidelines* for the Crime Victim Assistance grant indicates that priority funding shall be given to victims of sexual assault, domestic abuse, child abuse, and previous underserved populations (10% to each area).
Condition:	The funding allocation was not maintained with sufficient documentation to support compliance with the priority funding requirement.
Cause:	The Nevada Division of Child and Family Services (the Division) did not have internal controls to track funding allocations to ensure the priority funding requirements were met.
Effect:	The Division may not have spent funds appropriately.
Questioned Costs:	None
Context/Sampling:	No sampling was used.
Repeat Finding from Prior Year:	No
Recommendation:	We recommend the Division implement internal controls to track funding allocations to ensure the priority funding requirements are met.
Views of Responsible Officials:	The Nevada Division of Child and Family Services agrees with this finding.

2018-016: U.S. Department of Justice
Crime Victim Assistance, CFDA 16.575

Other
Material Weakness in Internal Control over Compliance

Grant Award Number:	Affects all grant awards included under CFDA 16.575 on the Schedule of Expenditures of Federal Awards.
Criteria:	Title 2 *Code of Federal* Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) requires the State of Nevada to prepare a Schedule of Expenditures of Federal Awards (SEFA) showing both total Federal expenditures and payments to subrecipients for the year. Payments to subrecipients are required to be reported on the SEFA when incurred (cash basis of accounting).
Condition:	Amounts were originally reported incorrectly on the SEFA because the payments to subrecipients were not reported when incurred (cash basis of accounting).
Cause:	The Nevada Division of Child and Family Services (the Division) did not have adequate internal controls to ensure total Federal expenditures and payments to subrecipients were appropriately reported on the SEFA.
Effect:	Prior to correction, the total Federal expenditures and payments to subrecipients on the SEFA were understated by $1,748,985.
Questioned Costs:	None
Context/Sampling:	No sampling was used; all program expenditures on the SEFA were reconciled to supporting records.
Repeat Finding from Prior Year:	No
Recommendation:	We recommend the Division enhance internal controls to ensure total Federal expenditures and payments to subrecipients are appropriately reported on the SEFA.
Views of Responsible Officials:	The Nevada Division of Child and Family Services agrees with this finding.

2018-017: U.S. Department of Labor
Unemployment Insurance, CFDA 17.225

Reporting
Significant Deficiency in Internal Control over Compliance

Grant Award Number: Affects all grant awards included under CFDA 17.225 on the Schedule of Expenditures of Federal Awards.

Criteria: The *OMB Compliance Supplement* provides that states are required to submit a quarterly report, the *Trade Act Participant Report (TAPR)*, on participant characteristics, services, benefits received, and outcomes achieved, including wage record data, on a rolling quarterly basis. Wage record data is obtained from the Wage Record Interchange System (WRIS).

Condition: Wage record data included on the TAPR did not agree to information obtained from the WRIS.

Cause: The Nevada Department of Employment, Training and Rehabilitation (the Department) did not have adequate internal controls to ensure that information included on the TAPR agreed to the WRIS.

Effect: Incorrect information may have been included on the TAPR.

Questioned Costs: None

Context/Sampling: A nonstatistical sample of two out of four quarterly reports was selected for testing. These reports contained 732 key data elements, including 427 wage record data elements. One of the 427 wage record data elements tested did not agree to the WRIS.

Repeat Finding from Prior Year: Yes – prior year finding 2017-010.

Recommendation: We recommend the Department enhance the internal controls over reporting of information included on the TAPRs to ensure the reported information agrees to the WRIS.

Views of Responsible Officials: The Nevada Department of Employment, Training and Rehabilitation agrees with this finding.

2018-018: U.S. Department of Labor
WIOA Cluster:
WIA/WIOA Adult Programs, CFDA 17.258
WIA/WIOA Youth Activities, CFDA 17.259
WIA/WIOA Dislocated Worker Formula Grants, CFDA 17.278

Procurement, Suspension, and Debarment
Material Weakness in Internal Control over Compliance and Material Noncompliance

Grant Award Number: Affects all grant awards included under CFDA 17.258, 17.259, and 17.278 on the Schedule of Expenditures of Federal Awards.

Criteria: Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) requires contracts contain the applicable provisions described in Appendix II to Part 200 for contracts under Federal awards.

The *OMB Compliance Supplement* states that Non-Federal entities are prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred. Non-Federal entities may verify that a party is not suspended or debarred by checking the *Excluded Parties List System*, collecting a certification from the entity, or adding a clause or condition to the covered transaction vehicle.

In addition, the Uniform Guidance generally permits a non-Federal entity to decide on the appropriate legal instrument to carry out a federal award. However, the administrative requirements applicable to subawards are vastly different than procurement contracts, so it is imperative that the agreements include the appropriate provisions to identify subawards and procurement contracts in order to identify the proper compliance requirements.

Condition: Certain applicable provisions described in Appendix II to Part 200 were not included in contracts as required. Suspension and debarment verification procedures were not always performed prior to entering into covered transactions. In addition, contractual agreements with other public entities included provisions consistent with subawards that could result in improper reporting and noncompliance.

Cause: The Nevada Department of Employment, Training, and Rehabilitation (the Department) did not have adequate internal controls to ensure contracts under Federal awards contained all the applicable provisions and to ensure suspension and debarment verification procedures were always performed prior to entering into all covered transactions. The Department also did not have adequate internal controls to ensure that procurement contracts included sufficient information to clearly distinguish between subawards and procurement contracts.

Effect: Contractors may not be aware of required terms and conditions and payments could be made to recipients who were suspended or debarred. In addition, contractors may inappropriately report contracts as federal awards and not identify the appropriate compliance requirements.

Questioned Costs:	Undetermined
Context/Sampling:	A nonstatistical sample of 40 procurement transactions out of 7,133 was selected for testing, including 14 contracts subject to Appendix II to Part 200 for the WIOA Cluster. Of the 14 contracts tested, five were missing certain applicable provisions, three were missing verification procedures for suspension and debarment, and two included provisions consistent with subawards.
Repeat Finding from Prior Year:	No
Recommendation:	We recommend the Department enhance internal controls to ensure all contracts under Federal awards contain the applicable provisions and ensure suspension and debarment verification procedures are performed prior to entering into all covered transactions. In addition, the Department should enhance internal controls to ensure that the Department utilizes the appropriate legal instrument to carry out a federal award and includes information in the agreements to clearly distinguish procurement contracts from subawards.
Views of Responsible Officials:	The Nevada Department of Employment, Training, and Rehabilitation agrees with this finding.

2018-019: U.S. Department of Labor
WIOA Cluster:
WIA/WIOA Adult Programs, CFDA 17.258
WIA/WIOA Youth Activities, CFDA 17.259
WIA/WIOA Dislocated Worker Formula Grants, CFDA 17.278

Subrecipient Monitoring
Material Weakness in Internal Control over Compliance

Grant Award Number: Affects all grant awards included under CFDA 17.258, 17.259, and 17.278 on the Schedule of Expenditures of Federal Awards.

Criteria: Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) requires that pass-through entities ensure that every subaward includes certain information at the time of the subaward and that the award's CFDA number is identified to the subrecipient at the time of disbursement.

Condition: Subawards did not include certain information required by Uniform Guidance. In addition, the CFDA number was not identified to the subrecipients at the time of disbursement.

Cause: The Department of Employment, Training, and Rehabilitation (the Department) did not have internal controls in place to ensure compliance with subrecipient monitoring requirements.

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

Questioned Costs: Undetermined

Context/Sampling: A nonstatistical sample of four subawards out of a population of 12 was selected for testing. None of the subawards contained all the required information. In addition, a nonstatistical sample of 40 out of a population of 571 payments to subrecipients was selected for testing. The Department did not communicate the award's CFDA number at the time of disbursement for any of the 40 payments.

Repeat Finding from Prior Year: No

Recommendation: We recommend the Department implement internal controls to ensure compliance with subrecipient monitoring requirements.

Views of Responsible Officials: The Department of Employment, Training, and Rehabilitation agrees with this finding.

2018-020: 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

Grant Award Number: Affects all grant awards included under CFDA 84.010, 84.027, and 84.173 on the Schedule of Expenditures of Federal Awards.

Criteria: Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) provides that amounts charged to Federal programs must be for allowable costs. To be allowable under Federal awards, costs must be adequately documented.

Condition: Amounts charged to the Federal program for subrecipient payments were not always adequately documented.

Cause: The Nevada Department of Education (the Department) did not have adequate internal controls to ensure amounts charged to the Federal program were always adequately documented.

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

Questioned Costs: Undetermined

Context/Sampling: A nonstatistical sample of 42 out of 209 payments to subrecipients was selected for testing for Title I Grants to Local Educational Agencies. The Department did not maintain adequate documentation to support the payments to subrecipients for seven of the 42 payments tested.

A nonstatistical sample of 60 out of 303 payments to subrecipients was selected for testing for the Special Education Cluster. The Department did not maintain adequate documentation to support the payments to subrecipients for seven of the 60 payments tested.

Repeat Finding from Prior Year: Yes – prior year finding 2017-017.

Recommendation: We recommend the Department enhance internal controls to ensure amounts charged to the Federal program are adequately documented.

Views of Responsible Officials: The Nevada Department of Education agrees with this finding.

2018-021: 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

Grant Award Number: Affects all grant awards included under CFDA 84.010 and 84.027 on the Schedule of Expenditures of Federal Awards.

Criteria: The U.S. Department of the Treasury (Treasury) regulations at 31 CFR part 205, which define the Cash Management Improvement Act of 1990, as amended (Pub. L. No. 101-453; 31 USC 6501 et seq.), require State recipients to enter into Treasury-State Agreements that prescribe specific methods (funding techniques) for drawing Federal funds of selected large programs. The terms of the Treasury-State Agreement specify that separate funding techniques must be followed for different expenditure types and that documentation is maintained to ensure compliance with the funding techniques.

The *OMB Compliance Supplement* requires that non-Federal entities receiving Federal awards establish and maintain internal control designed to reasonably ensure compliance with Federal statutes, regulations, and terms and conditions of the Federal award.

Condition: Adequate documentation was not always available to support compliance with the cash management requirements of the *OMB Compliance Supplement* or that funds were drawn using the funding technique specified in the Treasury-State Agreement, where applicable.

Cause: The Nevada Department of Education (the Department) did not have adequate internal controls to ensure adequate supporting documentation was always maintained for Federal cash draws.

Effect: Incorrect amounts of Federal funds may be received and an interest liability could result.

Questioned Costs: None

Context/Sampling: A nonstatistical sample of six out of 29 Federal cash draws was selected for testing for Title I Grants to Local Educational Agencies. Adequate supporting documentation was not available to determine if the funding techniques were being followed for any of the Federal cash draws selected for testing.

A nonstatistical sample of nine out of 42 Federal cash draws was selected for testing for the Special Education Cluster. Adequate supporting documentation was not available to determine if the funding techniques were being followed for any of the Federal cash draws selected for testing under CFDA 84.027.

Repeat Finding from Prior Year:	Yes – prior year finding 2017-018.
Recommendation:	We recommend the Department enhance internal controls to ensure adequate supporting documentation is always maintained for Federal cash draws.
Views of Responsible Officials:	The Nevada Department of Education agrees with this finding.

2018-022: 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

Subrecipient Monitoring
Material Weakness in Internal Control over Compliance

Grant Award Number: Affects all grant awards included under CFDA 84.010, 84.027, and 84.173 on the Schedule of Expenditures of Federal Awards.

Criteria: Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) requires that:

A. Pass-through entities ensure that the award's CFDA number is identified to the subrecipient at the time of disbursement.

B. Pass-through entities evaluate each subrecipient's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring.

Condition:

A. The award's CFDA number was not identified at the time of disbursement.

B. An evaluation of each subrecipient's risk of noncompliance for purposes of determining the appropriate subrecipient monitoring was not performed.

Cause: The Nevada Department of Education (the Department) did not have adequate internal controls to ensure compliance with subrecipient monitoring requirements.

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

Questioned Costs: None

Context/Sampling:

A. A nonstatistical sample of 42 payments to subrecipients out of a population of 209 was selected for testing for Title I Grants to Local Educational Agencies and the Department did not communicate the award's CFDA number at the time of disbursement in 12 of the 42 payments.

B. No sampling was used; an evaluation of each subrecipient's risk of non-compliance was not performed for either grant.

Repeat Finding from Prior Year: Yes – parts A and B of prior year finding 2017-016 and part B of prior year finding 2017-019.

Recommendation:	We recommend the Department enhance internal controls to ensure compliance with subrecipient monitoring requirements.
Views of Responsible Officials:	The Nevada Department of Education agrees with this finding.

2018-023: U.S. Department of Education
Rehabilitation Services Vocational Rehabilitation Grants to States, CFDA 84.126

Eligibility
Material Weakness in Internal Control over Compliance

Grant Award Number: Affects all grant awards included under CFDA 84.126 on the Schedule of Expenditures of Federal Awards.

Criteria: The *OMB Compliance Supplement*, Federal Regulations, and the Nevada Department of Employment, Training and Rehabilitation Participant Services Policy and Procedures Manual require that the State Vocational Rehabilitation (VR) agency meet certain eligibility requirements. These eligibility requirements include:

A. Documentation of a physical or mental impairment must be in the file at the time of eligibility determination.

B. The financial participation form must be completed and signed by the counselor and participant prior to obtaining IPE signatures or trial work plan or postemployment plan signatures. All financial participation forms will be scanned and retained in the electronic case file and if the participant meets the financial needs requirement, the counselor must check the "meets financial needs" box in the electronic case file.

Condition:

A. Documentation of a physical or mental impairment was not always included in the file at the time of the eligibility determination.

B. Financial participation forms were not always completed and signed by the counselor and participant. The counselor did not always check the "meets financial needs" box in the electronic case file for participants meeting the financial needs requirement.

Cause: The Nevada Department of Employment, Training and Rehabilitation (the Department) did not have adequate internal controls to ensure compliance with eligibility requirements and the Department's written policies.

Effect:

A. Participants may not have been eligible.

B. Participants receiving VR services may or may not be contributing to the cost of their services, as required, and participants may not be aware of their financial contribution requirements.

Questioned Costs: None

Context/Sampling:	A. A nonstatistical sample of 60 out of 2,549 applicants deemed eligible during the fiscal year was selected for testing. For three of the 60 individuals selected for testing, the required documentation of a physical or mental impairment was not included in the file at the time of the eligibility determination. However, there was other evidence of the individuals' physical or mental impairment that supported their eligibility, but the documentation was not in the required format.
	B. A nonstatistical sample of 60 out of 2,549 applicants deemed eligible during the fiscal year was selected for testing. For one of the 60 individuals selected for testing, no financial participation form was completed and signed by the counselor and participant. For two of the 60 individuals selected for testing, the participant received SSI, SSDI, TANF, or SNAP, however, the "meets financial needs box" was not checked in the electronic case file as required.
Repeat Finding from Prior Year:	Yes – prior year finding 2017-020.
Recommendation:	We recommend the Department enhance internal controls to ensure compliance with eligibility requirements and the Department's written policies.
Views of Responsible Officials:	The Nevada Department of Employment, Training and Rehabilitation agrees with this finding.

2018-024: U.S. Department of Education
Rehabilitation Services Vocational Rehabilitation Grants to States, CFDA 84.126

Procurement, Suspension, and Debarment
Material Weakness in Internal Control over Compliance and Material Noncompliance

Grant Award Number: Affects all grant awards included under CFDA 84.126 on the Schedule of Expenditures of Federal Awards.

Criteria: Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) generally permits a non-Federal entity to decide on the appropriate legal instrument needed to carry out a Federal award; however, Rehabilitation Services, Vocational Rehabilitation Grants to States does not allow for subawards.

Condition: The Department of Employment, Training and Rehabilitation (the Department) entered into interlocal agreements with other public agencies, assuming they were contracts. However, certain terms and conditions communicated in those interlocal agreements contained provisions that are applicable to subrecipients.

Cause: The Department did not have adequate internal controls to ensure interlocal agreements under Rehabilitation Services, Vocational Rehabilitation Grants to States contained only provisions applicable to contracts.

Effect: Contractors may not be aware of required terms and conditions. Further, contractors may inappropriately account for the interlocal agreements as subawards.

Questioned Costs: None

Context/Sampling: A nonstatistical sample of 62 procurement transactions out of 19,385 was selected for testing, including three interlocal agreements that contained certain provisions applicable to subawards, which are not provided for in the Rehabilitation Services Vocational Rehabilitation Grants to States.

Repeat Finding from Prior Year: Yes – prior year finding 2017-021

Recommendation: We recommend the Department enhance internal controls to ensure all interlocal agreements under Rehabilitation Services Vocational Rehabilitation Grants to States include appropriate provisions to ensure that they are identified as contracts rather than subawards.

Views of Responsible Officials: The Nevada Department of Employment, Training and Rehabilitation agrees with this finding.

2018-025: U.S. Department of Education
Rehabilitation Services Vocational Rehabilitation Grants to States, CFDA 84.126

Procurement, Suspension, and Debarment
Material Weakness in Internal Control over Compliance and Material Noncompliance

Grant Award Number: Affects all grant awards included under CFDA 84.126 on the Schedule of Expenditures of Federal Awards.

Criteria: Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) requires contracts contain the applicable provisions described in Appendix II to Part 200 for contracts under Federal awards.

The *OMB Compliance Supplement* states that Non-Federal entities are prohibited from contracting with or making subawards under covered transactions to parties who are suspended or debarred. Non-Federal entities may verify that a party is not suspended or debarred by checking the *Excluded Parties List System,* collecting a certification from the entity, or adding a clause or condition to the covered transaction vehicle.

Condition: Certain applicable provisions described in Appendix II to Part 200 were not included in contracts as required. In addition, suspension and debarment verification procedures were not always performed prior to entering into covered transactions.

Cause: The Nevada Department of Employment, Training and Rehabilitation (the Department) did not have adequate internal controls to ensure contracts under Federal awards contained all the applicable provisions and to ensure suspension and debarment verification procedures were always performed prior to entering into all covered transactions.

Effect: Contractors may not be aware of required terms and conditions and payments could be made to recipients who were suspended or debarred.

Questioned Costs: Undetermined

Context/Sampling: A nonstatistical sample of 62 procurement transactions out of a population of 19,385, including 26 contracts subject to Appendix II to Part 200, of which six contracts did not contain certain applicable provisions. In four of the 26 contracts, no suspension and debarment verification procedures were performed.

Repeat Finding from Prior Year:	Yes – prior year finding 2017-022.
Recommendation:	We recommend the Department enhance internal controls to ensure all contracts under Federal awards contain the applicable provisions and ensure suspension and debarment verification procedures are performed prior to entering into all covered transactions.
Views of Responsible Officials:	The Nevada Department of Employment, Training and Rehabilitation agrees with this finding.

2018-026: U.S. Department of Education
Rehabilitation Services Vocational Rehabilitation Grants to States, CFDA 84.126

Reporting
Significant Deficiency in Internal Control over Compliance

Grant Award Number: Affects all grant awards included under CFDA 84.126 on the Schedule of Expenditures of Federal Awards.

Criteria: The *OMB Compliance Supplement* requires that reports submitted to the Federal awarding agency include all activity of the reporting period, which is supported by underlying accounting information and is presented in accordance with program requirements.

Condition: Amounts reported on the RSA-2, *Annual Vocational Rehabilitation Program/Cost Report,* were not corrected to reflect an amendment to the BEN match total reported on the SF-425, *Federal Financial Report.*

Cause: The Nevada Department of Employment, Training and Rehabilitation (the Department) did not have adequate internal controls in place to ensure that updated information was reflected on all reports.

Effect: Incorrect information may have been submitted on the RSA-2 report.

Questioned Costs: None

Context/Sampling: The RSA-2 is an annual report and we tested the only one prepared during the fiscal year ended June 30, 2018. Expenses reported on Line 3.E., *Business Enterprise Program*, of the RSA-2 totaled $918,994, which was $62,846 less than the corresponding amount reported on the amended SF-425 for the same period. All other reported expenses agreed between the RSA-2 and SF-425.

Repeat Finding from Prior Year: No

Recommendation: We recommend the Department enhance internal controls to ensure the RSA-2 is properly amended for any subsequent changes to underlying accounting information.

Views of Responsible Officials: The Nevada Department of Employment, Training and Rehabilitation agrees with this finding.

2018-027: U.S. Department of Education
Rehabilitation Services Vocational Rehabilitation Grants to States, CFDA 84.126

Reporting
Material Weakness in Internal Control over Compliance

Grant Award Number: Affects all grant awards included under CFDA 84.126 on the Schedule of Expenditures of Federal Awards.

Criteria: The *OMB Compliance Supplement* specifies data elements from the *Case Service Report* (RSA-911*)* that contain critical information. These data elements include the date of the Individualized Plan for Employment (IPE).

Condition: Underlying supporting information was not available to support some IPE dates reported on the RSA-911.

Cause: The Nevada Department of Employment, Training and Rehabilitation (the Department) did not have adequate internal controls in place to ensure that critical data elements included on the RSA-911 report, including the date of the IPE, were supported by the data and the documentation maintained in RAISON.

Effect: Incorrect information may have been submitted on the RSA-911 report.

Questioned Costs: None

Context/Sampling: A nonstatistical sample of 60 out of 2,010 individuals included on the RSA-911 report was selected for testing. Of the 60 individuals tested, we noted five instances where a copy of the signed IPE was not maintained in RAISON in support of the reported IPE dates.

Repeat Finding from Prior Year: Yes – prior year finding 2017-024.

Recommendation: We recommend the Department enhance internal controls to ensure that critical data elements included on the RSA-911 report, including the date of the IPE, are supported by the data in RAISON and that supporting documentation is always maintained in the case file.

Views of Responsible Officials: The Nevada Department of Employment, Training and Rehabilitation agrees with this finding.

2018-028: 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

Grant Award Number:	Affects all grant awards included under CFDA 84.126 on the Schedule of Expenditures of Federal Awards.
Criteria:	Title 29 U.S. *Code of Federal Regulations Section 722(b), Development of an Individualized Plan for Employment*, requires an individualized plan for employment (IPE) to be a written document, agreed to and signed by the eligible individual and the qualified vocational rehabilitation counselor, and scanned into the electronic case file. Furthermore, the IPE must be developed no later than 90 days after the individual has been determined eligible for services.
Condition:	IPEs were not always scanned into the case file or were prepared outside of the 90 day timeframe.
Cause:	The Nevada Department of Employment, Training and Rehabilitation (the Department) did not have adequate internal controls in place to ensure participant IPEs were completed timely and maintained in accordance with federal requirements.
Effect:	Vocational Rehabilitation participants may not be receiving benefits consistent with their individualized plan for employment.
Questioned Costs:	None
Context/Sampling:	A nonstatistical sample of 60 out of 2,549 applicants deemed eligible during the fiscal year was selected for testing. Out of 60, there were only 50 applicants for which an IPE was applicable. Of the 50 IPEs tested, we noted one instance where an IPE was required and referenced in the case notes but there was no signed IPE in the case file and three instances where the IPE was completed after 90 days of the individual being determined eligible.
Repeat Finding from Prior Year:	Yes – prior year finding 2017-023.
Recommendation:	We recommend the Department enhance internal controls to ensure participants' IPEs are completed in a timely manner and maintained in the case file.
Views of Responsible Officials:	The Nevada Department of Employment, Training and Rehabilitation agrees with this finding.

2018-029: U.S. Department of Education
Rehabilitation Services Vocational Rehabilitation Grants to States, CFDA 84.126

Other
Material Weakness in Internal Control over Compliance

Grant Award Number: Affects all grant awards included under CFDA 84.126 on the Schedule of Expenditures of Federal Awards.

Criteria: Title 2 *Code of Federal* Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) requires program income expenditures to be included in the Schedule of Expenditures of Federal Awards (SEFA).

Condition: Program income expenditures were not included in the amount originally reported on the SEFA prepared by the State of Nevada.

Cause: The Nevada Department of Employment, Training, and Rehabilitation (the Department) did not have adequate internal controls to ensure total Federal expenditures reported on the SEFA included federal expenditures related to program income.

Effect: Prior to correction, the total Federal expenditures for CFDA 84.126 on the SEFA were understated by $944,760.

Questioned Costs: None

Context/Sampling: No sampling was used; all program expenditures on the SEFA were reconciled to supporting records.

Repeat Finding from Prior Year: No

Recommendation: We recommend the Department enhance internal controls to ensure total Federal expenditures include program income expenditures.

Views of Responsible Officials: The Nevada Department of Employment, Training, and Rehabilitation agrees with this finding.

2018-030: U.S. Department of Health and Human Services
Immunization Cooperative Agreements, CFDA 93.268
Block Grants for Prevention and Treatment of Substance Abuse, CFDA 93.959

Procurement, Suspension, and Debarment
Material Weakness in Internal Control over Compliance and Material Noncompliance

Grant Award Number: Affects all grant awards included under CFDA 93.268 and CFDA 93.959 on the Schedule of Expenditures of Federal Awards.

Criteria: Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) requires contracts contain the applicable provisions described in Appendix II to Part 200 for contracts under Federal awards.

The *OMB Compliance Supplement* states that Non-Federal entities are prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred. Non-Federal entities may verify that a party is not suspended or debarred by checking the *Excluded Parties List System*, collecting a certification from the entity, or adding a clause or condition to the covered transaction vehicle.

Condition: Certain applicable provisions described in Appendix II to Part 200 were not included in contracts as required. Suspension and debarment verification procedures were not always performed prior to entering into covered transactions.

Cause: The Nevada Division of Public and Behavioral Health (the Division) did not have adequate internal controls to ensure contracts under Federal awards contained all of the applicable provisions and to ensure suspension and debarment verification procedures were always performed prior to entering into all covered transactions.

Effect: Contractors may not be aware of required terms and conditions and payments could be made to recipients who were suspended or debarred.

Questioned Costs: None

Context/Sampling: A nonstatistical sample of three contracts subject to Appendix II to Part 200 out of 219 procurement transactions was selected for testing for Immunization Cooperative Agreements. All three contracts were missing certain applicable provisions and no suspension and debarment verification procedures were performed for one of the recipients.

A nonstatistical sample of 40 procurement transactions out of 636 was selected for testing, including 12 contracts subject to Appendix II to Part 200 for Block Grants for Prevention and Treatment of Substance Abuse. Seven of the 12 contracts were missing certain applicable provisions and no suspension and debarment verification procedures were performed for one of the recipients.

Repeat Finding from Prior Year:	No for Immunization Cooperative Agreements. Yes – prior year finding 2017-035 for Block Grants for Prevention and Treatment of Substance Abuse.
Recommendation:	We recommend the Division enhance internal controls to ensure all contracts under Federal awards contain the applicable provisions and ensure suspension and debarment verification procedures are performed prior to entering into all covered transactions.
Views of Responsible Officials:	The Nevada Division of Public and Behavioral Health agrees with this finding.

2018-031: U.S. Department of Health and Human Services
Immunization Cooperative Agreements, CFDA 93.268

Subrecipient Monitoring
Material Weakness in Internal Control over Compliance and Material Noncompliance

Grant Award Number: Affects all grant awards included under CFDA 93.268 on the Schedule of Expenditures of Federal Awards.

Criteria: Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) requires that:

A. Pass-through entities ensure that every subaward includes certain information at the time of the subaward.

B. Pass-through entities evaluate each subrecipient's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring.

C. Pass-through entities verify every subrecipient is audited as required by Uniform Guidance, issue management decisions for audit findings, as applicable, and ensure the subrecipient takes timely corrective action on all audit findings, as applicable.

Condition:

A. Subawards did not include certain information required by Uniform Guidance.

B. An evaluation of each subrecipient's risk of noncompliance for purposes of determining the appropriate subrecipient monitoring was not performed.

C. The Nevada Division of Public and Behavioral Health (the Division) did not verify that subrecipients were audited as required by Uniform Guidance, review audit reports for audit findings, issue management decisions, as applicable, and ensure the subrecipient took timely corrective action on all audit findings, as applicable.

Cause: The Division did not have internal controls in place to ensure compliance with subrecipient monitoring requirements.

Effect: Noncompliance at the subrecipient level may occur and not be detected by the Division.

Questioned Costs: Undetermined

Context/Sampling:

A. A nonstatistical sample of five subawards out of a population of 15 was selected for testing. None of the subawards contained all the required information.

B. No sampling was used; an evaluation of each subrecipient's risk of non-compliance was not performed.

C. A nonstatistical sample of three subrecipients out of a population of four was selected for testing. The Division did not verify that any of the subrecipients were audited as required by Uniform Guidance, review audit reports for audit findings, issue management decisions, as applicable, nor ensure subrecipients took timely corrective action on all audit findings, as applicable.

Repeat Finding from Prior Year: No

Recommendation: We recommend the Division enhance internal controls to ensure compliance with subrecipient monitoring requirements.

Views of Responsible Officials: The Nevada Division of Public and Behavioral Health agrees with this finding.

2018-032: U.S. Department of Health and Human Services
TANF Cluster:
Temporary Assistance for Needy Families (TANF), CFDA 93.558 Child Support Enforcement, CFDA 93.563

Cash Management
Material Weakness in Internal Control over Compliance

Grant Award Number: Affects all grant awards included under CFDA 93.558 and 93.563 on the Schedule of Expenditures of Federal Awards.

Criteria: The U.S. Department of the Treasury (Treasury) regulations at 31 CFR part 205, which define the Cash Management Improvement Act of 1990, as amended (Pub. L. No. 101-453; 31 USC 6501 et seq.), require State recipients to enter into Treasury-State Agreements that prescribe specific methods (funding techniques) for drawing Federal funds of selected large programs. The terms of the Treasury-State Agreement (the Agreement) specify that the TANF and Child Support Enforcement Programs complete draws related to program and administrative costs on Tuesday of each week and payroll on an estimated uniform basis with a true-up to actual 30-45 days after the end of a quarter.

Condition: Federal funds were not drawn using the required funding techniques and in accordance with the day draws were to be made as specified in the Agreement.

Cause: The Nevada Division of Welfare and Supportive Services (the Division) did not have internal controls to ensure that funds were drawn using the required funding techniques and in accordance with the day draws were to be made specified in the Agreement.

Effect: Incorrect amounts of Federal funds may be received and an interest liability could result.

Questioned Costs: None

Context/Sampling: A nonstatistical sample of 27 Federal cash draws out of 167 was selected for testing for TANF. Six of the 27 Federal cash draws selected for testing were not drawn on the correct day of the week. In addition, nine of the 27 Federal cash draws included a payroll component and none of them were drawn in according with the funding technique.

A nonstatistical sample of 60 Federal cash draws out of 321 was selected for testing for Child Support Enforcement. 21 of the 60 Federal cash draws selected for testing were not drawn on the correct day of the week. In addition, 38 of the 60 Federal cash draws included a payroll component and none of them were drawn in accordance with the funding technique.

Repeat Finding from Prior Year: No

Recommendation: We recommend the Division implement internal controls to ensure that funds are drawn using the required funding techniques specified in the Agreement.

Views of Responsible Officials:	The Nevada Division of Welfare and Supportive Services agrees with this finding.

2018-033: U.S. Department of Health and Human Services
TANF Cluster:
Temporary Assistance for Needy Families (TANF), CFDA 93.558

Eligibility
Material Weakness in Internal Control over Compliance

Grant Award Number: Affects all grant awards included under CFDA 93.558 on the Schedule of Expenditures of Federal Awards.

Criteria: The OMB Compliance Supplement requires States ensure participants meet eligibility requirements, maintain applications, and ensure amounts provided to recipients are calculated in accordance with program requirements.

Condition: Complete applications were not always obtained, nor maintained, and certain TANF applications were not completed in full in accordance with program requirements.

Cause: The Nevada Division of Welfare and Supportive Services (the Division) did not have adequate internal controls to ensure eligibility determinations were performed using complete and accurate information and applications were maintained.

Effect: Ineligible individuals may be receiving TANF assistance.

Questioned Costs: Undetermined

Context/Sampling: A nonstatistical sample of 60 TANF cases out of a population of 2,517 was selected for testing. One instance was noted where an individual who was receiving assistance did not complete all of the required fields on the application. Another instance was noted where the Division staff could not locate the application submitted by an individual receiving benefits and therefore it was not possible to test the eligibility of the individual.

Repeat Finding from Prior Year: Yes - prior year finding 2017-025.

Recommendation: We recommend the Division enhance internal controls to ensure eligibility determinations are performed using complete and accurate information and applications are maintained.

Views of Responsible Officials: The Nevada Division of Welfare and Supportive Services agrees with this finding.

2018-034: U.S. Department of Health and Human Services
TANF Cluster:
Temporary Assistance for Needy Families (TANF), CFDA 93.558

Procurement, Suspension, and Debarment
Material Weakness in Internal Control over Compliance

Grant Award Number: Affects all grant awards included under CFDA 93.558 on the Schedule of Expenditures of Federal Awards.

Criteria: Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) requires contracts contain the applicable provisions described in Appendix II to Part 200 for contracts under Federal awards.

Condition: Certain applicable provisions described in Appendix II to Part 200 were not included in contracts as required.

Cause: The Division of Welfare and Supportive Services (the Division) did not have adequate internal controls to ensure written contracts under Federal awards contained all of the applicable provisions.

Effect: Contractors may not be aware of required terms and conditions.

Questioned Costs: None

Context/Sampling: A nonstatistical sample of 60 procurement transactions out of a population of 4,252 was selected for testing, including ten contracts subject to Appendix II to Part 200. All of the contracts tested were missing certain applicable provisions.

Repeat Finding from Prior Year: Yes – prior year finding 2017-026.

Recommendation: We recommend the Division enhance internal controls to ensure all contracts under Federal awards contain all applicable provisions.

Views of Responsible Officials: The Division of Welfare and Supportive Services agrees with this finding.

2018-035: U.S. Department of Health and Human Services
Child Support Enforcement, CFDA 93.563

Procurement, Suspension, and Debarment
Material Weakness in Internal Control over Compliance and Material Noncompliance

Grant Award Number: Affects all grant awards included under CFDA 93.563 on the Schedule of Expenditures of Federal Awards.

Criteria: The *OMB Compliance Supplement* states that Non-Federal entities are prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred. Non-Federal entities may verify that a party is not suspended or debarred by checking the *Excluded Parties List System*, collecting a certification from the entity, or adding a clause or condition to the covered transaction vehicle.

Condition: Suspension and debarment verification procedures were not always performed prior to entering into covered transactions.

Cause: The Nevada Division of Welfare and Social Services (the Division) did not have adequate internal controls to ensure suspension and debarment verification procedures were always performed prior to entering into all subawards under Federal awards.

Effect: Payments could be made to recipients who were suspended or debarred.

Questioned Costs: None

Context/Sampling: A nonstatistical sample of three subawards out of 14 was selected for testing. No suspension and debarment verification procedures were performed for any of the recipients.

Repeat Finding from Prior Year: No

Recommendation: We recommend the Division enhance internal controls to ensure suspension and debarment verification procedures are performed prior to entering into all subawards under Federal awards.

Views of Responsible Officials: The Nevada Division of Welfare and Social Services agrees with this finding.

2018-036: U.S. Department of Health and Human Services
Child Support Enforcement, CFDA 93.563

Subrecipient Monitoring
Material Weakness in Internal Control over Compliance

Grant Award Number: Affects all grant awards included under CFDA 93.563 on the Schedule of Expenditures of Federal Awards.

Criteria: Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) requires that pass-through entities ensure that every subaward includes certain information at the time of the subaward and that the award's CFDA number is identified to the subrecipient at the time of disbursement.

Condition: Subawards did not include certain information required by Uniform Guidance. In addition, the CFDA number was not identified at the time of disbursement.

Cause: The Nevada Division of Welfare and Social Services (the Division) did not have internal controls in place to ensure compliance with subrecipient monitoring requirements.

Effect: Noncompliance at the subrecipient level may occur and not be detected by the Division.

Questioned Costs: Undetermined

Context/Sampling: A nonstatistical sample of three subawards out of a population of 14 was selected for testing. None of the subawards contained all the required information. In addition, we selected a nonstatistical sample of 40 payments to subrecipients out of a population of 675 and none of the payments identified the award's CFDA number.

Repeat Finding from Prior Year: No

Recommendation: We recommend the Division implement internal controls to ensure compliance with subrecipient monitoring requirements.

Views of Responsible Officials: The Nevada Division of Welfare and Social Services agrees with this finding.

2018-037: 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

Grant Award Number:	Affects all grant awards included under CFDA 93.658 on the Schedule of Expenditures of Federal Awards.
Criteria:	The *OMB 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:	In certain instances, more than one provider was paid for foster care services for a specific child on the same day.
Cause:	The Nevada Division of Child and Family Services (the Division) did not have adequate internal controls to ensure that only one provider was paid for foster care services for a specific child on the same day.
Effect:	Unallowable costs were charged to the Federal program.
Questioned Costs:	None, as known and projected questioned costs did not exceed $25,000.
Context/Sampling:	We selected a nonstatistical sample of 60 providers, which represented approximately 700 months of service. We noted two instances where more than one provider was paid for foster care services for a specific child on the same day, representing 18 days of service.
Repeat Finding from Prior Year:	Yes - prior year finding 2017-028.
Recommendation:	We recommend the Division enhance internal controls to ensure that only one provider is paid for foster care services for a specific child on a specific day.
Views of Responsible Officials:	The Nevada Division of Child and Family Services agrees with this finding.

2018-038: U.S. Department of Health and Human Services
Foster Care – Title IV-E, CFDA 93.658
Adoption Assistance, CFDA 93.659

Allowable Costs/Cost Principles
Material Weakness in Internal Control over Compliance

Grant Award Number: Affects all grant awards included under CFDA 93.658 and CFDA 93.659 on the Schedule of Expenditures of Federal Awards.

Criteria: The *OMB 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: Various administrative accounts were allocated on a basis that did not agree to the cost allocation plan narrative. In addition, changes in the specialized training expenditures were not appropriately updated in the cost allocation.

Cause: The Nevada Division of Child and Family Services (the Division) did not have adequate internal controls to ensure the cost allocation plan narrative appropriately reflected allocation methods or that significant updates to expenditure data were processed through cost allocation.

Effect: Administrative costs claimed exceeded what should have been claimed and the cost allocation plan narrative was inaccurate.

Questioned Costs: Foster Care – Title IV-E: $63,033
Adoption Assistance – Title IV-E: $212,026

Context/Sampling: A nonstatistical sample of two out of four quarters was originally selected for testing. In addition, 12 of 113 accounts had allocation methods that did not agree to the cost allocation plan narrative on the December 31, 2017 cost allocation and 12 of 115 accounts had allocation methods that did not agree to the cost allocation plan narrative on the March 31, 2018 cost allocation. The questioned costs noted above reflect only the specialized training expenditure updates for all four quarters.

Repeat Finding from Prior Year: No

Recommendation: We recommend the Division enhance internal controls to ensure the cost allocation plan narrative appropriately reflects allocation methods and that significant updates to expenditure data is processed through cost allocation.

Views of Responsible Officials: The Nevada Division of Child and Family Services agrees with this finding.

2018-039: U.S. Department of Health and Human Services
Foster Care – Title IV-E, CFDA 93.658

Eligibility
Significant Deficiency in Internal Control over Compliance

Grant Award Number: Affects all grant awards included under CFDA 93.658 on the Schedule of Expenditures of Federal Awards.

Criteria: The *OMB Compliance Supplement* requires that non-Federal entities receiving Federal awards establish and maintain internal controls designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements. To ensure compliance with Eligibility, the Nevada Division of Child and Family Services (the Division) has instituted a policy requiring an individual independent of the eligibility determination review the determination.

Condition: There was no discernible evidence that some eligibility determinations were reviewed by an individual independent of the determination.

Cause: The Division did not follow its internal control policy to have an individual independent of the eligibility determination review all eligibility determinations.

Effect: Inaccurate eligibility determinations may occur, which could lead to unallowable costs being charged to the program.

Questioned Costs: None

Context/Sampling: A nonstatistical sample of 60 out of 248 eligibility determinations was selected for testing. Two eligibility determinations did not have discernible evidence of review by an individual independent of the eligibility determination.

Repeat Finding from Prior Year: Yes – prior year finding 2017-030.

Recommendation: We recommend the Division follow its own internal control policy to have an individual independent of the eligibility determination review all eligibility determinations.

Views of Responsible Officials: The Nevada Division of Child and Family Services agrees with this finding.

2018-040: U.S. Department of Health and Human Services
Foster Care – Title IV-E, CFDA 93.658
Adoption Assistance, CFDA 93.659

Procurement, Suspension, and Debarment
Material Weakness in Internal Control over Compliance and Material Noncompliance

Grant Award Number: Affects all grant awards included under CFDA 93.658 and CFDA 93.659 on the Schedule of Expenditures of Federal Awards.

Criteria: The *OMB Compliance Supplement* states that Non-Federal entities are prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred. Non-Federal entities may verify that a party is not suspended or debarred by checking the *Excluded Parties List System*, collecting a certification from the entity, or adding a clause or condition to the covered transaction vehicle.

Condition: Suspension and debarment verification procedures were not always performed prior to entering into covered transactions.

Cause: The Nevada Division of Child and Family Services (the Division) did not have internal controls to ensure suspension and debarment verification procedures were always performed prior to entering into all subawards under Federal awards.

Effect: Payments could be made to recipients who were suspended or debarred.

Questioned Costs: None

Context/Sampling: The entire population of two subawards to two subrecipients was tested. No suspension and debarment verification procedures were performed for either of the subrecipients.

Repeat Finding from Prior Year: No

Recommendation: We recommend the Division implement internal controls to ensure suspension and debarment verification procedures are performed prior to entering into all subawards under Federal awards.

Views of Responsible Officials: The Nevada Division of Child and Family Services agrees with this finding.

2018-041: U.S. Department of Health and Human Services
Foster Care – Title IV-E, CFDA 93.658
Adoption Assistance, CFDA 93.659

Subrecipient Monitoring
Material Weakness in Internal Control over Compliance and Material Noncompliance

Grant Award Number: Affects all grant awards included under CFDA 93.658 and CFDA 93.659 on the Schedule of Expenditures of Federal Awards.

Criteria: Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) requires that:

A. Pass-through entities ensure that every subaward includes certain information at the time of the subaward and that the award's CFDA number is identified to the subrecipient at the time of disbursement.

B. Pass-through entities evaluate each subrecipient's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring. In addition, the subrecipient monitoring must ensure that the subaward is used for authorized purposes.

C. Pass-through entities verify every subrecipient is audited as required by Uniform Guidance, issue management decisions for audit findings, as applicable, and ensure the subrecipient takes timely corrective action on all audit findings, as applicable.

Condition:

A. Subawards were not issued and the information required by Uniform Guidance was not communicated. In addition, the award's CFDA number was not identified to the subrecipient at the time of disbursement.

B. An evaluation of each subrecipient's risk of noncompliance for purposes of determining the appropriate subrecipient monitoring was not performed. In addition, monitoring was not performed in accordance with established policies to ensure that the subaward was used for authorized purposes.

C. A management decision was not issued to a subrecipient who had audit findings.

Cause: The Nevada Division of Child and Family Services (the Division) did not have internal controls to ensure compliance with subrecipient monitoring requirements.

Effect: Noncompliance at the subrecipient level may occur and not be detected by the Division.

Questioned Costs: Undetermined

Context/Sampling:	A. The entire population of two subrecipients was tested. In addition, we selected a nonstatistical sample of eights payments to subrecipients out of a population of 28. Five payments, all occurring prior to February 2018, did not include the CFDA number. B. The entire population of two subrecipients was tested. Risk assessment was not performed for either subrecipient. In addition, monitoring was not performed in accordance with established policies for one subrecipient. C. The entire population of two subrecipients was tested. One of the subrecipients had one finding in relation to Foster Care and Adoption Assistance and a management decision was not issued.
Repeat Finding from Prior Year:	Yes – prior year finding 2017-031.
Recommendation:	We recommend the Division implement internal controls to ensure compliance with subrecipient monitoring requirements.
Views of Responsible Officials:	The Nevada Division of Child and Family Services agrees with this finding.

2018-042: U.S. Department of Health and Human Services
Foster Care – Title IV-E, CFDA 93.658
Adoption Assistance – Title IV-E, CFDA 93.659

Other
Material Weakness in Internal Control over Compliance

Grant Award Number: Affects all grant awards included under CFDA 93.658 and CFDA 93.659 on the Schedule of Expenditures of Federal Awards.

Criteria: Title 2 *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) requires the State of Nevada to prepare a Schedule of Expenditures of Federal Awards (SEFA) showing both total Federal expenditures and payments to subrecipients for the year.

Condition: Amounts were originally reported incorrectly on the SEFA.

Cause: The Nevada Division of Child and Family Services (the Division) did not have adequate internal controls to ensure total Federal expenditures and payments to subrecipients were appropriately reported on the SEFA.

Effect: Prior to correction, the total Federal expenditures and payments to subrecipients on the SEFA were understated by $1,184,607 for Foster Care and $3,959,412 for Adoption Assistance.

Questioned Costs: None

Context/Sampling: No sampling was used; all program expenditures on the SEFA were reconciled to supporting records.

Repeat Finding from Prior Year: No

Recommendation: We recommend the Division enhance internal controls to ensure total Federal expenditures and payments to subrecipients are appropriately reported on the SEFA.

Views of Responsible Officials: The Nevada Division of Child and Family Services agrees with this finding.

2018-043: U.S. Department of Health and Human Services
Adoption Assistance, CFDA 93.659

Reporting
Significant Deficiency in Internal Control over Compliance

Grant Award Number: Affects all grant awards included under CFDA 93.659 on the Schedule of Expenditures of Federal Awards.

Criteria: The *OMB Compliance Supplement* requires that reports submitted to the Federal awarding agency include all activity of the reporting period, are supported by underlying accounting information and are presented in accordance with program requirements.

Condition: Amounts reported on the *Title IV-E Programs Quarterly Financial Report* (CB-496) were not supported by the underlying accounting information and therefore, were not reported in accordance with program requirements.

Cause: The Nevada Division of Child and Family Services (the Division) did not have adequate internal controls to ensure the CB-496 was reported accurately.

Effect: Inaccurate information was reported to the federal awarding agency.

Questioned Costs: None

Context/Sampling: A nonstatistical sample of two CB-496 reports out of four was selected for testing. The following variances were noted on the March 31, 2018 CB-496 report:

Line 23 – Column C was understated by $101,705
Line 23 – Column D was understated by $50,853
Line 24 – Column C was overstated by $101,705
Line 24 – Column D was overstated by $50,583
Line 46 – Column E was understated by 11 children

Repeat Finding from Prior Year: No

Recommendation: We recommend the Division enhance internal controls to ensure the CB-496 is reported accurately.

Views of Responsible Officials: The Nevada Division of Child and Family Services agrees with this finding.

2018-044: U.S. Department of Health and Human Services
Children's Health Insurance Program (CHIP), CFDA 93.767

Reporting
Material Weakness in Internal Control over Compliance

Grant Award Number: Affects all grant awards included under CFDA 93.767 on the Schedule of Expenditures of Federal Awards.

Criteria: The *OMB Compliance Supplement* requires that reports submitted to the Federal awarding agency include all activity of the reporting period are supported by underlying accounting information and are presented in accordance with program requirements.

Condition: Amounts reported on the *Quarterly Children's Health Insurance Program Statement of Expenditures for Title XXI* (CMS-21) were not supported by the underlying accounting information.

Cause: The Nevada Division of Health Care Financing and Policy (the Division) did not have adequate internal controls to ensure CMS-21 reports were reported accurately.

Effect: Inaccurate information may have been reported to the federal awarding agency.

Questioned Costs: None

Context/Sampling: A nonstatistical sample of two CMS-21 reports out of four was selected for testing. Lines 25 and 33, in total, were overstated by $79,930 on the December 31, 2017 CMS-21 report and by $62,238 on the March 31, 2018 CMS-21 report (Total Computable Column).

Repeat Finding from Prior Year: Yes – prior year finding 2017-034.

Recommendation: We recommend the Division enhance internal controls to ensure CMS-21 reports are reported accurately.

Views of Responsible Officials: The Nevada Division of Health Care Financing and Policy agrees with this finding.

2018-045: **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

Special Tests and Provisions
Material Weakness in Internal Control over Compliance

Grant Award Number: Affects all grant awards included under CFDA 93.778 on the Schedule of Expenditures of Federal Awards.

Criteria: The *OMB Compliance Supplement* requires that non-Federal entities receiving Federal awards establish and maintain internal controls designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements. To ensure compliance with provider enrollment, the Nevada Division of Health Care Financing and Policy (the Division) relies, in part, on a provider enrollment team at a third party.

The third party's procedures require the provider enrollment team to maintain a record of relevant provider information, using rules set by the Division as necessary for the operation of the Nevada Medicaid Program. The provider enrollment team validates that the provider enrollee maintains a current license and/or relevant state certification during the enrollment process.

Condition: A copy of the current license was not obtained or maintained.

Cause: The Nevada Division of Health Care Financing and Policy did not have adequate internal controls to ensure the provider enrollment team always obtained and maintained a copy of the current license for each provider.

Effect: Payments could be made to unlicensed providers.

Questioned Costs: None

Context/Sampling: A nonstatistical sample of 60 out of 5,079 providers was selected for testing. A current license was not available to be reviewed for seven of the providers.

Repeat Finding from Prior Year: No

Recommendation: We recommend the Division enhance internal controls to ensure the provider enrollment team obtains and maintains a copy of the current license for each provider.

Views of Responsible Officials: The Nevada Division of Health Care Financing and Policy agrees with this finding.

2018-046: 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

Reporting
Material Weakness in Internal Control over Compliance and Material Noncompliance

Grant Award Number:	Affects all grant awards included under CFDA 93.778 on the Schedule of Expenditures of Federal Awards.
Criteria:	The *OMB Compliance Supplement* requires that reports submitted to the Federal awarding agency include all activity of the reporting period, are supported by underlying accounting information and are presented in accordance with program requirements.
Condition:	Amounts reported on the *Quarterly Statement of Expenditures for the Medical Assistance Program* (CMS-64) were not supported by the underlying accounting information and therefore, were not reported in accordance with program requirements.
Cause:	The Nevada Division of Health Care Financing and Policy (the Division) did not have adequate internal controls to ensure CMS-64 reports were reported accurately.
Effect:	Inaccurate information was reported to the federal awarding agency.
Questioned Costs:	None
Context/Sampling:	A nonstatistical sample of two CMS-64 reports out of four was selected for testing. The following variances were noted on the December 31, 2017 CMS-64 report (Total Computable Column):

Lines 1A – 1D (in total) were overstated by $14,190,968
Line 2A was overstated by $22,864
Lines 5A, 5C, and 5D (in total) were understated by $3,250,609
Line 5B was understated by $67,522
Lines 6A and 6B (in total) were understated by $307,938
Line 7 was overstated by $737
Lines 7A1 – 7A6 (in total) were understated by $895,567
Lines 9A – 9B (in total) were overstated by $99
Line 16 was understated by $186,253
Line 17 was overstated by $186,253
Lines 18A, 18A1, and 18C (in total) were understated by $12,150,529
Line 19A was overstated by $4,660
Line 19B was understated by $18,174
Line 23A was understated by $4,243
Line 24A was understated by $38,627

Line 26 was overstated by $31,353
Line 27 was understated by $253,783
Line 28 was understated by $69,753
Line 29 was understated by $61,282
Line 30 was understated by $14,905
Line 31 was understated by $304
Line 32 was understated by $1,678
Line 33 was understated by $120,179
Line 34 was understated by $4,650
Line 35 was understated by $36
Line 37 was understated by $31,527
Line 38 was understated by $25,831
Line 39 was understated by $36,174
Line 40 was understated by $154,562
Line 41 was overstated by $18,968
Line 49 was understated by $506,327

The following variances were noted on the March 31, 2018 CMS-64 report (Total Computable Column):

Line 2A was overstated by $63,663
Lines 6A and 6B (in total) were understated by $368,819
Lines 7A1 – 7A6 (in total) were understated by $453,369
Lines 17A, 17B, 17C1, and 17D (in total) were overstated by $1,629
Lines 18A, 18A1 and 18C (in total) were understated by $1,258
Line 19A was understated by $193,850
Line 24A was understated by $682,597

Repeat Finding from Prior Year: Yes – prior year finding 2017-034.

Recommendation: We recommend the Division enhance internal controls to ensure CMS-64 reports are reported accurately.

Views of Responsible Officials: The Nevada Division of Health Care Financing and Policy agrees with this finding.

2018-047: 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

Reporting
Significant Deficiency in Internal Control over Compliance

Grant Award Number: Affects all grant awards included under CFDA 93.775 on the Schedule of Expenditures of Federal Awards.

Criteria: The *OMB Compliance Supplement* requires that reports submitted to the Federal awarding agency include all activity of the reporting period, are supported by underlying accounting information and are presented in accordance with program requirements.

Condition: Amounts reported on the *Federal Financial Report* (SF-425) were not supported by the underlying accounting information and therefore, were not reported in accordance with program requirements.

Cause: The Nevada Attorney General's Office (the Office) did not have adequate internal controls to ensure SF-425 reports were reported accurately.

Effect: Inaccurate information was reported to the federal awarding agency.

Questioned Costs: None

Context/Sampling: A nonstatistical sample of two SF-425 reports out of five was selected for testing. Lines 10e and 10g were each overstated by $8,966 and lines 10j and 10l were each overstated by $2,989 on the March 31, 2018 SF-425 report.

Repeat Finding from Prior Year: No

Recommendation: We recommend the Office enhance internal controls to ensure SF-425 reports are reported accurately.

Views of Responsible Officials: The Nevada Attorney General's Office agrees with this finding.

2018-048: U.S. Department of Health and Human Services
Block Grants for Prevention and Treatment of Substance Abuse, CFDA 93.959

Reporting
Significant Deficiency in Internal Control over Compliance

Grant Award Number: Affects all grant awards included under CFDA 93.959 on the Schedule of Expenditures of Federal Awards.

Criteria: The *OMB Compliance Supplement* requires reports submitted to the Federal awarding agency include all activity of the reporting period, are supported by applicable accounting or performance records, and are presented in accordance with program requirements.

Condition: During our testing of Table 2 of the State Agency Expenditure Report (Table 2), we noted the total expenditures of the *SA Block Grant* were understated and therefore not in accordance with the program requirements.

Cause: The Nevada Division of Public and Behavioral Health (the Division) inadvertently omitted certain expenditures of the *SA Block Grant* from Table 2, which caused it not to be presented in accordance with the program requirements.

Effect: Inaccurate information was reported to the federal awarding agency.

Questioned Costs: None

Context/Sampling: No sampling was used; Table 2 was tested in its entirety. The *SA Block Grant* expenditures were understated by $668,697.

Repeat Finding from Prior Year: No

Recommendation: We recommend the Division enhance internal controls to ensure all expenditures of the *SA Block Grant* are included in Table 2 in accordance with the program requirements.

Views of Responsible Officials: The Nevada Division of Public and Behavioral Health agrees with this finding.

2018-049: 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

Grant Award Number: Affects all grant awards included under CFDA 93.959 on the Schedule of Expenditures of Federal Awards.

Criteria: Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) requires that:

A. Pass-through entities ensure that every subaward includes certain information at the time of the subaward and that the award's CFDA number is identified to the subrecipient at the time of disbursement.

B. Pass-through entities evaluate each subrecipient's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring. In addition, the subrecipient monitoring must ensure that the subaward is used for authorized purposes.

Condition:

A. Subawards did not include certain information required by Uniform Guidance. In addition, the award's CFDA number was not identified at the time of disbursement.

B. An evaluation of each subrecipient's risk of noncompliance for purposes of determining the appropriate subrecipient monitoring was not performed. In addition, monitoring activities were not performed to ensure the subaward was used for authorized purposes.

Cause: The Nevada Division of Public and Behavioral Health (the Division) did not have adequate internal controls to ensure compliance with subrecipient monitoring requirements.

Effect: Noncompliance at the subrecipient level may occur and not be detected by the Division.

Questioned Costs: Undetermined

Context/Sampling:

A. A nonstatistical sample of 25 subawards out of a population of 164 was selected for testing. None of the subawards contained all the required information. In addition, we selected a nonstatistical sample of 60 pass-through payments to subrecipients and one of the payments did not identify the award's CFDA number.

B. A nonstatistical sample of 15 subrecipients out of a population of 59 was selected for testing. The Division did not adequately evaluate risk of noncompliance for purposes of determining the appropriate subrecipient monitoring for any of the subrecipients. In addition, the Division did not adequately monitor the activities of six of the 15 subrecipients to ensure the subaward was used for authorized purposes.

Repeat Finding from Prior Year: Yes – prior year finding 2017-037.

Recommendation: We recommend the Division implement internal controls to ensure compliance with subrecipient monitoring requirements.

Views of Responsible Officials: The Nevada Division of Public and Behavioral Health agrees with this finding.

Management’s Response to Auditor’s Findings:
Prior Audit Findings and Corrective Action Plans
June 30, 2018

Prepared by Management of

Nevada State Agencies

CATHERINE BYRNE, CPA
Controller

STATE OF NEVADA

LORI HOOVER, CPA
Chief Deputy Controller

OFFICE OF THE
STATE CONTROLLER

March 12, 2019

Eide Bailly LLP
5441 Kietzke Lane
Reno, NV 89511

Dear Sirs:

In accordance with Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), please accept the following Summary Schedule of Prior Audit Findings for the year ended June 30, 2018.

2016-002:

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

Initial Fiscal Year Finding Occurred: 2015

The U.S. Department of the Treasury (Treasury) regulations at 31 FR 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.

Supporting documentation was not available for some of the Federal cash draws selected for testing. As a result, there was no evidence that funds were drawn in compliance with the appropriate funding technique per the Treasury-State Agreement. In addition, we noted that internal controls at the Nevada Department of Agriculture (the Department) require that draws are reviewed and approved by an individual independent of the preparation process prior to submission. Evidence of review and approval was not present for some of the Federal cash draws selected for testing.

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The Department did not have internal controls in place to ensure that adequate records were maintained for Federal cash draws and established internal controls that require Federal cash draws are reviewed by an individual independent of the preparation process were not followed.

Inaccurate Federal cash draws may be submitted, the incorrect amount of Federal funds may be received, and the appropriate funding technique per the Treasury-State Agreement may not be followed.

A nonstatistical sample of five Federal cash draws out of 19 was selected for testing. Supporting documentation was not available for two of the five selected. In addition, two of the remaining three Federal cash draws lacked evidence of the required review and approval prior to submission.

State's Response: The Administrative Division has developed and implemented procedures to ensure Federal cash draws have supporting backup and are reviewed by the Management Analyst III or the Administrative Officer III before the Account Technician II enters the federal draw in ASAP.

Status: Corrected.

2016-004: **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

Reporting
Significant Deficiency in Internal Control over Compliance

Initial Fiscal Year Finding Occurred: 2016

Finding Summary: The OMB Compliance Supplement requires that non-Federal entities receiving Federal awards establish and maintain internal controls designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements, and identifies the FNS-10, Report of School Program Operations (FNS-10) and the FNS-777, Financial Status Reports (FNS-777) as applicable to the Child Nutrition Cluster.

Internal controls at the Nevada Department of Agriculture require that reports are reviewed and approved by an individual independent of the preparation process prior to submission. Certain reports were prepared and submitted without being reviewed and approved by an individual independent of the preparation process.

The Department did not follow established internal controls to ensure that reports submitted to the Federal agency were reviewed and approved by an individual independent of the preparation process.

Inaccurate information was reported to the Federal agency.

Nonstatistical samples of four out of 24 FNS-10 reports and two out of eight FNS-777 reports were selected for testing. We noted two FNS-10 reports and two FNS-777 reports were prepared and submitted without being reviewed by an individual independent of the preparation process.

State's Response: The Nevada Department of Agriculture has implemented a policy and procedure documenting review and approval of reports by an individual independent of the preparer.

Completion Date: March 8, 2018.

Status: Corrected.

2016-005: **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

Subrecipient Monitoring
Significant Deficiency in Internal Control over Compliance

Initial Fiscal Year Finding Occurred: 2016

Finding Summary: Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) requires that pass-through entities ensure that every subaward includes certain information at the time of the subaward and that the award's CFDA number is identified to the subrecipient at the time of disbursement.

Subawards did not include certain information required by Uniform Guidance and the CFDA number was not identified at the time of disbursement.

The Nevada Department of Agriculture (the Department) did not have adequate internal controls to ensure that subawards included all information required by Uniform Guidance at the time of the subaward and that the award's CFDA number was identified to the subrecipient at the time of disbursement.

Noncompliance may occur at the subrecipient level.

A nonstatistical sample of four out of 34 subrecipients was selected for testing. None of the four subawards included all of the information required by Uniform Guidance. In addition, a nonstatistical sample of 40 payments to subrecipients were selected for testing, of which 29 were subject to the requirements of Uniform Guidance. None of the 29 payments tested identified the award's CFDA number.

State's Response: This has been corrected as of August 1, 2017. The agency implemented the "CFDA number" within the description field of all payment vouchers. Due to the timing of the audit exit conference, there were several items in early SFY2018 that did not include the CFDA number. This finding has been resolved.

Completion Date: August 1, 2017.

The Department has implemented policies and procedures to assure that the award documents are reviewed by both program and fiscal staff to assure that all award notifications include the federal agreement (FAIN) identification number and CFDA number.

Completion Date: March 6, 2018.

Status: Partially corrected.

2016-006: **U.S. Department of Agriculture**
Special Supplemental Nutrition Program for Women, Infants, and Children (WIC), CFDA 10.557

Procurement, Suspension, and Debarment
Significant Deficiency in Internal Control over Compliance

Initial Fiscal Year Finding Occurred: 2016

Finding Summary: Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) requires contracts contain the applicable provisions described in Appendix II to Part 200 for contracts under Federal awards.

Certain applicable provisions described in Appendix II to Part 200 were not included in contracts as required.

The Nevada Division of Public and Behavioral Health (the Division) did not have adequate internal controls to ensure all contracts under Federal awards contained the applicable provisions.
Contractors may not be aware of required terms and conditions.

A nonstatistical sample of 40 procurement transactions was selected for testing, including two contracts subject to Appendix II to Part 200. Neither of the contracts tested contained all of the applicable provisions.

State's Response: The State added language to its standard contract form regarding suspension and debarment and lobbying activities effective March 30, 2017; however as of June 30, 2018, the state's standard contract form did not have language regarding the Clean Air Act or the Federal Water Pollution Control Act. On September 27, 2018, the Division received approval from the Department of Administration to add language to its contracts regarding the Clean Air Act and the Federal Water Pollution Control Act. The Department of Administration will add this language to the state's standard contract form in the near future.

Status: Partially corrected.

2016-008: **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

Initial Fiscal Year Finding Occurred: 2015

Finding Summary: 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.

Federal funds were not drawn using the funding techniques specified in the Treasury-State Agreement.

The Nevada Division of Public and Behavioral Health did not have internal controls to ensure funds were drawn using the funding techniques specified in the Treasury-State Agreement.

Incorrect amounts of Federal cash may be received, and an interest liability could result.

A nonstatistical sample of 49 Federal cash draws out of 243 was selected for testing. Of this sample, there were 45 where funds were not drawn using the funding techniques specified in the Treasury-State Agreement.

State's Response: The Division worked with the Office of State Controller to revise its Treasury-State Agreement to reflect a change in the Women, Infants and Children (WIC) federal funds draw technique, effective June 25, 2018. Further, the Division revised its federal draw method to be consistent with the agreed-upon technique and with review and approval from a person independent of the draw.

Status: Corrected.

2016-010: **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 and Material

Initial Fiscal Year Finding Occurred: 2015

Finding Summary: Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) requires that:

Pass-through entities ensure that every subaward includes certain information at the time of the subaward and that the award's CFDA number is identified to the subrecipient at the time of disbursement.

Pass-through entities evaluate each subrecipient's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring.

Pass-through entities verify every subrecipient is audited as required by Uniform Guidance, issue management decisions for audit findings, as applicable, and ensure the subrecipient takes timely corrective action on all audit findings, as applicable.

Subawards did not include certain information required by Uniform Guidance and the CFDA number was not identified at the time of disbursement.

An evaluation of each subrecipient's risk of noncompliance for purposes of determining the appropriate subrecipient monitoring was not performed.

The Nevada Division of Public and Behavioral Health (the Division) did not verify that subrecipients were audited as required by Uniform Guidance, review audit reports for audit findings, issue management decisions, as applicable, and ensure the subrecipient took timely corrective action on all audit findings, as applicable.

The Division did not have internal controls in place to ensure compliance with subrecipient monitoring requirements.

Noncompliance at the subrecipient level may occur and not be detected by the Division.

A nonstatistical sample of six subawards out of a population of 35 was selected for testing. Of this sample, five subawards did not contain all the required information. In addition, we selected a nonstatistical sample of 40 pass-through payments to subrecipients and none of the payments identified the CFDA number.

No sampling was used; an evaluation of each subrecipient's risk of noncompliance was not performed.

A nonstatistical sample of four subrecipients out of a population of 19 was selected for testing. The Division did not verify that any of the subrecipients were audited as required by Uniform Guidance, review audit reports for audit findings, issue management decisions, as applicable, and ensure subrecipients took timely corrective action on all audit findings, as applicable.

State's Response: Effective April 1, 2017, each check stub or remittance advice includes the CFDA number, program name and amount for each disbursement of federal funds to a grant subrecipient. Beginning July 1, 2018, risk assessments are performed for each grant subrecipient when determining appropriate levels of monitoring. Although staff ensure audit reports are received and logged, review and follow-up are not always conducted.

Status: Partially corrected.

2016-011: **U.S. Department of Agriculture**
Special Supplemental Nutrition Program for Women, Infants, and Children (WIC), CFDA 10.557

Procurement, Suspension, and Debarment
Material Weakness in Internal Control over Compliance

Initial Fiscal Year Finding Occurred: 2016

Finding Summary: The OMB Compliance Supplement states that Non-Federal entities are prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred. Non-Federal entities may verify that a party is not suspended or debarred by checking the Excluded Parties List System, collecting a certification from the entity, or adding a clause or condition to the covered transaction.

While no instances of noncompliance were noted, suspension and debarment verification procedures were not performed prior to entering into certain covered transactions.

The Nevada Division of Public and Behavioral Health (the Division) did not have adequate internal controls to ensure suspension and debarment verification procedures were performed prior to entering into all covered transactions.

Payments could be made to recipients who are suspended or debarred.

A nonstatistical sample of eight covered transactions out of a population of 30 was selected for testing. We noted suspension and debarment verification procedures were not performed for three of the transactions tested.

State's Response: As of March 30, 2017, prior to entering into agreements with contractors or grant subrecipients, staff verifies that each party is neither suspended nor debarred through a review of the Excluded Parties List System. The State added language to its standard contract form regarding suspension and debarment and lobbying activities effective March 30, 2017; however as of June 30, 2018, the state's standard contract form did not have language regarding the Clean Air Act or the Federal Water Pollution Control Act. On September 27, 2018, the Division received approval from the Department of Administration to add language to its contracts regarding the Clean Air Act and the Federal Water Pollution Control Act. The Department of Administration will add this language to the state's standard contract form in the near future.

Status: Partially corrected.

2016-012: **U.S. Department of Defense**
National Guard Military Operations and Maintenance (O&M) Projects, CFDA 12.401

Procurement, Suspension, and Debarment
Material Weakness in Internal Control over Compliance

Initial Fiscal Year Finding Occurred: 2016

Finding Summary: Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) requires contracts contain the applicable provisions described in Appendix II to Part 200 for contracts under Federal awards.

The *OMB Compliance Supplement* states that Non-Federal entities are prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred. Non-Federal entities may verify that a party is not suspended or debarred by checking the *Excluded Parties List System*, collecting a certification from the entity, or adding a clause or condition to the covered transaction.

Certain applicable provisions described in Appendix II to Part 200 were not included in contracts as required. Suspension and debarment verification procedures were not performed prior to entering into covered transactions.

The Nevada Office of the Military (the Office) did not have adequate internal controls to ensure contracts under Federal awards contained all of the applicable provisions and to ensure suspension and debarment verification procedures were performed prior to entering into all covered transactions.

Contractors may not be aware of required terms and conditions and payments could be made to recipients who were suspended or debarred.

A nonstatistical sample of 40 procurement transactions was selected for testing, including 32 contracts subject to Appendix II to Part 200. 26 of the contracts tested did not contain certain applicable provisions and no suspension and debarment verification procedures were performed for those 26 contracts.

State's Response: The Office of Military has implemented the Corrective Action for audit findings 2016-012 and 2017-009 and is projected to be completed by July 1, 2020.

Status: Partially corrected.

2016-014: **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

Initial Fiscal Year Finding Occurred: 2014

Finding Summary: The *OMB 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.

The system utilized by the Nevada Department of Employment, Training and Rehabilitation (the Department) 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.

The Department 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 Compliance Supplement*.

The State may be relieving employers of charges when their untimely or inadequate responses have resulted in overpayments.

State's Response: After completion of a comprehensive User Acceptance Testing (UAT) regimen, the Relief of Charging functionality (CR 9917) was promoted to UInv production on February, 8 2017. The functionality is now operational and UI business units to include Benefit Claims, Adjudication, Rulings and Appeals, have been provided with end user instruction.

Date of Completion: Completed on February 8, 2017
Contact Person: Brian Bracken ESD Program Chief, DETR

Updated Nevada DETR Response as of June 2017
Pursuant to the response provided to the 2016 Single Audit auditors in March 2017, the system functionality problem has been rectified and has been operational since February 2017.

Updated U.S. DOL Response as of August 2017
In response to the auditor, the State of Nevada concurred with the finding and provided a timeline of when implementation was completed for the UInv system. After completion of a comprehensive UAT regimen, the Relief of Charging functionality was promoted to UNIV production on **February 8, 2017.** The functionality is now operational and UI business units to include Benefit Claims, Adjudication, Rulings and Appeals, have been provided with end user instruction.

Determination: Based on the above, the finding is corrected**.**

Status: Corrected.

2016-015: **U.S. Department of Labor**
Unemployment Insurance, CFDA 17.225

Reporting
Significant Deficiency in Internal Control over Compliance

Initial Fiscal Year Finding Occurred: 2016

Finding Summary: The *OMB Compliance Supplement* provides that states are required to submit a quarterly report, the *Trade Act Participant Report (TAPR)*, on participant characteristics, services, and benefits received, and outcomes achieved, including wage record data, on a rolling quarterly basis. Wage record data is obtained from the Wage Record Interchange System (WRIS).

Wage record data included on the TAPR did not agree to information obtained from the WRIS.

The Nevada Department of Employment, Training and Rehabilitation (the Department) did not have adequate internal controls to ensure that information included on the TAPR agreed to the WRIS.

Incorrect information may have been included on the TAPR.

State's Response: The TAPR process and procedure both have been updated to mitigate any WRIS wage file processing errors. Reportlink software is now utilized to request, merge and calculate the WRIS and Nevada wage totals. Several validation steps have also been added to the procedure to assure reporting accuracy. Attached is the new TAPR report checklist that reflects the additional validation steps.

The State of Nevada has just contracted with a new Vendor (Geographic Solutions) to change the MIS system of record. It is anticipated the implementation will be complete prior to the reporting of the end of TAA Program Year 16 (September 30, 2017). The new Vendor is successfully reporting TAA data out of 23 other states. We expect this to resolve the need for additional steps and consolidates the reporting to one software instead of the two utilized now.

Estimated Date of Completion: The current, updated process is now complete and implemented using the attached checklist. As stated above the upcoming new MIS/Reporting system is estimated to go live in August of 2017 in order to report PY 16 ending in September 2017.
Contact Person: Grant Nielson, Chief, Workforce Investment Services Section (WISS), DETR

Updated Nevada DETR Response as of June 2017
Nevada DETR states that the previous timeline for correction (as noted above) remains with no changes. The current, updated process is now complete and implemented using the attached checklist. As stated above the upcoming new MIS/Reporting system is estimated to go live in August of 2017 in order to report PY 16 ending in September 2017.

<u>Updated U.S. DOL Response as of August 2017</u>
In response to the FAR, the State of Nevada agreed with the finding and explained that the TAPR process and procedure have been updated to mitigate any WRIS wage file processing errors. Software is now being utilized to request, merge and calculate the WRIS and Nevada wage totals. Validation steps were added to the procedure to ensure reporting accuracy. The State of Nevada provided a checklist showing the validation steps. The State of Nevada further explained that it contracted with a new vendor to change the MIS system of record. The new MIS/Reporting system is estimated to go live in time to report PY16 ending in September 2017.

<u>Updated Nevada DETR's Response Dated June 2018</u>
<u>NOTE:</u> To facilitate the verification efforts regarding Nevada DETR's corrective actions, DETR management requested that the Nevada Division of Internal Audits (DIA) perform an informal but detailed "independent" review of DETR's new system. Upon completion of such efforts, the Nevada DIA issued its conclusion /results on June 1, 2018 stating that the new system included enhanced controls and oversight over the Trade Act Assistance (TAA) Process to ensure that all interfaces, including WRIS, *<u>effectively calculated reportable program participant wage totals</u>* and ***that "no exceptions" were found.*** In addition, the Nevada DIA verified the implementation of the new MIS/Reporting system (i.e., called EmployNV) which resulted in the creation of a new PIRL Report (replacing the old TAPR Report (which was in question)).

<u>U.S. DOL Determination:</u> The DOL representative sent an email to DETR Audits on October 2, 2018 stating the corrective action was sufficient. This finding is also related to finding 2017-010 which has also been accepted as corrected by the DOL Grant Officer pursuant to the Final Determination Letter issued July 26, 2018.

Based on the June 2018 corrective action, the finding is now corrected.
The corrective actions noted above were taken after the start of the subsequent fiscal year, so unfortunately, they were not considered fully applicable, hence the finding is only "Partially Corrected".

Status: Partially corrected.

2016-017: **U.S. Department of Transportation**
Highway Planning and Construction Cluster: Highway Planning and Construction, CFDA 20.205 Recreational Trails Program, CFDA 20.219

Subrecipient Monitoring
Significant Deficiency in Internal Control over Compliance

Initial Fiscal Year Finding Occurred: 2016

Finding Summary: Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) requires that pass-through entities ensure that every subaward includes certain information at the time of the subaward and that the award's CFDA number is identified to the subrecipient at the time of disbursement.

Subawards did not include certain information required by Uniform Guidance and the CFDA number was not identified at the time of disbursement.

The Nevada Department of Transportation (the Department) did not have adequate internal controls to ensure that subawards included all information required by Uniform Guidance at the time of the subaward and that the award's CFDA number was identified to the subrecipient at the time of disbursement.

Noncompliance may occur at the subrecipient level.

A nonstatistical sample of four out of 22 subrecipients was selected for testing. None of the four subawards included all of the information required by Uniform Guidance. In addition, a nonstatistical sample of 40 out of 521 payments to subrecipients was selected for testing. None of the payments tested identified the award's CFDA number.

State's Response: Per the Corrective Action Plan for Audit Finding 2017-013, NDOT has been following the stated action since March of 2017. The established agreement shell for LPA projects include language identifying the DUNS number with the CFDA number as well as language that notifies the sub-recipient that the Federal Award Identification Number (FAIN) will be provided with the Notice to Proceed (NTP). We have not gone back to correct LPA agreements without the FAIN language that was established prior to March of 2017. We have been correcting and adding the DUNS number and FAIN language when the agreements are amended for other reasons.

In regard to identifying the Federal Grant Award Number to the subrecipient at the time of disbursement, our Department implemented an accounting procedure on March 27, 2017. All payment vouchers except travel claims, Bank of America procurement cards, contractor's payments and purchase orders are required to include the Federal Grant Award Numbers (aka CFDA numbers) in the coding line description on printed checks or direct deposit advises made to subrecipients. Although this corrective action plan was in place by the middle of fiscal year 2017, we were unable to avoid findings for residual disbursements. However, as of the implementation date, no exception has been found for FY17 Single Audit.

Status: Corrected.

2016-018 **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

Initial Fiscal Year Finding Occurred:	2009

Finding Summary: The *OMB Compliance Supplement* states that non-Federal entities shall include in their construction contracts subject to the Wage Rate Requirements (which still may be referenced as the Davis-Bacon Act), a provision that the contractor or subcontractor comply with those requirements and the DOL regulations (29 CFR part 5, Labor Standards Provisions Applicable to Contacts Governing Federally Financed and Assisted Construction). This includes a requirement for the contractor or subcontractor 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).

Certain certified payrolls were not submitted weekly as required and in certain instances, there was no documentation of timely follow up with contractors to support efforts to ensure future reports would be submitted weekly as required.

The Nevada Department of Transportation (the Department) did not have adequate internal controls to ensure that timely follow up with the contractor was performed when the required certified payrolls were not received weekly as required.

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

A nonstatistical sample of five out of 18 prime contractors was selected for testing, representing 396 weekly payrolls. Although all certified payrolls were received, 89 payrolls were not submitted weekly as required. For 13 of the payrolls that were not submitted weekly, there was no documentation of follow up with the contractors.

State's Response: With the implementation of the policy change to require Certified Payroll Reports (CPRs) be submitted within 14 days of the payroll ending period, we have seen a significant increase in compliance.

Compliance Staff attends each pre-construction meeting either in-person or via teleconference. The importance of compliance is reinforced both in a Memorandum of Record, acknowledged by the Prime Contractor, and verbally at every pre-construction meeting. Although the contract for the two employees conducting one-on-one training ended in August 2018, a consultant firm was contracted by Construction Administration to assist both the NDOT Field Crews and contractors with compliance. The consultants began work in April 2018.

At the annual Resident Engineer Academy, Contract Compliance has attended (5) Resident Engineer meetings to discuss compliance and has (2) additional meetings scheduled for the remainder of the calendar year 2018.

Meetings were held with the Nevada Office of the Labor Commissioner and procedural changes were implemented in May 2018 to streamline the overview process. Monthly audits are conducted by the Audit Investigator III to ensure that "notification of non-compliance" is being given to contractors in a timely manner. Repeat offenders are contacted directly by the Compliance Staff to facilitate consistency. Additional compliance training is being scheduled for 4th Qtr 2018, and 1st Qtr 2019, to target small businesses and contractors, and to assist with their understanding of the compliance regulations on NDOT projects

Status: Corrected.

2016-020: **U.S. Department of Education**
Title I Grants to Local Educational Agencies, CFDA 84.010

Subrecipient Monitoring
Material Weakness in Internal Control over Compliance

Initial Fiscal Year Finding Occurred: 2015

Finding Summary: Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) requires that:

Pass-through entities ensure that every subaward includes certain information at the time of the subaward and that the award's CFDA number is identified to the subrecipient at the time of disbursement.

Pass-through entities evaluate each subrecipient's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring.

Pass-through entities monitor the activities of a subrecipient as necessary to ensure that the subaward is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the subaward; and that subaward performance goals are achieved.

Subawards did not include certain information required by Uniform Guidance and the CFDA number was not identified at the time of disbursement.

An evaluation of each subrecipient's risk of noncompliance for purposes of determining the appropriate subrecipient monitoring was not performed.

The Nevada Department of Education (the Department) did not monitor the activities of a subrecipient.

The Department did not have adequate internal controls to ensure compliance with subrecipient monitoring requirements.

Noncompliance at the subrecipient level may occur and not be detected by the Department.

A nonstatistical sample of four out of 18 subawards was selected for testing. None of the subawards contained all the required information. In addition, we selected a nonstatistical sample of 60 pass-through payments to subrecipients and none of the payments identified the CFDA number. No sampling was used; an evaluation of each subrecipient's risk of noncompliance was not performed.

A nonstatistical sample of four out of 18 subrecipients was selected for testing. The activities of one of the four subrecipients was not monitored.

State's Response: A. Subawards to include all information required by Uniform Guidance and the CFDA number at the time of disbursement

Corrected.
The NDE's Notification of State Grant or Federal Subgrant Award document has been updated with the remaining items required as per 2CFR200 Uniform Guidance as of April 19, 2018 (Exhibit 1).

The NDE's Grants Management System vendor has completed system configurations to include the following items in our online grant management system effective May 25, 2018:

- Federal Awarding Agency
- Federal Award Identification Number
- Federal Award Date
- A question "Is the Subaward granted for Research and Development? Yes/No"

B. An evaluation of each subrecipient's risk of noncompliance for purposes of determining the appropriate subrecipient monitoring.

Partially corrected.
The NDE has worked under guidance of West Comprehensive Center (WestEd) to develop a department –wide risk assessment and subrecipient monitoring policy that includes formal on-site monitoring and desktop monitoring and alignment with national best practices. These policies were signed and effective June 28, 2018, with full implementation during the first two quarters of the 2019 fiscal year.

Activities leading up to the approval of the policies included:

January 2018
The initial draft Risk Assessment Policy and Procedure was reviewed internally as part of the ongoing collaboration between NDE program, grant and fiscal staff during a group working session. Recommendations were incorporated in the draft Risk Assessment Policy and Determination Rubric.

February – March 2018
In some of the NDE's programs, Risk Assessment and Fiscal Subrecipient Monitoring is incorporated in programmatic monitoring. West Ed completed a review of our largest federal grant monitoring program, Title 1, under the Elementary and Secondary Education Act (ESEA) to assure alignment with the department-wide policy. Additionally, two information seeking sessions were conducted to gather additional information regarding current practices.

April 2018
The NDE Revised Risk Assessment policy is based on information gathered from program staff, review of current practices, and recommendations from West Ed.'s preliminary implementation plan discussed with steps, processes, and timeline.

May 2018
The NDE conducted a two-day working session with West Ed consultants, the NDE directors, and staff to determine final recommendations for both the Risk Assessment and Subrecipient Monitoring policy and procedure and development of the implementation plan.

Communication of the Risk Assessment and Subrecipient Monitoring implementation to the NDE's subrecipients will include a Guidance Memo from Superintendent Canavero to be distributed in early July, 2018. In order to complete the initial Risk Assessment for all subrecipients timely and within the NDE's resource constraints, assessment will be completed via subrecipient questionnaire. Distribution to occur in July 2018 to all districts, charter schools, and other subrecipients of federal and state grants through the NDE.

The questionnaire will require each subrecipient to attest to the status of each risk criteria outlined in the Determination Rubric and provide supporting documentation as applicable. NDE will establish a Risk Assessment Coordinator responsible for assuring timely review, validation, and determination based upon Questionnaire responses and supporting documentation. A Subrecipient Monitoring schedule will be developed based on level of risk assessed.

Status: Partially corrected.

2016-022: **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

Initial Fiscal Year Finding Occurred: 2015

Finding Summary: Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) provides that amounts charged to Federal programs must be for allowable costs. To be allowable under Federal awards, costs must be adequately documented.

Amounts charged to the Federal program for subrecipient payments were not adequately documented.

The Nevada Department of Education (the Department) did not have internal controls in place to ensure amounts charged to the Federal program were adequately documented. The Department could be making payments to subrecipients for unallowable costs.

A nonstatistical sample of 60 out of 184 payments to subrecipients was selected for testing for Title I Grants to Local Education Agencies. A nonstatistical sample of 60 out of 229 payments to subrecipients was selected for testing for the Special Education Cluster. The Department did not maintain adequate documentation to support any amounts paid to subrecipients

State's Response: The Nevada Department of Education has fully implemented the requirement for sub-recipients to submit a general ledger summary detail report to every Request for Funds submitted.

Even though the NDE has fully implemented this requirement, we still had findings in this timeframe due to the timing of the audit.

Status: Partially corrected.

2016-023: **U.S. Department of Education**
Title I Grants to Local Educational Agencies, CFDA 84.010
Special Education Cluster:
Special Education-Grants to States, CFDA 84.027
Special Education-Preschool Grants, CFDA 84.173

Cash Management
Material Weakness in Internal Control over Compliance and Material Noncompliance

Initial Fiscal Year Finding Occurred: 2015

Finding Summary: The *OMB Compliance Supplement* requires that non-Federal entities receiving Federal awards establish and maintain internal control designed to reasonably ensure compliance with Federal statutes, regulations, and terms and conditions of the Federal award.

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.

Adequate documentation was not available to support compliance with the cash management requirements of the *OMB Compliance Supplement* or that funds were drawn using the funding technique specified in the Treasury-State Agreement, where applicable.

The Nevada Department of Education (the Department) did not have internal controls in place to ensure adequate supporting documentation was maintained for Federal cash draws.

Inaccurate Federal cash draws may be submitted, the incorrect amount of Federal funds may be received, and the appropriate funding technique per the Treasury-State Agreement may not be followed.

A nonstatistical sample of three out of 14 Federal cash draws was selected for testing for Title I Grants to Local Education Agencies and a nonstatistical sample of four out of 16 Federal cash draws was selected for testing for the Special Education Cluster. Adequate supporting documentation was not available for any of the Federal cash draws selected for testing.

State's Response: The Nevada Department of Education trained the Grant's Unit, who utilize seven employees, to uniformly track each of their grants. The analysts doing the draws can access available information to verify each individual draw; however, this process has proven to be unreliable based on the real time need for draws and the actual date completed for the grant tracking. NDE has also implemented a back-up system, so grant backup documentation will be easily accessible on the server, as some back-up was missing in the previous year's audit.

Finally, to correct the timing issue on the grant draw-downs, NDE had to revise the accounting office process of finalizing payments on Mondays and Tuesdays only, to Aid on Wednesdays, and Admin on Fridays, doing draws weekly on Fridays to capture the expenditures from the current week's aid and the prior week's admin. The draws will occur within the 3 day and 5 day clearance pattern to match the appropriate funding technique per the Treasury-State Agreement.

Status: Not corrected.

2016-024: **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 and Material Noncompliance

Initial Fiscal Year Finding Occurred: 2015

Finding Summary: Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) requires that:

Pass-through entities ensure that every subaward includes certain information at the time of the subaward and that the award's CFDA number is identified to the subrecipient at the time of disbursement.

Pass-through entities evaluate each subrecipient's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring.

Pass-through entities monitor the activities of a subrecipient as necessary to ensure that the subaward is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the subaward; and that subaward performance goals are achieved.

Subawards did not include certain information required by Uniform Guidance and the CFDA number was not identified at the time of disbursement.

An evaluation of each subrecipient's risk of noncompliance for purposes of determining the appropriate subrecipient monitoring was not performed.

The Nevada Department of Education (the Department) did not monitor the activities of certain subrecipients.

The Department did not have adequate internal controls to ensure compliance with subrecipient monitoring requirements.

Noncompliance may occur at the subrecipient level and not be detected by the Department.

A nonstatistical sample of six out of 20 subawards was selected for testing. None of the subawards contained all the required information. In addition, we selected a nonstatistical sample of 60 pass-through payments to subrecipients and none of the payments identified the CFDA number.

No sampling was used; an evaluation of each subrecipient's risk of noncompliance was not performed.

A nonstatistical sample of six out of 20 subrecipients was selected for testing. The activities of three of the six subrecipients was not monitored.

State's Response: A. Subawards to include all information required by Uniform Guidance and the CFDA number at the time of disbursement

Corrected.
The NDE's Notification of State Grant or Federal Subgrant Award document has been updated with the remaining items required as per 2CFR200 Uniform Guidance as of April 19, 2018 (Exhibit 1).

The NDE's Grants Management System vendor has completed system configurations to include the following items in our online grant management system effective May 25, 2018.

- Federal Awarding Agency
- Federal Award Identification Number
- Federal Award Date
- A question "Is the Subaward granted for research and development? Yes/No"

B. An evaluation of each subrecipient's risk of noncompliance for purposes of determining the appropriate subrecipient monitoring.

Partially corrected.
The NDE has worked under guidance of West Comprehensive Center (WestEd) to develop a department –wide risk assessment and subrecipient monitoring policy that includes formal on-site monitoring and desktop monitoring and alignment with national best practices. These policies were signed and were effective as of June 28, 2018, with full implementation during the first two quarters of the 2019 fiscal year.
Activities leading up to the approval of the policies included:

January 2018
The initial draft Risk Assessment policy and procedure was reviewed internally as part of the ongoing collaboration between the NDE program, grant, and fiscal staff during a group working session. Recommendations were incorporated in the draft Risk Assessment Policy and Determination Rubric.

February – March 2018
In some of the NDE's programs, Risk Assessment and fiscal Subrecipient Monitoring is incorporated in programmatic monitoring. West Ed completed a review of our largest federal grant monitoring program, Title 1, under the Elementary and Secondary Education Act (ESEA) to assure alignment with the department-wide policy. Additionally, two information seeking sessions were conducted to gather additional information regarding current practices.

April 2018
The NDE revised the Risk Assessment policy based on information gathered from program staff, review of current practices, and recommendations from West Ed. Preliminary implementation plan discussed with steps, processes and timeline.

May 2018
NDE conducted a two-day working session with West Ed consultants, the NDE directors, and staff to determine final recommendations for both the Risk Assessment and Subrecipient Monitoring policy and procedure, development of implementation plan.

Communication of the Risk Assessment and Subrecipient Monitoring implementation to the NDE's subrecipients will include a Guidance Memo from Superintendent Canavero to be distributed in early July, 2018. In order to complete the initial Risk Assessment for all subrecipients timely and within the NDE's resource constraints, assessment will be completed via subrecipient questionnaire. Distribution to occur in July 2018 to all districts, charter schools, and other subrecipients of federal and state grants through the NDE.

The questionnaire will require each subrecipient to attest to the status of each risk criteria outlined in the Determination Rubric and provide supporting documentation as applicable. The NDE will establish a Risk Assessment Coordinator responsible for assuring timely review, validation, and determination based upon questionnaire responses and supporting documentation. A subrecipient monitoring schedule will be developed based on level of risk assessed.

Status: Partially corrected.

2016-025: **U.S. Department of Education**
Rehabilitation Services Vocational Rehabilitation Grants to States, CFDA 84.126

Eligibility
Material Weakness in Internal Control over Compliance and Material Noncompliance

Initial Fiscal Year Finding Occurred: 2014

Finding Summary: The OMB 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:

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
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.

Eligibility determinations were not made within 60 days and no exceptional or unforeseen circumstances existed.

The Nevada Department of Employment, Training and Rehabilitation (the Department) did not have adequate internal controls to ensure that eligibility determinations occurred within the required time frame.

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

A nonstatistical sample of 12 out of 2,713 applicants deemed eligible during the fiscal year was selected for testing. For two of the 12 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 one of the 12 individuals selected for testing, the applicant was enrolled in a trial work experience; however, not within 60 days from the application submission.

State's Response: The State of Nevada, DETR Rehabilitation Division has issued clear guidance to staff and has reminded and re-trained staff on these processes. Training occurred in the northern district on 4/13/16 and in the southern district on 3/17/16. Training was provided to counselors, technicians and supervisors.

Administration implemented stricter consequences for non-compliance. An email was sent out to all supervisors, counselors and district managers from the Bureau Chief on 3/15/16, identifying the work performance standard for these elements and the requirements of compliance. Consequences for not following the process or meeting compliance were outlined in this email. The email is also posted on our internal Share Point site for easy access. The Division created a tool within our case management system to trigger staff to address the financial needs test and documentation. As a best practice, supervisors and Rehabilitation Counselor IIIs are running the Aging Report in our case management system every week to two weeks to monitor and address with staff, as needed, regarding required timeframes.

The Division received approval from our Attorney General's office in April 2016 to enable us to receive extension requests from our consumers via email, which should have mitigated issues when extensions of time are needed under the allowable exemptions. Counselors may email a scanned extension form to clients and request that it be signed and scanned or faxed back to the counselor. An email from the client stating that they are in agreement with the extension and the dates is now allowable in exceptional circumstances.

Rehabilitation Supervisors and Counselors IIIs review a minimum of 10 cases per year for each Rehabilitation Counselor within their chain of command. At the time of review, any exception to the eligibility determination process, financial needs test or IPE process would be documented and then reviewed with the counselors to prompt them to take action. Lastly, the Quality Assurance (QA) team conducts a case review and addresses the issue of Eligibility in 60 days three times per year and an Eligibility targeted review each January, (1 case reviewed per caseload). Additionally, the QA team conducts District wide case reviews each spring, (2 cases reviewed per caseload) and Statewide case reviews each fall, (2 cases reviewed per caseload).

NOTE: However, one very real factor is that the SFY16 Single Audit included cases sampled throughout the state fiscal year, and all of the cases that were found out of compliance and for which the Division received audit findings #025, 026 and 027, pre-dated the time period in which the Division implemented its Corrective Action Plan (CAP) from the previous year's single audit. (The CAP was implemented between March 7, 2016 and May 16, 2016). These cases with actions prior to 5/16/16, would not have had the benefit of all the changes outlined in this email and in our formal responses to you dated 3/07/16 and 5/16/16 from the previous year's single audit.

- The Division will continue to provide training and coaching to all Rehabilitation Counselors, and Rehabilitation Technicians, new and experienced, regarding the importance of meeting this eligibility requirement timeframe.
- Consequences leading up to disciplinary action will continue to be in place and enforced for exceptions.
- The Division will continue to direct all staff to monitor the aging reports in RAISON, our case management system, to track eligibility determination due dates for compliance. As a best practice Supervisors and Rehabilitation Counselor Ills will run the Aging Report every week to two weeks to monitor staff.

- The Division will work with our Business Process Analyst II and IT Programmer to determine whether it is feasible to add any new enhancement to our case management system to prompt staff 30 days prior to an eligibility determination due date.
- It should be noted that the Division has included in their new budget a request for a new case management system. If the Alliance Case Management System, RAISON, is approved by the legislature, then we anticipate that the new system will have some additional prompts, checks and balances in place to assist Counselors in making timely eligibility determinations. It is anticipated that a new system could be in place by May of 2019.
- The Division has requested permission to hire a new position; Training Officer. This incumbent's sole responsibility will be to train staff on process, procedure, compliance and self -evaluation to improve program performance. This position will be supervised by the Quality Control Specialist II. It is anticipated that this position may be approved for a July 1, 2017 hire.
- It is our goal to have 100% compliance in this element.

Estimated Date of Completion: May 1, 2017 – Ongoing training will continue throughout the year.
Contact Person: Mechelle Merrill, Rehabilitation Division Bureau Chief

Updated Nevada DETR's Response As of April 2017
Additional information /documents requested by DOE-RSA as of April 6, 2017 are as follows:

1. Please submit a copy of the training agendas for March and April 2016.
2. Please provide a copy of the most recent Aging Report.

DETR's response is that copies of more recent training agendas are attached for January, March and April2017 (Attachments A1, A2 & A3). The Single Audit findings have been and are discussed in every staff meeting and will be fully documented going forward. In addition, a copy of the most recent Aging Report (Attachment B) is also attached for your review/acceptance.

U.S. DOE-RSA Determination as of July 2017
Nevada DETR’s corrective action plans for findings 2016-025 through 2016-027 are related.

Based on the actions taken by DETR and the lack of questioned costs, this finding is closed.

Status: Corrected.

2016-026: **U.S. Department of Education**
Rehabilitation Services Vocational Rehabilitation Grants to States, CFDA 84.126

Eligibility
Material Weakness in Internal Control over Compliance and Material Noncompliance

Initial Fiscal Year Finding Occurred: 2015

Finding Summary: The *OMB 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 provides that participants, who are not otherwise exempt, are expected to participate in the cost of Individualized Plan for Employment (IPE) services and non-assessment services provided as part of Trial Work Experience(s) Plans, Extended Evaluation Plans or Post Employment Plans. The financial participation form must be completed and signed by the counselor and participant prior to obtaining IPE signatures or trial work plan or postemployment plan signatures.

Financial participation forms were not completed and signed by the counselor and participant.

The Nevada Department of Employment, Training and Rehabilitation (the Department) did not have adequate internal controls in place to ensure that financial needs tests were applied uniformly in accordance with its written policies.

Participants receiving VR services may be contributing to the cost of their services when not required to do so, due to meeting the financial needs exemption guidelines.

A nonstatistical sample of 12 out of 2,713 applicants deemed eligible during the fiscal year was selected for testing. For three of the 12 individuals selected for testing, no financial participation form was completed and signed by the counselor and participant.

State's Response: The State of Nevada, DETR Rehabilitation Division has issued clear guidance to staff and has reminded and re-trained staff on these processes. Training occurred in the northern district on 4113116 and in the southern district on 3/17/16. Training was provided to counselors, technicians and supervisors.

Rehabilitation Supervisors and Counselors Ills review a minimum of 10 cases per year for each Rehabilitation Counselor within their chain of command. At the time of review, any exception to the eligibility determination process, financial needs test or IPE process would be documented and then reviewed with the counselors to prompt them to take action. The Quality Assurance (QA) team conducts a case review and addresses the issue of Rep01iing and Tracking Financial Participation three times per year and Case Documentation and Case and Financial Management Review each July, (1 case reviewed per caseload). Additionally, the QA team conducts District wide case reviews each spring, (2 cases reviewed per caseload) and Statewide case reviews each fall, (2 cases reviewed per caseload).

NOTE: However, one very real factor is that the SFY16 Single Audit included cases sampled throughout the state fiscal year, and *all* of the cases that were found out of compliance and for which the Division received audit findings #025, 026 and 027, pre-dated the time period in which the Division implemented its Corrective Action Plan (CAP) from the previous year's single audit. (The CAP was implemented between March 7, 2016 and May 16, 2016). These cases with actions prior to 5/16/16, would not have had the benefit of all the changes outlined in this email and in our formal responses to you dated 3/07/16 and 5/16/16 from the previous year's single audit.

- As a result of this finding from last year's audit the Division submitted a request to DETR IT for a RAISON enhancement. This request made in May 2016, would prompt counselors to check the "Meets Financial Needs" box. This enhancement was created and implemented later in 2016. Since that time administration has gone a step further and requested an additional enhancement. Work Order #67174 was deployed on December 30, 2016. Currently when a Counselor saves a new IPE, a pop-up message reads, "REMINDER: Counselors, please ensure that the Financial Participation form has been completed and the financial tab of the Application form is updated accordingly." The Division feels that this stronger and more clearly stated reminder will be effective in correcting this finding.
- The Division will continue to monitor and train staff to address this important deficiency.
- The importance of completing the financial participation form will be stressed in our New Counselor Academy with our Rehabilitation Technician training to ensure accurate and timely completion.
- The Division has requested permission to hire a new position; Training Officer. This incumbent's sole responsibility will be to train staff on process, procedure, compliance and self -evaluation to improve program performance. This position will be supervised by the Quality Control Specialist II. It is anticipated that this position may be approved for a July 1, 2017 hire.
- It is our goal has 100% compliance in this element.

Estimated Date of Completion: May 1, 2017 - Ongoing training will continue throughout the year.
Contact Person: Mechelle Merrill, Rehabilitation Bureau Chief

Updated Nevada DETR's Response As of April 2017
Additional information /documents requested by DOE-RSA as of April 6, 2017 are as follows:

1. Please submit a copy of the training agendas for March and April 2016.
2. Please provide a copy of the most recent Aging Report.

DETR's response is that copies of more recent training agendas are attached for January, March and April2017 (Attachments A1, A2 & A3). The Single Audit findings have been and are discussed in every staff meeting and will be fully documented going forward. In addition, a copy of the most recent Aging Report (Attachment B) is also attached for your review/acceptance.

U.S. DOE-RSA Determination as of July 2017
Nevada DETR's corrective action plans for findings 2016-025 through 2016-027 are related.

Based on the actions taken by DETR and the lack of questioned costs, this finding is closed.

The corrective actions taken above, though quite extensive, did not fully correct the situation and the problem continued into the subsequent fiscal year, hence the finding is "Not corrected".

Status: Not corrected.

2016-027: **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 and Material Noncompliance

Initial Fiscal Year Finding Occurred: 2015

Finding Summary: The *OMB 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.

Certain required IPEs were not done within 90 days after the date of determination of eligibility.

The Nevada Department of Employment, Training and Rehabilitation (the Department) did not have adequate internal controls in place to ensure participants' IPEs were completed and performed timely.

Vocational Rehabilitation participants may not be receiving benefits under their IPEs in a timely manner.

A nonstatistical sample of 15 out of 2,713 applicants deemed eligible during the fiscal year was selected for testing. Out of 15 IPEs tested, we noted two instances where IPEs were performed later than 90 days and one instance where an IPE was required, but was not completed.

State's Response: The State of Nevada, DETR Rehabilitation Division has issued clear guidance to staff and has reminded and re-trained staff on these processes. Training occurred in the northern district on 4/13/16 and in the southern district on 3/17/16. Training was provided to counselors, technicians and supervisors.

Administration implemented stricter consequences for non-compliance. An email was sent out to all supervisors, counselors and district managers from the Bureau Chief on 3/15/16, identifying the work performance standard for these elements and the requirements of compliance. Consequences for not following the process or meeting compliance were outlined in this email. The email is also posted on our internal Share Point site for easy access. The Division created a tool within our case management system to trigger staff to address the financial needs test and documentation. As a best practice, supervisors and Rehabilitation Counselor IIIs are running the Aging Report in our case management system every week to two weeks to monitor and address with staff, as needed, regarding required timeframes.

The Division received approval from our Attorney General's office in April 2016 to enable us to receive extension requests from our consumers via email, which should have mitigated issues when extensions of time are needed under the allowable exemptions. Counselors may email a scanned extension form to clients and request that it be signed and scanned or faxed back to the counselor. An email from the client stating that they are in agreement with the extension and the dates is now allowable in exceptional circumstances.

Rehabilitation Supervisors and Counselors Ills review a minimum of 10 cases per year for each Rehabilitation Counselor within their chain of command. At the time of review, any exception to the eligibility determination process, financial needs test or IPE process would be documented and then reviewed with the counselors to prompt them to take action. The QA team conducts a case review and addresses the issue of completing IPE within 90 days three times per year and Assessment of Rehabilitation Needs (AVRN/IPE targeted review each March, (1 case reviewed per caseload). Additionally, the QA team conducts District wide case reviews each spring, (2 cases reviewed per caseload) and Statewide case reviews each fall, (2 cases reviewed per caseload).

NOTE: However, one very real factor is that the SFY16 Single Audit included cases sampled throughout the state fiscal year, and *all* of the cases that were found out of compliance and for which the Division received audit findings #025, 026 and 027, pre-dated the time period in which the Division implemented its Corrective Action Plan (CAP) from the previous year's single audit. (The CAP was implemented between March 7, 2016 and May 16, 2016). These cases with actions prior to 5/16/16, would not have had the benefit of all the changes outlined in this email and in our formal responses to you dated 3/07/16 and 5/16/16 from the previous year's single audit.

- The Division will continue to provide training and coaching to all Rehabilitation Counselors, new and experienced, regarding the importance of meeting the requirement of developing an IPE 90 days after the date of determination of eligibility.
- Consequences leading up to disciplinary action will continue to be in place and enforced for exceptions.
- The Division will continue to direct all staff to monitor the aging reports in RAISON, our case management system. Staff will track due dates for the development of IPEs within 90 days after the date of determination of eligibility or documentation of an extension. As a best practice Supervisors and

Rehabilitation Counselor IIIs will run the Aging Report every week to two weeks to monitor staff.
- It should be noted that the Division has included in their budget a request for a new case management system. If the Alliance Case Management System, RAISON, is approved by the legislature, then we anticipate that the new system will have some additional prompts in place to assist Counselors in developing timely IPEs within 90 days of eligibility determination. It is anticipated that a new system could be in place by May of 2019.
- The Division has requested permission to hire a new position; Training Officer. This incumbent's sole responsibility will be to train staff on process, procedure, compliance and self-evaluation to improve program performance. This position will be supervised by the Quality Control Specialist II. It is anticipated that this position may be approved for a July 1, 2017 hire.
- It is our goal has 100% compliance in this element.

Estimated Date of Completion: May 1, 2017 - Ongoing training will continue throughout the year.
Contact Person: Mechelle Merrill, Rehabilitation Division Bureau Chief

Updated Nevada DETR's Response As of Apri1 2017
Additional information /documents requested by DOE-RSA as of April 6, 2017 are as follows:
1. Please submit a copy of the training agendas for March and April 2016.
2. Please provide a copy of the most recent Aging Report.

DETR's response is that copies of more recent training agendas are attached for January, March and April 2017 (Attachments AI, A2 & A3). The Single Audit findings have been and are discussed in every staff meeting and will be fully documented going forward. In addition, a copy of the most recent Aging Report (Attachment B) is also attached for your review/acceptance.

U.S. DOE-RSA Determination as of July 2017
Nevada DETR’s corrective action plans for findings 2016-025 through 2016-027 are related.

Based on the actions taken by DETR and the lack of questioned costs, this finding is closed**.**

The corrective actions taken above, though quite extensive, did not fully correct the situation and the problem continued into the subsequent fiscal year, hence the finding is “Not corrected.”

Status: Not corrected.

2016-029: **U.S. Department of Education**
Rehabilitation Services_Vocational Rehabilitation Grants to States, CFDA 84.126

Reporting
Material Weakness in Internal Control over Compliance

Initial Fiscal Year Finding Occurred: 2016

Finding Summary: The OMB Compliance Supplement specifies data elements from the Case Service Report (RSA-911) that contain critical information. These data elements include the date of Individualized Plan for Employment (IPE).

IPE dates reported on the RSA-911 report were not supported by the Vocational Rehabilitation database, RAISON.

The Nevada Department of Employment, Training and Rehabilitation (the Department) did not have adequate internal controls in place to ensure that critical data elements included on the RSA-911 report, including the date of IPE, were supported by the data in RAISON.

Incorrect information may have been submitted on the RSA-911 report.

A nonstatistical sample of 40 out of 3,109 individuals included on the RSA-911 report was selected for testing. Of the 40 individuals tested, we noted three instances where the date of IPE per the report did not match the date of the IPE per RAISON.

State's Response: This issue has been identified and corrected. On December 16, 2016, Work Order #67414 was created to address this, and the correction was deployed to Production on February 8, 2017. The RSA-911 parameters were pulling the most current IPE date and it was revised to pull the oldest date. See **attached** spreadsheet RSA-911 Report Line Items.

Date of Completion: February 8, 2017
Contact Person: Heather Johnson, Rehabilitation Division Business Process Analyst II

Updated Nevada DETR's Response As of April 2017
Additional information /documents requested by DOE-RSA as of April 6, 2017 are as follows:

No further information needed at this time.

U.S. DOE-RSA Determination as of July 2017
Based on the actions taken by DETR and the lack of questioned costs, this finding is closed**.**

The corrective actions noted above were taken after the start of the subsequent fiscal year, so unfortunately, they were not considered fully applicable, hence the finding is only "Partially Corrected".

Status: Partially corrected.

2016-030: **U.S. Department of Education**
Rehabilitation Services_Vocational Rehabilitation Grants to States, CFDA 84.126

Procurement, Suspension, and Debarment
Significant Deficiency in Internal Control over Compliance

Initial Fiscal Year Finding Occurred: 2016

Finding Summary: Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) requires contracts contain the applicable provisions described in Appendix II to Part 200 for contracts under federal awards.

Certain applicable provisions described in Appendix II to Part 200 were not included in contracts as required.

The Nevada Department of Employment, Training and Rehabilitation (the Department) did not have adequate internal controls to ensure contracts under Federal awards contained all of the applicable provisions.

Contractors may not be aware of required terms and conditions.

A nonstatistical sample of three contracts subject to Appendix II to Part 200 was selected for testing. None of the contracts contained all of the applicable provisions.

State's Response: The Financial Management (FM) Bureau has contacted the Attorney General's Office to provide advice concerning the additional provisions required under Appendix II to Part 200 of the Uniform Guidance for non-Federal entity contracts under the Federal award. The State of Nevada contracts need to include the additional provisions to comply with the Uniform Guidance.
The Attorney General's Office will work with DETR to implement the best approach for enhancing internal controls for ensuring all contracts under federal awards contain the applicable provisions. In addition, based upon this implementation, the applicable contracts and provider agreements will be amended as they expire and are up for renewal.

Estimated Date of Completion: May 1, 2017
Contact Person: Kathleen DeSocio, Deputy CFO, DETR

Updated Nevada DETR's Response As of April 2017
Additional information /documents requested by DOE-RSA as of April 6, 2017 are as follows:

1. Please provide a copy of the three corrected contracts identified by the auditors.
2. What enhancements of internal controls were implemented for this finding?

DETR Financial Management's (FM) response is that the contracts in question are considered statewide contracts and must be processed/ corrected by the State Purchasing Office and approved by the Nevada Attorney General's Office. This process has been initiated and per the Attorney General assigned to this case, meetings have been held with Purchasing Office staff and the State Audit Office and all parties are currently working on a plan to incorporate the applicable provisions of federal law in appropriate State contracts. While no deadline date for completion was provided, DETR FM staff estimates this process should be completed by July 31, 2017.

From a statewide perspective, internal controls over contracts (at the State Purchasing Office and the Attorney General's Office) will be increased as the improved contract procedures become implemented.

U.S. DOE-RSA Determination as of July 2017
As part of RSA's close out of the FY 2015 award in August 2017, RSA will request an updated status on this activity from DETR.

Based on the actions taken by DETR and the lack of questioned costs, this finding is closed.

Updated Nevada DETR's Response As of September 2017
Nevada DETR (along with all other state agencies) are awaiting the revised contract provisions currently being developed by the Nevada Attorney General's (AG) Office and the State Purchasing Office. As of September 27, 2017, the Nevada AG's Office indicated they were "still working on it". An estimated completion date was not provided. However, rather than continue the waiting game, Nevada DETR's CFO has required that all DETR contracts include the required federal language as an attachment so that compliance is achieved.

The corrective actions taken above were performed on contracts that did not require any retroactive changes, hence, there were some contracts that were "Not corrected," as well as those requiring Nevada AG processing.

Status: Not corrected.

2016-033: **U.S. Department of Health and Human Services**
TANF Cluster:
Temporary Assistance for Needy Families (TANF), CFDA 93.558

Eligibility
Material Weakness in Internal Control over Compliance

Initial Fiscal Year Finding Occurred: 2016

Finding Summary: The *OMB Compliance Supplement* states that any family that includes an adult or minor child head of household or a spouse of the head of household who has received assistance under any State program funded by Federal TANF funds for 60 months (whether or not consecutive) is ineligible for additional federally funded TANF assistance. In addition, the audit objectives of the *OMB Compliance Supplement* specify that amounts provided to eligible participants must be calculated in accordance with program requirements.

An eligibility determination was not performed correctly and certain TANF assistance amounts were calculated incorrectly.

The Nevada Division of Welfare and Supportive Services (the Division) did not have adequate internal controls to ensure eligibility determinations were performed correctly and TANF assistance amounts were calculated correctly.

Ineligible individuals may be receiving TANF assistance and recipients may be paid incorrect amounts.

State's Response: All four levels of reviews are in place; monthly supervisor reviews, Quality Assurance Reviews, Management Team Evaluation Targeted Reviews, Quality Control Reviews (and a 5th has been added, Process Improvement Reviews by the BPR Team.) Administration has followed up and confirmed that all levels of reviews are still in place. The Quality Assurance Team has verified individual and statewide feedback is being released on a regular monthly basis. The Process Improvement Calls were initiated, the April 2017 deadline was met and is ongoing.

Although the above was put in place, the division continues to work towards ensuring 100% accuracy.

Status: Partially corrected.

2016-035: **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

Subrecipient Monitoring
Material Weakness in Internal Control over Compliance and Material Noncompliance

Initial Fiscal Year Finding Occurred: 2014

Finding Summary: Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) requires that:

Pass-through entities ensure that every subaward includes certain information at the time of the subaward and that the award's CFDA number is identified to the subrecipient at the time of disbursement.

Pass-through entities evaluate each subrecipient's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring.

Pass-through entities verify every subrecipient is audited as required by Uniform Guidance, issue management decisions for audit findings, as applicable, and ensure the subrecipient takes timely corrective action on all audit findings, as applicable.

Subawards did not include certain information required by Uniform Guidance and the CFDA number was not identified at the time of disbursement.

An evaluation of each subrecipient's risk of noncompliance for purposes of determining the appropriate subrecipient monitoring was not performed.

The Nevada Division of Welfare and Supportive Services (the Division) and the Nevada Department of Education (the Department) did not verify that subrecipients were audited as required by Uniform Guidance, review audit reports for audit findings, issue management decisions, as applicable, and ensure the subrecipient took timely corrective action on all audit findings, as applicable.

The Division and the Department did not have internal controls in place to ensure compliance with subrecipient monitoring requirements.

Noncompliance at the subrecipient level may occur and not be detected by the Division and the Department.

This program had two subrecipients at the Division and both subawards were reviewed. A nonstatistical sample of two out of three subawards was selected for testing at the Department. None of the subawards contained all the required information. In addition, we selected a nonstatistical sample of 16 out of 101 payments to subrecipients at the Division and five out of 32 payments at the Department and none of the payments included the CFDA number.

No sampling was used; an evaluation of each subrecipient's risk of noncompliance was not performed at the Division or the Department.

None of the program's subrecipients' audit reports were reviewed for audit findings at the Division or the Department.

State's Response:

(From Education)
The NDE's Notification of State Grant or Federal Subgrant Award document has been updated with the remaining items required as per 2CFR200 Uniform Guidance as of April 19, 2018 (Exhibit 1).

The NDE's Grants Management System vendor has completed system configurations to include the following items in our online grant management system effective May 25, 2018.

- Federal Awarding Agency
- Federal Award Identification Number
- Federal Award Date
- A question "Is the Subaward granted for research and development? Yes/No"

(From Welfare)
A. Procedures were updated and staff have been trained to include CFDA number on all payment vouchers to sub-recipients as of January 2017. Implementation of the Department template for sub-awards to include a section that identifies information regarding the Federal Award number and source of funds was completed in March 2017.

B. The program created a Self-Assessment Questionnaire (SAQ) for sub-recipients that captures programmatic and fiscal information. By completing the questionnaire, the program was able to evaluate any risk or areas that appeared to be lacking program requirements. Additionally, the program conducts on-site monitoring, which requires the sub-recipients to provide backup to all pieces reflected in the SAQ and this back-up is carefully reviewed by program staff for any discrepancies. The process began in August 2016 and was finalized in October 2016.

C. All sub-recipients are required, annually, to report the date of their last annual single audit by an independent auditor; they must report who conducted that audit, what time period the audit covered, and whether there was a finding that required corrective action. If yes on the finding, they are required to state what the finding was.

Due to administrative feasibility, all subawards were or will be updated at the next natural opportunity. The above has been implemented and the division expects to be fully compliant with the above findings as soon as possible but no later than state fiscal year 2020.

Status: Partially corrected.

2016-036: **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

Initial Fiscal Year Finding Occurred: 2014

Finding Summary: The *OMB 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.

Duplicate payments were made to certain providers.

The Nevada Division of Child and Family Services (the Division) did not have adequate internal controls in place to ensure that foster care providers did not receive duplicate payments.

Unallowable costs were charged to the Federal program.

We selected a nonstatistical sample of 60 providers, which represented approximately 700 months of service. We noted seven duplicate payments to three providers. These duplicate payments represented approximately four months of service.

State's Response: An update to the Child Welfare caseload and payment system, Unified Nevada Information Technology for Youth (UNITY), was deployed May 1, 2018, correcting the occurrence of duplicate payments. The placement functionality within UNITY retains its traditional behavior where the last day and first day of service can overlap, but only the first day of service generates a payment while the last day of service no longer pays out. This programmatically prevents the duplicate payment scenario from occurring. No instances of duplicate payments have been identified since the update was completed.

Status: Partially corrected.

2016-039: 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

Initial Fiscal Year Finding Occurred: 2015

Finding Summary: The OMB Compliance Supplement requires that non-Federal entities receiving Federal awards establish and maintain internal controls designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements.

While no instances of noncompliance were noted, there was no discernible evidence that internal controls had been established over eligibility determinations until February 2016. The Nevada Division of Child and Family Services (the Division) did not have adequate internal controls over eligibility determinations until February 2016.

Inaccurate eligibility determinations may occur, which could lead to unallowable costs being charged to the program.

Nonstatistical samples of 60 out of 301 eligibility determinations in Foster Care and 11 out of 53 eligibility determinations in Adoption Assistance were selected for testing. Of these samples, nine of the Foster Care and three of the Adoption Assistance were prior to February 2016 and did not have discernible evidence of internal controls.

State's Response: The Eligibility Determination Reviews procedure was established February 23, 2016. Corrective Action was completed and implemented January 29, 2018, wherein the Eligibility Determination review checklist was updated to add a "reviewed by" signature line.

Status: Partially corrected.

2016-041:	**U.S. Department of Health and Human Services** **Foster Care – Title IV-E, CFDA 93.658** **Adoption Assistance – Title IV-E, CFDA 93.659** **Subrecipient Monitoring** **Material Weakness in Internal Control over Compliance and Material Noncompliance**
Initial Fiscal Year Finding Occurred:	2016
Finding Summary:	Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) requires that: Pass-through entities ensure that every subaward includes certain information at the time of the subaward and that the award's CFDA number is identified to the subrecipient at the time of disbursement. Pass-through entities evaluate each subrecipient's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring. Subawards were not issued and the information required by Uniform Guidance was not communicated. In addition, the CFDA number was not identified to the subrecipient at the time of disbursement. An evaluation of each subrecipient's risk of noncompliance for purposes of determining the appropriate subrecipient monitoring was not performed. The Nevada Division of Child and Family Services (the Division) did not have internal controls in place to ensure compliance with subrecipient monitoring requirements. Noncompliance at the subrecipient level may occur and not be detected by the Division. The entire population of two subrecipients was tested. In addition, we selected a nonstatistical sample of five payments to subrecipients out of a population of 32 and none of the payments identified the CFDA number. No sampling was used; an evaluation of each subrecipient's risk of noncompliance was not performed.
State's Response:	Effective July 1, 2018, beginning in SFY 2019, annual subawards are issued to Clark and Washoe Counties for Title IV-E funding. The subawards include all elements to be compliant with the Uniform Guidance. The CFDA number continues to be listed on all requests for reimbursement. Risk assessments are completed for all subawards processed by the Division and are utilized to determine appropriate monitoring guidelines and schedules.

Status:	Not corrected.

2016-046: **U.S. Department of Health and Human Services**
Social Services Block Grant, CFDA 93.667

Subrecipient Monitoring
Material Weakness in Internal Control over Compliance and Material Noncompliance

Initial Fiscal Year Finding Occurred: 2016

Finding Summary: Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) requires that:

Pass-through entities ensure that every subaward includes certain information at the time of the subaward and that the award's CFDA number is identified to the subrecipient at the time of disbursement.

Pass-through entities evaluate each subrecipient's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring.

The information required by Uniform Guidance was not included in the subawards issued by the Nevada Department of Health and Human Services Director's Office (the Office). Subawards were not issued by the Nevada Division of Child and Family Services (the Division). In addition, the CFDA number was not identified to the subrecipient at the time of disbursement by either the Office or the Division.

An evaluation of each subrecipient's risk of noncompliance for purposes of determining the appropriate subrecipient monitoring was not performed at the Division.

The Office and the Division did not have internal controls in place to ensure compliance with subrecipient monitoring requirements.

Noncompliance at the subrecipient level may occur and not be detected by the Office or the Division.

A nonstatistical sample of two out of six subawards was selected for testing at the Office and none of the subawards included all the information required by Uniform Guidance. The entire population of two subrecipients was tested at the Division and no subawards were issued. In addition, a nonstatistical sample of 40 payments to subrecipients was selected for testing at the Office, and the entire population of three payments to subrecipients was tested at the Division. None of the payments identified the CFDA number.

No sampling was used; an evaluation of each subrecipient's risk of noncompliance was not performed at the Division.

State's Response: Effective July 1, 2017, beginning in SFY 2018, the Director's Office issued subgrant awards directly to the entities receiving Title XX funds. The Division of Child and Family Services is no longer the pass-through entity for Title XX to the counties. Subrecipient monitoring for Title XX funds occurs at the Director's Office level rather than the Division level. However, some changes still needed to be made to the subgrant templates to ensure all required elements were communicated.

Status: Partially corrected.

2016-048: **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

Initial Fiscal Year Finding Occurred: 2014

Finding Summary: The *OMB Compliance Supplement* provides that the State agency is required to determine eligibility in accordance with the eligibility requirements defined in the approved State plan and states that the auditor should test eligibility determinations based on factors other than Modified Adjusted Gross Income, i.e. Aged, Blind and Disabled (MAABD).

Individuals received benefits in the incorrect aid category for a period of time during the fiscal year.

The Nevada Division of Welfare and Supportive Services (the Division) did not have adequate internal controls to ensure that individuals' aid categories were updated timely to reflect changes in age and income.

Individuals received benefits for which they were not eligible.

A nonstatistical sample of 60 out of 20,325 individuals determined to be MAABD eligible during the fiscal year was selected. Four of the 60 individuals were classified in the incorrect aid category for a period of time during the fiscal year.

State's Response: All four levels of reviews are in place; monthly supervisor reviews, Quality Assurance Reviews, Management Team Evaluation Targeted Reviews, Quality Control Reviews (and a 5th has been added, Process Improvement Reviews by the BPR Team.) Administration has followed up and confirmed that all levels of reviews are still in place. A Transitional Medical training was developed and presented by the DWSS Program Operations and Support Team 11/17- 12/17. The training was conducted in 18 statewide DWSS District Offices. DWSS sponsored a 3- day conference 03/20/18 – 03/22/18. A training which focused on

Medicaid policy was developed and presented by our division's Medicaid Program Specialist. Since the implementation of the Affordable Care Act, Quality Control has been reviewing cases under Pilot Projects mandated by CMS. Nevada QC has completed reviews under 4 Eligibility Review Pilots. A federal eligibility review contractor (ERC) was contracted by CMS to perform Medicaid eligibility reviews for the final Round 5 pilot. Additionally, DWSS is now running reports monthly to identify any individuals who are aging out of Expanded Medicaid Childless Adult and/or were approved or remained in an incorrect aid code due to age requirements. These reports are reviewed monthly to allow staff to reevaluate eligibility and take appropriate action. An interdepartmental work group was established to determine statewide MAABD program training needs. QA and QC error trends were evaluated and a MAABD regression test was completed by over 800 case workers. A training course is currently being developed.

Status: Corrected.

2017-A **Prior Period Adjustment of Payroll Expense**
Material Weakness

Initial Fiscal Year Finding Occurred: 2017

Finding Summary: Management is responsible for establishing and maintaining an effective system of internal control over financial reporting. Properly calculating payroll accruals and expenditures/expenses are key components of effective internal control over financial reporting.

A prior period adjustment of approximately $4,774,900 was required to correct 2016 payroll expense which was incorrectly recorded in 2017.

Internal controls in place did not ensure that accrued payroll at year end was calculated and reported accurately.

In the prior year, fund balance in the Highway Fund was overstated by approximately $4,774,900.

State's Response: The payroll transactions of pay period 6/20/16 to 7/3/16 were rejected due to a programming error. NDOT contacted Central Payroll for instructions and altered the fiscal year for approximately two hundred transactions based on correspondence received. It appears that the internal controls built into the system were compromised by staff because of miscommunication.

Although these payroll journal vouchers are NDOT's transactions, NDOT does not have full control over the process. These transactions were generated from timesheets in the HR Advantage system, uploaded to NDOT's Advantage system (not processed by NDOT) and then synced to the State-wide IFS via nightly cycles. NDOT's staff had been trained not to alter fiscal year end payroll transactions and use a manual log for any other changes made, such as a project number. NDOT initiated an agreement with Central Payroll and the Controller's Office to receive notification in writing for any new general ledger

	numbers/codes that are added to the state financial system. Completed December 31, 2017.
Status:	Corrected.
2017-B	**Prior Period Adjustment of Interest and Investment Earnings Material Weakness**
Initial Fiscal Year Finding Occurred:	2017
Finding Summary:	Management is responsible for establishing and maintaining an effective system of internal control over financial reporting. Properly reporting interest and investment earnings is a key component of effective internal control over financial reporting. A prior period adjustment of approximately $3,022,000 was required to remove interest and investment income that was reported in the year ended June 30, 2017, but should have been reported in the year ended June 30, 2016. The internal controls in place did not ensure that interest and investment earnings were reported in the proper period. In the prior year, net position in the Unemployment Compensation Fund was understated by approximately $3,022,000.
State's Response:	Corrective action was taken and completed December 2017. Controls were put in place to identify and record accrued interest and investment income on interest or investment earning accounts. The prior period adjustment that resulted in the audit finding was recorded in the fiscal year 2017 CAFR, and the controls to prevent this type of error were put in place December 2017.
Status:	Corrected.
2017-C	**Monthly Bank Reconciliation** **Significant Deficiency**
Initial Fiscal Year Finding Occurred:	2017
Finding Summary:	Management is responsible for establishing and maintaining an effective system of internal control over financial reporting. Properly reconciling bank accounts is a key component of effective internal control over financial reporting. The June 30, 2017 bank reconciliation for the outside bank accounts includes an unexplained variance of more than $19,000,000 between the book balance and the bank balance. The Controller's office did not have adequate internal controls to ensure bank reconciliation variances were researched and resolved in a timely manner.

The cash balance recorded in the State of Nevada's general ledger may be incorrect.

State's Response: The Controller's Office and Treasurer's Office staff met on March 9, 2018 to discuss bank processes. On April 11, 2018 the Treasurer's Office staff demonstrated daily banking processes for Controller's Office staff. Discussions between the Offices continue along with sharing bank related data. In May and June 2018 current procedures were reviewed for new staff to get an understanding of the process and ensure current staff were following the procedure. The current procedure is based on the use of summary reports, exception reports and isolating individual transactions. The Controller's Office will review the bank payable reports received by the Treasurer's Office and work with the Treasurer's Office to ensure all banking transactions have been properly accounted for. New reports will be developed, processes will be enhanced, and procedures will be updated.

Status: Corrected.

2017-001: **U.S. Department of Agriculture**
SNAP Cluster:
Supplemental Nutrition Assistance Program (SNAP), CFDA 10.551
State Administrative Matching Grants for the Supplemental Nutrition Program,
CFDA 10.561

Reporting
Significant Deficiency in Internal Control over Compliance

Initial Fiscal Year Finding Occurred: 2017

Finding Summary: The *OMB Compliance Supplement* requires reports submitted to the Federal awarding agency include all activity of the reporting period, are supported by applicable accounting or performance records, and are presented in accordance with program requirements.

Expenditures reported on the SF-425 *Federal Financial Report* were not always supported by the applicable accounting records, and therefore, were not in accordance with program requirements.

The Nevada Division of Welfare and Supportive Services (the Division) did not have adequate internal controls to ensure that all amounts reported to the Federal agency were supported by the applicable accounting records.

Inaccurate information may have been reported to the Federal agency.

A nonstatistical sample of two out of four SF-425 *Federal Financial Reports* was selected for testing. The total cumulative amount of funds authorized on one of the two reports was not supported by the applicable accounting records.

State's Response: The finding occurred due to an error in a spreadsheet. Error was corrected and procedures have been updated. Staff received training to ensure a more comprehensive review in January 2017.

Status: Corrected.

2017-002: **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

Initial Fiscal Year Finding Occurred: 2015

Finding Summary: The U.S. Department of the Treasury (Treasury) regulations at 31 CFR part 205, which define the Cash Management Improvement Act of 1990, as amended (Pub. L. No. 101-453; 31 USC 6501 et seq.), require State recipients to enter into Treasury-State Agreements that prescribe specific methods (funding techniques) for drawing Federal funds of selected large programs. The terms of the Treasury-State Agreement specify that the National School Lunch Program use the average clearance funding technique, which requires funds are requested and deposited in accordance with the clearance times specified in Exhibit II of the Agreement, which is two days.

Federal funds were not drawn using the required funding technique and in accordance with the average clearance time specified in the Agreement.

The Nevada Department of Agriculture (the Department) did not have internal controls to ensure that funds were drawn using the required funding technique and in accordance with the clearance time specified in the Agreement.

Incorrect amounts of Federal funds may be received and an interest liability could result.

A nonstatistical sample of four Federal cash draws out of 16 was selected for testing. None of the Federal cash draws selected for testing were drawn using the average clearance funding technique as the average clearance times ranged from six to 44 days.

State's Response: The Department has current policies and procedures for Federal cash draws including having our Management Analyst III or the Administrative Services Officer III (back-up) sign off on all federal draws. However, we are enhancing procedures to monitor the clearance patterns to avoid a repeat of this finding in the future.

Status: Partially corrected.

2017-003: **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

Subrecipient Monitoring
Significant Deficiency in Internal Control over Compliance

Initial Fiscal Year Finding Occurred: 2016

Finding Summary: Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) requires that pass-through entities ensure that every subaward includes certain information at the time of the subaward and that the award's CFDA number is identified to the subrecipient at the time of disbursement.

Subawards did not include certain information required by Uniform Guidance and the CFDA number was not identified at the time of disbursement.

The Nevada Department of Agriculture (the Department) did not have adequate internal controls to ensure that subawards included all information required by Uniform Guidance at the time of the subaward and that the award's CFDA number was identified to the subrecipient at the time of disbursement.

Noncompliance may occur at the subrecipient level.

A nonstatistical sample of seven out of 32 subrecipients was selected for testing. None of the seven subawards included all of the information required by Uniform Guidance. In addition, a nonstatistical sample of 60 payments to subrecipients was selected for testing, of which 30 payments tested did not identify the award's CFDA number at the time of disbursement.

State's Response: This has been corrected as of August 1, 2017. The agency implemented the "CFDA number" within the description field of all payment vouchers. Due to the timing of the audit exit conference, there were several items in early SFY2018 that did not include the CFDA number. This finding has been resolved.

Completion Date: August 1, 2017

The Department has implemented policies and procedures to assure that the award documents are reviewed by both program and fiscal staff to assure that all award notifications include the federal agreement (FAIN) identification number and CFDA number.

Completion Date: March 6, 2018

Status: Partially corrected.

2017-004: **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

Reporting
Significant Deficiency in Internal Control over Compliance

Initial Fiscal Year Finding Occurred: 2016

Finding Summary: The *OMB Compliance Supplement* requires that non-Federal entities receiving Federal awards establish and maintain internal controls designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements and identifies the FNS-777, *Financial Status Reports* (FNS-777), as applicable to the Child Nutrition Cluster. Internal controls at the Nevada Department of Agriculture (the Department) require that reports are reviewed and approved by an individual independent of the preparation process prior to submission.

Certain reports were prepared and submitted without being reviewed and approved by an individual independent of the preparation process.

The Department did not follow established internal controls to ensure that reports submitted to the Federal agency were reviewed and approved by an individual independent of the preparation process.

Inaccurate information may be reported to the Federal agency.

A nonstatistical sample of two out of eight FNS-777 reports were selected for testing. We noted both FNS-777 reports were prepared and submitted without being reviewed by an individual independent of the preparation process.

State's Response: The Department has implemented a procedure documenting review and approval of reports by an individual independent of the preparer. Completion date: July 1, 2017.

Status: Corrected.

2017-005: **U.S. Department of Agriculture**
Special Supplemental Nutrition Program for Women, Infants, and Children (WIC), CDFA 10.557

Cash Management
Material Weakness in Internal Control over Compliance

Initial Fiscal Year Finding Occurred: 2015

Finding Summary:	A. 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. B. In addition, the *OMB Compliance Supplement* requires that non-Federal entities receiving Federal awards establish and maintain internal controls designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements. The Nevada Division of Public and Behavioral Health (the Division) has instituted a policy requiring the review of draw requests by an individual independent of the preparation. A. Federal funds were not drawn using the funding techniques specified in the Treasury-State Agreement. B. Draw requests were not always reviewed by an individual independent of the preparation. A. The Division did not have internal controls to ensure funds were drawn using the funding techniques specified in the Treasury-State Agreement. B. The Division did not follow its internal control policy to have an individual independent of the preparation review all draw requests. Incorrect amounts of Federal funds may be received and an interest liability could result. A nonstatistical sample of 60 Federal cash draws out of 259 was selected for testing. Of this sample, 47 were not drawn using the funding techniques specified in the Treasury-State Agreement. In addition, 23 of the draw requests were not reviewed by an individual independent of the preparation.
State's Response:	The Division worked with the Office of State Controller to revise its Treasury-State Agreement to reflect a change in the Women, Infants and Children (WIC) federal funds draw technique, effective June 25, 2018. Further, the Division revised its federal draw method to be consistent with the agreed-upon technique and with review and approval from a person independent of the draw.
Status:	Corrected.
2017-006:	**U.S. Department of Agriculture** **Special Supplemental Nutrition Program for Women, Infants, and Children (WIC), 10.557** **Procurement, Suspension, and Debarment** **Material Weakness in Internal Control over Compliance**
Initial Fiscal Year Finding Occurred:	2016

Finding Summary: Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) requires contracts contain the applicable provisions described in Appendix II to Part 200 for contracts under Federal awards.

The *OMB Compliance Supplement* states that Non-Federal entities are prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred. Non-Federal entities may verify that a party is not suspended or debarred by checking the *Excluded Parties List System,* collecting a certification from the entity, or adding a clause or condition to the covered transaction.

Certain applicable provisions described in Appendix II to Part 200 were not included in contracts as required. Suspension and debarment verification procedures were not always performed prior to entering into covered transactions.

The Nevada Division of Public and Behavioral Health (the Division) did not have adequate internal controls to ensure contracts under Federal awards contained all of the applicable provisions and to ensure suspension and debarment verification procedures were always performed prior to entering into all covered transactions.

Contractors may not be aware of required terms and conditions and payments could be made to recipients who were suspended or debarred.

A nonstatistical sample of 60 procurement transactions out of 12,564 was selected for testing, including 15 contracts subject to Appendix II to Part 200. All 15 of the contracts were missing certain applicable provisions and no suspension and debarment verification procedures were performed for three of the 15 recipients.

State's Response: As of March 30, 2017, prior to entering into agreements with contractors or grant subrecipients, staff verifies that each party is neither suspended nor debarred through a review of the Excluded Parties List System. The State added language to its standard contract form regarding suspension and debarment and lobbying activities effective March 30, 2017; however as of June 30, 2018, the state's standard contract form did not have language regarding the Clean Air Act or the Federal Water Pollution Control Act. On September 27, 2018, the Division received approval from the Department of Administration to add language to its contracts regarding the Clean Air Act and the Federal Water Pollution Control Act. The Department of Administration will add this language to the state's standard contract form in the near future.

Status: Partially corrected.

2017-007: **U.S. Department of Agriculture**
Special Supplemental Nutrition Program for Women, Infants, and Children (WIC), CDFA 10.557

Reporting
Significant Deficiency in Internal Control over Compliance

Initial Fiscal Year Finding Occurred: 2017

Finding Summary: The *OMB Compliance Supplement* requires reports submitted to the Federal awarding agency include all activity of the reporting period, are supported by applicable accounting or performance records, and are presented in accordance with program requirements.

During our testing of Addendum to WIC Financial Management and Participation Report – NSA Expenditures (FNS-798A), we noted the *State Level Nutrition Education* and *State Level Breastfeeding Promotion and Support* line items were reported inaccurately, and therefore, not in accordance with program requirements.

The Nevada Division of Public and Behavioral Health (the Division) did not have adequate internal controls to ensure the FNS-798A report was reported accurately.

Inaccurate information may have been reported to the Federal agency.

No sampling was used; the entire population of one annual report was tested. The *State Level Nutrition Education* line item was understated by $19,178 and the *State Level Breastfeeding Promotion and Support* line item was understated by $64,935.

State's Response: As of May 1, 2018, Division staff are provided training regarding the completion and submission of the annual FNS 798A report. Additionally, the report is independently reviewed prior to submission.

Status: Corrected

2017-008: **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 and Material Noncompliance

Initial Fiscal Year Finding Occurred: 2015

Finding Summary: Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) requires that:

A. Pass-through entities ensure that every subaward includes certain information at the time of the subaward and that the award's CFDA number is identified to the subrecipient at the time of disbursement.

B. Pass-through entities evaluate each subrecipient's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring. In addition, the subrecipient monitoring must ensure that the subaward is used for authorized purposes.

C. Pass-through entities verify every subrecipient is audited as required by Uniform Guidance, issue management decisions for audit findings, as applicable, and ensure the subrecipient takes timely corrective action on all audit findings, as applicable.

A. Subawards did not include certain information required by Uniform Guidance. In addition, the CFDA number was not identified at the time of disbursement prior to April 2017.

B. An evaluation of each subrecipient's risk of noncompliance for purposes of determining the appropriate subrecipient monitoring was not performed.

C. The Nevada Division of Public and Behavioral Health (the Division) did not verify that subrecipients were audited as required by Uniform Guidance, review audit reports for audit findings, issue management decisions, as applicable, and ensure the subrecipient took timely corrective action on all audit findings, as applicable.

The Division did not have internal controls in place to ensure compliance with subrecipient monitoring requirements.

Noncompliance at the subrecipient level may occur and not be detected by the Division.

A. A nonstatistical sample of five subawards out of a population of 17 was selected for testing. None of the subawards contained all the required information. In addition, we selected a nonstatistical sample of 60 payments to subrecipients out of a population of 866 and 30 of the payments did not identify the CFDA number.

B. No sampling was used; an evaluation of each subrecipient's risk of noncompliance was not performed.

C. A nonstatistical sample of five subrecipients out of a population of 17 was selected for testing. The Division did not verify that any of the subrecipients were audited as required by Uniform Guidance, review audit reports for audit findings, issue management decisions, as applicable, nor ensure subrecipients took timely corrective action on all audit findings, as applicable.

State's Response: Effective April 1, 2017, each check stub or remittance advice includes the CFDA number, program name and amount for each disbursement of federal funds to a grant subrecipient. Beginning July 1, 2018, risk assessments are performed for each grant subrecipient when determining appropriate levels of monitoring. Although staff ensure audit reports are received and logged, review and follow-up are not always conducted.

Status: Partially corrected.

2017-009: **U.S. Department of Defense**
National Guard Military Operations and Maintenance (O&M) Projects, CFDA 12.401

Procurement, Suspension, and Debarment
Material Weakness in Internal Control over Compliance

Initial Fiscal Year Finding Occurred: 2016

Finding Summary: Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) requires contracts contain the applicable provisions described in Appendix II to Part 200 for contracts under Federal awards.

The *OMB Compliance Supplement* states that Non-Federal entities are prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred. Non-Federal entities may verify that a party is not suspended or debarred by checking the *Excluded Parties List System*, collecting a certification from the entity, or adding a clause or condition to the covered transaction.

Certain applicable provisions described in Appendix II to Part 200 were not included in contracts as required. Suspension and debarment verification procedures were not always performed prior to entering into covered transactions.

The Nevada Office of the Military (the Office) did not have adequate internal controls to ensure contracts under Federal awards contained all of the applicable provisions and to ensure suspension and debarment verification procedures were always performed prior to entering into all covered transactions.

Contractors may not be aware of required terms and conditions and payments could be made to recipients who were suspended or debarred.

A nonstatistical sample of 60 procurement transactions out of 7,342 was selected for testing, including 17 contracts subject to Appendix II to Part 200. Fifteen of the contracts were missing certain applicable provisions and no suspension and debarment verification procedures were performed for 12 of the 20 recipients.

State's Response: The Office of Military has implemented the Corrective Action for audit findings 2016-012 and 2017-009 and is projected to be completed by July 1, 2020.

Status: Partially corrected.

2017-010: **U.S. Department of Labor**
Unemployment Insurance, CFDA 17.225

Reporting
Significant Deficiency in Internal Control over Compliance

Initial Fiscal Year Finding Occurred: 2016

Finding Summary: The *OMB Compliance Supplement* provides that states are required to submit a quarterly report, the *Trade Act Participant Report (TAPR)*, on participant characteristics, services, benefits received, and outcomes achieved, including wage record data, on a rolling quarterly basis. Wage record data is obtained from the Wage Record Interchange System (WRIS).

Wage record data included on the TAPR did not agree to information obtained from the WRIS.

The Nevada Department of Employment, Training and Rehabilitation (the Department) did not have adequate internal controls to ensure that information included on the TAPR agreed to the WRIS.

Incorrect information may have been included on the TAPR.

A nonstatistical sample of two out of four quarterly reports was selected for testing. These reports contained 984 key data elements, including 574 wage record data elements. Seven of the 574 wage record data elements tested did not agree to the WRIS.

State's Response: In the prior year's response Nevada DETR indicated a new MIS/Reporting system was in the contracting phase. Due to a delay in implementation, Nevada DETR was unable to use the new system for the reporting cycle audited. This year's audit findings were based on the legacy system that has been previously identified as flawed. As a result of previous findings, the TAPR process and procedure was continuously updated to mitigate future file errors. This process involved the use of multiple reporting tools to achieve the output file required by the Department of Labor. Nevada has now implemented the new MIS/Reporting system (EmployNV). This has eliminated the need for the additional processes utilizing the additional reporting tools thus causing errors on the TAPR Reporting. In addition, the WIA TAPR is now obsolete. With the implementation of the new system and the change over to the WIOA TAA PIRL report, the entire process is now streamlined and correct. This final phase of the correction occurred in October 2017.

The new MIS/Reporting System was implemented in October 2017. The TAA PIRL for the quarter ending 12/31/2017 has already been certified to the Department of Labor. Nevada will continue to use this new system and process for all future reporting needs.

Nevada DETR reports that an "independent" review performed by the Nevada Division of Internal Audits (DIA) was completed on June 1, 2018. The Nevada DIA verified the implementation of the new MIS/Reporting system (i.e., called

EmployNV) which resulted in the creation of a new PIRL Report (replacing the old TAPR Report (which was in question)). In addition to the newly implemented EmployNV system, the Nevada DIA reported the new system included enhanced controls and oversight over the Trade Act Assistance (TAA) Process to ensure that all interfaces, including WRIS, *effectively calculated reportable program participant wage totals* and that "no exceptions" were found.

U.S. DOL Determination: Based on the June 2018 corrective action, the finding is now corrected pursuant to the DOL Final Determination Letter issued July 26, 2018.

The corrective actions noted above were taken after the start of the subsequent fiscal year, so unfortunately, they were not considered fully applicable, hence the finding is only "Partially Corrected".

Status: Partially corrected.

2017-011: **U.S. Department of Labor**
Unemployment Insurance, CFDA 17.225

Special Tests and Provisions – UI Benefit Payments
Significant Deficiency in Internal Control over Compliance

Initial Fiscal Year Finding Occurred: 2017

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 a copy of the department collection instrument (DCI) report.

BAM investigation files did not include all required documentation.

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

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

A nonstatistical sample of 60 completed BAM cases out of a population of 916 was selected for testing. For two cases, all required documentation was not included in the case file. The first case improperly excluded the documentation of the Occupational Code source and the second case improperly excluded the DCI report.

State's Response: The Nevada DETR BAM Office acknowledges that a documentation omission did occur in one of the 60 case files under audit review. In order to facilitate prevention of future similar occurrences, the case review will require a validation check be conducted by each BAM investigator in order to certify that all required Data Collection Instrument (DCI) reference materials are included in each completed case file. Upon the file validation being completed, the investigator will email the BAM supervisor to document the completion of the file certification. This requirement was briefed to all BAM investigators on 12/19/2017.

BAM files are electronically archived. As part of that process, missing DCI's will be identified through batch reviews. A review conducted of scanned BAM batches back to July, 2016 has revealed no other occurrences of the DCI (required documentation) not being included in the file. It should be noted however, that printing and inclusion of a DCI after the fact does not alter the efficacy of the DCI. No changes can be made to the DCI without the revision date being noted as a reopen code.

The Nevada DETR BAM Office established the stated procedures to place a "tic mark" next to each unique ONet code upon ensuring the supporting documentation is in the file. Because BAM investigators are familiar with many of the ONet codes, it is otherwise an easy omission.

Estimated Date of Completion: 01/01/2018

June 2018 Update:
The Nevada DETR BAM Office established the stated procedures to place a "tic mark" next to each unique ONet code upon ensuring the supporting documentation is in the file. Because BAM investigators are familiar with many of the ONet codes, it is otherwise an easy omission.

The task of "scanning the completed BAM audit files" into the system provides the final check for inclusion of the completed DCI and it is that page that is used as the file identifier.

U.S. DOL Determination: DOL**-**ETA reviewed the documentation provided and determined it to be sufficient to resolve the finding. Based on the above, the finding is corrected**.**

Status: Corrected.

2017-012: **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

Initial Fiscal Year Finding Occurred: 2014

Finding Summary: The *OMB 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.

The system utilized by the Nevada Department of Employment, Training and Rehabilitation (the Department) to operate the Unemployment Insurance program, the UINV System, did not have the operational capability prior to February 2017 to ensure that the State was not relieving employers of charges when their untimely or inadequate responses caused improper payments.

Prior to February 2017, modifications to the UINV System had not been implemented by the system's vendor to comply with the requirements of Pub. L. No. 112-40 referenced in the *OMB Compliance Supplement.*

The State may have been relieving employers of charges when their untimely or inadequate responses resulted in overpayments.

No sampling was used

State's Response: The Relief of Charges functionality was implemented into UINV production back on February 8, 2017. Nevada DETR is in full compliance with Pub. L. No.112-40. The Unemployment Insurance Support Services (UISS) Office has provided instruction to all U.I. business user groups regarding the modification functionality. Additionally, the UISS Office is responsible for on-going UINV system monitoring to ensure all U.I. Program functionality is working as expected.

Date of Completion: **02/08/2017**

June 2018 Update:
The original Nevada DETR response stands as the corrective action was completed on February 8, 2017.

U.S. DOL Determination: In response to the FAR, the State (Nevada) provided a written statement that a new system has been implemented and they are in full compliance. Instructions have been provided by Unemployment Insurance Support Service and distributed to all UI business user groups regarding the modification functionality…also, the UISS office is responsible for on-going UINV system monitoring to ensure all UI Program functionality is working as expected.

DOL-ETA reviewed the documentation provided and determined it to be sufficient to resolve the finding. Based on the above, the finding is corrected**.**

Status: Corrected.

2017-013: **U.S. Department of Transportation**
Highway Planning and Construction Cluster:
Highway Planning and Construction, CFDA 20.205
Recreational Trails Program, CFDA 20.219

Subrecipient Monitoring
Significant Deficiency in Internal Control over Compliance

Initial Fiscal Year Finding Occurred:	2016
Finding Summary:	Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) requires that pass-through entities ensure that every subaward includes certain information at the time of the subaward and that the award's CFDA number is identified to the subrecipient at the time of disbursement. Subawards did not include certain information required by Uniform Guidance and the CFDA number was not always identified at the time of disbursement. The Nevada Department of Transportation (the Department) did not have adequate internal controls to ensure that subawards included all information required by Uniform Guidance at the time of the subaward and that the award's CFDA number was identified to the subrecipient at the time of disbursement. Noncompliance may occur at the subrecipient level. A nonstatistical sample of six out of 31 subrecipients was selected for testing. None of the six subawards included all of the information required by Uniform Guidance. In addition, we selected a nonstatistical sample of 60 payments to subrecipients out of a population of 552 and 41 of the payments did not identify the award's CFDA number.
State's Response:	Per the Corrective Action Plan for Audit Finding 2017-013, NDOT has been following the stated action since March of 2017. The established agreement shell for LPA projects include language identifying the DUNS number with the CFDA number as well as language that notifies the sub-recipient that the Federal Award Identification Number (FAIN) will be provided with the Notice to Proceed (NTP). We have not gone back to correct LPA agreements without the FAIN language that was established prior to March of 2017. We have been correcting and adding the DUNS number and FAIN language when the agreements are amended for other reasons. In regard to identifying the Federal Grant Award Number to the subrecipient at the time of disbursement, our Department implemented an accounting procedure on March 27, 2017. All payment vouchers except travel claims, Bank of America procurement cards, contractor's payments and purchase orders are required to include the Federal Grant Award Numbers (aka CFDA numbers) in the coding line description on printed checks or direct deposit advises made to subrecipients. Although this corrective action plan was in place by the middle of fiscal year 2017, we were unable to avoid findings for residual disbursements. However, as of the implementation date, no exception has been found for FY17 Single Audit.
Status:	Corrected.

2017-014: **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

Initial Fiscal Year Finding Occurred: 2009

Finding Summary: The *OMB Compliance Supplement* states that non-Federal entities shall include in their construction contracts subject to the Wage Rate Requirements (which still may be referenced as the Davis-Bacon Act), a provision that the contractor or subcontractor comply with those requirements and the DOL regulations (29 CFR part 5, *Labor Standards Provisions Applicable to Contacts Governing Federally Financed and Assisted Construction*). This includes a requirement for the contractor or subcontractor 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).

Certain certified payrolls were not submitted weekly as required and in certain instances, there was no documentation of timely follow up with contractors to support efforts to ensure future reports would be submitted weekly as required.

The Nevada Department of Transportation (the Department) did not have adequate internal controls to ensure that timely follow up with the contractor was performed when the required certified payrolls were not received weekly as required.

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

A nonstatistical sample of five out of 10 prime contractors was selected for testing, representing 221 weekly payrolls. Although all certified payrolls were received, 118 payrolls were not submitted weekly as required. For 12 of the payrolls that were not submitted weekly, there was no documentation of follow up with the contractors.

State's Response: With the implementation of the policy change to require Certified Payroll Reports (CPRs) be submitted within 14 days of the payroll ending period, we have seen a significant increase in compliance.

Compliance Staff attends each pre-construction meeting either in-person or via teleconference. The importance of compliance is reinforced both in a Memorandum of Record, acknowledged by the Prime Contractor, and verbally at every pre-construction meeting. Although the contract for the two employees conducting one-on-one training ended in August 2018, a consultant firm was contracted by Construction Administration to assist both the NDOT Field Crews and contractors with compliance. The consultants began work in April 2018.

At the annual Resident Engineer Academy, Contract Compliance has attended (5) Resident Engineer meetings to discuss compliance and has (2) additional meetings scheduled for the remainder of the calendar year 2018.

Meetings were held with the Nevada Office of the Labor Commissioner and procedural changes were implemented in May 2018 to streamline the overview process. Monthly audits are conducted by the Audit Investigator III to ensure that "notification of non-compliance" is being given to contractors in a timely manner. Repeat offenders are contacted directly by the Compliance Staff to facilitate consistency. Additional compliance training is being scheduled for 4th Qtr 2018, and 1st Qtr 2019, to target small businesses and contractors, and to assist with their understanding of the compliance regulations on NDOT projects.

Status: Corrected.

2017-015: U.S. Department of Education
Title I Grants to Local Educational Agencies, CFDA 84.010

Reporting
Significant Deficiency in Internal Control over Compliance

Initial Fiscal Year Finding Occurred: 2017

Finding Summary: The *OMB Compliance Supplement* requires that non-Federal entities receiving Federal awards establish and maintain internal controls designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements, and identifies the *State per Pupil Expenditure Report* as applicable to the Title I. Internal controls at the Nevada Department of Education (the Department) require that reports are correct and reviewed and approved by an individual independent of the preparation process prior to submission.

A report was prepared and submitted with errors and did not have evidence of being reviewed and approved by an individual independent of the preparation process.

The Department did not follow established internal controls to ensure reports submitted to the Federal agency were reviewed and approved by an individual independent of the preparation process.

Inaccurate information was reported to the Federal agency. In total, the Per Pupil Expenditure was overstated by $268.

The *State per Pupil Expenditure Report* is an annual report and the report submitted during the year was selected for testing. We noted that the report was submitted with footing and cross-footing errors which caused the per pupil calculation to be in error.

State's Response: The NDE has enhanced its internal controls for submitting reports to Federal agencies effective March 5, 2018; to include the collection, initial review for completeness and accuracy and consolidation of district and charter school reports be completed by an additional staff member. Upon completion of this initial review, a second staff member will review, analyze data for anomalies, errors, or omissions, and perform additional tests for accuracy. Once completed, final review and approval will be completed by the Deputy Superintendent of Business and Support Services. This process was implemented with the most recent National Public Education Financial Survey completed summer of 2018.

Status: Corrected.

2017-016: **U.S. Department of Education**
Title I Grants to Local Educational Agencies, CFDA 84.010

Subrecipient Monitoring
Material Weakness in Internal Control over Compliance

Initial Fiscal Year Finding Occurred: 2015

Finding Summary: Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) requires that:

A. Pass-through entities ensure that every subaward includes certain information at the time of the subaward and that the award's CFDA number is identified to the subrecipient at the time of disbursement.

B. Pass-through entities evaluate each subrecipient's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring.

A. Subawards did not include certain information required by Uniform Guidance and the CFDA number was not identified at the time of disbursement.

B. An evaluation of each subrecipient's risk of noncompliance for purposes of determining the appropriate subrecipient monitoring was not performed.

The Department did not have adequate internal controls to ensure compliance with subrecipient monitoring requirements.

Noncompliance at the subrecipient level may occur and not be detected by the Department.

A. A nonstatistical sample of four out of 18 subawards was selected for testing. None of the subawards contained all the required information. In addition, we selected a nonstatistical sample of 41 payments to subrecipients out of a population of 205 and none of the payments identified the CFDA number.

B. No sampling was used; an evaluation of each subrecipient's risk of noncompliance was not performed.

State's Response: A. Subawards to include all information required by Uniform Guidance and the CFDA number at the time of disbursement

The NDE's Notification of State Grant or Federal Subgrant Award document has been updated with the remaining items required as per 2CFR200 Uniform Guidance as of April 19, 2018 (Exhibit 1).

Corrected
The NDE's Grants Management System vendor has completed system configurations to include the following items in our online grant management system effective May 25, 2018:
• Federal Awarding Agency
• Federal Award Identification Number
• Federal Award Date
• A question "Is the Subaward granted for Research and Development? Yes/No"

B. An evaluation of each subrecipient's risk of noncompliance for purposes of determining the appropriate subrecipient monitoring.

Partially Corrected
The NDE has worked under guidance of West Comprehensive Center (WestEd) to develop a department –wide risk assessment and subrecipient monitoring policy that includes formal on-site monitoring and desktop monitoring and alignment with national best practices. These policies were signed and effective June 28, 2018, with full implementation during the first two quarters of the 2019 fiscal year.

Activities leading up to the approval of the policies included:

January 2018
The initial draft Risk Assessment Policy and Procedure was reviewed internally as part of the ongoing collaboration between NDE program, grant and fiscal staff during a group working session. Recommendations were incorporated in the draft Risk Assessment Policy and Determination Rubric.

February – March 2018
In some of the NDE's programs, Risk Assessment and Fiscal Subrecipient Monitoring is incorporated in programmatic monitoring. West Ed completed a review of our largest federal grant monitoring program, Title 1, under the Elementary and Secondary Education Act (ESEA) to assure alignment with the department-wide policy. Additionally, two information seeking sessions were conducted to gather additional information regarding current practices.

April 2018
The NDE Revised Risk Assessment policy is based on information gathered from program staff, review of current practices, and recommendations from West Ed.'s preliminary implementation plan discussed with steps, processes, and timeline.

May 2018
The NDE conducted a two-day working session with West Ed consultants, the NDE directors, and staff to determine final recommendations for both the Risk

Assessment and Subrecipient Monitoring policy and procedure and development of the implementation plan.

Communication of the Risk Assessment and Subrecipient Monitoring implementation to the NDE's subrecipients will include a Guidance Memo from Superintendent Canavero to be distributed in early July, 2018. In order to complete the initial Risk Assessment for all subrecipients timely and within the NDE's resource constraints, assessment will be completed via subrecipient questionnaire. Distribution to occur in July 2018 to all districts, charter schools, and other subrecipients of federal and state grants through the NDE.

The questionnaire will require each subrecipient to attest to the status of each risk criteria outlined in the Determination Rubric and provide supporting documentation as applicable. NDE will establish a Risk Assessment Coordinator responsible for assuring timely review, validation, and determination based upon Questionnaire responses and supporting documentation. A Subrecipient Monitoring schedule will be developed based on level of risk assessed.

Status: Partially corrected.

2017-017: **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

Allowable Costs/Cost Principles
Material Weakness in Internal Control over Compliance and Material Noncompliance

Initial Fiscal Year Finding Occurred: 2015

Finding Summary: Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) provides that amounts charged to Federal programs must be for allowable costs. To be allowable under Federal awards, costs must be adequately documented.

Amounts charged to the Federal program for subrecipient payments were not always adequately documented.

The Nevada Department of Education (the Department) did not have adequate internal controls to ensure amounts charged to the Federal program were always adequately documented.

The Department could be making payments to subrecipients for unallowable costs.

A nonstatistical sample of 41 out of 205 payments to subrecipients was selected for testing for Title I Grants to Local Educational Agencies. The Department did not maintain adequate documentation to support the payments to subrecipients for 26 of the 41 payments tested. A nonstatistical sample of 60 out of 343 payments to subrecipients was selected for testing for the Special Education Cluster. The Department did not maintain adequate documentation to support the payments to subrecipients for 39 of the 60 payments tested.

State's Response: The Nevada Department of Education has fully implemented the requirement for sub-recipients to submit a general ledger summary detail report to every Request for Funds submitted.

Even though the NDE has fully implemented this requirement, we still had findings in this timeframe due to the timing of the audit.

Status: Not corrected.

2017-018: **U.S. Department of Education**
Title I Grants to Local Educational Agencies, CFDA 84.010
Special Education Cluster:
Special Education-Grants to States, CFDA 84.027
Special Education-Preschool Grants, CFDA 84.173

Cash Management
Material Weakness in Internal Control over Compliance and Material Noncompliance

Initial Fiscal Year Finding Occurred: 2015

Finding Summary: The U.S. Department of the Treasury (Treasury) regulations at 31 CFR part 205, which define the Cash Management Improvement Act of 1990, as amended (Pub.
L. No. 101-453; 31 USC 6501 et seq.), require State recipients to enter into Treasury-State Agreements that prescribe specific methods (funding techniques) for drawing Federal funds of selected large programs.

The *OMB Compliance Supplement* requires that non-Federal entities receiving Federal awards establish and maintain internal control designed to reasonably ensure compliance with Federal statutes, regulations, and terms and conditions of the Federal award.

Adequate documentation was not always available to support compliance with the cash management requirements of the *OMB Compliance Supplement* or that funds were drawn using the funding technique specified in the Treasury-State Agreement, where applicable.

The Nevada Department of Education (the Department) did not have adequate internal controls to ensure adequate supporting documentation was always maintained for Federal cash draws.

Incorrect amounts of Federal funds may be received and an interest liability could result.

A nonstatistical sample of three out of 14 Federal cash draws was selected for testing for Title I Grants to Local Educational Agencies. Adequate supporting documentation was not available for any of the Federal cash draws selected for testing. A nonstatistical sample of 13 out of 64 Federal cash draws was selected for testing for the Special Education Cluster. Adequate supporting documentation was not available for eight of the 13 Federal cash draws selected for testing.

State's Response: The Nevada Department of Education trained the Grant's Unit, who utilize seven employees, to uniformly track each of their grants. The analysts doing the draws can access available information to verify each individual draw; however, this process has proven to be unreliable based on the real time need for draws and the actual date completed for the grant tracking. NDE has also implemented a back-up system, so grant backup documentation will be easily accessible on the server, as some back-up was missing in the previous year's audit.

Finally, to correct the timing issue on the grant draw-downs, NDE had to revise the accounting office process of finalizing payments on Mondays and Tuesdays only, to Aid on Wednesdays, and Admin on Fridays, doing draws weekly on Fridays to capture the expenditures from the current week's aid and the prior week's admin. The draws will occur within the 3 day and 5 day clearance pattern to match the appropriate funding technique per the Treasury-State Agreement.

Status: Not corrected.

2017-019: **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

Initial Fiscal Year Finding Occurred: 2015

Finding Summary: Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) requires that:

A. Pass-through entities ensure that every subaward includes certain information at the time of the subaward and that the award's CFDA number is identified to the subrecipient at the time of disbursement.

B. Pass-through entities evaluate each subrecipient's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring.

A. Subawards did not include certain information required by Uniform Guidance and the CFDA number was not identified at the time of disbursement.

B. An evaluation of each subrecipient's risk of noncompliance for purposes of determining the appropriate subrecipient monitoring was not performed.

The Department did not have adequate internal controls to ensure compliance with subrecipient monitoring requirements.

Noncompliance may occur at the subrecipient level and not be detected by the Department.

A. A nonstatistical sample of four out of 20 subrecipients was selected for testing. None of the subrecipient subawards contained all the required information. In addition, we selected a nonstatistical sample of 60 payments to subrecipients out of a population of 343 and none of the payments identified the CFDA number.

B. No sampling was used; an evaluation of each subrecipient's risk of noncompliance was not performed.

State's Response: A. Subawards to include all information required by Uniform Guidance and the CFDA number at the time of disbursement

Corrected.
The NDE's Notification of State Grant or Federal Subgrant Award document has been updated with the remaining items required as per 2CFR200 Uniform Guidance as of April 19, 2018 (Exhibit 1).

The NDE's Grants Management System vendor has completed system configurations to include the following items in our online grant management system effective May 25, 2018.
• Federal Awarding Agency
• Federal Award Identification Number
• Federal Award Date
• A question "Is the Subaward granted for research and development? Yes/No"

B. An evaluation of each subrecipient's risk of noncompliance for purposes of determining the appropriate subrecipient monitoring.

Partially Corrected.
The NDE has worked under guidance of West Comprehensive Center (WestEd) to develop a department –wide risk assessment and subrecipient monitoring policy that includes formal on-site monitoring and desktop monitoring and alignment with national best practices. These policies were signed and were effective as of June 28, 2018, with full implementation during the first two quarters of the 2019 fiscal year.
Activities leading up to the approval of the policies included:

January 2018
The initial draft Risk Assessment policy and procedure was reviewed internally as part of the ongoing collaboration between the NDE program, grant, and fiscal staff during a group working session. Recommendations were incorporated in the draft Risk Assessment Policy and Determination Rubric.

February – March 2018
In some of the NDE's programs, Risk Assessment and fiscal Subrecipient Monitoring is incorporated in programmatic monitoring. West Ed completed a review of our largest federal grant monitoring program, Title 1, under the Elementary and Secondary Education Act (ESEA) to assure alignment with the department-wide policy. Additionally, two information seeking sessions were conducted to gather additional information regarding current practices.

April 2018
The NDE revised the Risk Assessment policy based on information gathered from program staff, review of current practices, and recommendations from West Ed. Preliminary implementation plan discussed with steps, processes and timeline.

May 2018
NDE conducted a two-day working session with West Ed consultants, the NDE directors, and staff to determine final recommendations for both the Risk Assessment and Subrecipient Monitoring policy and procedure, development of implementation plan.

Communication of the Risk Assessment and Subrecipient Monitoring implementation to the NDE's subrecipients will include a Guidance Memo from Superintendent Canavero to be distributed in early July, 2018. In order to complete the initial Risk Assessment for all subrecipients timely and within the NDE's resource constraints, assessment will be completed via subrecipient questionnaire. Distribution to occur in July 2018 to all districts, charter schools, and other subrecipients of federal and state grants through the NDE.

The questionnaire will require each subrecipient to attest to the status of each risk criteria outlined in the Determination Rubric and provide supporting documentation as applicable. The NDE will establish a Risk Assessment Coordinator responsible for assuring timely review, validation, and determination based upon questionnaire responses and supporting documentation. A subrecipient monitoring schedule will be developed based on level of risk assessed.

Status: Partially corrected.

2017-020: **U.S. Department of Education**
Rehabilitation Services Vocational Rehabilitation Grants to States, CFDA 84.126

Eligibility
Material Weakness in Internal Control over Compliance and Material Noncompliance

Initial Fiscal Year Finding Occurred: 2015

Finding Summary: The *OMB Compliance Supplement*, Federal Regulations, and the Nevada Department of Employment, Training and Rehabilitation Participant Services Policy and Procedures Manual require that the State Vocational Rehabilitation (VR) agency meet certain eligibility requirements. These eligibly requirements include:

A. The State VR agency must determine whether an individual is eligible for VR services within a reasonable period of time, not to exceed 60 days, after the individual has submitted an application for services unless certain exceptional and unforeseen circumstances are met or the State agency is exploring evidence that the individual is incapable of benefiting in terms of an employment outcome from services.

B. Documentation of a physical or mental impairment must be in the file at the time of the eligibility determination.

C. The financial participation form must be completed and signed by the counselor and participant prior to obtaining IPE signatures or trial work plan or postemployment plan signatures. All financial participation forms will be scanned and retained in the electronic case file and if the participant meets the financial needs requirement, the counselor must check the "meets financial needs" box in the electronic case file.

A. An eligibility determination was not always done within 60 days after the individual submitted an application for services.

B. Documentation of a physical or mental impairment was not always included in the file at the time of the eligibility determination.

C. Financial participation forms were not always completed and signed by the counselor and the counselor did not always check the "meets financial needs" box in the electronic case file for participants meeting the financial needs requirement.

The Nevada Department of Employment, Training and Rehabilitation (the Department) did not have adequate internal controls to ensure compliance with certain eligibility requirements.

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

B. Participants may not have been eligible.

C. Participants receiving VR services may or may not be contributing to the cost of their services, as required, and participants may not be aware of their financial contribution requirements.

A. A nonstatistical sample of 60 out of 2,513 applicants deemed eligible during the fiscal year was selected for testing. For two 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.

B. A nonstatistical sample of 60 out of 2,513 applicants deemed eligible during the fiscal year was selected for testing. For one of the 60 individuals selected for testing, documentation of a physical or mental impairment was not included in the file at the time of the eligibility determination.

C. A nonstatistical sample of 60 out of 2,513 applicants deemed eligible during the fiscal year was selected for testing. For 12 of the 60 individuals selected for testing, no financial participation form was completed and signed by the counselor and participant. For 27 of the 60 individuals selected for testing, the participant received SSI, SSDI, TANF, or SNAP, however, the "meets financial needs box" was not checked in the electronic case file as required.

State's Response:

Nevada DETR Vocational Rehabilitation (VR) agrees with all recommendations from U.S. Dept. of Education/Single Audit findings. Specific methods to implement all recommendations are detailed above in response to each element of the finding.

A. The following corrective actions will be taken:

- All staff will be directed to continue to monitor Aging Reports generated by the case management system to track eligibility determinations and due dates for compliance.
- Training on eligibility timelines and lawful expectations will be provided by our internal Training Officer on 4/11/18 & 4/17/18 statewide.
- Internal Training Officer will also provide training to staff throughout the year on process, procedure and compliance to improve program performance in this area.
- QA team will provide targeted technical assistance with counseling teams for review of cases and review of policy expectations regarding eligibility.
- Update of case management system (see updated timeline for implementation) which will have integrated internal controls assisting the counselor in making timely eligibility determinations.
- Requirement of District Managers to submit to Chief weekly stats of those cases identified as pending 45 days to eligibility and those cases that will be given an extension with associated justification.
- Zero tolerance for any cases found to be out of compliance. Responsible staff will receive progressive discipline.

Administration remains committed to stricter consequences for non-compliance. In this past year, numerous Letters of Instruction have been delivered for every late eligibility identified. As a best practice, supervisors and Rehabilitation Counselor IIIs will be required to run the Aging Reports in our case management system every week to monitor and address with staff, as needed, regarding required timeframes. Their documentation of progress for compliance and any late action will be reported directly to the Bureau Chief for progressive disciplinary action. Lastly, with the Spring 2019 implementation of the new AWARE case management system, there will be increased automatic internal prompts for Certificate of Eligibility completion and compliance.

B. The following corrective actions will be taken:

- Training on allowable medical documentation for eligibility will be provided by our internal Training Officer on 4/11/18 & 4/17/18 statewide.
- Internal Training Officer will also provide training to staff throughout the year on process, procedure and compliance to improve program performance in this area.
- QA team will provide targeted technical assistance with counseling teams for review of cases and review of policy expectations regarding documentation allowable for eligibility.
- District Managers will stress the importance of accurate and timely scanning all documentation into the system for file integrity and proof of disability.
- Any missing documentation identified through internal QA audit, supervisory review or peer review will be elevated to supervisor and subject to progressive discipline.

C. The following corrective actions will be taken:

- All financial participation screens were completed in the electronic case management system. However, staff have been remiss on completing/capturing the physical form with signatures.
- Training on allowable accurate completion of financial participation forms, including the importance of scanning completed forms into the case management system, will be provided by our internal Training Officer on 4/11/18 & 4/17/18 statewide.
- Internal Training Officer will also provide training to staff throughout the year on process, procedure and compliance to improve program performance in this area.
- QA team to provide targeted technical assistance with counseling teams for review of cases and review of policy expectations regarding documentation of financial participation forms per the federal regulations.
- Effective 11/1/2017 VR amended our Policy and Procedures Manual, (Section 7 page 4-step 2.b.). As a result of the change, Rehabilitation Counselors will no longer need to check the "meets financial needs box." This specific, and internally imposed inclusion of the "meets financial needs box," is not a federal requirement and is not found in the federal regulations. Therefore, it has been removed from our Policy.

Estimated Date of Completion: **May 1, 2018** with additional training throughout the year.

Determination of the U.S. DOE-RSA Assistant Secretary as of September 25, 2018

RSA sustains the auditors' finding and recommendations Under 34 C.F.R §361.41(b)(1), once an individual has submitted an application for State Vocational Rehabilitation Program (VR) services, including applications made through common intake procedures in one-stop centers established under Section 121 of the Workforce Innovation and Opportunity Act (WIOA), an eligibility determination must be made within 60 days, unless exceptional and unforeseen circumstances beyond the control of the agency preclude making an eligibility determination within 60 days or the period of extension, it did not comply with the Federal requirement for the period under review.

DETR provided training agendas for February 14, 2018, which included training topics relevant to correction of this finding and finding 2017-023. Additionally, DETR strengthened its supervisory review process by requiring supervisors and counselors III staff to review a minimum of 10 cases per year for each counselor within their chain of command. If, during the time of review, supervisors note any exceptions to the eligibility determination process, supervisors document the exceptions and review them with the counselor. Supervisors review the aging report in DETR's case management system weekly to identify any cases nearing the 60-day eligibility determination deadline. They share this information with VR counselors to prompt them to take action.

Three times per year, the QA team conducts case reviews to determine compliance with the eligibility determination timeline. Through the case reviews, the QA team covers data and information in the case management system and service records related to the application for services, the determination of eligibility, and the development of the individualized plan for employment (IPE).

While DETR has removed the "meets financial needs box" from its system, DETR ensures that financial needs testing is applied uniformly in accordance with 34 C.F.R. §361.54 and the agency's written policies by requiring DETR counselors to complete the financial needs assessment form with each client and then scan this form into the case management system. Counselors apply the agency's financial needs testing policies by considering information such as the client's tax returns and the client's receipt of Supplemental Security Income or Social Security Disability Insurance payments. When the IPE is completed, counselors are required to enter the estimated costs for each service. Based on the results of the financial needs testing, the counselor will calculate the client's financial participation and enter this amount on the IPE.

Based on the actions taken by DETR and the lack of questioned costs, RSA considers this finding closed.

The corrective actions taken above, though quite extensive, did not fully correct the situation and the problem continued into the subsequent fiscal year, hence the finding is "Not corrected."

Status: Not corrected.

2017-021: **U.S. Department of Education**
Rehabilitation Services, Vocational Rehabilitation Grants to States, CFDA 84.126

Procurement, Suspension, and Debarment
Material Weakness in Internal Control over Compliance

Initial Fiscal Year Finding Occurred: 2017

Finding Summary: Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) generally permits a non-Federal entity to decide on the appropriate legal instrument needed to carry out a Federal award; however, Rehabilitation Services Vocational Rehabilitation Grants to States does not permit amounts to be paid to subrecipients under subawards.

The Department of Employment, Training and Rehabilitation (the Department) entered into interlocal agreements with two school districts, assuming they were contracts. However, certain terms and conditions communicated in those interlocal agreements contained provisions that would only be applicable to subrecipients.

The Department did not have adequate internal controls to ensure interlocal agreements under Rehabilitation Services Vocational Rehabilitation Grants to States contained only provisions applicable to contracts.

Contractors may not be aware of required terms and conditions. Further, contractors may inappropriately account for the interlocal agreements as subawards.

A nonstatistical sample of 60 procurement transactions out of 18,860 was selected for testing, including two interlocal agreements that contained certain provisions that would only be applicable to subrecipients.

State's Response: Nevada DETR recognizes the fact that inappropriate contract format/provisions were included in the interlocal agreements and will work with State Purchasing, the State Attorney General's Office and the local school districts to amend the current /subsequent agreements to ensure that the correct contract format and applicable provisions are used.

Estimated Date of Completion: **January 2019**

Determination of the U.S. DOE-RSA Assistant Secretary as of September 25, 2018

RSA sustains the auditors' finding and recommendation. Under 34 C.F.R. § 76.50(b). statute determines eligibility and whether subgrants are made: (b) The authorizing statute determines the extent to which a State may: (1) Use grant funds directly; and (2) Make subgrants to eligible applicants.

This means that the authorizing statute must specifically permit subgranting in order for the subgranting of Federal funds to be permissible. Because neither the Rehabilitation Act of 1973, as amended by WIOA, nor its implementing program regulations specifically permit subgranting under the VR program, such subgranting is not permitted. Consequently, when a State contracts with entities to provide services, those entities are considered vendors or contractors and not subgrantees or subrecipients.

DETR has informed RSA these two inter-local agreements have not yet been fully amended, as there are a number of changes outside of this audit finding that need to be incorporated into the contract amendments. Additionally, the State

Attorney General's office is currently in the process of reviewing these contracts to determine what changes are required. The timeline DETR provided is as follows:

- November 2018 – the draft amendments will be signed.
- December 2018 – the contracts will be placed on the Board of Examiners meeting agenda for January 2019.
- January 2019 – contracts will be approved by the end of the month.

RSA is requesting the following:
1) A copy of the new template contracts once the State Attorney General's office has completed its review.
2) A copy of the revised signed contracts upon execution.

This finding remains open until DETR has provided the requested information.

Status: Not corrected.

2017-022: **U.S. Department of Education**
Rehabilitation Services Vocational Rehabilitation Grants to States, CFDA 84.126

Procurement, Suspension, and Debarment
Material Weakness in Internal Control over Compliance

Initial Fiscal Year Finding Occurred: 2016

Finding Summary: Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) requires contracts contain the applicable provisions described in Appendix II to Part 200 for contracts under Federal awards.

The *OMB Compliance Supplement* states that Non-Federal entities are prohibited from contracting with or making subawards under covered transactions to parties who are suspended or debarred. Non-Federal entities may verify that a party is not suspended or debarred by checking the *Excluded Parties List System,* collecting a certification from the entity, or adding a clause or condition to the covered transaction.

Certain applicable provisions described in Appendix II to Part 200 were not included in contracts as required. In addition, suspension and debarment verification procedures were not always performed prior to entering into covered transactions.

The Nevada Department of Employment, Training and Rehabilitation (the Department) did not have adequate internal controls to ensure contracts under Federal awards contained all the applicable provisions and to ensure suspension and debarment verification procedures were always performed prior to entering into all covered transactions.

Contractors may not be aware of required terms and conditions and payments could be made to recipients who were suspended or debarred.

A nonstatistical sample of 60 procurement transactions out of a population of 19,705 was selected for testing, including 28 contracts subject to Appendix II to Part 200, of which 11 contracts did not contain certain applicable provisions. In two of the 28 contracts, no suspension and debarment verification procedures were performed.

State's Response: The Nevada Department of Employment, Training and Rehabilitation (DETR) contacted the Attorney General's Office to advise of the additional provisions required under Appendix II to Part 200 of the Uniform Guidance for non-Federal entity contracts under Federal award. The State of Nevada contracts need to include the additional provisions to comply with Uniform Guidance.

The State of Nevada has not managed to complete an overall acceptable format change to the "standard" contract template. Therefore, DETR will provide an attachment to the contracts to include the required provisions required under Appendix II to Part 200 of the Uniform Guidance. Please see the proposed attachment which will be included in DETR written contracts.

Estimated Date of Completion: **March 30, 2018**

Determination of the U.S. DOE-RSA Assistant Secretary as of September 25, 2018

RSA sustains the auditors' finding and recommendation. Under 2 C.F.R. part 200, Appendix II, all contracts made by the non-Federal entity under a Federal award must contain 10 specific provisions, as applicable.

On March 13, 2018, DETR's deputy chief financial officer sent a memorandum to staff informing them that the required provisions must be attached to all DETR contracts that use Federal funds. As part of this memorandum, Attachment DD-Provisions for Contracts under Federal Awards was included with instructions for its required use with contracts. Attachment DD contains the added provisions in 2 C.F.R. part 200. Appendix II. To ensure the required provisions are attached to contracts, contracting staff are responsible for ensuring Attachment DD is added to all contracts as they are renewed or amended and for verifying that the vendor is not suspended or debarred.

Based on the actions taken by DETR and the lack of questioned costs, RSA considers this finding closed.

The corrective actions taken above were performed on contracts that did not require any retroactive changes, hence, there were some contracts that were "Not corrected."

Status: Not corrected.

2017-023: **U.S. Department of Education**
Rehabilitation Services Vocational Rehabilitation Grants to States, CFDA 84.126

Special Tests and Provisions – Completion of IPEs
Significant Deficiency in Internal Control over Compliance

Initial Fiscal Year Finding Occurred: 2015

Finding Summary: Title 29 U.S. *Code of Federal Regulations Section 722(b), Development of an Individualized Plan for Employment*, requires an individualized plan for employment (IPE) to be a written document, agreed to and signed by the eligible individual and the qualified vocational rehabilitation counselor, and scanned into the electronic case file.

IPEs were not always scanned into the case file.

The Nevada Department of Employment, Training and Rehabilitation (the Department) did not have adequate internal controls in place to ensure participant IPEs were completed and maintained in accordance with federal requirements.

Vocational Rehabilitation participants may not be receiving benefits consistent with their individualized plan for employment.

A nonstatistical sample of 60 out of 2,513 applicants deemed eligible during the fiscal year was selected for testing. Out of 60, there were only 50 applicants for which an IPE was applicable. Of the 50 IPEs tested, we noted six instance where an IPE was required and referenced in the case notes but there was no signed IPE in the case file.

State's Response:

• Although an electronic record of the IPE was present in every case, Nevada Vocational Rehabilitation agrees that the signed signature page of the IPE was not captured in the case documentation in every case reviewed.
• Specific targeted training and clear guidance will be given to staff statewide to emphasize the importance of capturing all signature pages of IPE's into the scanned case documents section of the case record.
• A targeted effort will also be made to review and ensure training to our designated "scanners" to ensure no documentation is missed or delayed in any way.

Estimated Date of Completion: **May 1, 2018.**

Determination of the U.S. DOE-RSA Assistant Secretary as of September 25, 2018

RSA sustains the auditors' finding and recommendation. Under 34 C.F.R. § 361.45(e), the IPE must be developed as soon as possible, but not later than 90 days after the date of the determination of eligibility, unless the State unit and the eligible individual agree to the extension of that deadline to a specific date by which the IPE must be completed.

Regulations regarding the development of the IPE also require that the IPE be agreed to and signed by the eligible individual or as appropriate, the individual's representative (34 C.F.R. § 361.45(d)(3)(i)).

DETR submitted to RSA a copy of a training agenda from February 14, 2018, that included training on IPE documentation. Included in the submission were copies of emails DETR sent to staff reiterating the importance of complying with the regulations in a timely manner. These emails also instructed staff to develop systems, or enhance existing systems, to cue the employee on meeting imminent timelines. Additionally, the emails conveyed to staff that the IPE start and signature date must match the date the participant signed the plan. This information also directly addressed finding 2017-024 below.

Based on the actions taken by DETR and the lack of questioned costs, RSA considers this finding closed.

The corrective actions taken above, though quite extensive, did not fully correct the situation and the problem continued into the subsequent fiscal year, hence the finding is "Not corrected."

Status: Not corrected.

2017-024: **U.S. Department of Education**
Rehabilitation Services Vocational Rehabilitation Grants to States, CFDA 84.126

Reporting
Material Weakness in Internal Control over Compliance

Initial Fiscal Year Finding Occurred: 2016

Finding Summary: The *OMB Compliance Supplement* specifies data elements from the *Case Service Report* (RSA-911) that contain critical information. These data elements include the date of the Individualized Plan for Employment (IPE).

IPE dates reported on the RSA-911 report were not supported by the Vocational Rehabilitation database, RAISON.

The Nevada Department of Employment, Training and Rehabilitation (the Department) did not have adequate internal controls in place to ensure that critical data elements included on the RSA-911 report, including the date of the IPE, were supported by the data and the documentation maintained in RAISON.

Incorrect information may have been submitted on the RSA-911 report.

A nonstatistical sample of 60 out of 2,806 individuals included on the RSA-911 report was selected for testing. Of the 60 individuals tested, we noted nine instances where the date of the IPE per the report did not match the date of the IPE per RAISON. In four of these instances, a copy of the signed IPE was not maintained in RAISON in support of the reported values.

State's Response: • Nevada Vocational Rehabilitation agrees with this finding. Dates in the case management system should match the dates on the signed signature pages.
• Training will be provided to staff to reinforce the importance of not assigning start dates on plans until they are in the presence of the client to provide signature on the printed signature page. Then staff must submit that document to the scanning department to record the document in their next run. Some of these instances occur when rural or remote staff is working in the field and have no access to the internal case management system and printers.
• In the new case management system, going online in Spring 2019, all staff will have the ability to access the system from a laptop/tablet and secure client signature on plans during face to face meetings.
• An email was sent to the two regional District Managers highlighting lessons learned from the audit;

Copy of Email
From: Mechelle Merrill
Sent: Wednesday, February 28, 2018 12:59 PM
To: Mathew Dorangricchia; Kim Cantiero
Cc: Janice John
Subject: lessons learned from the audit

Please share these lessons learned from the recent audit with our staff:

- We are doing a poor job of making sure that every single signature page is put through scanning into raison.
- Many IPE signature pages were missing in case docs
- Many times, the dates on the signature pages are not the same date as the signature, start date in Raison
- We can't be using IPE's as proof of disability, unless they are signed by the school psychologist. Even if it says "autism" we can't just accept that without a signature or other medical documentation.
- If we do an eligibility extension, we must note that in a case note and scan the signed paper into Raison. Extensions don't show on Raison reports, so we must be able to easily find them.

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Estimated Date of Completion: **May 1, 2018**.

Determination of the U.S. DOE-RSA Assistant Secretary as of September 25, 2018

RSA sustains the auditors' finding and recommendation. Under 34 C.F.R. § 361.12, VR agencies must implement policies and procedures that ensure the proper and efficient administration of the VR program, including those necessary to carry out all functions for which the VR agency is responsible. These methods must include procedures to ensure accurate data collection and financial accountability. It is incumbent on VR agencies to establish policies and procedures that ensure the accurate collection, retention, and timely reporting of all data. Furthermore, 2 C.F.R. § 200.303(a) requires that VR agencies develop an internal controls process to provide a reasonable assurance regarding the achievement of objectives in the effectiveness and efficiency of operations. Under 2 C.F.R. § 200.62:

Internal Control over compliance requirements for Federal awards means a process implemented by a non-Federal entity designed to provide reasonable assurance regarding the achievement of the following objectives for Federal awards:

(a) Transactions are properly recorded and accounted for, in order to:
(1) Permit the preparation of reliable financial statements and Federal reports.

By not ensuring the accuracy of data maintained in its case management system and submitted in its RSA-911 report, DETR did not comply with 2 C.F.R. § 361.12 and 2 C.F.R. § 200.303(a).

While DETR's case management system does not have the capability through edit checks to ensure that the dates on the signature page of the IPE and in the system match, the agency addressed this finding during staff meetings in February, April and May 2018 in both the northern and southern districts. DETR will continue to address this finding at staff meetings as a regular agenda item. DETR also will review data in its case management system and supporting documentation related to this finding during ongoing QA reviews. The case review instrument includes specific items to check for consistency between the IPE signature date and the IPE date in the case management system.

The agency staff trainer will address the need to ensure the date on the IPE in the case management system matches the date that the client signs the IPE during annual scheduled counselor training. In March 2018, the staff trainer completed three trainings with counselors in the northern, southern, and rural offices. Further, DETR will have the rehabilitation technicians review the client files on their assigned teams to verify that the date on the IPE signature page matches the start date in the case management system.

Based on the actions taken by DETR and lack of questioned costs, RSA considers this finding closed.

The corrective actions taken above, though quite extensive, did not fully correct the situation and the problem continued into the subsequent fiscal year, hence the finding is "Not corrected."

Status: Not corrected.

2017-025: **U.S. Department of Health and Human Services**
TANF Cluster:
Temporary Assistance for Needy Families (TANF), CFDA 93.558

Eligibility
Material Weakness in Internal Control over Compliance

Initial Fiscal Year Finding Occurred: 2016

Finding Summary: The OMB Compliance Supplement requires States ensure participants meet eligibility requirements, maintain applications, and ensure amounts provided to recipients are calculated in accordance with program requirements.

Complete applications were not always obtained, nor maintained, and certain TANF assistance amounts were not calculated in accordance with program requirements.

The Nevada Division of Welfare and Supportive Services (the Division) did not have adequate internal controls to ensure eligibility determinations were performed using complete and accurate information, applications were maintained, and TANF assistance amounts were calculated in accordance with program requirements.

Ineligible individuals may be receiving TANF assistance and eligible recipients may be paid incorrect amounts.

A nonstatistical sample of 60 TANF cases out of a population of 2,981 was selected for testing. One instance was noted where an individual who was receiving assistance did not complete all of the required fields on the application. Another instance was noted where the Division staff could not locate the application submitted by an individual receiving benefits and therefore it was not possible to test the eligibility of the individual. We also noted one instance where TANF assistance amounts were not calculated in accordance with program requirements.

State's Response: All four levels of reviews are in place; monthly supervisor reviews, Quality Assurance Reviews, Management Team Evaluation Targeted Reviews, Quality Control Reviews (and a 5th has been added, Process Improvement Reviews by the BPR Team.) Administration has followed up and confirmed that all levels of reviews are still in place. The Quality Assurance Team has verified individual and statewide feedback is being released on a regular monthly basis. The Process Improvement Calls were initiated, the April 2017 deadline was met and is ongoing.

Although the above was put in place, the division continues to work towards ensuring 100% accuracy.

Status: Partially corrected.

2017-026: **U.S. Department of Health and Human Services**
TANF Cluster:
Temporary Assistance for Needy Families (TANF), CFDA 93.558

Procurement, Suspension and Debarment
Significant Deficiency in Internal Control over Compliance

Initial Fiscal Year Finding Occurred: 2017

Finding Summary: Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) requires contracts contain the applicable provisions described in Appendix II to Part 200 for contracts under Federal awards.

Certain applicable provisions described in Appendix II to Part 200 were not always included in contracts as required. This occurred with a National Association of State Procurement Officers (NASPO) contract in which Nevada relied on the lead state to draft the contract.

The Division of Welfare and Supportive Services (the Division) did not have adequate internal controls to ensure all contracts under Federal awards, including all contracts administered by a state other than Nevada, contained all applicable provisions prior to entering into contracts.

Contractors may not be aware of required terms and conditions.

A nonstatistical sample of 40 procurement transactions out of a population of 3,688 was selected for testing, including 40 contracts subject to Appendix II to Part 200. One of the contracts tested did not contain certain applicable provisions.

State's Response: The division is in the process of reviewing all contracts to ensure the applicable provisions of Appendix II to Part 200 are referenced. Any contracts not in compliance will be amended no later than December 31, 2018. Procedures will be updated effective October 1, 2018.

Due to administrative feasibility, all subawards were or will be updated at the next natural opportunity. The above has been implemented and the division expects to be fully compliant with the above findings as soon as possible but no later than state fiscal year 2020.

Status: Partially corrected.

2017-027:

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, CDFA 93.596

Subrecipient Monitoring
Significant Deficiency in Internal Control over Compliance

Initial Fiscal Year Finding Occurred: 2014

Finding Summary: Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) requires that pass-through entities ensure that every subaward includes certain information at the time of the subaward and that the award's CFDA number is identified to the subrecipient at the time of disbursement.

Subawards did not include certain information required by Uniform Guidance and the CFDA number was not identified at the time of disbursement.

The Nevada Division of Welfare and Supportive Services (Division) and the Nevada Department of Education (Department) administer this program. Neither the Division nor the Department had internal controls in place to ensure that subawards included all information required by Uniform Guidance at the time of the subaward and that the award's CFDA number was identified to the subrecipient at the time of disbursement.

Noncompliance at the subrecipient level may occur and not be detected by the Division and the Department.

This program had two subrecipients at the Division and both subawards were tested. All three subawards were selected for testing at the Department as well. None of the subawards contained all the required information. In addition, we selected a nonstatistical sample of 41 out of 202 payments to subrecipients at the Division and 18 out of 68 payments at the Department and none of the payments included the CFDA number.

State's Response:

(From DWSS)
Procedures were updated and staff have been trained to include CFDA number on all payment vouchers to sub-recipients as of January 2017. Implementation of the Department template for sub-awards to include a section that identifies information regarding the Federal Award number and source of funds was completed in March 2017.

Due to administrative feasibility, all subawards were or will be updated at the next natural opportunity. The above has been implemented and the division expects to be fully compliant with the above findings as soon as possible but no later than state fiscal year 2020.

(From NDE)
The NDE's Notification of State Grant or Federal Subgrant Award document has been updated with the remaining items required as per 2CFR200 Uniform Guidance as of April 19, 2018 (Exhibit 1).

The NDE's Grants Management System vendor has completed system configurations to include the following items in our online grant management system effective May 25, 2018.

- Federal Awarding Agency
- Federal Award Identification Number
- Federal Award Date
- A question "Is the Subaward granted for research and development? Yes/No"

Status: Partially corrected.

2017-028: **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

Initial Fiscal Year Finding Occurred: 2014

Finding Summary: The *OMB 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.

Duplicate payments were made to certain providers.

The Nevada Division of Child and Family Services (the Division) did not have adequate internal controls to ensure that foster care providers did not receive duplicate payments.

Unallowable costs were charged to the Federal program.

We selected a nonstatistical sample of 60 providers, which represented approximately 700 months of service. We noted ten duplicate payments to nine providers. These duplicate payments represented 19 days of service.

State's Response: An update to the Child Welfare caseload and payment system, Unified Nevada Information Technology for Youth (UNITY), was deployed May 1, 2018, correcting the occurrence of duplicate payments. The placement functionality within UNITY retains its traditional behavior where the last day and first day of service can overlap, but only the first day of service generates a payment while the last day of service no longer pays out. This programmatically prevents the duplicate payment scenario from occurring. No instances of duplicate payments have been identified since the update was completed.

Status: Partially corrected.

2017-029: **U.S. Department of Health and Human Services**
Foster Care – Title IV-E, CFDA 93.658

Reporting
Significant Deficiency in Internal Control over Compliance

Initial Fiscal Year Finding Occurred: 2017

Finding Summary: The *OMB Compliance Supplement* requires reports submitted to the Federal awarding agency include all activity of the reporting period, are supported by applicable accounting or performance records, and are presented in accordance with program requirements.

During our testing of Title IV-E Programs Quarterly Financial Reports (CB-496), we noted the number of children reported for *Title IV-E Maintenance Assistance Payments* was reported inaccurately, and, therefore, was not in accordance with program requirements.

The Nevada Division of Child and Family Services (the Division) did not have adequate internal controls to ensure CB-496 reports were reported accurately.

Inaccurate information was reported to the Federal awarding agency.

A nonstatistical sample of two CB-496 reports out of four was selected for testing. The number of children reported on the March 31, 2017 CB-496 was originally reported as 1,998 and should have been reported as 1,954.

State's Response: Effective April 30, 2018, procedures were updated to ensure the most recent reports submitted by Washoe and Clark Counties are used to complete the CB-496 reports. Any revised reports submitted by the counties are numbered to track and ensure the most recent data is entered into the CB-496 reports.

Status: Corrected.

2017-030: **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

Initial Fiscal Year Finding Occurred: 2015

Finding Summary: The *OMB Compliance Supplement* requires that non-Federal entities receiving Federal awards establish and maintain internal controls designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements. To ensure compliance with this requirement, the Nevada Division of Child and Family Services has instituted a policy requiring an individual independent of the eligibility determination review the determination.

While no instances of noncompliance were noted, there was no discernible evidence that some eligibility determinations were reviewed by an individual independent of the determination.

The Nevada Division of Child and Family Services (the Division) did not follow its internal control policy to have an individual independent of the eligibility determination review all eligibility determinations.

Inaccurate eligibility determinations may occur, which could lead to unallowable costs being charged to the program.

Nonstatistical samples of 60 out of 265 eligibility determinations in Foster Care and 15 out of 96 eligibility determinations in Adoption Assistance were selected for testing. Of these samples, one of the Foster Care and five of the Adoption

Assistance determinations did not have discernible evidence of review by an individual independent of the eligibility determination.

State's Response: The Eligibility Determination Reviews procedure was established February 23, 2016. Corrective Action was completed and implemented January 29, 2018, wherein the Eligibility Determination review checklist was updated to add a "reviewed by" signature line.

Status: Partially corrected.

2017-031: **U.S. Department of Health and Human Services**
Foster Care – Title IV-E, CFDA 93.658
Adoption Assistance – Title IV-E, CFDA 93.659

Subrecipient Monitoring
Material Weakness in Internal Control over Compliance and Material Noncompliance

Initial Fiscal Year Finding Occurred: 2016

Finding Summary: Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) requires that:

A. Pass-through entities ensure that every subaward includes certain information at the time of the subaward and that the award's CFDA number is identified to the subrecipient at the time of disbursement.

B. Pass-through entities evaluate each subrecipient's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring.

C. Pass-through entities issue management decisions for audit findings pertaining to the Federal award provided to the subrecipient.

A. Subawards were not issued and the information required by Uniform Guidance was not communicated. In addition, the CFDA number was not identified to the subrecipient at the time of disbursement.

B. An evaluation of each subrecipient's risk of noncompliance for purposes of determining the appropriate subrecipient monitoring was not performed.

C. A management decision was not issued.

The Nevada Division of Child and Family Services (the Division) did not have internal controls to ensure compliance with subrecipient monitoring requirements.

Noncompliance at the subrecipient level may occur and not be detected by the Division.

A. The entire population of two subrecipients was tested. In addition, we selected a nonstatistical sample of five payments to subrecipients out of a population of 25 and none of the payments identified the CFDA number.

B. No sampling was used; an evaluation of each subrecipient's risk of noncompliance was not performed.

C. The entire population of two subrecipients was tested. One of the subrecipients had two findings in relation to Adoption Assistance and no management decisions were issued.

State's Response: Effective July 1, 2018, beginning in SFY 2019, annual subawards are issued to Clark and Washoe Counties for Title IV-E funding. The subawards include all elements to be compliant with the Uniform Guidance. The CFDA number continues to be listed on all requests for reimbursement. Risk assessments are completed for all subawards processed by the Division and are utilized to determine appropriate monitoring guidelines and schedules

Status: Not corrected.

2017-032: **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
Significant Deficiency in Internal Control over Compliance

Initial Fiscal Year Finding Occurred: 2014

Finding Summary: The *OMB Compliance Supplement* requires the State to determine eligibility in accordance with the eligibility requirements defined in the approved State plan and states that the auditor should test eligibility determinations based on factors other than Modified Adjusted Gross Income, i.e. Aged, Blind and Disabled (MAABD). The State plan describes certain aid categories, including the eligibility criteria and potential benefits allowed under the aid categories.

An individual was determined eligible but placed in an incorrect aid category.

The Nevada Division of Welfare and Supportive Services (the Division) did not have adequate internal controls to ensure that individuals' aid categories were appropriately updated to reflect changes in age and income.

Individuals may receive benefits that they are not entitled to or not receive benefits for which they are eligible.

A nonstatistical sample of 60 out of 19,224 individuals determined to be MAABD eligible during the fiscal year was selected. One of the 60 individuals was classified in the incorrect aid category for a period of time during the fiscal year.

State's Response: All four levels of reviews are in place; monthly supervisor reviews, Quality Assurance Reviews, Management Team Evaluation Targeted Reviews, Quality Control Reviews (and a 5th has been added, Process Improvement Reviews by the BPR Team.) Administration has followed up and confirmed that all levels of reviews are still in place. A Transitional Medical training was developed and presented by the DWSS Program Operations and Support Team 11/17- 12/17. The training was conducted in 18 statewide DWSS District Offices. DWSS sponsored a 3- day conference 03/20/18 – 03/22/18. A training which focused on Medicaid policy was developed and presented by our division's Medicaid Program Specialist. Quality Assurance and the Social Services Manager V are sending out regular tips to all offices to be reviewed at daily huddle meetings, office all staff meetings, and/or unit meetings. Since the implementation of the Affordable Care Act, Quality Control has been reviewing cases under Pilot Projects mandated by CMS. Nevada QC has completed reviews under 4 Eligibility Review Pilots. A federal eligibility review contractor (ERC) was contracted by CMS to perform Medicaid eligibility reviews for the final Round 5 pilot. An interdepartmental work group was established to determine statewide MAABD program training needs. QA and QC error trends were evaluated and a MAABD regression test was completed by over 800 case workers. A training course is currently being developed, the target date of this training academy is planned for late 2018, but may be delayed to the spring of 2019.

Status: Corrected.

2017-033: **U.S. Department of Health and Human Services**
Children's Health Insurance Program (CHIP), CFDA 93.767
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

Allowable Costs/Cost Principles
Material Weakness in Internal Control over Compliance

Initial Fiscal Year Finding Occurred: 2017

Finding Summary: The *OMB Compliance Supplement* provides that costs must be adequately documented.

Support could not be provided for pharmaceutical claims to verify that the amount paid was correct.

The Nevada Division of Health Care Financing and Policy (the Division) did not have adequate internal controls to ensure costs paid for pharmaceutical claims were adequately supported.

The amounts paid for pharmaceutical claims may not have been correct.

A nonstatistical sample of 40 out of 180,749 payments was selected for testing under the Medicaid Cluster and a nonstatistical sample of 40 out of approximately 12,994 payments was selected for testing under CHIP. The samples included three pharmaceutical claims for the Medicaid Cluster and one pharmaceutical claim for CHIP. Support was not provided for any of the pharmaceutical claims.

State's Response: The implementation of a single point of contact for current and future audits (ASO3, PCN 0027) was implemented March 31, 2018 to be effective with future audit requests. Division staff provided the requested information to complete the audit.

Status: Corrected.

2017-034: **U.S. Department of Health and Human Services**
Children's Health Insurance Program (CHIP), CFDA 93.767
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

Reporting
Material Weakness in Internal Control over Compliance

Initial Fiscal Year Finding Occurred: 2017

Finding Summary: The *OMB Compliance Supplement* requires that reports submitted to the Federal awarding agency include all activity of the reporting period are supported by underlying accounting information and are presented in accordance with program requirements.

Amounts reported on the *Quarterly Statement of Expenditures for the Medical Assistance Program* (CMS-64) and the *Quarterly Children's Health Insurance Program Statement of Expenditures for Title XXI* (CMS-21) were not supported by the underlying accounting information and therefore, were not reported in accordance with program requirements. The CMS-21 included amounts from the previous quarter in error.

The Nevada Division of Health Care Financing and Policy (the Division) did not have adequate internal controls to ensure CMS-64 and CMS-21 reports were reported accurately.

Inaccurate information was reported to the federal awarding agency.

A nonstatistical sample of one CMS-64 report out of four was selected for testing. The following unreconciled variances were noted on the September 30, 2016 CMS-64 report:

Lines 7A1 – 7A6 (in total) were overstated by $1,437,973 Lines 9A – 9B (in total) were overstated by $10,099
Line 10 was overstated by $130,269 Line 13 was understated by $171 Line 15 was overstated by $3,983
Lines 17A, 17B, 17C1, and 17D (in total) were overstated by $9,205,484 Line 28 was understated by $77,317
Line 29 was overstated by $72,317 Line 33 was understated by $471 Line 49 was overstated by $30,870

A nonstatistical sample of one CMS-21 report out of four was selected for testing. The following variances were noted on the September 30, 2016 CMS-21 report (Total Computable Column):

Line 1B was overstated by $19,772
Line 1D was overstated by $62,956
Line 33 was understated by $4,950

State's Response: The review of federal reporting was implemented May 23, 2018. The process now includes a sign off by the ASO3 PCN 1565 and the Division's Chief Financial Officer (ASO4, PCN 0038) along with staff retaining electronic data pulls and work files for future reference.

Audit findings 2018-044 and 2018-046 included samples from December 31, 2017 and March 31, 2018, which were both before roles/duties were switched and implementation took effect.

Status: Not corrected.

2017-035: **U.S. Department of Health and Human Services**
Block Grants for Prevention and Treatment of Substance Abuse, CFDA 93.959

Procurement, Suspension, and Debarment
Material Weakness in Internal Control over Compliance

Initial Fiscal Year Finding Occurred: 2017

Finding Summary: Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) requires contracts contain the applicable provisions described in Appendix II to Part 200 for contracts under Federal awards.

The *OMB Compliance Supplement* states that Non-Federal entities are prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred. Non-Federal entities may verify that a party is not suspended or debarred by checking the *Excluded Parties List System*, collecting a certification from the entity, or adding a clause or condition to the covered transaction.

Certain applicable provisions described in Appendix II to Part 200 were not included in contracts as required. Suspension and debarment verification procedures were not always performed prior to entering into covered transactions.

The Nevada Division of Public and Behavioral Health (the Division) did not have adequate internal controls to ensure contracts under Federal awards contained all of the applicable provisions and to ensure suspension and debarment verification procedures were always performed prior to entering into all covered transactions.

Contractors may not be aware of required terms and conditions and payments could be made to recipients who were suspended or debarred.

A nonstatistical sample of 40 procurement transactions out of 1,388 was selected for testing, including five contracts subject to Appendix II to Part 200. All five of the contracts were missing certain applicable provisions and no suspension and debarment verification procedures were performed for two of the five recipients.

State's Response: As of March 30, 2017, prior to entering into agreements with contractors or grant subrecipients, staff verifies that each party is neither suspended nor debarred through a review of the Excluded Parties List System. The State added language to its standard contract form regarding suspension and debarment and lobbying activities effective March 30, 2017; however as of June 30, 2018, the state's standard contract form did not have language regarding the Clean Air Act or the Federal Water Pollution Control Act. On September 27, 2018, the Division received approval from the Department of Administration to add language to its contracts regarding the Clean Air Act and the Federal Water Pollution Control Act. The Department of Administration will add this language to the state's standard contract form in the near future.

Status: Partially corrected.

2017-036: **U.S. Department of Health and Human Services**
Block Grants for Prevention and Treatment of Substance Abuse, CFDA 93.959

Other
Significant Deficiency in Internal Control over Compliance

Initial Fiscal Year Finding Occurred: 2017

Finding Summary: Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), requires that pass-through entities must prepare a schedule of expenditures of Federal awards (SEFA) for the period covered by its financial statements that includes the total Federal awards expended, provides the total Federal awards expended for each individual Federal program, and includes the total amount provided to subrecipients from each Federal program.

Amounts reported on the SEFA did not properly reflect amounts provided to subrecipients.

The Nevada Division of Public and Behavioral Health (the Division) did not have adequate internal controls to ensure amounts provided to subrecipients were reported accurately on the SEFA.

Payments to subrecipients initially reported on the SEFA were overstated by $1,115,769, which required correction on the final SEFA.

No sampling was used; all program expenditures on the SEFA were reconciled to the State's accounting records.

State's Response: As of May 16, 2018, staff were trained in the correct use of general ledger numbers to help ensure proper reporting on the Schedule of Expenditures of Federal Awards (SEFA).

Status: Corrected.

2017-037: **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

Initial Fiscal Year Finding Occurred: 2017

Finding Summary: Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) requires that:

A. Pass-through entities ensure that every subaward includes certain information at the time of the subaward and that the award's CFDA number is identified to the subrecipient at the time of disbursement.

B. Pass-through entities evaluate each subrecipient's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring. In addition, the subrecipient monitoring must ensure that the subaward is used for authorized purposes.

C. Pass-through entities verify every subrecipient is audited as required by Uniform Guidance, issue management decisions for audit findings, as applicable, and ensure the subrecipient takes timely corrective action on all audit findings, as applicable.

A. Subawards did not include certain information required by Uniform Guidance. In addition, the CFDA number was not identified at the time of disbursement prior to April 2017.

B. An evaluation of each subrecipient's risk of noncompliance for purposes of determining the appropriate subrecipient monitoring was not performed. In addition, monitoring activities were not performed to ensure the subaward was used for authorized purposes.

C. The Nevada Division of Public and Behavioral Health (the Division) did not verify that subrecipients were audited as required by Uniform Guidance, review audit reports for audit findings, issue management decisions, as applicable, and ensure the subrecipient took timely corrective action on all audit findings, as applicable.

The Division did not have adequate internal controls to ensure compliance with subrecipient monitoring requirements.

Noncompliance at the subrecipient level may occur and not be detected by the Division.

A. A nonstatistical sample of 17 subawards out of a population of 110was selected for testing. None of the subawards contained all the required information. In addition, we selected a nonstatistical sample of 60 pass- through payments to subrecipients and 47 of the payments did not identify the CFDA number. In addition, one of the payments indicated an inaccurate CFDA number.

B. No sampling was used; an evaluation of each subrecipient's risk of noncompliance was not performed. In addition, a nonstatistical sample of eight subrecipients out of a population of 45 was selected for testing. The Division did not adequately monitor the activities of seven of the subrecipients to ensure the subaward was used for authorized purposes.

C. A nonstatistical sample of eight subrecipients out of a population of 45 was selected for testing. The Division did not verify that any of the subrecipients were audited as required by Uniform Guidance, review audit reports for audit findings, issue management decisions, as applicable, and ensure subrecipients took timely corrective action on all audit findings, as applicable.

State's Response: Effective April 1, 2017, each check stub or remittance advice includes the CFDA number, program name and amount for each disbursement of federal funds to a grant subrecipient. Beginning July 1, 2018, risk assessments are performed for each grant subrecipient when determining appropriate levels of monitoring. Although staff ensure audit reports are received and logged, review and follow-up are not always conducted.

Status: Partially corrected.

Sincerely,

Catherine E Byrne

Catherine Byrne
State Controller

OFFICE OF THE DIRECTOR

Financial Management

BRIAN SANDOVAL
Governor

DON SODERBERG
Director

Kathleen DeSocio
Chief Financial Officer

DETR
Nevada Department of Employment, Training and Rehabilitation

CORRECTIVE ACTION PLAN FOR AUDIT FINDING

Audit Finding 2018-A

Finding: A prior period adjustment of $50,966,376 was required to correct 2017 revenues, which was inadvertently recorded twice in 2017.
Recommendation: State of Nevada enhance internal controls to ensure revenues are reported accurately.

Agency Response

Does the Agency Agree with the Finding: Yes
Additional Comments: The Department of Employment, Training and Rehabilitation (DETR) management has always worked hard to provide accurate and verifiable information in all areas. And as a direct result of this commitment, DETR management recognized the serious nature of the problem and worked directly with the Nevada State Controller's Office fiscal staff in a partnership effort dedicated towards developing a reliable and verifiable basis upon which to estimate the accounts receivable from UI contributions at fiscal year-end for accounts receivable under ninety days. DETR and the Controller's Office agreed to use the UI contribution collections for the months of July and August as the basis for the accounts receivable reporting at fiscal year-end for under ninety days.

Total deposits in the Clearing Account, less deposits for Career Enhancement Program (CEP) (NRS 612.606) are used as the basis for reporting accounts receivable for under ninety days, because this is the best-known estimate for obligations as of August 31st for the quarter ending June 30th. Because employers are required to report their total wages, calculate their obligations, and submit payment by July 31st, this cash flow through the Clearing Account is the best estimate of current employer obligations for the April–June quarter, including both regular UI contributions as well as unemployment bond contributions.

The decrease between FY17 and FY18 is attributed to UI bond payments being included in the UI accounts receivable amount for state fiscal year 2017. The bond was paid off in the last quarter of calendar year 2017, therefore, reducing the bond surcharge assessed to state employers and reducing the bond accounts receivable. However, the UI bond accounts receivable should ***not have*** been included in the unemployment compensation accounts receivable reported to the Controller's Office.

Corrective Action Taken or to be Taken

Action: DETR Financial Management (FM) is reviewing and changing internal controls related to our reporting review process to strengthen our reporting capabilities. Increasing internal controls as well as basic accounting oversight will help mitigate misstatements such as this and provide a better product.

Additionally, FM management is developing an employee development and cross training program. Increasing the FM knowledge base for current staff as well as onboarding new FM staff members will strengthen reporting capabilities and internal controls.

Date of Completion or Estimated Completion: March 1, 2019

Department of Agency Responsible for Corrective Action Plan

Agency: Nevada Department of Employment, Training and Rehabilitation
Contact: Kathleen DeSocio, CFO
500 E. Third Street
Carson City, NV 89712
775-684-3878
kbdesocio@detr.nv.gov

BRIAN SANDOVAL
Governor

RICHARD WHITLEY, MS
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CODY PHINNEY
Acting Administrator

DEPARTMENT OF HEALTH AND HUMAN SERVICES
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CORRECTIVE ACTION PLAN FOR AUDIT FINDING

Audit Finding 2018-B

Finding: A prior period adjustment of $22,807,889 was required to correct 2017 Medicaid expenditures in the amount of $65,268,331 and the related Medicaid federal reimbursements in the amount of $42,460,442, both of which were miscalculated and therefore understated in the 2017 financial statements.

Recommendation: The State of Nevada enhances internal controls to ensure Medicaid expenditures and Medicaid federal reimbursements are calculated and reported accurately.

Agency Response

Does the Agency Agree with the Finding: Yes
Additional Comments: The methodology for calculating IBNR in previous years was done incorrectly. The methodology for calculating IBNR for FY18 has been corrected and going forward will be consistently applied and reviewed by appropriate levels of management.

Corrective Action Taken or to be Taken

The methodology for calculating IBNR has already been corrected and will be applied consistently and reviewed by appropriate levels of management going forward.

Department or Agency Responsible for Corrective Action Plan

Agency: Nevada Department of Health & Human Services, Health Care Financing & Policy Division

Contact: Vincent Milazzo, Administrative Services Officer IV
1100 E. William St., Suite 101
Carson City, NV 89701
775-684-3638
v.milazzo@dhcfp.nv.gov

RON KNECHT,
MS, JD, PE (CA)
State Controller

STATE OF NEVADA

JAMES W. SMACK
Chief Deputy Controller

OFFICE OF THE
STATE CONTROLLER

CORRECTIVE ACTION PLAN FOR AUDIT FINDING

Audit Finding 2018-C

Finding: During our testing over revenue and unavailable revenue, we noted that a portion of a year end journal entry was duplicated. An adjusting journal entry was required to correct the duplicated journal entry in the Highway Fund.

Recommendation: We recommend the State of Nevada enhance internal controls over revenue recognition to ensure post June 30th amounts recorded for revenue and unavailable revenue are correct.

Agency Response

Does the Agency Agree with Finding: Yes

Additional Comments: None

Corrective Action Taken or to be Taken

Action: Controls will be put in place to separately record CAFR adjusting journal entries for: 1) the reduction of revenue posted to the current fiscal year that is unavailable, and is reclassified to unavailable revenue for CAFR, and 2) to record accounts receivable and unavailable revenue that is posted to the subsequent fiscal year, but which is for the current fiscal year.

Date of Completion or Estimated Completion: January 2019

Department or Agency Responsible for Corrective Action Plan

Agency: Controller's Office
Contact: Brenda Laird, CAFR Accountant II
101 N. Carson Street, Suite 5
Carson City, NV 89701
775-684-5621
blaird@controller.state.nv.us

STEVE SISOLAK
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February 25, 2019

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, LLP 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 2018, which ended June 30, 2018. 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 finding:

Finding 2018-001:

Finding 2018-001: Federal funds were not drawn using the required funding technique and in accordance with the average clearance time specified in the Agreement.

Recommendation: We recommend the Department implement internal controls to ensure funds are drawn using the required funding technique and clearance time specified in the Agreement

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

Contact Persons responsible for corrective action plan: Dori Chelini, MAIII, Elizabeth Watson, ASOIII, and backup Debra Crowley, Fiscal Administrator

Corrective Action for Finding 2018-001: The Department has current policies and procedures for Federal cash draws including having the Management Analyst III sign off on all federal draws and having the Administrative Officer III as that position's back-up.

Completion Date: November 7, 2018

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State Response: This has been corrected as of November 7, 2018. The agency implemented controls to ensure federal draws were completed within the Cash Management Improvement Act (CMIA) Treasury-State Agreement (TSA) negotiated agreement of four days. Procedures were implemented, and draws are being reviewed, logged and tracked through completion.

Finding 2018-002:

Finding 2018-002: The award's CFDA number was not always identified to the subrecipient at the time of disbursement.

Recommendation: We recommend the Department enhance internal controls to ensure the award's CFDA number is always identified to the subrecipient at the time of the disbursement.

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

Contact Persons responsible for corrective action plan: Dori Chelini, MAIII or Barbara Bell, MA III, backup Debra Crowley, Fiscal Administrator

Corrective Action for Finding 2018-002: The Department has implemented policies and procedures to assure that the payment documents are reviewed by fiscal staff to assure that all subrecipient payment vouchers include the CFDA number.

Completion Date: August 1, 2018

State Response: This has been corrected as of August 1, 2018. The agency implemented the "CFDA number" within the description field of all payment vouchers

Thank you,

Debra Crowley

Debra Crowley, Fiscal Administrator
Nevada Department of Agriculture

cc: Daniel Crossman, Chief Deputy Legislative Auditor, LCB
Jerri Williams-Conrad, Interim Director, Nevada Department of Agriculture
Homa Anooshehpoor, Food and Nutrition Administrator, Nevada Department of Agriculture
Michael Arciniega, Eide Bailly, LLP
Heather Walker, Eide Bailly, LLP
Kurt Schlicker, Eide Bailly, LLCP
Warren Lowman, Administrator Internal Audits
Elizabeth Watson, ASO III, NDA
Dori Chelini, MAIII, NDA
Barbara Bell, MAIII, NDA

STEVE SISOLAK
Governor

RICHARD WHITLEY, MS
Director

JULIE KOTCHEVAR
Administrator

IHSAN AZZAM, Ph.D., M.D.
Chief Medical Officer

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March 7, 2019

Eide Bailly LLP, CPA's performed an 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 2018 which ended June 30, 2018.

Finding 2018-003: Procurement, Suspension, and Debarment.
Certain applicable provisions described in Appendix II to Part 200 were not included in contracts as required. Suspension and debarment verification procedures were not always performed prior to entering into covered transactions.

Nevada Division of Public and Behavioral Health response:
The Nevada Division of Public and Behavioral Health accepts this finding and will initiate corrective action as described below.

Corrective Action:
The Division has requested the standard templates for contracts and leases be updated to include applicable provisions by the State Purchasing Division and State Public Works, as of today this request has not been approved by State Purchasing or State Public Works. However, the Contract Unit has obtained permission from State Purchasing to add the required federal language to all the Division of Public and Behavioral Health contract templates regarding: Suspension/Debarment, Anti-Lobbying and Clean Air/Clean Water Act. Additionally, State Public Works is currently working with the Attorney General's office to update leases to add the required federal language.

Date of Completion:
Contracts: September 30, 2018
Leases: Pending State Public Works Approval

Responsible Party: Leases and Contracts: Kelli Quintero, Administrative Services Officer III

If you have any questions, please contact Christina Hadwick, Administrative Services Officer IV at 775-684-3481 or by email at christinahadwick@health.nv.gov.

Sincerely,

Julie Kotchevar

Julie Kotchevar
Administrator

STEVE SISOLAK
Governor

RICHARD WHITLEY, MS
Director

JULIE KOTCHEVAR
Administrator

IHSAN AZZAM, Ph.D., M.D.
Chief Medical Officer

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March 7, 2019

Eide Bailly LLP, CPA's performed an 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 2018 which ended June 30, 2018.

<u>Finding 2018-004:</u> Subrecipient Monitoring
A. Subawards did not include certain information required by Uniform Guidance.

B. An evaluation of each subrecipient's risk of noncompliance for purposes of determining the appropriate subrecipient monitoring was not performed.

C. The Nevada Division of Public and Behavioral Health (the Division) did not verify that subrecipients were audited as required by Uniform Guidance, review audit reports for audit findings, issue management decisions, as applicable and ensure the subrecipient took timely corrective action to all audit findings, as applicable.

<u>Nevada Division of Public and Behavioral Health response:</u>
The Nevada Division of Public and Behavioral Health accepts this finding and will initiate corrective action as described below.

<u>Corrective Action:</u>
A. The agency has updated the templates for subawards per guidance of 2 CFR Part 200.

B. Risk Assessment tools will be developed collaboratively by Division Fiscal and WIC Program staff and referenced within internal controls.

C. Although the coordination of verifying that required audit reports were received, reviewed and appropriately acted upon was assigned to an Accounting Assistant III, due to heavy workload, these procedures were not implemented. Due to continued audit findings for this item, the agency has requested an Auditor III position to take the lead. The managers within the Grants Management Unit will establish internal controls, as well as policies and procedures, for the agency regarding audit findings of subgrantees. The Auditor III will work with the Accounting Assistant III, the assigned Administrative Services Officer, and program staff to ensure the audit reports are being received, reviewed, followed up, logged and tracked through completion. Management review and corrective actions/findings will be reviewed and approved by Division Administration.

STEVE SISOLAK
Governor

RICHARD WHITLEY, MS
Director

JULIE KOTCHEVAR
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Date of Completion:
A. March 15, 2019
B. July 1, 2018
C. July 1, 2019

Responsible Party: Contracts: Kelli Quintero, Administrative Services Officer III

If you have any questions, please contact Christina Hadwick, Administrative Services Officer IV at 775-684-3481 or by email at christinahadwick@health.nv.gov.

Sincerely,

Julie Kotchevar

Julie Kotchevar
Administrator

STATE OF NEVADA OFFICE OF THE MILITARY

Office of the Adjutant General
2460 Fairview Drive
Carson City, Nevada 89701-6807

Steve Sisolak
Governor

WILLIAM R. BURKS
Brigadier General
The Adjutant General

March 8, 2019

Corrective Action Plan

Audit Report: U.S. Department of Defense
National Guard Military Operations and Maintenance (O&M) Projects
CFDA 12.401

Finding & Recommendation

Finding Number: 2018-005
Finding: Procurement, Suspension, and Debarment
Material Weakness in Internal Control over Compliance

Recommendation: We recommend the Office enhance internal controls to ensure all contracts under Federal awards contain the applicable provisions and ensure suspension and debarment verification procedures are performed prior to entering into all covered transactions.

Agency Response

The Office of the Military has reviewed and accepts the finding. The reoccurrence was due to the timeframe of the audit and intricacies of working with various agencies to implement the corrective action plan. The corrective action was fully implemented on November 2017 for Office of the Military agency contracts and on February 2018 for State Public Works contracts. Five of the six contracts identified were executed prior to our implementation and the last one is a Public Works statewide contract. The Office of the Military has suspension and debarment verification procedures; the two identified as missing verification were Public Works payments.

Corrective Action

The Office of the Military will continue to ensure that all future agency contracts will include the applicable provisions described in Appendix II to Part 200 and amend existing contracts to include said provisions. The agency will also continue to execute the developed internal control policy to ensure that verification of suspension and debarment is completed and will conduct verification prior to approving transfer of funds to Public Works for vendor payment.

The Office of the Military will continue working with other state agencies to ensure that their contract templates will contain the required applicable provisions. The agency has July 1, 2020 as an estimated completion date.

Agency Responsible for Corrective Action Plan

Name, Title:	Cheryl Tyler Administrative Officer III Office of the Military
Address:	2460 Fairview Drive Carson City, NV 89701
Phone Number:	775-884-8458
Email:	CTyler@govmail.state.nv.us

STEVE SISOLAK
Governor

RICHARD WHITLEY, MS
Director

ROSS E. ARMSTRONG
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Date:	March 9, 2019
Program:	U.S. Department of Justice, Crime Victim Assistance, CFDA 16.575
Corrective Action Plan	
Finding Number:	2018-006
Finding:	A reconciliation of immediate cash needs was performed; however, records were not maintained to support the pending transactions included in the determination of immediate cash needs.
Corrective Action Taken or To Be Taken	Enhance internal controls to include adequate support for the pending transactions included in the determination of immediate cash needs.
If already taken, date of completion:	3/1/19 - The Grants Management Unit Policies and Procedures, Federal Drawdown and Federal Financial Reporting section has been updated to require draw requests include supporting backup documentation regarding all expended and pending expenditure draw amounts to substantiate the amount requested. 3/1/19 - The Fiscal section's Draw Instructions have been updated to require all draw requests include an itemized list of all pending Requests for Funds that includes the vendor name, draw period and amount requested.
If to be taken, estimated date of completion:	
Agency Response	
Does the Agency agree with finding?	Yes
If no or partial, please explain reason(s) why:	
Additional Comments:	Fully Implemented
Division Responsible for Corrective Action	
Name, Title	Katrina Nielsen, Administrative Services Officer IV
Address	4126 Technology Way
City, State, Zip Code	Carson City, NV 89706
Phone Number	775-684-4414
Email	knielsen@dcfs.nv.gov

Reviewed and Approved	
Mandi Davis, Deputy Administrator	
Date 3/10/19	Signature Mandi Davis

STEVE SISOLAK
Governor

RICHARD WHITLEY, MS
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ROSS E. ARMSTRONG
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Date:	March 9, 2019
Program:	U.S. Department of Justice, Crime Victim Assistance, CFDA 16.575
Corrective Action Plan	
Finding Number:	2018-007
Finding:	Federal funds drawn included amounts for pending transactions that were not liquidated within ten days.
Corrective Action Taken or To Be Taken	Enhance internal controls to ensure pending transactions included in the cash drawn are liquidated within ten days.
If already taken, date of completion:	8/31/18 - The Grants Management Unit Policies and Procedures, Federal Drawdown and Federal Financial Reporting section has been updated to require Fiscal staff to ensure if funds are not spent within 10 days, they are immediately returned to the awarding agency. Before a draw is prepared, the Management Analyst will verify that the expenditures for the previous week meet or exceed the amount of the prior week's draw.
If to be taken, estimated date of completion:	
Agency Response	
Does the Agency agree with finding?	Yes
If no or partial, please explain reason(s) why:	
Additional Comments:	Fully Implemented
Division Responsible for Corrective Action	
Name, Title	Katrina Nielsen, Administrative Services Officer IV
Address	4126 Technology Way
City, State, Zip Code	Carson City, NV 89706
Phone Number	775-684-4414
Email	knielsen@dcfs.nv.gov
Reviewed and Approved	
Mandi Davis, Deputy Administrator	
Date 3/10/19	Signature Mandi Davis

STEVE SISOLAK
Governor

RICHARD WHITLEY, MS
Director

ROSS E. ARMSTRONG
Administrator

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Date:	March 9, 2019
Program:	U.S. Department of Justice Crime Victim Assistance, CFDA 16.575
Corrective Action Plan	
Finding Number:	2018-008
Finding:	A subgrant was issued to an organization that did not provide services to crime victims.
Corrective Action Taken or To Be Taken	The division has updated its Grants Management Unit Policies and Procedures to determine whether contractor activities are eligible and in accordance with the grant Program Guidelines to ensure subgrants are awarded to only eligible subrecipients.
If <u>already</u> taken, date of completion:	July 1, 2018
If to be taken, estimated date of completion:	
Agency Response	
Does the Agency agree with finding?	Yes
If no or partial, please explain reason(s) why:	
Additional Comments:	Fully Implemented
Division Responsible for Corrective Action	
Name, Title	Katrina Nielsen, Administrative Services Officer IV
Address	4126 Technology Way
City, State, Zip Code	Carson City, NV 89706
Phone Number	775-684-4414
Email	knielsen@dcfs.nv.gov
Reviewed and Approved	
Mandi Davis, Deputy Administrator	
Date 3/10/19	Signature Mandi Davis

STEVE SISOLAK
Governor

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Date:	March 9, 2019
Program:	U.S. Department of Justice, Crime Victim Assistance, CFDA 16.575
Corrective Action Plan	
Finding Number:	2018-009
Finding:	Subgrants were inappropriately used to procure services from vendors rather than following the contracting procedures described in SAM for vendors.
Corrective Action Taken or To Be Taken	The division has updated its Grants Management Unit Policies and Procedures to identify entities that provide direct services to the community as compared to those that conduct activities on behalf of the Division of Child and Family Services. Subgrants will only be used for entities that provide direct services in accordance with the grant Program Guidelines and appropriate vendor procurement procedures.
If already taken, date of completion:	July 1, 2018
If to be taken, estimated date of completion:	
Agency Response	
Does the Agency agree with finding?	Yes
If no or partial, please explain reason(s) why:	
Additional Comments:	Fully Implemented
Division Responsible for Corrective Action	
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Date:	March 9, 2019
Program:	U.S. Department of Justice, Crime Victim Assistance, CFDA 16.575
Corrective Action Plan	
Finding Number:	2018-010
Finding:	Certain applicable provisions described in Appendix II to Part 200 were not included in contracts as required. Suspension and debarment verification procedures were not always performed prior to entering into covered transactions.
Corrective Action Taken or To Be Taken	Ensure contracts and leases drafted by other state agencies in which the division is affiliated have included federal contract language requirements in the contract form or request for proposal. Ensure contracts and leases drafted by other state agencies in which the division is affiliated have verified the vendor is not on the suspension and debarment list and have maintained a copy of the verification.
If already taken, date of completion:	Contract templates were updated in February 2017. Purchasing Division Request for Proposal template was updated to include federal language requirements on November 16, 2018. The Nevada eProcurement system has been configured to include federal language requirements when federal funding is selected was implemented in January 2018. The Division's Contract Procedures and Checklist were updated on March 1, 2019.
If to be taken, estimated date of completion:	The State's Leasing Services unit will add federal language requirements to the Lease template by March 15, 2019.
Agency Response	
Does the Agency agree with finding?	Yes
If no or partial, please explain reason(s) why:	
Additional Comments:	Partially Implemented

Division Responsible for Corrective Action	
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Mandi Davis, Deputy Administrator	
Date 3/10/19	Signature Mandi Davis

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Date:	March 9, 2019
Program:	U.S. Department of Justice, Crime Victim Assistance, CFDA 16.575
Corrective Action Plan	
Finding Number:	2018-011
Finding:	Amounts reported on the *Federal Financial Report* (SF-425) were not supported by the underlying accounting information or calculated in accordance with program requirements.
Corrective Action Taken or To Be Taken	Enhance internal controls to ensure SF-425 reports are reported accurately and in accordance with program requirements. The Division's Federal Financial Reporting (SF-425) Policy has been updated to be in accordance with the SF-425 Office of Justice Programs' Training and Technical Assistance Grants Management System User Guide and to require verification of the match percentage for each grant award.
If already taken, date of completion:	March 1, 2019
If to be taken, estimated date of completion:	
Agency Response	
Does the Agency agree with finding?	Yes
If no or partial, please explain reason(s) why:	
Additional Comments:	Fully Implemented.
Division Responsible for Corrective Action	
Name, Title	Katrina Nielsen, Administrative Services Officer IV
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Reviewed and Approved	
Mandi Davis, Deputy Administrator	
Date 3/10/19	Signature Mandi Davis

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Date:	March 9, 2019
Program:	U.S. Department of Justice, Crime Victim Assistance, CFDA 16.575
Corrective Action Plan	
Finding Number:	2018-012
Finding:	*Subgrant Award Reports* (SAR) were not filed timely and an item reported on a SAR was not supported by the underlying accounting information.
Corrective Action Taken or To Be Taken	The division has updated its Grants Management Unit Policies and Procedures to ensure timely filing of Subgrant Award Reports within 90 days for each subrecipient and that underlying accounting information is adequately documented and accurately reported.
If already taken, date of completion:	
If to be taken, estimated date of completion:	Subgrant awards will be issued by July 1, 2019 for SFY 2020.
Agency Response	
Does the Agency agree with finding?	Yes
If no or partial, please explain reason(s) why:	
Additional Comments:	Fully Implemented.
Division Responsible for Corrective Action	
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Date 3/10/19	Signature Mandi Davis

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Date:	March 9, 2019
Program:	U.S. Department of Justice, Crime Victim Assistance, CFDA 16.575
Corrective Action Plan	
Finding Number:	2018-013
Finding:	Administrative and training costs were not reported.
Corrective Action Taken or To Be Taken	The division has received additional explanation from the Office for Victims of Crime (OVC) regarding reporting administrative expenses. The division has updated its Grants Management Unit Policies and Procedures regarding program reporting. An amended Annual State Performance Report will be submitted to OVC.
If already taken, date of completion:	
If to be taken, estimated date of completion:	April 1, 2019
Agency Response	
Does the Agency agree with finding?	Yes
If no or partial, please explain reason(s) why:	
Additional Comments:	
Division Responsible for Corrective Action	
Name, Title	Katrina Nielsen, Administrative Services Officer IV
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Date 3/10/19	Signature Mandi Davis

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Date:	March 9, 2019
Program:	U.S. Department of Justice, Crime Victim Assistance, CFDA 16.575
Corrective Action Plan	
Finding Number:	2018-014
Finding:	A. Subawards did not include certain information required by Uniform Guidance. B. An evaluation of each subrecipient's risk of noncompliance for purposes of determining the appropriate subrecipient monitoring was not performed. In addition, monitoring was not performed in accordance with established policies to ensure that the subaward was used for authorized purposes. C. The Nevada Division of Child and Family Services (the Division) did not verify that subrecipients were audited as required by Uniform Guidance, review audit reports for audit findings, issue management decisions, as applicable, and ensure the subrecipient took timely corrective action on all audit findings, as applicable.
Corrective Action Taken or To Be Taken	A. Subawards will be issued that will include all elements that need to be communicated per Uniform Guidance. B. Risk assessments will be completed on each subrecipient. C. The Division has updated its Grants Management Unit Policies and Procedures, Subrecipient Monitoring to provide monitoring and oversight to subrecipient organizations.
If already taken, date of completion:	Subrecipient monitoring procedures were implemented July 27, 2018.
If to be taken, estimated date of completion:	Subawards will be issued July 1, 2019 for SFY 2020.
Agency Response	
Does the Agency agree with finding?	Yes

If no or partial, please explain reason(s) why:	
Additional Comments:	Fully Implemented
Division Responsible for Corrective Action	
Name, Title	Katrina Nielsen, Administrative Services Officer IV
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Phone Number	775-684-4414
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Reviewed and Approved	
Mandi Davis, Deputy Administrator	
Date 3/10/19	Signature Mandi Davis

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Date:	March 9, 2019
Program:	U.S. Department of Justice, Crime Victim Assistance, CFDA 16.575
Corrective Action Plan	
Finding Number:	2018-015
Finding:	The funding allocation was not maintained with sufficient documentation to support compliance with the priority funding requirement.
Corrective Action Taken or To Be Taken	The division has updated its Grants Management Unit Policies and Procedures to ensure an open competitive process is followed. Funding allocations are tracked during the application process to ensure the priority funding requirements are met.
If already taken, date of completion:	July 27, 2018
If to be taken, estimated date of completion:	
Agency Response	
Does the Agency agree with finding?	Yes
If no or partial, please explain reason(s) why:	
Additional Comments:	Fully Implemented
Division Responsible for Corrective Action	
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Date 3/10/19	Signature Mandi Davis

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Date:	March 9, 2019
Program:	U.S. Department of Justice, Crime Victim Assistance, CFDA 16.575
Corrective Action Plan	
Finding Number:	2018-016
Finding:	Amounts were originally reported incorrectly on the SEFA because the payments to subrecipients were not reported when incurred (cash basis of accounting).
Corrective Action Taken or To Be Taken	Enhance internal controls to ensure total federal expenditures and payments to subrecipients are reported on a cash basis on the SEFA.
If already taken, date of completion:	Communications with the Controller's Office are continuing in order to ensure that the SEFA is completed correctly annually.
If to be taken, estimated date of completion:	4/1/19 - If deficiencies in the internal controls are identified, they will be updated to include the most current information.
Agency Response	
Does the Agency agree with finding?	Yes
If no or partial, please explain reason(s) why:	
Additional Comments:	Future SEFA reports will be verified accurate with the Controller's Office following submission.
Division Responsible for Corrective Action	
Name, Title	Katrina Nielsen, Administrative Services Officer IV
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Phone Number	775-684-4414
Email	knielsen@dcfs.nv.gov
Reviewed and Approved	
Mandi Davis, Deputy Administrator	
Date 3/10/19	Signature Mandi Davis

STEVE SISOLAK
GOVERNOR

DR. TIFFANY G. TYLER-GARNER
DIRECTOR

DETR
Nevada Department of Employment, Training and Rehabilitation

OFFICE OF THE DIRECTOR

March 11, 2019

Eide Bailly, LLP
Attn: Kurt Schlicker, Audit Manager
5441 Kietzke Ln, Ste. 150
Reno, NV 89511-2094

Subj: Nevada Department of Employment, Training and Rehabilitation (DETR) Responses to 2018 Single Audit Findings

Dear Mr. Schlicker,

Attached are the Department of Employment, Training and Rehabilitation's responses to the 2018 Single Audit findings (for the U.S. Department of Labor and the Department of Education, Rehabilitation Services Administration) in the formats you suggested. If you have any questions, please do not hesitate to call Duane Anderson, Chief Auditor of my staff at (775) 684-3903.

Sincerely,

Dr. Tiffany G. Tyler-Garner, Director
Nevada DETR

State of Nevada
Department of Employment, Training and Rehabilitation (DETR)
Responses to Single Audit Findings
For the Year Ended June 30, 2018

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

CORRECTIVE ACTION PLAN

Finding 2018-017

Wage record data included on the TAPR did not agree to information obtained from the Wage Record Interchange System (WRIS).

Recommendation

We recommend the Department enhance the internal controls over reporting of information included on the TAPRs to ensure the reported information agrees to the WRIS.

Nevada DETR's Response

Nevada DETR Workforce Investment Support Services (WISS) reports that the Nevada Division of Internal Audits' (DIA) review completed on June 1, 2018 included a validation of the wage extract for the subsequent report quarters TAA PIRL -12-31-2017 that was sourced from Nevada's new MIS system (EmployNV). The data demonstrated the wage in question was updated and reported correctly. The DIA Audit also included a review of the TAA PIRL for the quarter ending 03-31-2018. This review included all participant records in the TAA report with no further findings resulted. Because the finding did not repeat in the following two quarters (12/31/17 and 3/31/18), DETR believes no further corrective action is necessary.

Date of Completion: June 1, 2018

Contact Person: Grant Nielsen, DETR ESD WISS Chief

Finding 2018-018

Certain applicable provisions described in Appendix II to Part 200 were not included in contracts as required. Suspension and debarment verification procedures were not always performed prior to entering into covered transactions. In addition, contractual agreements with other public entities included provisions consistent with subawards that could result in improper reporting and noncompliance.

A nonstatistical sample of 40 procurement transactions out of 7,133 was selected for testing, including 14 contracts subject to Appendix II to Part 200 for the WIOA Cluster. Of the 14 contracts tested, 5 were missing certain applicable provisions, three were missing verification procedures for suspension and debarment, and two included provisions consistent with subawards.

Recommendation
We recommend the Department enhance internal controls to ensure all contracts under Federal awards contain the applicable provisions and ensure suspension and debarment verification procedures are performed prior to entering into all covered transactions. In addition, the Department should enhance internal controls to ensure that the Department utilizes the appropriate legal instrument to carry out a federal award and includes information in the agreements to clearly distinguish procurement contracts from subawards.

Nevada DETR's Response – Contains 2 parts

1. Nevada DETR Financial Management (FM) Bureau

The Nevada DETR contacted the Attorney General's Office to advise of the additional provisions required under Appendix II to Part 200 of the Uniform Guidance for non-Federal entity contracts under Federal award. The State of Nevada contracts need to include the additional provisions to comply with Uniform Guidance.

Unfortunately, the State of Nevada has not managed to complete an overall acceptable format change to the "standard" contract template. Therefore, DETR FM will and has provided an attachment to the current contracts that incorporates the provisions required under Appendix II to Part 200 of the Uniform Guidance.

The Federal Provisions are being attached to DETR contracts and has been added to DETR Contract Procedures and training program. The corrective actions taken were performed on contracts that did not require any retroactive changes, hence, there were some contracts that were "Not corrected", as well as those requiring Nevada AG processing.

Estimated Date of Completion:	Immediate and ongoing
Contact Person:	Kathleen DeSocio, MSM, CGFM Chief Financial Officer, Financial Management Section

2. Nevada Employment Security Division (ESD), Workforce Investment Support Services (WISS) Bureau

Nevada DETR WISS has not been approved to award all WIOA dollars out as sub-grants. Our approval is for the Local Workforce Development Boards (LWDB) and Office of Workforce Innovation (OWINN). OWINN has taken over these contracts and will have to award them as such in the future. The apprenticeship contracts are funded with WIOA Governor's Reserve monies and must follow all 2 CFR 200 regulations /restrictions that are outlined in the General Assurance document furnished (which for DETR Workforce Investment Support Services (WISS) Bureau does cover the specific "suspension and debarment" concern). There is a post award conference that is scheduled to review the contracts and expectations (reporting, invoicing, allowable costs, etc.). For these contracts, it was a pre-award meeting based on some performance requirements that the U.S. Department of Labor (DOL) requested be included. The only contract of those listed under this finding that was created by DETR WISS Bureau was contract number 18879. Nevada DETR WISS will request further guidance from DOL if these types of contracts are written in the future.

Estimated Date of Completion: Going Forward

Contact Person: Grant Nielsen, DETR ESD WISS Chief

Finding 2018-019

Sub-awards did not include certain information required by Uniform Guidance. In addition, the CFDA number was not identified to the subrecipients at the time of disbursement.

A nonstatistical sample of four subawards out of a population of 12 was selected for testing. None of the awards contained all of the required information. In addition, a nonstatistical sample of 40 out of a population of 571 payments to subrecipients was selected for testing. The Department did not communicate the award's CFDA number at the time of disbursement for any of the 40 payments.

Recommendation

We recommend the Department implement internal controls to ensure compliance with subrecipient monitoring requirements.

Nevada DETR's Response – Contains 2 Parts

1. Nevada DETR Workforce Investment Support Services (WISS)
   Nevada DETR WISS indicates that on page three (3) #17 of Attachment B-General Assurances, Certifications and Other Provision, it is clearly stated that "Grantee assures that it will comply with applicable sections of the OMB Uniform Administrative Requirements (2 CFR 200), Cost Principles and Audit Requirements for Federal Awards Final Rule, Subpart E on cost principles." The sub award template will be updated to include the FAIN and the approved cost allocation plan for each recipient. 2 CFR 200.331(4) does not require an Indirect Cost rate and allows the cost allocation plan that is approved annually by DETR. 2 CFR 200.331 does not require the DUNS number be listed on the sub award and in fact DETR received an advisement from Colleen Janes in the Nevada State Administration office on September 7,2017 that DUNS numbers are considered confidential and should not be referenced in the sub award. We do not include DUNS on the advice of Dept. of Administration as that data is confidential. DETR requests that *a specific citation be provided to override the recommendation of the Nevada Dept. of Administration.*

2. <u>Nevada DETR Financial Management (FM)</u>
With respect to the CFDA number issue and improving internal controls, DETR Financial Management (FM) Bureau will improve accountability by providing this number on the corresponding remittance advices for each payment made.

Estimated Date of Completion:	Immediate and upon further guidance
Contact Person:	Grant Nielsen, DETR ESD WISS Chief or Kathleen DeSocio, DETR Financial Management, CFO

STEVE SISOLAK
Governor

JONATHAN P. MOORE, ED.D
Acting Superintendent of Public Instruction

STATE OF NEVADA

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Carson City, Nevada 89701-5096
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February 22, 2019

To: Whom it May Concern

From: Andrea Osborne, Director
Fiscal Services

Subject: Status of Corrective Action on FY 2018 Audit Findings

This letter is in response to the annual Single Audit performed by Eide Bailly LLP, CPA's relating to Federal Programs administered by the State of Nevada, Department of Education (NDE) for the fiscal year ended June 30, 2018. The audit findings pertain to the Federal Title I and Special Education programs listed below:

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

Below are the Department of Education's responses to audit findings: 2018-020, 2018-021, and 2018-022.

Finding #2018-020 – Allowable Cost/Cost Principles – Material Weakness in Internal Control over Compliance and Material Noncompliance resulted in the following recommendation

We recommend the Department enhance internal controls to ensure amounts charged to the Federal program are adequately documented.

NDE Response

The NDE has reviewed and accepts this finding.

Corrective Action

The Nevada Department of Education has fully implemented the requirement for sub-recipients to submit their general ledger summary detail report to each Request for Funds submitted.

Division Responsible for Corrective Action Plan

Andrea Osborne, Director, Department Fiscal Support, andreao@doe.nv.gov

Finding #2018-021 – Cash Management – Material Weakness in Internal Control over Compliance and Material Noncompliance resulted in the following recommendation

We recommend that the Department enhance internal controls to ensure adequate supporting documentation is maintained for Federal cash draws.

NDE Response

The NDE has reviewed and accepts this finding.

Corrective Action

The Nevada Department of Education trained the Grant's Unit, who utilize seven employees, to uniformly track each of their grants. The analysts doing the draws can access available information to verify each individual draw; however, this process has proven to be unreliable based on the real time need for draws and the actual date completed for the grant tracking. NDE has also implemented a back-up system, so grant backup documentation will be easily accessible on the server, as some back-up was missing in the previous year's audit.

Finally, to correct the timing issue on the grant draw-downs, NDE had to revise the accounting office process of finalizing payments on Mondays and Tuesdays only, to Aid on Wednesdays, and Admin on Fridays, doing draws weekly on Fridays to capture the expenditures from the current week's aid and the prior week's admin. The draws will occur within the 3 day and 5 day clearance pattern to match the appropriate funding technique per the Treasury-State Agreement.

Division Responsible for Corrective Action Plan

Andrea Osborne, Director, Department Fiscal Support, andreao@doe.nv.gov

Finding #2018-022 – Sub-recipient Monitoring – Material Weakness in Internal Control over Compliance resulted in the following recommendation

We recommend that the Department enhance internal controls to ensure compliance with sub-recipient monitoring requirements.

NDE Response

The NDE has reviewed and accepts this finding.

Corrective Action

Condition A

The Nevada Department of Education has fully implemented that the CFDA number is included on the disbursement advice at the time of disbursement.

Condition B

The Nevada Department of Education remains committed to a Department-wide Sub-Recipient Risk Assessment and Monitoring procedure and continues progress towards full implementation.

Eighty-eight Risk Assessment questionnaires have been received and reviewed to date (97% of our 92 current sub-recipients). Based upon the questionnaires reviewed and subsequent risk levels assessed, the attached draft FY19 sub-recipient monitoring schedule has been developed. For FY19, Sub-recipient fiscal monitoring will be conducted outside current programmatic monitoring in order to begin implementation immediately and target our highest risk sub-recipients. In FY20, sub-recipient fiscal monitoring will be incorporated into our current programmatic monitoring.

Within the next 2 quarters:

- NDE will complete review of current programmatic sub-recipient monitoring programs and schedules.
- Finalize fiscal monitoring tools and protocols that incorporates requirements of approved policy.
- Develop fiscal monitoring training materials .
- Fully incorporate into current programmatic monitoring activities.

Division Responsible for Corrective Action Plan

Andrea Osborne, Director, Department Fiscal Support, andreao@doe.nv.gov

Sincerely,

Andrea Osborne

Andrea Osborne, Director
Department Fiscal Support
Office of Business and Support Services

FY19 Nevada Department of Education Subrecipient Monitoring Schedule: Year One

	MARCH		APRIL		MAY		JUNE
1		1		1	Elko County School District (L)	1	
2		2	Rainbow Dreams Academy (M)	2	Clark County School District (L)	2	
3		3	Public Education Foundation (H)	3		3	
4		4	100 Academy of Excellence(L)	4		4	NV Assoc. for the Ed. Of Yng (M)
5	Alpine Academy (M)	5		5		5	
6	The Childrens Cabinet (L)	6		6		6	
7	Futuro Academy Charter School (L)	7		7		7	
8		8		8		8	
9		9		9		9	
10		10		10		10	
11		11		11		11	
12		12		12		12	
13		13		13		13	
14		14		14		14	
15		15		15		15	
16		16	Southern NV Public TV (H)	16		16	
17		17	State Public Charter Authority (M)	17		17	
18		18	Academy Career Education (L)	18		18	
19	Nevada Rise Academy (H)	19		19		19	
20	Carson Montessori (L)	20		20		20	
21	American Leadership Academy (M)	21		21	NSHA Coalition (M)	21	
22		22		22	Nevada State High School (M)	22	
23		23		23	Yerrington Paiute Tribe (M)	23	
24		24		24		24	
25		25		25		25	
26		26		26		26	
27		27		27		27	
28		28		28			
29		29		29		29	
30		30	Nevada Preparatory –LV Prep (M)			30	

State of Nevada
Department of Employment, Training and Rehabilitation (DETR)
Responses to Single Audit Findings
For the Year Ended June 30, 2018

U.S Department of Education
Rehabilitation Services -Vocational Rehabilitation Grants to States, CFDA 84.126
Eligibility

CORRECTIVE ACTION PLAN

Finding 2018-023

A. Documentation of a physical or mental impairment was not always included in the file at the time of the eligibility determination.
B. Financial participation forms were not always completed and signed by the counselor and participant.

A. A nonstatistical sample of 60 out of 2,549 applicants deemed eligible during the fiscal year was selected for testing. For three of the 60 individuals selected for testing, the required documentation of a physical or mental impairment was not included in the file at the time of the eligibility determination. However, there was other evidence of the individuals' physical or mental impairment that supported their eligibility, but the documentation was not in the required format.
B. A nonstatistical sample of 60 out of 2,549 applicants deemed eligible during the fiscal year was selected for testing. For one of the 60 individuals selected for testing, no financial participation form was completed and signed by the counselor and participant.

Recommendation
We recommend the Department enhance internal controls to ensure compliance with eligibility requirements and the Department's written policies.

Nevada DETR's Response
Nevada DETR Vocational Rehabilitation's (VR) Program staff will perform the following corrective actions to help enhance internal controls as a way of ensuring compliance with eligibility requirements and the Program's written policies:

- Training will be provided to staff regarding allowable medical documentation of a physical or mental impairment.
- VR's internal Training Officer will tailor her training to staff throughout the next year on process, procedures and compliance to improve program performance in these specific finding areas.
- VR's Quality Control team will provide targeted technical assistance with counseling teams for review of cases and review of policy expectations regarding allowable documentation for physical and mental impairments.

- Checking the "meets financial need" box is no longer a required action. It will not be a future finding.
- Supervisors & Managers will do random spot checks of open cases to review financial participation forms, and the presence of medical documentation to support eligibility.

Estimated Date of Completion:	**June 30, 2019** with additional training throughout the year.
Contact Person:	Janice John, Deputy Administrator, DETR Rehabilitation Division

Finding 2018-024

DETR entered into interlocal agreements with other public agencies, assuming they were contracts. However, certain terms and conditions communicated in those interlocal agreements contained provisions that are applicable to subrecipients.

A nonstatistical sample of 62 procurement transactions out of 19,385 was selected for testing, including five interlocal agreements that contained certain provisions that are applicable to subawards, which are not provided for in the Rehabilitation Services Vocational Grants to States.

Recommendation

We recommend the Department enhance internal controls to ensure all interlocal agreements under Rehabilitation Services Vocational Rehabilitation Grants to States include appropriate provisions to ensure that they are identified as contracts rather than subawards.

Nevada DETR's Response

Nevada DETR, Vocational Rehabilitation agrees with this finding. VR recognizes the fact that inappropriate contract provisions were included in its Third Party Cooperative Arrangement (TPCA) interlocal contracts and has been working with Nevada State Purchasing, the Nevada Attorney General's Office and contract partners to create new contracts without the inappropriate provisions. The TPCA contract with the University of Nevada, Las Vegas was terminated effective July 31, 2018, and will not be renewed. The new TPCA contracts with the Clark County School District, Western Nevada College and Truckee Meadows Community College were all sent to the partners for signature on March 1, 2019. The TPCA contract with the Washoe County School District (WCSD) is currently in draft form, and meetings continue to take place with WCSD to finalize the new contract. All new contracts are expected to be signed by the end of April 2019, to be placed on the agenda for the Board of Examiners (BOE) meeting in June 2019. Upon approval at BOE in June, the new contracts would be effective on July 1, 2019.

Estimated Date of Completion:	**July 1, 2019**
Contact Person:	Shelley Hendren, Administrator, DETR Vocational Rehabilitation (VR) Division

Finding 2018-025

Certain applicable provisions described in Appendix II to Part 200 were not included in contracts as required. In addition, suspension and debarment verification procedures were not always performed prior to entering into covered transactions.

A nonstatistical sample of 62 procurement transactions out of a population of 19,385, including 26 contracts subject to subject to Appendix II to Part 200, of which 6 contracts did not contain certain applicable provisions. In four of the 26 contracts, no suspension and debarment verification procedures were performed.

Recommendation

We recommend the Department enhance internal controls to ensure all contracts under Federal awards contain the applicable provisions and ensure suspension and debarment verification procedures are performed prior to entering into all covered transactions.

Nevada DETR's Response

Nevada DETR VR agrees with this finding. VR has been adding the required information into all its new contracts, and into existing contracts when they are due for amendment or renewal. 97 out of VR's 142 contracts contain this required information. Only 4 of the remaining 45 contracts expire this year. Therefore, VR will proceed with amending all 45 contracts with this required information. It is expected that this may be complete (contracts fully executed and approved) within 6 months.

Estimated Date of Completion:	**September 6, 2019**
Contact Person:	Shelley Hendren, Administrator, DETR Rehabilitation Division

Finding 2018-026

Amounts reported on the RSA-2, Annual Vocational Rehabilitation Program/Cost Report, were not corrected to reflect an amendment to the BEN match total reported on the SF-425, Federal Financial Report.

The RSA-2 is an annual report and we tested the only one prepared during the fiscal year ended June 30, 2018. Expenses reported on the Line 3.E. Business Enterprise Program, of the RSA-2 totaled $918,994, which was $62,846 less than the corresponding amount reported on the amended SF-425 for the same period. All other reported expenses agreed.

Recommendation

We recommend the Department enhance internal controls to ensure the RSA-2 is properly amended for any subsequent changes to underlying accounting information.

Nevada DETR's Response
Nevada DETR Financial Management (FM) Bureau indicate that Grant H126A170041 had a late liquidation period and the SF-425 was submitted after the RSA-2 and as a result, the RSA-2 was not revised to match the SF-425. Internal control procedures will be updated to reflect that the sf-425 and the RSA-2 reports need to balance /tie back to each other with or without a late liquidation period. This update assumes that the policy directives received from RSA will coincide with that of the auditors. Currently, there is some contradictory language requiring clarification, therefore, DETR FM staff has requested technical assistance from RSA Program staff.

Estimated Date of Completion: Immediate and Upon Receipt of Guidance

Contact Person: Kathleen DeSocio, MSM, CGFM
Chief Financial Officer, Financial Management Section

Finding 2018-027

Underlying supporting documentation was not available to support some IPE dates reported on the RSA-911 report.

A nonstatistical sample of 60 out of 2,010 individuals included on the RSA-911 report were selected for testing. Of the 60 individuals tested, we noted four instances where a copy of the signed IPE was not maintained in RAISON in support of the report IPE dates.

Recommendation
We recommend the Department enhance internal controls to ensure that critical data elements included on the RSA-911 report, including the date of the IPE, are supported by the data in RAISON and that supporting documentation is always maintained in the case file.

Nevada DETR's Response
Nevada DETR, Vocational Rehabilitation (VR) agrees with this finding.

- A signed IPE to support IPE dates entered into RAISON should be present in the casefile.
- Specific targeted training and clear guidance will be given to staff statewide to emphasize the importance of capturing all signature pages of IPEs into the scanned case documents section of the case record.
- A targeted effort will also be made to review and ensure training to our designated "scanners" to ensure no documentation is missed or delayed in any way.
- VR is currently researching technology solutions such that staff would have the ability to obtain a signature on the IPE while in the field via DocuSign or a tablet that allows for signature on it. With our new case management system, Aware VR, which goes live on April 22, 2019, we will be able to electronically save the document back into the client case file.
- Supervisors & Managers will do random spot checks of open cases to review for signed Individualized Plans for Employment

Estimated Date of Completion: **June 30, 2019**

Contact Person: Janice John, Deputy Administrator, DETR Rehabilitation Division

Finding 2018-028

IPEs were not always scanned into the case file or were prepared outside of the 90 day timeframe.

A nonstatistical sample of 60 out of 2,549 applicants deemed eligible during the fiscal year were selected for testing. Out of 60, 50 applicants had IPEs that were applicable. Of the 50 IPEs tested, we noted ONE instance where an IPE was required and referenced in the case notes but there was no signed IPE in the case file and 3 instances where the IPE was completed after 90 days of the individual being eligible.

Recommendation

We recommend the Department enhance internal controls to ensure participants' IPEs are completed in a timely manner and maintained in the case file.

Nevada DETR's Response

Nevada DETR, Vocational Rehabilitation (VR) agrees with this finding.

- A signed IPE to support IPE dates entered into RAISON should be present in the casefile.
- The new Aware VR case management system, which will go live on April 22, 2019, will allow staff to easily access monitoring reports to track due dates of IPEs.
- In addition, the new Aware VR system will have internal prompts to remind counselors of due dates for the IPE.
- Training on IPE timelines and lawful expectations will be provided by our internal Training Officer during staff meetings statewide by June 1, 2019.
- VR's internal Training Officer will also tailor her training to staff throughout the next year on process, procedures and compliance to improve program performance in these specific finding areas.
- VR's Quality Control team will provide targeted technical assistance with counseling teams for review of cases and review of policy expectations regarding timelines for completing IPEs.
- Requirement of District Managers to submit to Chief weekly stats of those cases identified as pending 85 days to IPE due date and those cases that will be given an extension with associated justification.
- Zero tolerance for any cases found to be out of compliance for late IPEs. Responsible staff will receive progressive discipline.
- As a best practice, Supervisors & Managers will do random spot checks of open cases and review the Aging Reports in our case management system every week to monitor and address with staff, as needed, regarding required timeframes.

Estimated Date of Completion: **September 30, 2019**

Contact Person: Janice John, Deputy Administrator, DETR Rehabilitation Division

Finding 2018-029

Program income expenditures were not included in the amount originally reported on the SEFA prepared by the State of Nevada.

Prior to correction, the total Federal expenditures for CFDA 84.126 on the SEFA were understated by $944,760.

Recommendation

We recommend the Department enhance internal controls to ensure that total Federal expenditures include program income expenditures.

Nevada DETR's Response

Nevada DETR FM states that CFDA 84.126 program income was not coded to the correct job number and was missed from the SEFA report. The program income job number has been updated to correspond with the CFDA same job for Vocational Rehabilitation with a different suffix. In addition, the required revised reports have since been submitted with the corrected totals, etc. The procedures for assigning job numbers will be reflected to include program income as well as the internal control policy and procedures.

Estimated Date of Completion: **June 2019**

Contact Person: Kathleen DeSocio, MSM, CGFM
Chief Financial Officer, Financial Management Section

STEVE SISOLAK
Governor

RICHARD WHITLEY, MS
Director

JULIE KOTCHEVAR
Administrator

IHSAN AZZAM, Ph.D., M.D.
Chief Medical Officer

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March 7, 2019

Eide Bailly LLP, CPA's performed an annual single audit of the Immunization Cooperative Agreements, CFDA 93.268 and Block Grants for Prevention and Treatment of Substance Abuse, CFDA 93.959, active during the State of Nevada's fiscal year 2018 which ended June 30, 2018.

Finding 2018-030: Procurement, Suspension, and Debarment.
Certain applicable provisions described in Appendix II to Part 200 were not included in contracts as required. Suspension and debarment verification procedures were not always performed prior to entering into covered transactions.

Nevada Division of Public and Behavioral Health response:
The Nevada Division of Public and Behavioral Health accepts this finding and will initiate corrective action as described below.

Corrective Action:
The Division has requested the standard templates for contracts and leases be updated to include applicable provisions by the State Purchasing Division and State Public Works, as of today this request has not been approved by State Purchasing or State Public Works. However, the Contract Unit has obtained permission from State Purchasing to add the required federal language to all the Division of Public and Behavioral Health contract templates regarding: Suspension/Debarment, Anti-Lobbying and Clean Air/Clean Water Act. Additionally, State Public Works is currently working with the Attorney General's office to update leases to add the required federal language.

Date of Completion:
Contracts: September 30, 2018
Leases: Pending State Public Works Approval

Responsible Party: Leases and Contracts: Kelli Quintero, Administrative Services Officer III

If you have any questions, please contact Christina Hadwick, Administrative Services Officer IV at 775-684-3481 or by email at christinahadwick@health.nv.gov.

Sincerely,

Julie Kotchevar

Julie Kotchevar
Administrator

STEVE SISOLAK
Governor

RICHARD WHITLEY, MS
Director

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IHSAN AZZAM, Ph.D., M.D.
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March 7, 2019

Eide Bailly LLP, CPA's performed an annual single audit of the Immunization Cooperative Agreements, CFDA 93.268, active during the State of Nevada's fiscal year 2018 which ended June 30, 2018.

Finding 2018-031: Subrecipient Monitoring
A. Subawards did not include certain information required by Uniform Guidance.

B. An evaluation of each subrecipient's risk of noncompliance for purposes of determining the appropriate subrecipient monitoring was not performed.

C. The Nevada Division of Public and Behavioral Health (the Division) did not verify that subrecipients were audited as required by Uniform Guidance, review audit reports for audit findings, issue management decisions, as applicable and ensure the subrecipient took timely corrective action to all audit findings, as applicable.

Nevada Division of Public and Behavioral Health response:
The Nevada Division of Public and Behavioral Health accepts this finding and will initiate corrective corrective action as described below.

Corrective Action:
A. The agency has updated the templates for subawards per guidance of 2 CFR Part 200.

B. Risk Assessment tools will be developed collaboratively by Division Fiscal and Immunization Program staff and referenced within internal controls.

C. Although the coordination of verifying that required audit reports were received, reviewed and appropriately acted upon was assigned to an Accounting Assistant III, due to heavy workload, these procedures were not implemented. Due to continued audit findings for this item, the agency has requested an Auditor III position to take the lead. The managers within the Grants Management Unit will establish internal controls, as well as policies and procedures, for the agency regarding audit findings of subgrantees. The Auditor III will work with the Accounting Assistant III, the assigned Administrative Services Officer, and program staff to ensure the audit reports are being received, reviewed, followed up, logged and tracked through completion. Management review and corrective actions/findings will be reviewed and approved by Division Administration.

STEVE SISOLAK
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RICHARD WHITLEY, MS
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JULIE KOTCHEVAR
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Chief Medical Officer

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Date of Completion:
A. March 15, 2019
B. July 1, 2018
C. July 1, 2019

Responsible Party: Contracts: Kelli Quintero, Administrative Services Officer III

If you have any questions, please contact Christina Hadwick, Administrative Services Officer IV at 775-684-3481 or by email at christinahadwick@health.nv.gov.

Sincerely,

Julie Kotchevar

Julie Kotchevar
Administrator

BRIAN SANDOVAL
Governor

RICHARD WHITLEY, MS
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STEVE H. FISHER
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CORRECTIVE ACTION PLAN FOR AUDIT FINDING

Date:	February 26, 2019
Program:	U.S. Department of Health and Human Services TANF Cluster: Temporary Assistance for Needy Families (TANF), CFDA 93.558
Finding number:	2018-032
Finding:	Federal funds were not drawn using the required funding techniques and in accordance with the day draws were to be made as specified in the Agreement. The Nevada Division of Welfare and Supportive Services (the Division) did not have internal controls in place to ensure the funds were drawn using the required funding techniques and in accordance with the day draws were to be made specificed in the Agreement.
Corrective Action Taken or To Be Taken:	DWSS staff will work with the Nevada Office of the Controller to revise the language in the Memorandum of Agreement to clarify that while draws are typically drawn on Tuesday they can be done on any business day of the week on an as needed basis.
If already taken, date of completion:	
If to be taken, estimated date of completion:	The Division will ensure the language within the Memorandum of Agreement is updated as soon as possible but no later than June 30, 2019.

Agency Response

Does the Agency agree With finding: Yes X___ No_____ Partially_____

If No or Partial, please Explain reason(s) why:

Additional Comments:

Individual Responsible for Corrective Action Plan

Name, Title: Dara Ludi, Administrative Services Officer 3
Phone Number: 775-684-0723
Email: dwludi@dwss.nv.gov

Reviewed and Approved

Brenda Berry
Signature

2·28·19
Date

"Working for the Welfare of ALL Nevadans"

STEVE SISOLAK
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CORRECTIVE ACTION PLAN FOR AUDIT FINDING

Date:	February 26, 2019
Program:	U.S. Department of Health and Human Services TANF Cluster: Temporary Assistance for Needy Families (TANF), CFDA 93.558
Finding number:	2018-033
Finding:	Complete applications were not always obtained, nor maintained, and certain TANF applications were not completed in full in accordance with program requirements. The Nevada Division of Welfare and Supportive Services (the Division) did not have adequate internal controls to ensure determinations were performed using complete and accurate information and applications were maintained.
Corrective Action Taken or To Be Taken:	The Division is in the process of enhancing internal controls to ensure eligibility determinations are performed using complete and accurate information and applications are maintained.
If already taken, date of completion:	As soon as possible but no later than June 30, 2019.
If to be taken, estimated date of completion:	

Agency Response

Does the Agency agree With finding:	Yes X__ No_____ Partially_____
If No or Partial, please Explain reason(s) why:	
Additional Comments:	

Individual Responsible for Corrective Action Plan

Name, Title:	Lisa Swearingen, Social Services Chief 3
Phone Number:	775-684-0560
Email:	lswearingen@dwss.nv.gov

Signature

Reviewed and Approved

2/28/2019
Date

"Working for the Welfare of ALL Nevadans"

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CORRECTIVE ACTION PLAN FOR AUDIT FINDING

Date:	February 26, 2019
Program:	U.S. Department of Health and Human Services TANF Cluster: Temporary Assistance for Needy Families (TANF), CFDA 93.558
Finding number:	2018-034
Finding:	Certain applicable provisions described in Appendix II to Part 200 were not included in contracts as required. The Division of Welfare and Supportive Services (the Division) did not have adequate internal controls to ensure written contract under Federal awards contained all of the applicable provisions.
Corrective Action Taken or To Be Taken:	The Division is in the process of enhancing internal controls to ensure that the applicable provisions of Appendix II to Part 200 are referenced in all contracts $150,000 or greater.
If already taken, date of completion:	
If to be taken, estimated date of completion:	Interal procedures are being updated to ensure all applicable contracts include the required documentation and expect to be fully compliant with the above findings as soon as possible but no later than state fiscal year 2020.

Agency Response

Does the Agency agree With finding: Yes X___ No_____ Partially_____

If No or Partial, please Explain reason(s) why:

Additional Comments:

Individual Responsible for Corrective Action Plan

Name, Title: Gary Long, Administrative Services Officer 3
Phone Number: 775-684-0655
Email: gxlong@dwss.nv.gov

Brenda Berry
Signature

Reviewed and Approved

3.11.19
Date

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CORRECTIVE ACTION PLAN FOR AUDIT FINDING

Date:	February 26, 2019
Program:	U.S. Department of Health and Human Services Child Support Enforcement, CFDA 93.563
Finding number:	2018-035
Finding:	Suspension and debarment verification procedures were not always performed prior to entering into covered transactions. The Nevada Division of Welfare and Support Services (the Division) did not have adequate internal controls to ensure suspension and debarment verification procedures were always performed prior to entering into all subawards under Federal awards.
Corrective Action Taken or To Be Taken:	The Division is in the process of enhancing internal controls to ensure suspension and debarment verification procedures are performed prior to entering into all subawards under Federal awards.
If already taken, date of completion:	
If to be taken, estimated date of completion:	Due to administrative feasibility, the division expects to be fully compliant as soon as possible but no later than state fiscal year 2020.

Agency Response

Does the Agency agree With finding: Yes X___ No_____ Partially_____

If No or Partial, please Explain reason(s) why:

Additional Comments:

Individual Responsible for Corrective Action Plan

Name, Title: Gary Long, Administrative Services Officer 3
Phone Number: 775-684-0655
Email: gxlong@dwss.nv.gov

Brenda Berry

Signature

Reviewed and Approved

3-11-19

Date

"Working for the Welfare of ALL Nevadans"

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CORRECTIVE ACTION PLAN FOR AUDIT FINDING

Date: February 26, 2019

Program: U.S. Department of Health and Human Services
Child Support Enforcement, CFDA 93.563

Finding number: 2018-036

Finding: Subawards did not include certain information required by Uniform Guidance. In addition, the CFDA number was not indentified at the time of disbursement. The Nevada Division of Welfare and Supportive Services (the Division) did not have internal controls in place to ensure compliance with subrecipient monitoring requirements.

Corrective Action Taken or To Be Taken: The Division is in the process of enhancing internal controls to ensure compliance with subrecipient monitoring requirements.

If already taken, date of completion:

If to be taken, estimated date of completion: Interal procedures are being updated and staff will be trained to include CFDA number on all payment vouchers as of March 1, 2019. Current contracts will be amended to include information regarding Federal Award number and source of funds and the division expects to be fully compliant as soon as possible but no later than June 30, 2019. Staff will ensure the Subrecipient/Contractor Verification and Checklist is utilized in determining whether the agreement with outside entities receiving federal funds is a subrecipient vs. contractor. A copy will be attached as backup for each agreement.

Agency Response

Does the Agency agree With finding: Yes X No_____ Partially_____

If No or Partial, please Explain reason(s) why:

Additional Comments:

Individual Responsible for Corrective Action Plan

Name, Title: Dara Ludi, Administrative Services Officer 3
Phone Number: 775-684-0723
Email: dwludi@dwss.nv.gov

Brenda Berry
Signature

Reviewed and Approved

3-11-19
Date

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Date:	March 9, 2019
Program:	U.S. Department of Health and Human Services, Foster Care - Title IV-E, CFDA 93.658
	Corrective Action Plan
Finding Number:	2018-037
Finding:	In certain instances, more than one provider was paid for foster care services for a specific child on the same day.
Corrective Action Taken or To Be Taken	The Information Services Unit that manages the Unified Nevada Information Technology for Youth (UNITY) system has identified a calculation involving the concurrency rules causing a rounding issue that can happen when multiple service authorizations are entered for the same child in the same month. This issue causes an overpayment as UNITY rounds units to four decimal places, and with multiple service authorizations in the same month, it allows UNITY to round a Unit to a number greater than one. UNITY testing has occurred, and no additional issues have been discovered. A COGNOS report will be developed to identify all retroactive change log activity wherein the Eligibility Supervisor will further investigate the activity to identify if a duplicate payment has occurred.
If already taken, date of completion:	In May 2018, the Information Services Unit deployed programming to address concurrency rules to prevent multiple service authorizations within the same date range to result in issuance of a duplicate payment. Information Services programmers updated UNITY to only round to two decimal places thereby limiting the rounding occurrence that creates an overpayment in instances where multiple service authorizations occur within the same date range. In January 2019, overpayment letters were issued to the two providers to recoup the amount of the two duplicate payments. The claims detail for the overpayments has been provided to the Fiscal Eligibility Supervisor to process the IV-E Claim adjustment on the next Federal Quarterly Report in accordance with DCFS Policy and Procedures.

If to be taken, estimated date of completion:	A Retroactive Change Log Activity report is estimated to be developed by May 2019.
Agency Response	
Does the Agency agree with finding?	Yes
If no or partial, please explain reason(s) why:	
Additional Comments:	Prior Year Finding 2014-39, 2015-39, 2016-036, and 2017-028
Division Responsible for Corrective Action	
Name, Title	Katrina Nielsen, Administrative Services Officer 4
Address	4126 Technology Way
City, State, Zip Code	Carson City, NV 89706
Phone Number	775-684-4414
Email	knielsen@dcfs.nv.gov
Reviewed and Approved	
Mandi Davis, Deputy Administrator	
Date: 3/10/19	Signature Mandi Davis

STEVE SISOLAK
Governor

RICHARD WHITLEY, MS
Director

ROSS E. ARMSTRONG
Administrator

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Date:	March 9, 2019
Program:	U.S. Department of Health and Human Services Foster Care – Title IV-E, CFDA 93.658 Adoption Assistance, CFDA 93.659
Corrective Action Plan	
Finding Number:	2018-038
Finding:	Various administrative accounts were allocated on a basis that did not agree to the cost allocation plan narrative. In addition, changes in the specialized training expenditures were not appropriately updated in the cost allocation.
Corrective Action Taken or To Be Taken	Enhance internal controls to ensure the cost allocation plan narrative appropriately reflects allocation methods and that significant updates to expenditure data are processed through the cost allocation.
If <u>already</u> taken, date of completion:	On 10/30/18, PACAP amendment effective 4/1/18 was submitted to Cost Allocation Services to correct the findings where there were differences between the PACAP narrative and the actual allocation methods used. On 3/4/19, the Cost Allocation Quarterly procedure was updated to include the correct calculation of match from the University training contracts.
If to be taken, estimated date of completion:	By 6/30/19, revise cost allocations for the periods ending 9/30/17, 12/31/17, 3/31/18 and 6/30/18 and submit revised billings/claims for all programs that were affected by incorrect cost allocations.
Agency Response	
Does the Agency agree with finding?	Yes
If no or partial, please explain reason(s) why:	
Additional Comments:	
Division Responsible for Corrective Action	
Name, Title	Katrina Nielsen, Administrative Services Officer IV
Address	4126 Technology Way
City, State, Zip Code	Carson City, NV 89706

Phone Number	775-684-4414
Email	knielsen@dcfs.nv.gov
Reviewed and Approved	
Mandi Davis, Deputy Administrator	
Date 3/10/19	Signature Mandi Davis

STEVE SISOLAK
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ROSS ARMSTRONG
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Date:	March 9, 2019
Program:	U.S. Department of Health and Human Services, Foster Care -Title IV-E, CFDA 93.658
Corrective Action Plan	
Finding Number:	2018-039
Finding:	There was no discernible evidence that some eligibility determinations were reviewed by an individual independent of the determination.
Corrective Action Taken or To Be Taken	On January 29, 2018 the Eligibility Unit added a "Reviewed By" line to the review checklist following recommendations from the 2017-30 audit to implement controls providing for review of eligibility determinations by an individual independent of the initial determination. Upon implementation, prior state fiscal year files did not contain the dual signature page. A sample review will be performed quarterly by the Eligibility Supervisor to ensure compliance that eligibility determinations are being reviewed by an individual independent of the determination.
If already taken, date of completion:	The Eligibility Determination review checklist was updated to reflect the "Reviewed By" signature line on January 29, 2018. With the corrective action implementation occurring midyear SFY18, adequate action has been implemented to correct this finding.
If to be taken, estimated date of completion:	By April 1, 2019, procedures will be updated to reflect implementation of quarterly sample review by the Eligibility Supervisor.
Agency Response	
Does the Agency agree with finding?	Yes
If no or partial, please explain reason(s) why:	
Additional Comments:	Partially Implemented. Prior year finding 2017-030.
Division Responsible for Corrective Action	
Name, Title	Katrina Nielsen, Administrative Services Officer 3
Address	4126 Technology Way
City, State, Zip Code	Carson City, NV 89706
Phone Number	775-684-4414

Email	knielsen@dcfs.nv.gov
Reviewed and Approved	
Mandi Davis, Deputy Administrator	
Date 3/10/19	Signature Mandi Davis

STEVE SISOLAK
Governor

RICHARD WHITLEY, MS
Director

ROSS E. ARMSTRONG
Administrator

DEPARTMENT OF HEALTH AND HUMAN SERVICES
DIVISION OF CHILD AND FAMILY SERVICES
4126 TECHNOLOGY WAY, SUITE 300
CARSON CITY, NV 89706
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dcfs.nv.gov

Date:	March 9, 2019
Program:	U.S. Department of Health and Human Services Foster Care – Title IV-E, CFDA 93.658 Adoption Assistance, CFDA 93.659
Corrective Action Plan	
Finding Number:	2018-040
Finding:	Suspension and debarment verification procedures were not always performed prior to entering into covered transactions.
Corrective Action Taken or To Be Taken	The Division updated its Grants Management Unit Policies and Procedures verifications section. The division's risk assessment tool has been updated to ensure suspension and debarment verification procedures are performed prior to issuing a subaward. A copy of the verification will be maintained in the subrecipient's file.
If <u>already</u> taken, date of completion:	Verification procedure was implemented July 27, 2018 and updated March 9, 2019. Risk assessment tool was revised in January 2019.
If to be taken, estimated date of completion:	
Agency Response	
Does the Agency agree with finding?	Yes
If no or partial, please explain reason(s) why:	
Additional Comments:	Fully Implemented
Division Responsible for Corrective Action	
Name, Title	Katrina Nielsen, Administrative Services Officer IV
Address	4126 Technology Way
City, State, Zip Code	Carson City, NV 89706
Phone Number	775-684-4414
Email	knielsen@dcfs.nv.gov
Reviewed and Approved	
Mandi Davis, Deputy Administrator	
Date 3/10/19	Signature Mandi Davis

STEVE SISOLAK
Governor

RICHARD WHITLEY, MS
Director

ROSS E. ARMSTRONG
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Date:	March 9, 2019
Program:	U.S. Department of Health and Human Services Foster Care – Title IV-E, CFDA 93.658 Adoption Assistance, CFDA 93.659
Corrective Action Plan	
Finding Number:	2018-041
Finding:	A. Subawards were not issued and the information required by Uniform Guidance was not communicated. In addition, the award's CFDA number was not identified to the subrecipient at the time of disbursement. B. An evaluation of each subrecipient's risk of noncompliance for purposes of determining the appropriate subrecipient monitoring was not performed. In addition, monitoring was not performed in accordance with established policies to ensure that the subaward was used for authorized purposes. C. A management decision was not issued to a subrecipient who had audit findings.
Corrective Action Taken or To Be Taken	A. Subawards will be issued that will include all elements that need to be communicated per Uniform Guidance. B. Risk assessments will be completed on each subrecipient. C. The Division has updated its Grants Management Unit Policies and Procedures, Subrecipient Monitoring to provide monitoring and oversight to subrecipient organizations.
If already taken, date of completion:	Subrecipient monitoring procedures were implemented July 27, 2018.
If to be taken, estimated date of completion:	Subawards will be issued July 1, 2019 for SFY 2020.
Agency Response	
Does the Agency agree with finding?	Yes

If no or partial, please explain reason(s) why:	
Additional Comments:	Fully Implemented. Prior year finding 2017-031
Division Responsible for Corrective Action	
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Reviewed and Approved	
Mandi Davis, Deputy Administrator	
Date 3/10/19	Signature Mandi Davis

STEVE SISOLAK
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Date:	March 9, 2019
Program:	U.S. Department of Health and Human Services, Foster Care – Title IV-E, CFDA 93.658 and Adoption Assistance, CFDA 93.659
Corrective Action Plan	
Finding Number:	2018-042
Finding:	Amounts were originally reported incorrectly on the SEFA.
Corrective Action Taken or To Be Taken	Enhance internal controls to ensure total Federal expenditures and payments to subrecipients are appropriately reported on the SEFA.
If already taken, date of completion:	Communications with the Controller's Office are continuing in order to ensure that the SEFA is completed correctly annually.
If to be taken, estimated date of completion:	4/1/19 - If deficiencies in the internal controls are identified, they will be updated to include the most current information.
Agency Response	
Does the Agency agree with finding?	Yes
If no or partial, please explain reason(s) why:	
Additional Comments:	Future SEFA reports will be verified accurate with the Controller's Office following submission.
Division Responsible for Corrective Action	
Name, Title	Katrina Nielsen, Administrative Services Officer IV
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Phone Number	775-684-4414
Email	knielsen@dcfs.nv.gov
Reviewed and Approved	
Mandi Davis, Deputy Administrator	
Date 7/10/19	Signature Mandi Davis

STEVE SISOLAK
Governor

RICHARD WHITLEY, MS
Director

ROSS E. ARMSTRONG
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Date:	March 9, 2019
Program:	U.S. Department of Health and Human Services, Adoption Assistance, CFDA 93.659
Corrective Action Plan	
Finding Number:	2018-043
Finding:	Amounts reported on the *Title IV-E Programs Quarterly Financial Report* (CB-496) were not supported by the underlying accounting information and therefore, were not reported in accordance with program requirements.
Corrective Action Taken or To Be Taken	Enhance internal controls to ensure the CB-496 is reported accurately.
If already taken, date of completion:	As of October 2018, a copy of the CB-496 report is red-lined prior to review to ensure report amounts correspond with backup amounts.
If to be taken, estimated date of completion:	
Agency Response	
Does the Agency agree with finding?	Yes
If no or partial, please explain reason(s) why:	
Additional Comments:	Fully Implemented
Division Responsible for Corrective Action	
Name, Title	Katrina Nielsen, Administrative Services Officer IV
Address	4126 Technology Way
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Phone Number	775-684-4414
Email	knielsen@dcfs.nv.gov
Reviewed and Approved	
Mandi Davis, Deputy Administrator	
Date 3/10/19	Signature Mandi Davis

STEVE SISOLAK
Governor

RICHARD WHITLEY, MS
Director

SUZANNE BIERMAN, JD, MPH
Administrator

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March 8, 2019

Henrietta Sam-Louie
Department of Health and Human Services
Centers for Medicare & Medicaid Services
Associate Regional Administrator
Division of Medicaid & Children's Health Operations
90 Seventh Street, Suite 5-300 (5W)
San Francisco, CA 94103-6707

SUBJECT: Audit Number__________ State of Nevada Single Audit Report for the period July 1, 2017 through June 30, 2018

Dear Ms. Sam-Louie:

Attached please find three corrective action plans (CAP) in response to the July 1, 2017 through June 30, 2018 State of Nevada Single Audit Report findings.

As noted in all three of these CAPs, the processes action is being taken now, and it will also be incorporated into our regular processes on a permanent basis.

If you have any questions or if we can provide further assistance, please contact me at (775) 684-3638 or email me at v.milazzo@dhcfp.nv.gov.

Sincerely,

Vincent Milazzo
Chief Financial Officer
Division of Health Care Financing and Policy

Cc: Suzanne Bierman, Administrator, Division of Health Care Financing and Policy

Jeanie Chan, Centers for Medicare & Medicaid Services
Warren Lowman, Administrator, Governor's Finance Office, Division of Internal Audits

STEVE SISOLAK
Governor

RICHARD WHITLEY, MS
Director

SUZANNE BIERMAN, JD, MPH
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CORRECTIVE ACTION PLAN FOR AUDIT FINDING

Date: March 1, 2019

Program: U.S. Department of Health and Human Services
Children's Health Insurance Program (CHIP), CFDA 93.767

Finding Number: 2018-044

Finding: Amounts reported on the *Quarterly Children's Health Insurance Program Statement of Expenditures for Title XXI* (CMS-21) were not supported by underlying accounting information.

Corrective Action Taken or To Be Taken: It was discovered the cause of the issue was when the data pulls from DAWN were added to the work papers, the data set was not refreshed to include all data. This caused some new data not to be included in the information reported. The oversight was mainly caused by turnover in the reporting team staff in addition to the supervisor.

The Federal reporting team's procedures have been updated to include review and sign off by all staff, supervisors and Admin. This includes updating all working papers with data pulls, making sure the data is properly captured and saving for future reference.

If already taken: The procedures were implemented May 23, 2018, and reports were filed timely for the quarter ending June 30, 2018.

If to be taken, estimated date of completion:

Agency Response

Does the Agency agree with finding: Yes__X___ No_____ Partially_____

If No or Partial, Please
Explain reason(s) why:

Additional Comments:

Name, Title: Jason Kolenut, Administrative Services Officer 3
Phone Number: 775-684-3165
Email: jkolenut@dhcfp.nv.gov

Signature of Administrator ______ Reviewed and Approved 3/8/19
Date

STEVE SISOLAK
Governor

RICHARD WHITLEY, MS
Director

SUZANNE BIERMAN, JD, MPH
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CORRECTIVE ACTION PLAN FOR AUDIT FINDING

Date: March 1, 2019

Program: U.S. Department of Health and Human Services
Medicaid Cluster:
State Medicaid Fraud Control Units, CFDA 93.775
State Survey & Certification of Health Care Providers and Suppliers (Title XVIII) Medicare, CFDA 93.777
Medical Assistance Program (Medicaid; Title XIX), CFDA 93.778

Finding Number: 2018-045

Finding: A copy of the current license was not obtained or maintained.

Corrective Action Taken or To Be Taken: With the implementation of our modernized MMIS we are now able to receive a monthly report from our verification vendor Lexis Nexis listing provider exclusions or sanctions. We intend to enhance this report to request data for expired licenses.

If already taken,

If to be taken, estimated date of completion: This system enhancement will take a minimum of six months to complete,

Agency Response

Does the Agency agree with finding: Yes__X___ No_____ Partially_____

If No or Partial, Please Explain reason(s) why:

Additional Comments:

Name, Title:	Diane Smith, Chief, Provider Enrollment
Phone Number:	(775)684-3709
Email:	dlsmith@dhcfp.nv.gov

______________________ Reviewed and Approved 3/8/19
Signature of Administrator — Date

STEVE SISOLAK
Governor

RICHARD WHITLEY, MS
Director

SUZANNE BIERMAN, JD, MPH
Administrator

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CORRECTIVE ACTION PLAN FOR AUDIT FINDING

Date: March 1, 2019

Program: U.S. Department of Health and Human Services
Medicaid Cluster:
State Medicaid Fraud Control Units, CFDA 93.775
State Survey & Certification of Health Care Providers and Suppliers (Title XVIII) Medicare, CFDA 93.777
Medical Assistance Program (Medicaid; Title XIX), CFDA 93.778

Finding Number: 2018-046

Finding: Amounts reported on the *Quarterly Statement of Expenditures for the Medical Assistance Program* (CMS-64) were not supported by underlying accounting information and therefore, were not reported in accordance with the program requirements.

Corrective Action Taken or To Be Taken: It was discovered the cause of the issue was when the data pulls from DAWN were added to the work papers, the data set was not refreshed to include all data. This caused some new data not to be included in the information reported. The oversighted was mainly caused by turnover in the reporting team staff in addition to the supervisor.

The Federal reporting team's procedures have been updated to include review and sign off by all staff, supervisors and Admin. This includes updating all working papers with data pulls, making sure the data is properly captured and saving for future reference.

If already taken, The procedures were implemented May 23, 2018, and reports were filed timely for the quarter ending June 30, 2018.

If to be taken, estimated date of completion:

Agency Response

Does the Agency agree with finding:	Yes__X__	No____	Partially____

If No or Partial, Please Explain reason(s) why:

Additional Comments:

Name, Title: Jason Kolenut, Administrative Services Officer 3
Phone Number: 775-684-3165
Email: jkolenut@dhcfp.nv.gov

____________________ Reviewed and Approved 3/8/19
Signature of Administrator Date

AARON D. FORD
Attorney General

CAROLINE BATEMAN
First Assistant Attorney General

CHRISTINE JONES BRADY
Second Assistant Attorney General

STATE OF NEVADA

OFFICE OF THE ATTORNEY GENERAL

100 North Carson Street
Carson City, Nevada 89701

JESSICA L. ADAIR
Chief of Staff

RACHEL J. ANDERSON
General Counsel

HEIDI PARRY STERN
Solicitor General

March 4, 2017

Corrective Action Plan

Program Name:	State Medicaid Fraud Control Units, CFDA 93.775
Finding Number:	2018-047
Finding:	Amounts reported on the *Federal Financial Report* (SF-425) were not supported by the underlying accounting information and therefore, were not reported in accordance with program requirements
Corrective Action Taken:	The Office of the Attorney General will enhance internal controls to ensure that all reports submitted to the Federal agency correspond to amounts in DAWN for both the Federal share and State share of expenditures as of the date of submission.
Date of Completion:	March 5, 2018

Agency Response

Does the Agency Agree with the Finding:	Yes ☒ No ☐ Partially ☐

Division Responsible for Corrective Action Plan

Name, Title:	Christian Schonlau, Chief Financial Officer
Address:	100 North Carson Street
City, State, Zip Code:	Carson City, Nevada 89701
Phone Number:	775-684-1116
Email:	Cschonlau@ag.nv.gov

Reviewed and Approved

Signature, Chief Financial Officer

Date: 3-4-19

STEVE SISOLAK
Governor

RICHARD WHITLEY, MS
Director

JULIE KOTCHEVAR
Administrator

IHSAN AZZAM, Ph.D., M.D.
Chief Medical Officer

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March 7, 2019

Eide Bailly LLP, CPA's performed an 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 2018 which ended June 30, 2018.

Finding 2018-048: Reporting
Testing of Table 2 of the State Agency Expenditure Report (Table 2), the total expenditures of the SA Block Grant were understated and therefore not in accordance with the program requirements.

Nevada Division of Public and Behavioral Health response:
The Nevada Division of Public and Behavioral Health accepts this finding and will initiate corrective action as described below.

Corrective Action:
The Division's Fiscal/Grant Management Unit will update internal controls ensuring expenditure information provided by the program is reviewed and verified prior to giving authorization to upload the report.

Date of Completion: April 1, 2019

Responsible Party: Grants Management Unit: Michele Silzell, Management Analyst IV

If you have any questions, please contact Christina Hadwick, Administrative Services Officer IV at 775-684-3481 or by email at christinahadwick@health.nv.gov.

Sincerely,

Julie Kotchevar

Julie Kotchevar
Administrator

STEVE SISOLAK
Governor

RICHARD WHITLEY, MS
Director

JULIE KOTCHEVAR
Administrator

IHSAN AZZAM, Ph.D., M.D.
Chief Medical Officer

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March 7, 2019

Eide Bailly LLP, CPA's performed an 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 2018 which ended June 30, 2018.

Finding 2018-049: Subrecipient Monitoring
A. Subawards did not include certain information required by Uniform Guidance. In addition, the CFDA number was not identified at the time of disbursement.

B. An evaluation of each subrecipient's risk of noncompliance for purposes of determining the appropriate subrecipient monitoring was not performed. In addition, monitoring activities were not performed to ensure the subaward was used for authorized purposes.

Nevada Division of Public and Behavioral Health response:
The Nevada Division of Public and Behavioral Health accepts this finding and will initiate corrective action as described below.

Corrective Action:
A. The agency has updated the templates for subawards per guidance of 2 CFR Part 200. As of April 1, 2017, the agency implemented the "CFDA number, name and amount" within the "Additional Description" field of all payment vouchers. The Fiscal/Grants Management Unit and Accounting Unit will implement additional training to ensure compliance.

B. Risk Assessment tools have been developed collaboratively by Division Fiscal and SAPTA Program staff and referenced within internal controls. Additionally, the SAPTA program has implemented their Subrecipient Monitoring Program policy and procedure effective July 1, 2017, stating the program completes monitors on a two-year rotating basis. Within the two years, the program anticipates 100% of all subrecipients to have an official monitor completed. During these monitors, the program will complete a risk assessment and review of grant activities to ensure they are authorized/allowable on the subgrant in accordance with Title 2 of the Code of Federal Regulations Part 200.

Date of Completion:
A. March 15, 2019
B. July 1, 2018

STEVE SISOLAK
Governor

RICHARD WHITLEY, MS
Director

JULIE KOTCHEVAR
Administrator

IHSAN AZZAM, Ph.D., M.D.
Chief Medical Officer

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Responsible Party:
A. Accounting Unit: Wendy Koch, Management Analyst IV
Grants Management Unit: Michele Silzell, Management Analyst IV

B. Contracts: Kelli Quintero, Administrative Services Officer III
SAPTA Program: Laurie Gleason, Management Analyst III

If you have any questions, please contact Christina Hadwick, Administrative Services Officer IV at 775-684-3481 or by email at christinahadwick@health.nv.gov.

Sincerely,

Julie Kotchevar

Julie Kotchevar
Administrator

cc: Kurt Schlicker, CPA, Eide Bailly, LLP
Daniel Crossman, Chief Deputy Legislative Auditor, Legislative Counsel Bureau
Warren Lowman, Administrator, Division of Internal Audits, Governor's Finance Office
Richard Whitley, Director, DHHS
Julia Peek, Deputy Director, DHHS
Debi Reynolds, Deputy Administrator, DPBH
Stephanie Woodard, Medical Epidemiologist, DPBH
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Brook Adie, Bureau Chief, DPBH
Kyle Devine, Bureau Chief, DPBH